

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Concealed Milk Destruction.

We have just heard of an authentic case of a man who qualified for relief according to the judgment of a certain private charitable organisation which allowed him tickets entitling him to get three pints of milk per day from the United Dairies, Ltd. He was not so circumstanced as to require anything like that quantity; so when he went to the shop he asked the young lady behind the counter if he could have some butter or eggs, or both, instead of milk, in equivalent quantity. Her reply was: "I am very sorry, but this is done by contract, and we are not allowed to give you anything but milk." The man was naturally surprised and disappointed, and he went to the lady (a member of the Committee presumably) who had taken up his case. She was naturally surprised as well, and told him she would enquire into the matter, and, if all else failed, see if she could get the Committee to give him the monetary equivalent of the tickets instead of the tickets. That is as far as the story goes to date. We are listening in for the sequel. Readers who recall the regulation of the Milk Marketing Board will begin to see a story behind this story. It can, of course, only be speculatively reconstructed; and in making the attempt we want to make it plain that we do not assail the integrity of the Committee or the company. The background of the inner story is, of course, the restriction laid upon sellers of milk compelling them to sell it at the regulated price or throw it away. Naturally, any milk-seller with, let us say, three pints of milk, of which he can only sell one at the full price to a customer, would jump at the chance of being paid for the other two pints by a charitable organisation to give them to the ticket-holder. That is all fair and square on the condition that the ticket-holder has a family capable of absorbing three pints. But supposing he hasn't, he will either have to take the trouble to offer the milk to other people, or pour it down the sink. He might feel like giving it away; or he might think of doing a private deal on the cheap. But it is probable in most cases that he would not want anybody to know that he was living on charity. Poor people are that way. And even otherwise, unless the persons chosen as reci-

ipients of the gifts or the bargain knew the man, they might suspect that he was a receiver of stolen milk. So the general effect of this contract between the charitable organisation and the United Dairies, Ltd., is, in tendency, to encourage the waste of milk. Anyhow, it takes milk off the market.

* * *

As suggested in our disclaimer of imputing bad faith to anyone concerned, it should be borne in mind that from the point of view of the Committee there are obvious conveniences all round to them and the recipients for the charity to be in the form of one article obtainable from a combine which has shops in every district. And nobody can say a word against the United Dairies, Ltd., for accepting a contract to supply milk to the order of the said organisation. But a cynical workman might be conceived of spotting the ramp and saying, "I wonder how many members of the Committee have got shares in the Milk Combine? He would be off the mark; but he would only be off it because his guess fell short of the real truth. A new student of Social Credit might say: "I'll bet there's a banker on the Committee." He, too, would be off the mark, but nearer to it. The ultimate truth is that the banking hierarchy run a system under which these sinister coincidences are automatically bound to happen. Shakespeare said that there is no damned error but some noble brow will bless it and approve it with a text. We can say the same thing in other language, viz.: that there is no damned ramp but innocent people will conscientiously co-operate in putting it over without fee or reward.

The Revival of Subsidies.

The assent given by the House of Commons to the principle of the Government's proposed subsidy for beef is the subject of the first leading article in *The Times* of July 21. According to figures given in that article the beef subsidy will make the total subsidy sanctioned during the present calendar year £18,000,000. This figure represents the following items:—

Milk Production	£3,000,000
Tramp Shipping	2,000,000
Beet Sugar	6,000,000
Silk Duties (changes in duties)	3,000,000
Hydrogenation of Coal	1,000,000
Beef	3,000,000

To this figure may be added commitments in respect of the resumption of work on the Cunarder, although this might, as *The Times* points out, "be properly charged to capital account." For convenience let us take the total at the round sum of £20,000,000.

The writer of the article comments that it was "rather remarkable that only nine Opposition Liberals voted against the policy," and that the spokesmen "both of Liberal and Labour opponents had no vestige of an alternative proposal. . . ." We should say that the second remarkable thing explained the first remarkable thing, and that the two things were one remarkable thing, viz.: that the urban interests only faintly opposed the grant of money to rural interests. But obviously, if you grant—as the House of Commons, was obliged to—the urgent necessity to do something for agriculture, then it is not remarkable at all that the Opposition should support a plan which was less objectionable than any alternative plan.

The writer of the article, whoever he may be, derides the Opposition Liberal Party for still hugging the old belief that the expansion of the export trades will more than make good the extinction of the production of food at home. He also derides the Labour Opposition for expecting agriculture to survive and pay good wages though exposed to intense and direct competition from imports. He says it is a repetition of the mistake of the 1931 Marketing Act, which assumed that reorganisation was possible without security. The fact that sentiments like these appear in *The Times* goes to support a comment we made recently about *The Times* having on tap panels of sincere believers in various political theories, and being able to turn on conscientious criticism of anything obstructive of the policy of the banks at any given time. For if, say, a group of City magnates were known to be responsible for the text of these leading articles it would be an effective retort to them to ask them how long it was since they themselves abandoned the same error which they now condemn in the Liberal and Labour Opposition. After all that we have written in these "Notes" about the bankers' historic ramp against landed interests it is hardly necessary for us to elaborate the moral. Who but the bankers themselves are the classic free traders, and who but they have been in a position for so long to resist either tariffs or other fiscal safeguards for British agriculture?

The writer proceeds to enumerate the merits of the subsidy from the financial point of view. Among other things, he mentions with approval that the Government's policy is to share up the trade in beef as between the home producer, the producer in the Dominions, and the foreign producer, laying stress on the order in which the three interests are placed. He defends this on the ground that although overseas investments are an important method of increasing trade, opportunities for making them safely are becoming more and more restricted. (Readers will notice how this links up with our recent discussion of the new problem of marketing in a closed area; it also links up incidentally with the proposal put forward in *The Times*, and discussed elsewhere, for increasing the "velocity of circulation" of money by taxing idle balances). He points out that the

* What had *The Times* to say of the withdrawal of the wheat subsidy of 1921 and of the coal-mining subsidy of 1926? The *Observer* of July 21, referring to the wheat subsidy, says that it was withdrawn, not because of any Opposition in the House, but opposition upstairs. "When it was realised that the bounty would cost nearly £20,000,000 the Treasury intervened." The same paper said that in the meantime farmers had bought farms at inflated prices. The technical sequence was as follows: farmers pay excess prices, the margin gets back to the banks, the Treasury knows that the equivalent money has been destroyed and that, therefore, general taxable capacity is reduced—hence the collection of money to pay the promised subsidy is prejudiced, hence the promise which started the sequence is broken.

insecurity of foreign investments "in Germany, for example," is turning public attention more and more to the advantages of "investment at home."

Later on he turns to consider the main obstacle to the success of the subsidy, which he says is the difficulty of bringing the price of home-bred beef near enough to the prices of imported beef. The existing gap is, he says, "really the essence of the problem." Students will see that the underlying significance of this is directly connected with the fundamental problem of making incomes equivalent to costs.

Now let us bring this problem within the politico-financial frame of reference. The writer refers to the reluctance with which the House of Commons sanctioned the beef subsidy. The reluctance, of course, reflected the experience of all sections of the House that subsidies have to come out of the taxpayer's pocket and their shrewd suspicion that his pocket is bare enough already. The £20,000,000, which we have mentioned earlier as measuring the present year's subsidies, is only let us say, 3 per cent. of the collective taxes being raised. But even a man who is paying only £10 a year in taxes will feel the incidence of 6s. on his Demand Note, let alone the so-called rich man who pays £1,000 but to whom £30 will be seen to be just as awkward by those students who realise to what extent non-monetary factors are measured in tax-assessments. These matters are more or less self-evident, and therefore are merely introductory.

The central theme of our analysis has to do with what we may call the double-budget system, and what we are going to say is fundamentally important and applies not only to subsidies but to every kind of measure which affects budget expenditure, and therefore taxation. Having chosen a token figure of £1,000 as the measure of the rich man's tax assessment, let us assume that figure to represent the total amount of taxation. We will now compose the following table:—

	Floating Debt.	Commons' Sanctioned expenditure.	Budget expenditure.	Taxation.
(a)	£1,000	£1,000	£1,000	£1,000
(b)	£1,000	£1,030	£1,030	£1,000
(c)	£1,030	£1,030	£1,000	£1,000

Assuming that the figures along line (a) represent the situation before the subsidies are granted, and assuming the general level of private income and expenditure to be constant, then the figures along line (b) show that taxpayers have to find an extra £30 for taxes. But if, as an alternative, you take the figures along line (c) then payers can be relieved of the payment of the £30. Every is to say, that the cost of the subsidy does not fall on them. A little reflection will show why this is so. Every increase in the Floating Debt amounts to a loan to taxpayers. The power deciding how much that Debt shall be is the banking hierarchy, and the process of enlarging it is, as is now well understood, one of manufacturing new money without cost. The political import of this is that the banking hierarchy decides what shall be levied from taxpayers and what shall be levied from the State. The figures we use are approximately true in a relative sense because the existing Floating Debt is a figure comparable with the total of the existing Budget. To use an extreme illustration: if the bankers advancing the loans which figure under Floating Debt were suddenly to call them in, taxation would be doubled (we do not produce a situation like this:—

	Floating Debt.	Commons' Sanctioned expenditure.	Budget expenditure.	Taxation.
(d)	£2,000	£2,000	£nil	£nil

The bankers are ultimately the underwriters of taxation.

