

# THE NEW AGE

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## NOTES OF THE WEEK.

### Cricket and Politics.

Readers who have followed our comments on several occasions upon leg-theory bowling in relation to Australian politics will note the significance of two episodes last week. In the morning London Press of August 15 was recorded the suspension of Voce by the Nottinghamshire C.C. Committee during the progress of the game between that Club and the Australian team. In *The Times* of the same day the first leading article sets out to interpret and discuss the issues of the pending general election in Australia. It is common knowledge that this election will be fought out on the money question. It is also morally certain that the critics of official monetary policy at Canberra will make play with the domination of monetary policy in London, thus compelling Mr. Lyons to adopt one of two attitudes, either to deny the fact of external coercion or to justify it on grounds of technical principle and political prudence. In either case the rôle of the British Lion is to roar softly while the Australian Mr. Lyons is assuring electors that the Government is immune from interference by the London bankers. Naturally, supposing that the Lion and the Kangaroo were to fall out at Kennington Oval next week-end (we write before the event) the ensuing controversy would jam the political wireless in Australia, or, if not, would tune in well with Mr. Lang's and Mr. Scullin's appeals to Australian patriotism. Moreover, it would create a bad atmosphere for the visit of the Duke of Gloucester who, among other items of his programme, is to open the new Parliament. So it looks at present as if Voce, as well as Larwood, will not be seen at the Oval for the final and deciding Test. The intimidatory character of leg-theory bowling must rule it out at this time when there is risk of its being exploited to recall the intimidatory character of Sir Otto Niemeyer's celebrated mission to Australia.

(Postscript, August 19.)

Australia 475 runs for two wickets! Some readers may remember an occasion some year or more ago when we drew attention to a communication on Australian politics sent by a correspondent to *The Times*. In it he said, apropos of the problem of ensuring the responsiveness of the Australian public to "sound" politics, that the great thing was to play on their self-conceit—the dominant factor, he maintained, in their psychology. If his calculations were well founded we should say that the news of the score at the Oval on Saturday night will have spread peace, contentment and brotherhood all over the Commonwealth like bird-lime and twigs entangling the feet of every heterodox and fractious bird who comes pecking at the fruit of "sound financial policy." If the portent of the score holds good, then it will be a case of: The Lion is Dead: Long Live Lyons.

On a minor point of the comedy the battle of the cinema firms at the Oval deserves record. After balloons at Nottingham come screens, light-rays, and reflectors designed to obstruct the vision of, or black out the pictures taken by, unauthorised operators outside the ground. Inside as well the Press tells of detectives mingling in the crowd urged on by the incentive of getting a pound note for every pirate they spotted. Twice the game had to be held up while the camera-gods up aloft were persuaded to come off their miracles so as to let the Greeks and the Trojans get on with their fighting. It begins to look as if in the next Test match (if any) the players and spectators will have to be provided with gas-masks and helmets along with their beer and sandwiches. It may not make for brighter cricket, but that disadvantage may be well countered by sensations of another order. After all, the essence of sport is its danger.

### Irish Annuities.

It is a grotesque outcome of the annuity-controversy between the Free State and the British Government that

Irish farmers should have been shot up like mutineers by Irish policemen to force them to pay to their own Government money which that Government refused to pay to the British Government. It goes to show how futile are all gestures of political freedom, and all schemes for implementing it, so long as the Money Monopoly can command the allegiance of representative Governments. When Mr. de Valera took office the Dublin Correspondent of *The Times* said quite complacently: Wait until he has to apply the provisions of the Budget inherited from Mr. Cosgrave. In other words: Wait until he finds out that he has to do exactly what Mr. Cosgrave would have done, despite the fact that the electors have rejected the latter gentleman in favour of the former. "When budgets come are bullets far behind?" How long is it going to take our rulers to realise that solvency above means bankruptcy below? When once it is realised that the total price-paying capacity of the Irish people (and any other people) is less than the total price-charging necessities of Irish industry, it will be recognised that to compel the people to buy certain goods and services at full prices (which is what the Budget means) is to increase the already certain losses of private enterprise in respect of other goods and services. You don't have to look any further than this to see how it is that, among an inflammable people like the Irish, "sound finance" should be attended by the spilling of blood.