In this ultimate sense they can expand or contract the amount of expenditure to be collected in taxes irrespective of the actual expenditure sanctioned by Parliament. So, although the subsidies enumerated above rank for cover in taxes, it does not follow that these will constitute an inroad on taxable capacity. The items may all appear as Budget expenditure, and may be paid for in Budget revenue, but in that case the equivalent of their amount can be put into circulation either through floating loans to the Government or through loans to the money market and commercial enterprises. It is all indirect underwriting.

There are two alternative limits to this process of relieving the taxpayer. The one operating now is the price-inflation which would follow, and the resulting disturbance of international exchanges. The other, which could operate—and will one day—is the physical limit of potential production, which is so far above foreign actual requirements that it may be considered as no limit at all. It is just a matter of correcting monetary-expansion by price-regulation. That means, to sum up, that the real limit is a moral one—that the character of the people would be demoralised by too much relief from taxation. Both technically and politically the bankers of all countries are able to bring this to keep in step, as Mr. Keynes would say, to co-ordinate the world's progress to prosperity. And the way to do it would mostly be shown them by the present compulsion on industries to export (and therefore to resist imports) in order to keep solvent. Under Social Credit everyone will make or consume things, because he will find enjoyment in doing either, being free to do both according to his nature.

Super-Brokers.

The technique of high-financial dstraint was dramatically exposed on July 18 in the London Press. Messrs. G. W. McGarrath, N. W. Jay, and C. E. ter Meulen, the three trustees on behalf of the foreign holders of the Dawes Loan, visited the Reichsbank to instruct the Governor that he must not pay out to the Treasury any of the moneys which accrue from the Reich duties on beer, sugar, tobacco, and brandy, and which serve as a guarantee of the payment of Dawes Loan interest. The *News-Chronicle*, from which this account is taken, explains that before the Reichsbank can hand these funds over to the German Government an order must be obtained from these trustees. The granting of such orders was automatic so long as interest payments on the Dawes Loan were kept up. But now that, with the exception of British holders, interest has been suspended, the trustees have exercised their legal right to order the funds to be "kept impounded in custody." Whether the order will be obeyed or not is in doubt; for the German Government declare that they will do as they like with the 200 million marks which accrue each month from the pledged revenues, that is to say, "the State will order the Reichsbank to hand over the cash." (*News-Chronicle's* Berlin Correspondent.) The U.S.A. have sent a sharply worded Note protesting against the default.

It will be seen from this that the high-contracting party to this Loan on the German side was not the Government but the Reichsbank. The foreign creditors look to the Bank for their money, and the Bank has recourse to the taxpayers, using the Government as mere collectors. Another point is that by reason of the earmarking of certain duties and taxes as security, the Government are not free to alter them as they like. They may, of course, raise them, but must not lower them except by a margin which does not prejudice the claims of the foreign creditors. That is the legal position: and if not denounced or ignored it means that the

borrowing "Government" ceases to be a Government insofar as it borrows. The three trustees in this case become virtually directors of the Treasury, controlling, in part, the function of the Chancellor of the Exchequer.

There is a further handicap on the Government besides their obligation not to vary rates of duties and taxes: it is that they obviously must not do anything which would lessen the collective yield. In practice probably they could not; but the limiting principle is there. For example, in theory, the Government might use some means of persuading or forcing people to buy fewer of the commodities securing the foreign loan and direct their buying to unsecured commodities. In the present case, however, where the secured commodities are sugar, beer, and tobacco, the difficulty of doing this is apparent. To the consumers of them they are necessities. Naturally the high contracting party on behalf of the foreign lenders sees that the borrowing Government gives hostages which are least open to be tampered with afterwards.

Readers will remember that from time to time questions have been asked about what security, if any, Britain gave for her borrowings from the United States during the war. The home railways, the West Indies, and (quite recently) Bermuda have been mentioned. Or, on the high-financial plane, it may have been that the control of the Bank of England was pledged, a theory which Mr. Montagu Norman's long tenure of office and strenuous efforts to get Britain and the Continent back on the gold standard tend to support. One should remember, too, the *Daily Mail's* strong plea, not long after the war, for American planners and engineers to be allowed to undertake the electrification of Britain. The fact that this would have involved increasing Britain's indebtedness to the U.S.A. does not rule this project out of the category of pledges for loans, because, as every student of Social Credit knows, the device of lending debtors new money to pay off old obligations is well recognised in international-financial circles.

It is not hard to see why the German Government are making the gesture of flouting the Reichsbank. They need every pfennig they can get hold of to allay the general discontent of the people with their economic position. And this discontent is a dual embarrassment for them because it coincides with the almost unanimous lack of conviction shown by the foreign Press including *The Times* and even the usually sympathetic Scandinavian newspapers, towards Herr Hitler's allegations respecting the shot "mutineers." "Why this dreadful haste to kill?" asks *The Times*: and the German people will not be stopped from asking themselves the same question by any amount of newspaper-censorship. Now that the implications in domestic finance of a continuance of the Dawes-Loan interest-payments have been brought into prominence, the German Government badly need to resist them—or at least make a brave show of doing so—to recover a little of their damaged prestige. On top of the rationing (and scarcity prices) of potatoes comes, this week, news of a rationing of rubber. For all one can tell, the very articles pledged for the loan may be drawn into the whirlpool of rationing later on.

The "Velocity" Theory.

The latest kites flying is to be seen in *The Times* of July 19, where a "Correspondent" submits and argues a plan for economic recovery. The plan is to make people spend their idle balances by taxing them. The principle has been borrowed from Gesell, who advocated a system under which everybody would have to pay a fine for slow spending. The method was much the same as if, when you drew a £1 note as wages, the note was dated, and you had to stamp it every week afterwards with, say, 1d. stamp just as you stamp an insurance card. It would only buy £1 worth, however

many stamps it bore; so naturally the holder would spend it as fast as he could.

* * *

Under the present plan it is the large savings in the banks that the Correspondent wants to force into circulation, and his object is to cause the money to be invested. Technically the plan is self-defeating, for the investing of money takes it out of circulation. Since all money deposited in banks is counterbalanced in the banking system by loans (plus bankers' holdings of securities) anything you do to make the depositors spend their money sends it into the hands of borrowers, who will use it to repay the banks. When that happens the money is destroyed (McKenna). The writer of the article, however, speaks of this transferred money as being "kept circulating"—a statement which is obviously incorrect. If he had said that it could be re-circulated, he would have spoken accurately. For when banks are repaid old loans they are able to issue new loans under the rules which they apply to these transactions. But they do that now, and the only logical suggestion along this line would be to tell them to do it oftener, and lend money to everybody on seven-day terms. That would speed up the "velocity"—of bankruptcies at any rate.

[Apologies are offered for the shortness of the "Notes" this week. The reason will be clear from matter published elsewhere.]

New Zealand Conditions.

[Extracts from private letter received by a correspondent.—Ed.]

We have just had the excitement of George Bernard Shaw! He had a great time! Wherever he went crowds went to see him. Even when he went to the "Chateau" in National Park, where they charge about 25s. per day, they were turning fifty people per day away! For his twenty-five minute broadcast they lifted the ban on certain subjects and gave him a free hand! His broadcast was relayed all over Australia and the islands, and was the biggest radio arrangement ever made by the Government. On the same boat also came Leslie Lefreese, manager of the new Central Reserve Bank. The setting up of this bank has caused a lot of talk one way and another. Who wanted it, and who asked for it is known only to the Government: but I think Sir Otto Niemeyer ordered it! The Government are going to take all the gold away from the six trading banks, and give them £3 17s. 10d. per ounce for it, though it is worth about £7 an ounce in Sydney! They have prohibited the export of gold for some years. The shares in the new bank, of which they offered £500,000 worth, was three times over subscribed! They offered them at £98 and 5 per cent.!! This seems very high, especially after their Conversion Loans, when the Government said they were unable to pay more than 4 per cent.!! Governments are hard to understand. They reduced the interest they had to pay, but refuse to reduce the interest due to them by farmers and others. They reduced the wages of all their employees and then piled extra taxes on, the sales tax 5 per cent., tax at 5 per cent. on all incomes, including farmers' living expenses, in which they have to count the value of butter, meat, etc., used off their own farms. So the money should be simply pouring in now! Now wool has gone up, but it will take three or four years of such prices before the sheep farmers are on their feet again! Now we are to have restriction of dairy output. This will mean the Government will have to change the policy of the last fifty years, no more money to be lent on farms, and cows, etc., while a few years ago the cry was "produce more"! Now they say "keep more pigs and fowls," but they know quite well the grain is far too dear. Wheat at 2s. 6d., a bushel in Australia and 4s. 6d. or more here. Then we have this exchange, which nobody wants, not even the farmers whom it is supposed to benefit; but how can it when everything he wants to buy is 25 per cent. and more dearer? I am glad to say our unemployed are down to some 40,000 now from 80,000 odd.

NOTICE.

All communications requiring the Editor's attention should be addressed directly to him as follows:

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

The Social Credit Constitution.

"THE NEW AGE" OUTLAWED.

"If philosophies differ but actions agree then the philosophical differences will have no more than academic interest."—*The Times*, July 23.

What does "The Social Credit Movement" mean? "Social Credit" means the technical principles and methods laid down in Major Douglas's book *Economic Democracy*. The "Movement" consists of individuals who uphold them, uncompromisingly. They may not uphold them with full understanding; they are prepared to reject any offered policy for economic recovery which does not embody and implement the above principles. In the case of any doubt they are prepared to rely on the judgment of Major Douglas as the ultimate authority, or, if necessary, on others who are recognised as being authoritative exponents of those principles.

These technical principles may be regarded as the "Constitution" of the Social Credit Movement, and their discoverer as its "Constitutional Monarch." The acceptance of them constitutes the "Oath of Allegiance"; and is the common bond of loyalty uniting the subjects of the Social Credit "realm."

The Movement is of the nature of the realm as we know it, embracing all kinds and degrees of citizens with their diversity of character, interest, and aspiration. It is, to speak accurately, a shadow-realm, destined to permeate and supersede the realm which now exists all round it. Its victory will come through the leaven of Social-Credit science working in the heat of events foretold from it.

The same human nature which animates the subjects of the King animates those of the Social Credit Movement. Hence the division of the Movement into groupings of loyal subjects pursuing group-policies. These policies may be divergent, and some may be mutually irreconcilable, but none of them need be disloyal—not can be, so long as they do not involve a breach of the "oath of allegiance" as above defined. To-day, Conservatives, Liberals, Socialists, Catholics, Protestants, employers, workpeople, and all other sorts and conditions of men unite in singing "God Save the King," and reconcile this prayer with their mutual discords and differences. And if there is one thing they would unite in condemning it is that any person or group should lay an exclusive claim to Royal patronage. The King is above sects and parties. And so, in a parallel sense, one might describe the A+B Theorem, as the epitome of Major Douglas's Cost Analysis, as the "National Anthem" of the Social Credit Movement, and the sound of which antagonisms are suspended, and everyone meditates on his fundamental bond of allegiance to the Discoverer of the Means of Economic Salvation.

Again, His Majesty the King rules by the advice of his Ministers. From time to time their policy is described in a document called the King's Speech. None of those Ministers would affirm it to be an act of disloyalty to criticise the policy either in Parliament or in the country. The only rational significance attaching to the King's name here is that the policy embodied in the Speech is compatible with loyalty to his person as the Constitutional Monarch. That is far from saying that an amendment to that policy, or even an opposition to that policy, is necessarily incompatible with loyalty to the King. Under that policy is an affront to the King. Under the single-party Cabinets this was obviously true; but no less true to-day of the "National" all-party Cabinet, who might urge, with some show of plausibility, that since they represented the three main parties of political thought, they should be regarded as speaking, as the "extension of the person of His Majesty." No organ of public opinion, let alone the public of this country, would dream of affirming

a doctrine; and, in fact, every such organ exercises the right to debate the Government's policy. And the very exercise of this right negatively affirms and conserves the uniqueness and separateness of the King's prerogatives. Accordingly, newspapers could, if they all did it together, invoke the King's name and call themselves, e.g., His Majesty's *Times*, His Majesty's *Daily Mail*, His Majesty's *News-Chronicle*, and so on.

* * *

This suggests a parallel with the Social Credit Movement and its thoughts and activities. We do not wish to over-drive the parallel, but we submit that its applicability ought to be carefully weighed and freely canvassed.

Our reason is that the Social Credit Secretariat (or some of its Council) are charging us with unconstitutional conduct in allowing two correspondents to write in this journal criticising the way in which the Secretariat dealt with the *News-Chronicle* in respect of Mr. Geoffrey Crowther's articles, and that newspaper's invitation for the Secretariat to reply. It will be remembered that negotiations broke down on the question of how much space the *News-Chronicle* should provide for the reply; and that the substance of the criticisms we published was that the negotiations ought not to have been broken off by the Secretariat on that issue.

The Secretariat's account of the negotiations was sent both to *THE NEW AGE* and to *The New English Weekly* for publication. *The New English Weekly* did not publish it; and not having done so, properly refrained from publishing any expression of view on the episode. *THE NEW AGE* published the whole document just as received. It recorded every detail of the conversations and correspondence that took place. At the end—and this is the crucial point in the case—Major Douglas expressed his concurrence with the way the Secretariat had handled the matter.

Now, in our opinion, the statement was something equivalent to the "King's Speech"—it described a given course of action which Major Douglas certified as being compatible with Social-Credit "constitutionalism" in the sense in which we have defined it above. But, in that sense, a decision to reply in the space offered by the *News-Chronicle* would have been equally compatible. If not, some narrower definition of constitutionalism than ours is implied, and should be explained.

We are the last to affirm that on every occasion when a decision is taken by a responsible executive the reasons should be publicly debated. There are obvious instances, where any Social-Credit campaigner can call to mind, where to broadcast your reasons for what you do would be to defeat your object in doing it. But in the present instance reasons were voluntarily put forward. In the ordinary way the offering of reasons is regarded as an appeal to the judgment of those to whom they are offered. It might be objected that the reasons here advanced were not all the reasons—that there were case what was there to prevent the confidential communication of these to the editors of the journals selected?

So, unless a satisfactory ruling is laid down, we must assert our right to permit the ventilation of opinion. And we can assert it all the more strongly because the regular readers of *THE NEW AGE* constitute the core of the Movement as regards technical knowledge or all-round judgment. They deserve to be treated as the Parliament of the Movement, no matter what the composition of the Cabinet. Whether they choose to exercise their right of question and debate is their own concern: but to pre-empt the opportunity for them to do so is our duty, and should be the duty of every Social-Credit organ, subject to safeguards in special cases as already mentioned. Our function is that of the "Speaker of the House."

There was one ruling laid down by Major Douglas ten years ago which was manifestly reasonable: it was that *THE NEW AGE*, being the organ of Social Credit, should not allow itself to be regarded as an open forum

for attacks on its basic principles; and that if it did, on occasions, permit publication of a criticism, an answer should be published at the same time. This ruling has been followed. For the rest we have had a free hand; and have published views of all sorts, including criticisms of our own views.

But now it appears that our continued exercise of this freedom exposes us to the charge of "cutting ourselves off from Major Douglas and the Movement," and to the sentence (as donors to our funds have been made aware) of summary financial outlawry on that ground. According to one report, we are considered to have been guilty of "mutiny"; and the person expressing that view has said: "You do not treat with mutineers." There is to be no argument. Curiously enough, we heard of this just twelve hours before the world was shown by Hitler how that sort of thing is done. Evidently the spirit of slaughter was already in the air.

We do not know when the Social Credit Movement was put under military discipline. We have never been told any reasons why it should be, and are unable to discover any. Surely we should have been the first to be advised of such a change, whether we were required to submit to discipline or to help maintain it. The mandate asked for by the Secretariat on August 31 last, and Major Douglas's letter published on that date, contained no hint that the Secretariat's functions were to be other than technical and advisory.

In *Economic Democracy* Major Douglas said:

"... in respect of any undertaking centralisation is the way to do it, but is neither the correct method of deciding what to do nor the question of who is to do it."