#### The Australian Election.

There are three parties in the field of electoral struggle in Australia, which will be decided on September 15—the United Australia Party headed by Mr. Lyons, the Country Party led by Dr. Earle Page, and the Labour Party, which partly follows Mr. Scullin and partly Mr. Lang. Three years ago the Labour Party suffered an emphatic defeat on the issue of "repudiation," "inflation," and "political control of the banks" as against "straightforward economy," "hard work," and "honest finance." (The quotations are from the leading article in *The Times* previously referred to.) The issue is substantially the same now.

#### Mr. Scullin's Programme.

Mr. Scullin is content to propose an enlargement of the business and an extension of the functions of the Commonwealth Bank. He says that the Bank ought to have all the accounts of Government Departments, municipalities, and other public bodies. He also says that it ought to compete with the trading banks for ordinary business. Needless to say such a "substantial stride towards the nationalisation of banking," as Mr. Scullin describes it in a speech, is a stride towards the centralisation of banking, and is fundamentally a more reactionary policy than that of the present Government.

#### Mr. Lang's Programme.

Mr. Lang would act more sensationally: he would take over the banking system *en bloc* and make the giving of credit a function of Government. This again is a political gesture, not a technical plan. There is nothing to show precisely what the "taking over" of the banks is to be, or how the Government is to exercise independently its proposed new function of giving (presumably lending) credit, or, most important of all, what defences it will put up against the secret reprisals which Mr. Lang himself, of all people, must know that organised finance is able to exercise. The control of credit-

issue at its fullest means nothing more than the control of the rate at which costs are created. What is wanted, and wanted first, is control of the rate at which costs are liquidated. The word "control" in this second sense is not a happy one, because it connotes personal arbitrariness as to the rate, whereas the only control required is control of the power to direct that liquidation shall take place according to the technical calculations described in Social-Credit text-books. What we mean can be illustrated very simply. If you take a ball of string you can control the length of a piece that shall be cut off, but if, having decided this, you propose to tie the ends and lay the string out in the form of a circle you cannot "control" the diameter of the circle. It will be just under one-third of the length of the string, and you cannot make it anything else. You are bound by the iron law of a fixed ratio. This illustration cannot be directly applied to the money-game, nor is that intended. But the analogy holds to this extent, that given certain issues of credit for production, there is an ascertainable ratio between the total price ultimately chargeable and the total income ultimately available to pay it. Under the existing system the income is less than the price by a measurable proportion. The deficiency being at the root of all economic trouble, it must be made good. It cannot be made good by altering the size of the initial credit: it has to be done by direct compensation. In Mr. Lang's programme no provision is contemplated for compensating the deficiency in incomes: hence his provisions for controlling loan-credit are futile, not to say dangerous.

#### Mr. Lyons' Programme.

This omission of his lends sense to Mr. Lyons' otherwise senseless polemics. Mr. Lyons enjoins electors to "let the Commonwealth Bank alone," and, by this token, to let bankers act according to their own wisdom. In the circumstance that none of his opponents has a clear idea what to do, we endorse his warning. For it everybody is to continue to scramble for a living on pickings snatched out of loan-credits passing through the industrial system, it is wiser to leave the bankers, who create the occasion for the scramble, to regulate the methods of the scramblers. You cannot treat the bankers as top dogs in the science of politics, and deny them the same prerogative in the art of banking. Until Social-Credit principles are adopted the banker will remain the most competent statesman, or, perhaps we should say, the least incompetent. As things are we should feel inclined to say that, far from seeking to deprive bankers of power in a formal sense, political leaders should invest them with it in the same sense, the vital proviso being that the responsibility should be transferred in the open, and that thenceforth politicians renounced all pretence that they, or the Legislature, perhaps the greatest safeguard of the Money Monopoly, should be able to plead with plausibility the existence of restraints laid upon it by Parliament. Our readers will remember that Mr. Ramsay Muir has been retailing this fairy tale (as reported last week) telling young Liberals that the Bank of England must not issue more than a certain number of currency-notes; whereas in truth the limit was decided without reference to Parliament, which simply lets Treasury legislation go through like a ticket-dating machine at a railway-station. The damage is not so much that credit is arbitrarily restricted; but that the authority of Parliament is interposed between the Credit-