Up to March 15 last, when the Secretariat issued its manifesto, "Douglas Social Credit Associations or Groups" had the option of affiliating or not. The condition of affiliation was "complete agreement with the Secretariat Statement of Policy." That policy had been published in *THE NEW AGE* of December 7, 1933; and a reference to it will show that it was purely technical in character ("Price-regulation"; the "Dividend"; "Separation of Governmental or moral system from the economic system"). It was a recital of the Social Credit Constitution, which everybody accepts whether affiliated or not.

Now we come to Major Douglas's Address at Buxton on June 9. The first version (unrevised) was brought to us on June 11 at 2.15 p.m. when we were on the point of making-up the issue for that week. We asked for it to be held over until the following week, because otherwise the printing of that issue would be held up for some hours; and we suggested that the delay would allow time for the version to be carefully revised. We heard nothing afterwards until we saw the Address in Mr. Scrutton's paper, *Prosperity* (July issue), and protected by copyright. So we had no alternative but to make a digest of it for the information of our readers (in our issue of July 19). In view of the fact that the Address is now held out to constitute urgent mobilisation orders to the whole Movement, this restriction on full publication is extraordinary.

It is hardly less so if the Address be considered as a policy of action thrown open for debate—another "King's Speech." All loyalists should be allowed to hear what the King says. In this Address an electoral campaign was announced as a means by which Social-Credit constitutionalists could implement their loyalty. But not the only means. Nothing was said that would lay alternative and complementary means under the ban of disloyalty. For one thing, that would have been to proscribe the activities of the Green Shirt organisation which Major Douglas voluntarily certified to be "constitutional" in the Social-Credit sense.

Taking a broad view of the events alluded to, one feature of the policy of *THE NEW AGE* dominates all the rest; it has been the free medium of all the Secretariat's public appeals for funds, and has not published appeals

for any others during that period. The dates were as follows:

August 31, 1933.—First appeal, strongly supported by THE NEW AGE.

November 30, 1933.—Appeal for office furniture.

March 15, 1934.—Capitation fees, etc.

Money being the ultimate right of action in practical affairs, the Secretariat's clear field of collection has given it the power to implement its decisions without consulting anyone affected by them. Its latest decision has been to invite subscribers to transfer to it the balance of the funds which they had originally subscribed for THE NEW AGE—the Treasurer of those funds collaborating by sending back their money pro rata.

In the Treasurer's covering letter appears this passage:

"... despite every friendly effort during the past twelve months to recognise THE NEW AGE as the house-organ of the Social Credit movement, and to help Mr. Brenton by making it the medium of every official communication from Major Douglas, directly or through the Social Credit Secretariat, Mr. Brenton has refused to co-operate, and has finally cut himself off from Major Douglas and the Movement as a whole."

As no evidence was offered it need only be said that the statement is untrue. The contents of THE NEW AGE itself during the period are proof of the fact that it has not altered its policy. So if it is "cut off" now it has always been "cut off."

The truth is that in cases where co-operation has failed, the failure has been in respect of the basis of co-operation.

The difficulty began a year ago. On August 24, 1933, the Treasurer of THE NEW AGE Fund wrote to the Editor with reference to the Secretariat's appeal due to be published on August 31, as follows:

"... The intention is to use money subscribed to support THE NEW AGE in preference to any other activity, and as this is being done in this way, I propose to write the subscribers to THE NEW AGE Fund that in future the S.C. Secretariat will collect the money for all central activities approved by Douglas, and that THE NEW AGE will be regarded as having first claim upon contributions after out-of-pocket expenses have been met. This should give us a much larger range of collection."

On October 21 the Editor wrote to the Secretariat to find out in some detail how this first-claim principle would be applied. The Secretariat replied in a letter dated November 3, 1933. The letter contains this passage:

"It is impossible in the nature of the situation to give categorical replies to your letter of the 21st (sic) or to give any undertaking. You can, however, rest assured that THE NEW AGE will remain a major interest of the Secretariat, and that there will be no interference with your freedom of action along the lines of the policy of the Secretariat with which you are, and will be kept, familiar."

Since the Treasurer of THE NEW AGE Fund was the Vice-President-designate of the Secretariat when he wrote his letter, the discrepancy between his definite assurance and the Secretariat's contingent and conditional expression of intention was disquieting, especially as that assurance had been confirmed by the Secretary, in a conversation with the Editor at the time, telling him that when the deputation first went to Major Douglas with the proposition that a Secretariat should be formed, the Treasurer of THE NEW AGE Fund told him that the maintenance of THE NEW AGE was "guaranteed."

The only conclusion which the Editor could come to was that the response to the Secretariat's appeal had been much less than it had counted on, and that it had committed itself to expenditure prematurely on its expectations. So there was nothing more to be done about it than wait and see if the situation improved. Major Douglas left for his Australian tour in December, and there appeared to be an expectation on the Secretariat's part that his visit would have this effect. Whether it has or not will appear in the report and accounts of the Secretariat, which, it is understood, will be made up to June 30, when its financial year ended; and donors to

its funds will be able to see the analysis of its income and expenditure.

The last appeal for funds for THE NEW AGE was in 1932. On May 31, 1933, when the annual appeal was due, the Treasurer decided to hold it over until the autumn. He wrote to the usual donors. As this was only two months after the Secretariat's appeal, the response was disappointing. And, in the circumstances, it seemed no use publicly appealing at that time in the hope of discovering new donors.* To make such an appeal now, when the Editor of THE NEW AGE is under sentence of official excommunication, appears a forlorn hope. Nevertheless we make one this week precisely because he is excommunicated. The Notice inset in this issue bases that appeal on the right of Free Speech within the framework of the Social Credit Constitution.

Funds.

New Trustees, Treasurer, and Auditor will be announced later. In the meantime Promises (only) of support are invited as provided for on the inset form.

Circulation.

Direct subscribers to "The New Age" who lend their copies are urged to increase their orders by as many copies as there are regular borrowers, at the rate of 2s. 6d. per quarter extra for each copy. They should then require their friends to buy them instead of borrowing them, which they should be willing to do. The copies can be sent under one cover, or posted to separate addresses. This will widen the area of circulation. It will tend to lessen our dependence on donations and the risk of their sudden stoppage.

Social Credit in France.

L'Echo du Commerce (Nice) contains a long article of which the title (translated) is "The Economic Collapse: Its Solution by Economic Nationalism." It appears over the name Lt.-Col. Bouhaben, and is an excellent and technically exhaustive presentation of the Social-Credit Theorem. For the instruction or entertainment of readers we exhibit the author's statement of the A + B Theorem in its French dress. The journal circulates among the traders of the district, and has been sent to us by a reader of THE NEW AGE who lives there.

En dehors de sa fonction économique de production, une usine a un aspect purement financier. Elle peut être considérée, d'une part, comme le moyen de distribution de pouvoir d'achat sous forme de salaires, de dividendes, etc. et, d'autre part, comme une manufacture de prix de revient. De ce point de vue, ses paiements peuvent être divisés en deux groupes:

Groupe A.—Tous les paiements faits à des individus (salaires, dividendes).

Groupe B.—Tous les paiements faits à d'autres organisations. (Remboursements bancaires, achats de matières premières, frais d'amortissement, etc.).

Le pouvoir d'achat de la communauté nationale est représenté par A, mais puisque toutes les dépenses doivent être comprises dans le prix de revient, ce prix ne peut pas être moindre que A + B.

Donc A ne peut acheter A + B, et un pouvoir d'achat additionnel au moins égal à B devrait être distribué à la communauté nationale, en plus du pouvoir d'achat déjà donné par A.

* This is not the first crisis of this sort, though it is the severest. In 1928 we were hard up, and advantage of this was taken to try to persuade us to surrender THE NEW AGE to a group in return for a donation stated to be conditional on our doing so. We resisted. Afterwards it turned out that the donation had been offered unconditionally. In 1932, when we were better off, we were asked to transfer funds in keeping into another custody. We objected; and asked that the money should instead be sent back to the donors. There was a New Age Fund, with a statement of our reasons. On June 21, 1932, our proposal was discussed by the advisory committee (or "trustees") of THE NEW AGE. There was read a document embodying these reasons, one of which was connected with the episode in 1928. In the outcome the original request was dropped, and the money stayed where it was.

The Douglas Social Credit Scheme.

By Herbert Warren.

I.

New, that is, to those who do not already know it. It is new to me.

Why are people poor? Because they have no money. Why haven't they any money? Is it because there isn't enough for them to have? No; it isn't.

There is an inventor and a discoverer whose name is seldom seen in the public Press. He has discovered the cause of, and has proposed a cure for, the shortage of incomes from which so many are suffering. His name is Major C. H. Douglas, Royal Air Force (Reserve), M.I.Mech.E., author of *Economic Democracy, The Monopoly of Credit*, etc.