Monopoly and those who desire to challenge its technical axioms. For example, if Mr. Montagu Norman were to come out and state publicly: "I have decided on this limit for notes, and have instructed the Legislature accordingly" the natural reaction in a country with any democratic traditions animating it would be: "Where did you get your mandate to decide these things?" His answer would have to be an appeal to technical, not political, restraints, which is just where public attention ought to be focussed. Most people are not interested in the science of finance, but they would prick up their ears at a formal claim by anyone to supersede Parliament in the name of a scientific theory, and would at least want this theory to be stated, rationalised and debated.

But to resume with Mr. Lyons. Although, as we say, his attitude passes as sensible relatively to the ineptitude of his opponents, it is not worth consideration otherwise. He asks the electors to regard the Commonwealth Bank as a "central bank," and upholds its board as independent and courageous. If it is a central bank, it is a member of the Basle board of central banks, and is therefore not independent. As to courage, it is puzzling to know what can put courage to the test in the case of a body of non-responsible, non-removable, non-recognisable gentlemen making secret decisions which other people carry out. We notice that *The Times* attributes courage also to Mr. Lyons, who, says the writer of the article, "risked his political life" as Acting Treasurer in the late Labour Government when Mr. Scullin was in England by insisting on "honouring obligations" and by resigning in protest against the "dubious financial policies of Mr. Theodore." We need only remark that there are opportunities to enjoy political prestige, not to speak of financial benefits, outside the Government or even the Legislature. After all, the bankers handle bigger budgets than do Governments, and as to the prestige of any person they choose to honour, they can establish it almost overnight. No doubt Mr. Lyons acted sincerely, but as for courage in this episode, we cannot believe that he lost a second's sleep or a crumb of bread over the transfer of his allegiance from the Labour Party to the all-party combination by which it was to be smashed and superseded.

The writer in *The Times* artlessly adduces the above episode to prove that Mr. Lyons is not merely a "defender of the banks." That is curious, for what else is it to protest against "dubious financial policies" than to take sides with the banks? Did Mr. Lyons know that they were dubious—or was he told?—and if so whose word did he take? Then, as to the doctrine of "honouring obligations," that is one which anybody can uphold in general without prompting, but in its context here the effect of Mr. Lyons' insistence on it was to defend the interests of the banks, because the necessary methods of honouring the obligations tuned in with the deflationary policy of the banks, and on the other hand were injurious to the interests of the Australian public. Finally, we are surprised that *The Times* stirs this up now, when Great Britain herself has dishonoured her obligations to the United States to the extent of 95 per cent. and sanctified the dishonour by calling the rest a "token payment."

Mr. Lyons' general appeal takes the form of saying: "Never mind what we've done; but think of how much

is left to do, and send us back to do it." He tells the electors that there has been a "partial recovery" but there is a "steep climb ahead," and they must not risk a "slide back." Well, on this logic, one should never change Governments which bungle or neglect their jobs. There are all sorts of Governments in the world, but is there any country where there is not a "steep climb ahead"? Herr Hitler's guide rope, for instance—with a knot to hoist you if you hold on, and a noose to hang you if you let go. Mr. Lyons' two concrete baits are public works for the unemployed and a substantial loan for the relief of rural debtors.

#### Dr. Earle Page's Programme.

The last affects the Country Party led by Dr. Earle Page. He is "not so thoroughgoing a defender of the existing financial system as is Mr. Lyons," for farmers have been hit badly by falling prices. He demands, in the language of *The Times*, "no more than an inquiry into the banking system and the directions in which it might be improved." (Our italics.) A neat reminder that inquiries lead nowhere except in the direction of affording the bankers tips how to tighten up their defences, and excuses for staving off new inquiries into what was not inquired into earlier. The Macmillan Report for example is being cited all over the banker world as having exhausted the whole field of inquiry for years to come, in sublime disregard of the fact that the Committee's terms of reference were based on the presumption that the gold standard (with all that it implied) was here to stay, and ruled out Social Credit as a subject of deliberation. If anyone says that the admission of Douglas's statement and evidence suggests the contrary the answer is that the Committee did not decide on their terms of reference until all evidence had been taken. This device must be blocked if possible in the event of any more inquiries on the subject. Dr. Page, however, is apparently more interested in fiscal questions. He is attacking high tariffs, and is in conflict with the Labour Party who want to maintain them.

Summing all up it seems that despite surface agitation on monetary policy the hearts of all three parties are bent on securing the driest corner of the bankers' dungeon. It remains to be seen to what extent the electorate (if at all) are capable of holding aloof from officially prescribed irrelevancies. How to see it is a puzzle; for voting is legally compulsory, so that where there is no independent candidate one or other of the established parties gets the vote. There seems nothing that the elector can do unless he can (with impunity) mark his cross against every candidate and endorse his ballot-paper: "Against the lot."

#### The Territorial Army.

Junior officers of the Territorials now have the privilege of intensive training by commandants and staffs of the Regular Army. It entails on the latter a great deal of extra work. Whether this is reflected in increased pay does not transpire, but probably not, for *The Times* (August 16) points out that staff officers and instructors "are themselves learning by contact with the citizen army many things that in their normal duties among other professional soldiers they have no opportunity of learning." This bartering of knowledge is no doubt very helpful, not to say convenient to the Treasury. As regards recruitment, it is good in the North, but bad in the South. The Corporation of the City of London has tried to stir things up a bit by giving a reception to

the officers of the two London Divisions—rather a fish-and-chips effort for that august body, what? The cause of bad recruiting is said to be due to the unwillingness of employers to let their employees enlist.

"Many would-be recruits, who hesitate to join, would do so if it were made clear to them that it would not prejudice them in any way with their employers or with the immediate superiors upon whose good will they are dependent for their livelihood. (Our italics.)

Not too nice to contemplate, is it? It should, however, bring recruits to the Social Credit Movement, which exists precisely to make that sort of thing impossible. So much as regards dependence on "superiors." As for employers in their own right, the case is different, because their own livelihood is bound up with the continuity or otherwise of service rendered by their employees. A would-be recruit might resent being forbidden to enlist on account of a whim; but, things being as they are, he will see the force of the argument: "If I let you join my business will suffer." *The Times* suggests that employers should not say this, that they should reflect that the security of their businesses—even their persons and families—depends upon the Territorial Army. That's another thing not very nice to contemplate. It is true in more ways than the one obviously suggested. In fact it is true upside down. For though a large and powerful army may be a guarantee of security against invasion, and, as militarists hold, a condition of peace, its existence is a guarantee of a boom in trade if it goes fighting—and the larger it is, so the pacifists tell us, the sooner it will go fighting. We suggest to the City Corporation and *The Times* that they bring this second consideration to the notice of the unwilling and timorous employers. If they could guarantee them a good war in a short time—and particularly if the banks would advance them a bit on account of the expected war-prosperity—the recruits would roll up all right.