During the war Major Douglas was sent by the Government to Farnborough to the Royal Aircraft Works in connection with a certain amount of muddle into which that institution had got. He found that the only way he could clear it up was by going very carefully into the costing. He used tabulating machines, and lived in and even dreamt of rivers of cards emanating from those machines.

One day it struck him with regard to the figures on those cards, that at the week-end the wages and the salaries did not represent the value of the goods produced. By a stroke of genius it followed to him that, if this were true in this case, it would be true in every case, of every factory, every week, at the same time.

Money distributed as purchasing-power is not sufficient to buy the product at its price. As this is true of every producing concern in the country, the result is that the cost of what is produced is always greater than the money in people's pockets with which to buy the goods. Thus, there is always a surplus of goods produced which cannot be sold, a surplus which is called "over-production," which is an absurd name when at the same time millions of people are in need of these very goods.

The reason why prices are always greater than the money distributed to buy them with is obvious when pointed out, but like many other things, the fact may exist for ages without being noticed, until at last somebody happens to notice it and appreciate what it means.

The reason why prices are greater than income is because the price of an article (the lowest price at which it can be sold to give a profit) is arrived at by adding up two sets of figures, of which only one set is money with which the goods can be bought. These two sets of figures are (1) the wages, salaries, dividends, fees, and profit paid to individuals; and (2) the cost of the raw material, plant, and any money paid to other organisations. One penny will not buy an article whose price is made up of that penny plus another penny. The first set of figures is the amount of incomes in the pockets of the producers to live on, the second set is not. It replaces the price of an article, hence incomes, being only part of the price of an article, are not the whole price, and so cannot pay the price.

As, therefore, every producing concern is in the same position, it means that any community can never buy the whole of its own produce; hence the present position of poverty; the goods are produced, yet the cupboards are empty, because the price of an article is made up of two factors only one of which is money to buy it with.

That is the discovery of Major Douglas. Nobody seems to have noticed it before. But now that it has been noticed it is indisputable: cannot but be acknowledged directly it is heard. Nevertheless it is generally met with all kinds of opposition. People will say or ask how is it that things get sold? As a matter of fact many things do not get sold, and are left on the hands of the producers, or in shops and warehouses, while millions of destitute people are in urgent need of those very things. Wheat burnt in locomotives in Canada,

coffee dumped into the sea in Brazil, cattle slaughtered and carcasses burnt in Holland, milk poured into rivers in America, and in England bankruptcies taking place because goods cannot be sold.

II.

As well as being a discoverer Major Douglas is also an inventor. He has invented a way of making up this deficiency. The disease discovered, what is the cure? Obviously, if there is a shortage of incomes compared with prices, the thing to do is to fill up the gap and make them equal.

That is what is wanted; it is for the experts to find out how to do it. But Major Douglas has thought out a way. It is to be read in his book, *Economic Democracy*, and in other books which he has written, and in the books and pamphlets by other writers on the subject.

There are four which I would suggest as introductory and in the following order of reading:—

The Nation's Credit, by C. G. M., price 4d.;
An Outline of Social Credit, by H. M. M., price 6d.;
Economic Nationalism, by Maurice Colbourne, price 3s. 6d.;
Economic Democracy, by Major C. H. Douglas, price 6s.;

all obtainable at 70, High Holborn, London, W.C.1, from the office of THE NEW AGE.

Major Douglas, if I do not err in reproducing his proposals, suggests three things, namely, (1) a national price-discount; (2) a national dividend to every man, woman and child; and (3) a national account book.

The price-discount would be a figure published periodically by the Government in somewhat the same way that at present the Bank-rate is periodically given out. The figure would be a fraction, three-quarters, half, quarter, or whatever the position of the country required. He indicates how this fraction would be arrived at. When shopping we should buy at this fraction of the price, and the rest of the price would be made up to the seller by new money created and given to him. One four-guinea suit, supposing the fraction to be three-quarters, would cost us only three guineas; the other guinea would be new money created and given to the tailor, thus not entering the price of the article, and not coming out of the tax-payer's pocket; it would replace capital, or pay off a bank loan and so go out of existence. No inflation.

To arrive at the required fraction there should be a national account-book showing the period's total production and total consumption; the consumption is always less than what is produced and forms the top figure of the fraction.

Thus two proposals for making up the shortage of incomes compared with prices (1) price-discount, (2) national account book. There can be other ways of doing it.

So far so good; but to provide for people who have no private income, are not in business, and cannot get employment and therefore have no money and no means of getting any, the national dividend is suggested, money which would not be taken from other people, but would be created new in such quantity as would be equal to the available goods. There would be no inflation of the currency because the money created would be measured by the produce to be sold. But for a correct statement of Major Douglas's proposals his own books should be read.

But it is quite unnecessary to trouble the ordinary man-in-the-street about the method of administering the people's policy. It is for the people to say what they want, namely, enough money to buy the necessities of life; and it is for the experts to find out how to supply what the people want, enough money in their pockets (or credit in their banking-account) to buy all that the industry of the country produces and is capable of producing.

The obvious fact of modern times is that there is no scarcity of food, clothing, heat, light, furniture, books,

amusements, everything that people want; there is ample, and ample capacity to produce more than exists. With money in your pocket you can get anything you can reasonably want. Then why are people without these things when they are all around in shops and warehouses waiting to be sold? Simply because people have not got the necessary money to buy with. While there may be a necessary shortage of some things, such as precious metals, there is no necessary shortage of money; money can be produced in any quantity required, and, by altering the present money-system, the present poverty, in view of modern machinery and mass production, could very quickly be wiped out entirely as far as the ordinary necessities of life are concerned, thanks to Major Douglas and his discovery and proposals.

III.

Now, what is the present money-system? I think we must admit, at least, I myself must admit, that until recently money was an unstudied subject. I used to take the view, without knowing why or thinking about it, that there was a certain amount of money and that it was only altered in amount as and when fresh gold came out of the mines and became converted into sovereigns. The facts are quite different.

Money starts its career as credit in a bank-ledger: it comes into existence in that way, figures written in a ledger. To let it be stated by some other person than myself, I will use the words of Maurice Colbourne in his recent book, *Economic Nationalism*, where he says, on page 136, at the foot: "Arabic numerals, say a one and six noughts, are written in the bank's ledger, . . . and, hey presto, a million pounds have been created." It comes as a shock to the mind, seems almost incredible, but it is evidently true. The banker lends it as a loan to his customer, who has thus been credited with a million. Perhaps he is going to build ships, or half-a-dozen cinemas, or what-not. He draws cheques and pays them away in wages, salaries, fees, dividends to shareholders, cost of raw-material, plant, rent, etc., and keeps some as his profit, and so the whole million goes out into the world, someone has got it, new money which did not exist before the figures were written in the book and the cheques drawn. He sells enough of the ships, cinemas, or what-not, to get the million back as proceeds of sales, and pays off the loan. That is the career of money in general; created by a banker, issued as a loan, spent in production, re-collected by sale of the produce, loan paid off, and money gone out of existence, gone back to where it came from, namely, nowhere.

A borrower, in drawing his cheques from his account, may sometimes want paper-notes, or silver or copper coins. As the demand for them arises, the Banking system gets them printed or coined by the Government; whatever amount of legal tender the Government issues it is under the advice of the Bank of England (in England). But all, or nearly all, big business is settled by cheque and not in legal tender. And, very important, it is a mistake to suppose that the banks lend their customers' cash deposits.

So it is quite obvious that when money is wanted there is no difficulty about its being able to be manufactured or created or produced or brought into existence.

Confirmation of this is to be found in the books written by Major Douglas, especially his recent one, *The Monopoly of Credit*.

Money is manufactured by someone; it does not fall from the skies like rain; it is man-made, but it is not made by manufacturers of goods. As Major Douglas says, if a farmer grows a ton of potatoes he does not at the same time grow the money with which they can be bought (and if someone else does not the potatoes cannot be sold).

There is no necessary shortage of money, it can be created by writing figures in a bank-ledger on the credit side; the credit being there, cheques can be drawn, and goods bought. Gold sovereigns did not, and notes or

coins do not buy any more coals than a cheque for the same amount.

But if the shortage is not made up, the goods, though produced, cannot be bought.

This method of making up the shortage deprives nobody; it is not taking money from those who have got it and giving it to those who have not; nobody is impoverished. And that the present money-system does not work, does not get the produce distributed to those who want it, is proved by the fact that cupboards are empty while shops and warehouses are full.