**"The End of an Occupation."**

This headline in *The Times* (August 17) introduces the announcement that the last company of the American marines who have occupied Haiti since 1915 left Port au Prince "amid the cheers of the population." Almost immediately following, the announcement continues:

"Within a few months the transfer of the Administration to Haitian control will be completed—when the cheering will be frantic, no doubt. The announcement goes on:

"—although the United States will supervise the finances of the Black Republic until its outstanding obligations have been met."

which means that Haiti will remain occupied in perpetuity.

**Professor Copland on Capitalism.**

The following dicta, sent to us by a correspondent, are said to have been delivered by Professor Copland in a speech in Australia early in May last.

1. A country can only grow richer as its debts grow greater.
2. The capitalist system must feed on its own fat or perish.
3. Industry can only be kept going by a continual expansion of investment.

If these quotations are authentic they show Professor Copland to have been stating the Social-Credit case with admirable clarity and force. Points 1 and 3 are virtually one point; for fixed debts are a measure of investment,

and, investment is a measure of cancelled consumers' purchasing-power. So Professor Copland is arguing that industry can only expand through the contraction of the consumption market. That is, indeed, the logical outcome of the existing laws of "sound finance." In practice the burden of fixed debt is mitigated by the amount of unfixed or compensated debt—namely advances by banks or purchase of securities by them, both of which put new money into circulation, and maintain it there until the advances are repaid or the securities sold.

\* \* \*

In England we have a fixed national debt of £7,000 millions, but on the other hand we have £800 millions odd of ways and means advances floating around, out of which to pay the £300 millions odd of interest. And as against industrial debt owing to the banks we have, again, the proceeds of the originating loans floating around to help us meet interest in prices. It would be when these floating fluid compensated debts become fixed, frozen and absolute (through being planted on private investors) that we should discover the inherent rottenness of capitalism run on bank-finance.

**Democratic Parliamentarianism.**

(Points from Major Douglas's address to members of the M.M. Club on June 5, 1929. Reprinted from *THE NEW AGE* of June 13, 1929.)

"Groups never invent anything; initiative always comes from an individual."

"Ballot-box democracy is incapable of government."

"Majorities are always wrong, and minorities always right."

"If you only get sufficient people voting, they will swamp those who know."

"It is the inevitable march of events on which we have to rely, and when this takes place, the Parliamentary system must go."

"Social Credit in operation will kill Parliamentarianism."

"In the case of international conflict the existing financial system would go in three years."

"In future, functionalism will transcend all national boundaries."

"Parliaments will be replaced by functional hierarchies which will be entirely governed by technicians."

"The Parliamentary type is an excessively inefficient type."

"Organisations cannot be altered by altering the personnel. In such a case the organisation either spews out the individual or he breaks up the organisation."

**Monarchy and Money Power.**

"Mr. J. Pierpont Morgan is to arrive at the Gannochy Edzell, to-day. The Duke and Duchess of York are to be his guests for the opening of the grouse season."—*Dumbarton Courier*, August 10.

[Note.—The Earl of Strathmore, father of the Duchess, is, or was until recently, a director of the Royal Bank of Scotland. The Earl of Elphinstone, who is married to the sister of the Duchess, is, or was until recently, Governor of the Bank of Scotland.—I. 69.]

"The great tragedy of our age is that it finds so much merit in men whose chief virtue is opportunism, and whose principal aim is to flatter."—*Freethinker*, August 12, 1934.

"Much of the trouble in the world to-day is due to the fact that knowledge and courage seem rarely to go hand in hand."—*Freethinker*, August 22, 1934.

THE NEW AGE

No. 1]

TECHNICAL SUPPLEMENT

[August 23, 1934

**Time, Cost, and Income.**

**I.—Introduction.**

The purchasing power of the community is practically all paper money.

The amount of this money is fairly constant.

It is recorded as deposits in the banks. These deposits circulate through the agency of costs, going out as payments of wages, etc., and coming back to the same source through the agency of prices.

The cycles of circulation are comparatively short, probably not exceeding one month on the average.

If any programme of production originated by the issue of a given sum of money is wholly completed in consumable form before the end of the cycle (i.e., within the month) its total cost can be defrayed in full through sales to consumers, and its total quantity come into their possession. Collective incomes are equal to collective prices.

But if any such programme of production embodies costs incurred outside that period those costs cannot be defrayed by the money circulating within that period. Collective incomes are less than collective prices.

The "A + B" Theorem is a shortened statement of this proposition. It says of any given firm's programme of production as carried out to-day that its payments are of two kinds, namely "A"—payments to individuals, which create costs and distribute incomes to the same amount in the current cycle; and "B"—payments to other firms, which renew costs already created in previous cycles and left undefrayed when those cycles were complete and the incomes distributed therein recalled and extinguished.

All industry's payments represent purchases of something to sell again. Payments classed as "A" provide the consumer with money which he may buy goods from industry. But payments classed as "B" do not; they double back through industry to the banks in discharge of outstanding debt, and the money is destroyed.

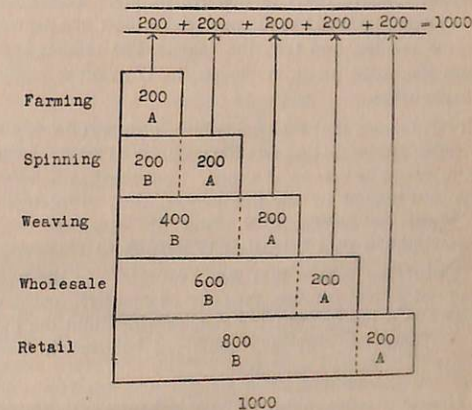
**II.—The Elements of Pricing.**

More than a century ago an experiment was made in an English village to see if it were possible to shear a sheep and turn the wool into a ready-to-wear coat between sunrise and sunset on a certain day. The experiment was successful; and old prints are to be seen picturing the celebration of the achievement by the men and maidens who had variously taken part in the shearing, spinning, weaving, tailoring, and sewing. They are seen clustering round the Squire, who is putting on the coat.

Now, supposing that each of the five stages in making it took 200 minutes, and that the Squire had paid the villagers one penny per minute, the coat would cost 1,000 pence, and the labourers would possess 1,000 pence. In that case they could buy the coat from the Squire, and then give him the coat. This would be a silly proceeding in the circumstances, but it could have been done that way.

But it is imperative to use money in the making of coats (or other things) to-day. The main reason is that, unlike these villagers, the people who help to make them at every stage have in turn to buy and re-sell the wool or material, the last buyer for re-sale being the retailer.

The following diagram sets out the process. With the exception that a wholesaler and retailer are substituted in the series, it will serve also to illustrate the way in which the village experiment could have been carried out by the re-sale method.



It will be simplest if we consider the five groups as being one person each—in which case there are five people, the farmer, spinner, weaver, wholesaler and retailer taking turns at buying and doing something to the material and drawing 200 pence (or any other unit of money: it does not matter) more from the next man than he paid to the last.

Next, we can consider these five producers eventually being five consumers. For simplicity we can suppose that they have produced five coats (the quantity does not matter) in which case they can buy one coat each. It may be objected that the retailer, who is assumed to have his 200 pence, cannot have it in practice because he has not yet sold the coats. But this retailer does not want his profit except to buy a coat: hence he needs to sell only four coats for 800 pence, which his neighbours have got, whereupon he "consumes" the odd coat as his "profit." The point of the diagram is to show that the total incomes of these men will pay the total cost of their total production.

Now, opponents of the Social Credit proposals say that the teaching of this diagram holds good in modern industry, and that the total incomes of all of us (i.e., the whole community) must necessarily be equal to the total costs of our production. And it looks true, because the financing of production consists throughout all its stages in the practice of buying something to sell again for something more, or, in the case of labour, selling something that has not cost money—precisely as the five men in the diagram. If they could return themselves their costs in full and get all the coats, why not we with our costs and commodities? For are we not simply these five men multiplied by several millions?