Making up for shortage is not inflation: the new money goes out of existence after the goods have been bought and the seller has paid off his loan (or else it replaces his capital).

Perhaps that is enough for the purpose of introducing the subject of Major Douglas's discovery. Poverty is unnecessary when life's ordinary necessities are producible in abundance.

"Money on Strike."

Anything to dodge the distribution of a dividend. That is the latest message which everyone who is short of money to keep himself decently has to accept from the bankers. In *The Times* of June 19, there is a long article which starts ever so pleasantly to those readers who know what ought to be done; but ends up with a plan which holds out no hope at all of any revival of prosperity. Prosperity, to each individual, depends upon his wages stretching out to meet the prices in the shop windows. Now it can be proved by experts in the science of Social Credit that when people invest in shares they cause everybody's income (including their own incomes after they have invested part of them) to drop below the price of his living. Never mind why. For the moment remember that this can be proved to a jury of experienced business men who appreciate a logical argument based on well-known facts about money. And what does the writer of the article say? He says that people who can spare money for investment must be forced to invest it. The way is like this. Say you have £10 saved up in the bank. This writer suggests that if you don't draw it out within a certain time, the bank will call it £20. Don't notice these figures: they are put in here to show what he means. What do you do? Well, the first thing you do is to get out your £10 while it is £10. Then what do you do? If you aren't interested in shares, which is the case of most small people, you take the money home. But that is not safe: notes get lost, burnt, or stolen, and so you will probably buy something before you want it. It's the same thing as you heard told about Germany years ago—but upside down. In Germany everybody rushed to the shops to spend money because prices were rising. Under the present plan everybody would buy things because his savings were getting smaller. You see the idea? In Germany the shopper bought a twopenny loaf before it rose to threepence: under the present plan he would buy a loaf for threepence before his money went down to twopenny.

What lets you out is that the plan would not apply to small savings. (Most people aren't lucky enough to have savings, anyhow.) The writer doesn't say so: but he can take it that it would be so. It's the big money the bankers want; and it is the big money the bankers want; so let's see what he says is what the bankers. They don't leave him out and talk about the bankers? Well, if you have an idle balance. What is an idle balance? It is a rich man and put £5,000 in the bank so as to draw it out whenever you liked, the bankers would fidget with it, and call this an idle balance. Why would they fidget with it? The answer is because you might call one morning. The answer is because you might call one morning. They want you to buy something that you can pay for with a cheque. Well, as you know, shops don't like cash; and if you were going shopping the people whose money it is are usually likely to buy shares with it if they spend it at all.

Now, suppose you buy £5,000 worth of shares. You draw a cheque and give it to the seller. He pays it into his account. It doesn't matter to the bankers whether he pays or not. For if he doesn't, all that happens is that the £5,000 still stays in your name. If he does, the £5,000 is taken from under your name and is put under his name. It is all the same to the bankers which way it is: the

is yours or the seller's according to what he does. But suppose you draw out five thousand one-pound notes and pay them to the seller. Then if he doesn't pay them in the bankers will fidget. One reason is because they make their money by lending money, and unless they have notes in their possession they aren't lend money. But if they have notes, then they can lend ten times the value of the notes. That is because they have found out by experience that, for every £10 they lend, borrowers do not ordinarily want to draw more than £11 in notes: the other £9 they draw by cheque. So really what the bankers lend is cheque money, not cash. It works this way. Say you get a banker to lend you £10. All he does is to put down your name in a book, and under it a figure, £10. That is what he says you owe him; and he calls it your "loan account." Then he puts your name down again in another book, with a £10 figure. This is what he says he owes you, and he calls this your "current account," that is, the account you can draw from. Now if you write out a cheque for £10 you empty your current account, but the man you pay the cheque to pays it in his current account. The banker now owes him the £10 instead of you.

And here you will see something much more important than the interest on your £10, which, of course, the banker wants you to pay: it is this, that he has *manufactured* the £10 just by writing in a book. He has lent it to you without taking it from any other customer. And when you pay it away, there is £10 more money in circulation than there was before. If you never repaid it the country would be £10 richer. Remember this particularly; because everybody believes that the money which banks lend already belongs to their depositors. That is untrue. It does not exist to belong to anybody until you borrow it. And when you spend it somebody else is better off by that amount.

The opposite is true, too. When you pay money back to the bank the money is "un-manufactured"—nobody else gets it: it is simply cancelled. It began with an entry in a book and it ends with the crossing out of the entry, i.e., the closing of your loan account.

Music.

Gramophone Records.

Continuing my reviews of records for June, I commend the following. A superb recording by Horowitz of the "Traumewirren" of Schumann, capturing and expressing the hallucinated atmosphere of the piece; the piano recording is also very good (H.M.V.). The B.B.C. Symphony Orchestra under Fritz Busch give an admirable performance of "Till Eulenspiegel" of Strauss. The recording is excellent, clear, crisp and clean, with a refreshing absence of recording-studio editing, which can sometimes be as bad and obstructive as that of the control panel and functionaries thereof, in broadcasting. Another very interesting Strauss recording is that of "Don Quixote" conducted by Strauss himself. It is a curiously deliberate performance, rather suggesting, as has been often noticed of late years, that the composer is bored with his own work. But it is well done, in a very thorough, if uninspiring sort of way. Recording excellently clear, and the great F sharp major variation that generally resolves itself into a Pistany hot mud bath, is made to show a fine clean texture of distinct strands, that can all be followed with ease. For that alone one must be grateful (Decca-Polydor record).

I have also had the first volume of the Bach Society's records of the "48" as played by Edwin Fischer. It is extremely efficient playing, rhythmically sound, but I notice an occasional tendency to undue poeticisation, and emotional point-making. On the whole the volume is an excellent one, and should serve at least to cure those besotted by the operations of our Bach specialists that the great master is at least not quite like these gentry make him sound. I cannot, however, understand the policy of the Bach Society in ignoring the by common consent greatest living Bach player, he who above all others is in the Busoni tradition, namely Egon Petri. His is not a name, of course, that the *grand public* is familiar with, but neither for that matter is Edwin Fischer's. The piano recording is good to very good. These records are issued under the auspices of H.M.V. and made by them for the Bach Society, and it is necessary for anyone wishing to obtain them to join the society, which is simply done by filling up a form to that effect, and paying for the records as they appear. A record of Lily Pons (Parlophone) singing the Waltz-Song from the half-forgotten Gounod opera "Mireille," is a typical specimen of this lady's methods, which I find as unattractive as her singing in the flesh. A new Tauber record, on the other hand, music, it is true, of no great, or for that matter

of any, consequence at all, is as superb as this great singer's records almost unfailingly are. His artistry is so supreme and consummate that I wonder, more and more, in what lies his immense popular following, for the qualities that he has are not such as reach the comprehension of the mob, let alone their liking.

Of enormous interest are two Columbia records of the Nashdom Abbey Singers in some Early English Church Music of the Roman Rite. The unanimity and precision of the singers are beyond all praise, but the same cannot be said for the curiously hard inflexible quality of their tone. One is grateful, however, to have this remarkable music in any accessible form.

Conchita Supervia (Wigmore Hall, June 19). This vivid and brilliant artist gave what can hardly be called, strictly speaking, a song recital, but rather a sort of combined visual-aural interpretation of Spanish folk songs. One felt that the concert hall was not the proper milieu for this kind of performance, but that Mme. Supervia would have achieved a more satisfying result artistically had she given it in say, the Little Theatre, or the beautiful Rudolf Steiner Hall, where she would have had the advantage of a full stage equipment, facilities for clever draping of the stage, and full stage lighting; for the performances were of such extraordinary emotional vividness and dramatic power that their effect was not merely *déplacé*, but definitely spoiled in an *echt* concert hall, particularly when it is borne in mind that the performances were in costume, and very fascinating ones, most splendidly worn, as only a Spanish woman could wear such things.

The most interesting and valuable things on the programme from a purely musical point of view were the "Siete Canciones populares españolas," of de Falla. This work, I do not think has ever been surpassed by this composer elsewhere, with truly miraculous insight and imagination he has written round these strange haunting folk songs, folk songs unlike those of any other land, in their rhythmic and musical interest and subtlety, piano parts that are so perfectly in consonance with the voice parts—the original folk-songs, of course—that the whole is as one thing conceived and produced by one mind. This, it is needless to say is an artistic *tour-de-force*. Supervia's singing of these songs, it is probably not too much to say, is unapproached and unapproachable. Such intensity, such fire, such subtlety of phrasing, and tonal inflection need going a long way to hear anything to equal them.

The seven Hispano-Judaic songs I did not find nearly so interesting. For one thing, musically they are not comparable with those that de Falla has taken; and for another, the surrounding accompaniments have nothing to compare with the brilliance of accomplishment of de Falla's work in the "Siete Canciones." As a singer, I find Mme. Supervia tends too much to stress the heavy middle contralto quality of her voice, to "overload," to borrow a term from wireless, and thus to upset the tonal balance of her very remarkable, beautiful and really unique voice. It seems to me that the lack of relationship between this over-heavy chest voice and the thoroughly mezzo-soprano quality of the upper part is a thing that this brilliant artist stresses far too much, and even inartistically at times. That hers is in every way one of the most remarkable voices to be heard anywhere to-day, I am convinced. I am not, however, so convinced as to Mme. Supervia's way of using it, in which I feel there is a good deal to criticise. Mme. Supervia has so much, voice, brilliant musicianship, vivid personality, and histrionic talents, that one is jealous for her, in that one feels that such gifts should each and all be developed to their highest possible pitch of perfection that is their just meed and due, as in the case of that glorious artist of whom in many ways, both as to personality and voice, Mme. Supervia reminds one so much, Calvé. KAIKHOSRU SORABJI.

Current Sense.

"Candidates for office who wish to address Democratic Party meetings in one of the wards at St. Louis, Missouri, must pay 35. for the privilege. From the funds thus collected beer is purchased for the audience." (Reuter, *The Star*, July 17.)

Some Balance!

"For the first five months of 1934 China exported to Morocco goods to the value of Frs. 23,732,444, the value of the corresponding imports being Frs. 2,940; and Japan's exports to Morocco were valued at Frs. 40,363,844, as compared with imports from Morocco worth Frs. 948." —*L'Echo du Commerce* (Nice), 7/7/34.

Reviews.

Starvation as a Command. By F. Henry, F.R.G.S., LL.D. (Kentish District Times Co., Ltd. 1s. 6d.)

It is possible that this book was written as a joke, or as a social satire, after the manner of Swift's essay on the eating of babies. It is, indeed, difficult to believe that it is meant seriously. Nevertheless, after due consideration, this is the conclusion that I have come to.

The readiest way of describing its theme is to quote from the author's summing-up:—

"The disease is spreading at a rate which we can easily measure by the number of unemployed all over the world and by the amount of wealth spent on social welfare. Quicker action would necessitate bringing all social welfare, including charity, down to the lowest point so as to catch up with the diminution (sic!) of wealth which is taking place now.

"That means we have to act very quickly indeed, and the ways in which to take action are roughly the following:—

"(1) Emigration on a very large scale—i.e., bringing about a redistribution of population of, say, ten million families.

"(2) We have to permit of starvation and death."

It is useless to point out to this writer that many people are already being slowly starved in the midst of plenty. He knows that, and refers to it several times. He quotes the Governor of the Imperial Bank of India, who contrasted the half-starved and less than half-clad millions of Africa and Asia with the possibilities of production in Western countries, "and also in contrast to Nature producing a bountiful harvest."

"Why should not Nature," he continues, "so bountiful and giving such enormous harvests, yield its resources to help these starving beings? The answer is that there are not enough starving millions in the world. By this I do not mean in Africa and Asia. I refer to the Western countries."

Thus he quite deliberately votes for artificial poverty being maintained, for reasons of his own. It is as if the worst nightmare that ever a Social Creditor had about the financiers had suddenly become a reality.

The rest of the book is an elaboration of those reasons, and a defence of them by arguments so childish as to be almost incredible. Compared with these, the defence that the Spanish Inquisition might put forward for its activities would be a marvel of cogency and common-sense. As reasoning, the book is complete rubbish, but its psychological interest is very great. It is the crude expression of that spirit in the world which is our most inveterate foe—the spirit of the power-maniac.

The evolution of power-mania is worth following somewhat closely. Probably the Individual Psychologist knows more about it than anyone else. Perhaps its commonest form is to be found in those interfering busy-bodies who are forever trying to set their neighbours' houses in order. They are usually individuals of no noticeable ability, who strive to win a place in the limelight by means of this interference. Should anything occur to switch the limelight away from them, their activities become the more feverish. Hence the "super-patriots" in the last war, who were so active in detecting and "showing up" shirkers of military service. It is significant that they were usually men well above military age, or hysterical young ladies of the "White Feather" brigade.

The next step is to defend one's desires to interfere by formulating a theory. The individual now becomes an enthusiastic advocate of sterilisation for the "unfit," or of birth-control for the poor, or something of the sort.

Sometimes the "theory" is expanded into a "philosophy." The philosopher, in this case, is frequently, though by no means always, a sickly recluse, who preaches a gospel of "hardness," "lack of pity," and "Will to Power," thereby striving to hide from himself his own weakness and utter dependence upon others. A work not unlike the one under review is not infrequently the result. The fields of biology, psychology, and economics are ransacked for any scraps of evidence which will tell in favour of the theory, and these are distorted, magnified, and even invented, while everything on the opposite side of the question is rigidly ignored.

Last stage of all:—In times of disruption and chaos like the present, such individuals often manage to attain to a position of some power. Hence the comic opera villains who swagger about the European stage to-day, calling themselves Dictators, and behind whom there lies the much more sinister and insidious power-mania of Finance.

Humanity will never be free of these pests until it is clearly realised that the man who entertains any theory which involves the compulsory moulding of humanity in

conformity with any ideal whatsoever is a much greater menace to the community than any criminal. He must be regarded as a "ticket-of-leave" man, always under suspicion. He must be given the utmost freedom to expound his views, partly for his own sake, as an outlet for his psychic tension, and partly to render his detection the reader; but he must be absolutely forbidden to experiment with any human individuals, except with their full knowledge and consent.

But it is highly improbable that such people will generally expound their theories in their grotesque horror with the honesty (or naïveté?) of Dr. Henry.

NEIL MONTGOMERY.

The Modern Scot. (Spring-Summer Number, June, 1934, 3s. 6d.)

I have previously expressed my opinion on the literary aspirations of the Scottish Nationalists, and have nothing to add to it. I can merely reiterate my conviction that of English literary future of Scotland is bound up with that of England. Not that this means that Scottish literature is to be a mere slavish imitation of English literature. There are peaks in this landscape which can only be scaled by Scottish writers, but still they are definitely peaks in the marvellous mountain range of English literature. Or so, at least, it seems to me.

With the political aspirations of this movement I find myself in closer sympathy. No Scot can wish to see his country merely a political appanage of England. Moreover, there is really sufficient difference between the religious, political, and legal traditions of the two countries to make their separation desirable from certain points of view.

Yet, even here, it is a pity to see the Scottish Nationalists spoiling a good case by needless exaggeration. Thus, in this number of "The Modern Scot" there is a true and interesting and controversial letter which heads the account of the evils attendant on the crowding of the Scottish population away from the rural areas and into the large cities. Yet the writer goes on to lay the blame for this on England, as well as the blame for several other things, apparently, such as the gradual failure of the export trade, for instance. Yet, surely all these things are to be found in every industrial country in the world to-day, including England herself. Even in dealing with old history risings of the Union of Parliaments, or the Highland risings of '15 and '45, there is a wrong-headedness and a bitterness about these Nationalists which would be excusable were we nearer in time to these events, but which at present makes one wonder if, perhaps, they hate England more than they love Scotland.

I should be sorry to think so ill of my countrymen, even though I cannot agree with them. (And to disagree with the Scottish Nationalists is to label oneself "traitor" in their eyes.) Perhaps the most charitable way of looking at the matter is to suppose that exaggerations are inseparable from young and enthusiastic movements, and that the little tricks of the literary clique.

There is one point on which I should like the opinion of a Scottish Nationalist, who is also a Social Creditor. I would surely agree with me that political separation from England, without Social Credit, is useless. Now, I am inclined to think that if Scotland had Social Credit, the political separation from England would be needless. Would the Scottish Nationalist argue, perhaps, that separation is a necessary first step to the achievement of Social Credit? It is a point upon which I am open to conviction, but if it can be demonstrated, I shall be beneforth a whole-hearted Scottish Nationalist.

The present number of "The Modern Scot," like the last, has some interesting articles, but it is too heavily weighted with book reviews, many of them rather irritatingly superficial in tone. Perhaps, also, it might be mentioned that 3s. 6d. is an exorbitant price for any one issue of a quarterly. Even though it be a double number like the present one, English readers please spare me reference to the one or two quated jest that they seem to have heard about the Scot.

NEIL MCEACHRAN MONTGOMERY.

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LETTERS TO THE EDITOR.

REVOLT AND LEISURE.