The diagram says nothing about where the money comes from. But let us suppose for the moment that there is a sort of public "pool" of 1,000 pennies on which the five people can draw as they perform their services. The farmer, who is the starting-point, does

not have to buy the wool; so he does not draw from the pool. The spinner draws 200 pence from the pool and pays it to the farmer. The weaver draws 400 pence from the pool and pays it to the spinner. The wholesaler draws 600 and pays 600, and the retailer draws 800 and pays 800. On the other hand, each in turn can put back into the pool the money he receives, so that the pool is refilled after each transfer. Each may be considered as saving his 200 pence up in the pool until the coats are finished.

At last there is a final transfer to be made—the delivery of the five coats to the five people. This time they can go as a group to the pool, draw the 1,000 pence, pay the retailer, and take the coats. The retailer can return the 1,000 pence to the pool. Then all is ready to begin again.

It will be seen that the pool, which at first is nobody's property, gradually becomes the property of the five men at the rate of 200 pence at a time. Conversely, when the coats are bought by the five people, their property in the pool is extinguished, and it becomes once more a public pool belonging to nobody in particular.

It will also be seen that the "pennies" in the pool need not be real pennies, they can be counters, marbles, or bits of paper or anything else, provided that the five people play fair. If they could not be trusted, there would have to be a pool-keeper.

Now in practice to-day we have to have a pool-keeper. We call him the banker. His job is to mind the pool, and keep account of what people draw out and put back. In the above illustration, the banker would have recorded the fact that the farmer, spinner, weaver, wholesaler and retailer each in turn had earned the right to draw 200 pennies at the end of the process: so that when these five people went to collect the 1,000 pence he would have them ready and would pay them out.

It is in order that the banker shall be able to do this job properly that he has been given the sole right to provide money. He provides it by manufacturing it. Nobody else is allowed to manufacture money. It costs him nothing to manufacture it; for the money we all use to-day is just paper and ink—printed stationery. So the pool can be as large as is required. And it doesn't matter how large it is provided that the use of the money and its distribution takes place on the lines set out in the above diagram and illustration.

The principles involved can be illustrated in a room by five children using five new pencils and five pennies. The first child takes the pencils, starts to sharpen them, and passes them to the second, who sharpens them a bit more, and so on along the line, the last child finishing off the points. Thus the pencils are changed from costless raw material (representing wool or any other primary product of nature) into finished articles ready for use (representing coats or other articles of consumption). As regards the pennies, each child can draw one from the pool and hold it until the last one has finished the job. Or the second child can draw a penny to pay the first, the third twopence to pay the second, and so on, each paying his penny into the pool and saving it up. But it doesn't really matter exactly how the pennies are manipulated, because at the end there will be fivepence somewhere—either in the pool or in the children's hands, or maybe in both; and there will be five sharpened pencils which have cost fivepence. That is, the children's "incomes" will be equal to the price of their "production."

Now, let us set down the conditions which lead to this result. They are:

- (a) A pool of pennies to start with.
- (b) The pool at the start is as much as the price will be at the finish, and the pennies remain the same number all the time.
- (c) The children, at the finish, hold the pennies or are entitled to claim them from the pool.

The questions arise: Do these conditions apply in modern financing of production? And, if not: Does the alteration cause a shortage of incomes compared with prices? The Social-Credit answer to the first is: No, and to the second: Yes. Conditions "a" and "b" do not exist; and this makes condition "c" impossible of fulfilment.