Sir,—I do not care what methods individuals employ to put over Social Credit, but I think the propagandists will have to be *individuals*, and will have to *want* Social Credit.

Before terminating a discussion that may cause some to think that Social Creditors are "bickering among themselves," I should like to tell Mr. R. Halliday Thompson a little story. It might be entitled "Want."

Once there was a boy whose schooldays had been years of guerilla warfare with masters, prefects, and little sneaks: the boy came out of it with his mind quite uncultivated, but with a certain strong resentment. In view of school reports, the Varsity was cut out: the boy was sent to a Stock Exchange office, took a good look at it, and left. He said he wanted to go to sea. Parents "wouldn't hear of it." The boy ran away. For eight months he walked the streets of a large city, unable to get work, through his inexperience; and unable to eat, for lack of money. At night the police drove him to the streets again. Winter came: morning when he had eaten nothing for three days. A living skeleton, he crept into the markets where the carts were being unloaded, and groped with his numbed fingers in the frozen slush for damaged fruit and broken vegetables. A little later he fell down in the streets . . . was taken to hospital . . . his identity discovered . . . parents came . . . but he did not return home, and he *did* go to sea.

He went as a wireless operator for some years. He chose tramp steamers so that he could study, for he wanted to be a writer. He studied fourteen hours a day. When he thought he was ready he "jumped off"—with £60 "hero" lived like a beast of the field. One meal a day, and work from 6.30 a.m. to midnight. Then an editor took two of his stories and offered a job in Fleet-street. Still it was not easy. The paper failed. Everything failed. It was, and is, an epoch devoid of all semblance of security.

Very soon after the War this man discovered "Douglas," because he had been looking for it. The discovery did not help him as a free-lance contributor in Fleet-street.

For eleven years or more he has been an authentic free-lance—attached to no paper, and with no regular commissions. He might claim this, that never has he allowed himself to be bullied or wheedled into behaviour detrimental for a shameful cause, or hesitated to attack the powerful when they have tried to rob or cheat him.

During the last seven years the idea that he and his wife might lose their home and starve has become so familiar as to be commonplace. Now, in the end, it looks as though he might come through to "success," and perhaps achieve, to security, and perhaps even reputation and wealth.

And yet this fellow we write about has never been anything of a hero. Rather a weakling in youth, very slow in development, slightly timid. He was, for example, very afraid of the sea, for boats, and even trains nearly killed him, literally, with sickness. There is only one explanation of a lifetime's fighting, of which the barest details are here recorded. He really *wanted* freedom, to work in his own fashion. He wanted it more than warmth, shelter, food, and even—in the last analysis—more than the wife he adores, more than life itself. In short, a fanatic.

This being so, he finds it difficult to understand why so many will fight and suffer for money, power, Empire, country (however these things may be interpreted), whilst so few will put up with a day or two of hardship for the sake of personal freedom.

Mr. Thompson may be sure of one thing, there is no system that "turns artists into wage-slaves." If he doubts let him examine a few biographies. I say leisure must be thrust on the people.

This little story may be of interest to others besides Mr. Thompson. There are "critics" (? or reviewers) who pretend that "Douglas" has not produced artist-authors, or these authors inferior to the Social Guild writers, etc. Let the gentlemen take heart and reflect that they can only compare past and present authors when they know both.

The critics can't know present authors, because, in the words of Mr. Ezra Pound, we are "suppressed." And the fact that we lack Mr. Pound's genius does not, in a commercial age, account for our suppression.

R. LAUGIER.

Paris,
July 19, 1934.
P.S.—Mr. Thompson's quotation from Douglas is gratifying to me; Douglas says, of course, precisely what I said

in my post scriptum. The "thoughts" of the people are emotional reactions, only to be modified by other emotional reactions. E.g., they "want" work; "work is ennobling," etc. They don't *believe* this. They know they don't want this "work"; they know it is only drudgery. I work nine hours continuously at a play, and stop reluctantly for food. I have *worked*. I am healthily tired; perhaps trembling with fatigue; but I am not worn out by boredom. In a couple of hours I may be working again, and experiencing the greatest ecstasy of which I am capable. One of the horrors of slavery is that slaves never know what work is.

As for the bankers—the men at the top—I am convinced that if these few men were examined by alienists (as other criminals are), these bankers would be proved insane. In other words, no one is leading the world; calculation, as to coming events, is impossible. We had better try to be artists rather than prophets. Nothing can so damage our cause as bad prophecy.

As for "power": the man who desires power over others, at cost of weakness within himself, is mad. Here, again, is a fundamental difference between artist and *arriviste*.
R. L.

Sir,—As Green Shirts actively engaged in propagating Social Credit among the "lower strata" of society, we would like to express our appreciation of Mr. R. Laugier's letter in your issue of July 5.

In particular we would like to draw attention to the following extract:—

"Social Credit can only be put over by means of the most intense and passionate emotion; the intellectual appeal alone, must fail; not to comprehend this is to fail in an understanding of Social Credit and human nature."

It is our personal experience that intellectual interest alone tends to develop into once-a-week drawing-room meetings which, as soon as the novelty palls, degenerate into disintegration. In this connection, the undersigned recently attended a debate on Social Credit between two well-known protagonists. The Social Credit advocate, an excellent technician, totally failed to gain even the sympathy of the audience, simply because he presented Social Credit in an unemotional and "highbrow" manner. As a lecture to the converted, the speech was excellent, but it was far and away over the heads of the audience in question.

In all humility we would urge that the time is now too short to dissent on the technicalities of Social Credit. There must be an emotional drive throughout the country to make the slogan, "Issue the National Dividend," the vital, dominating force in politics.

This letter is written in no spirit of carping criticism, nor from any narrow, sectional point of view. It is simply an earnest expression of opinion by four who realise that the present Madhouse economic system means world war at any time and who are passionately fighting for their lives against time.

FREDK. T. NORTH,
JOHN W. LESLIE,
STAN. C. BARKER,
ALEX. E. PHILIP.

ADVERTISING SOCIAL CREDIT.

Sir,—The writing of the following note has been induced by the reading of the interesting letter of Mr. Laugier in your columns last week and of your own very valuable comments thereon.

In the mind of the undersigned, who is not a commercial man, the very word *advertisement* evokes feelings of repugnance, and the current public apotheosis of "salesmanship" those of the deepest disgust.

And yet—and yet—is it not just to advertisement (as emotional, of course, as you can make it) to which we must now quite certainly turn?

Major Douglas has given us "the goods," the indisputably sound goods, and he now in effect calls on us to sell them. How can we sell them?

If we go to the big wholesale firms at the top, though they may even agree that the goods are cheap and sound, they will say, and *do* say, something as follows:—

"Though things with us are indeed bad, yet we are prepared rather to go on rubbing along somehow than to take any wild risks. Yours, you see, is an entirely new proposition to us. As a matter of fact not one in 10,000 ordinary people has ever heard even the name of your Douglas Plan. You'll have to get the thing a bit into the public eye before we shall even think of touching it. You can come back when you have advertised. Good morning."

Now it would seem that this is the one thing above all others now important to the Social Credit Movement: *how to advertise*, how to reach the mass of that public which feels but seldom thinks. The undersigned on occasion wears

a Green Shirt because in a country where all other ways of public advertisement are closed, that seems to him the only possible thing left to do. If, however, it can be fully and clearly shown that there are other means to our end more practicable he would be only too ready to consider them with an open mind.

PHILIP T. KENWAY.

Change of Address.

Will the friends, and any enemies, of A. L. Gibson kindly note his change of address to 2, Paradise-street, Sheffield 1. Telephone 24341.

A. L. G.

The Hitler Spirit.

"A parallel case is not to be found in the whole of history! Never before has a leader submerged his personal feelings so completely, never before has there been a statesman so utterly concerned for the welfare of the nation, as the Leader. Neither Alexander the Great, nor any other Emperor or King in ancient history, neither Bonaparte nor Frederick the Great has done anything like it. Superhuman leadership, such as we have just witnessed, will surely never be equalled. One needs to have followed the Leader for years as we have done, have felt the spirit of the movement pulsate through one's veins, in order to appreciate the immensity of his sacrifice; to understand what it meant to him to order so many of his old friends, many of them men with splendid pasts, to be shot. We stand in awe of this man and his unexampled self-sacrifice. In this solemn and tense moment we swear that we also will forgo all human weaknesses and errors. The blood that was shed yesterday will purify all of us; it is the sacrifice, which we dedicate to fate, necessary to keep our magnificent Movement pure." (Westdeutscher Beobachter of July 1, 1934. Quoted from Friends of Europe, July, 1934.)

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