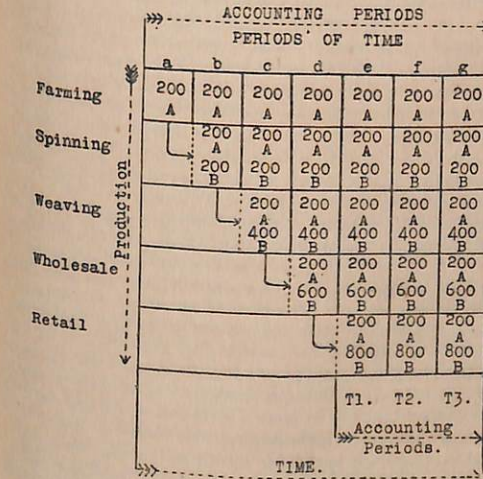
Let us see why this is. We will consider the illustration of the children and pencils (but the reasoning will apply just the same to the coat-making presented in the diagram).

First of all, it has been assumed that the five children successively stop work and save their pennies until the last one has finished. That would be quite possible if each could wait for his pencil until the five stages of sharpening were complete. Suppose each stage took a minute, and each child could wait five minutes, everything would be all right. But in modern industry there is no such idling: every process along the line has to be repeated as its finishes. To reflect this in the children's experiment you must suppose that the first child sharpens five pencils every minute. In that case, by the time the fifth child has finished off the first five pencils, the first child has worked on 25, the second on 20, the third on 15, and the fourth on 10. That is to say, for every five pencils ready to use there are always 70 more coming along behind. In all, there are 75 pencils at any given minute finished and unfinished. And at one penny for the work done on every set of 5, there would need to have been a starting pool of 15 pennies, not 5. Suppose there had been, then the five children taken together could have 15 pennies, of which 14 represented the work done on the unfinished pencils, and the odd 1d. representing that done by the last child in finishing off five pencils. This would be so if, and this is important, the pool-keeper paid them for their work like an employer does, making over to them the property of the money in the pool, and only expecting it back as and when they bought the finished pencils.

Now notice a discrepancy. Just now we made out the price of the five finished pencils to be 5d. But here it is shown that the children have only 1d. which they may properly spend on the five pencils. Why is that? It is because in the first instance each child stops working in turn, so that there are no unfinished pencils in existence when the one set are finished. So the 5d. represents what you might call the winding-up price—the price to be received supposing the whole enterprise is to go into liquidation while discharging all its liabilities to use the business jargon of to-day. But in the second instance no child stops working; with the result that every minute there is a set of five pencils immediately behind the five finished ones and needing only one pennyworth of work done on them to finish them off. (In the first instance the time would have been five minutes because of the children having to start all over again from the beginning.) Hence the 1d. is all that the children need to spend on the 5 pencils which otherwise would have cost 5d.

III.—The Complications in Pricing.

This, we hope, will serve as an intelligible introduction to a second diagram now presented. It is a modification of the first, and deals statistically with the coat-making operations. It has been prepared by Mr. J. Adamson, to whom we here offer acknowledgements. He used it in an article in THE NEW AGE of December 28, 1933, replying to Mr. Gaitskell, a critic of the Social-Credit analysis. We give here Mr. Adamson's own remarks on the diagram and its teaching.



(Mr. Adamson's explanation.)

Production is divided into five periods, consisting of farming, spinning, weaving, wholesale, and retail. Each period is assumed to be of equal duration and cost, and A payments are made at the end of each stage to those engaged in industry either as workers or investors. It is understood that these A payments form consumers' purchasing power.

In such a state there will be five parallel lines of production proceeding simultaneously, each of them at a different stage at any one time. Each stage in any one of the five lines of production ends coincidentally with the end of a stage in each of the other four.

The A payments paid out at the end of each stage are assumed to be completely absorbed in the prices charged for the commodities which they buy so that no money is saved.

Let T1, T2, and T3 be three successive accounting periods during which woollen cloth is completed and made available for sale at the end of each of these periods, and that simultaneously woollen cloth is in four stages of incompleteness at any one of these accounting periods.

The rate of flow of cost prices at T1, T2, or T3 is shown to be:—

	A	B	A + B
	payments.	payments.	payments.
Farming	200	—	200
Spinning	200	200	400
Weaving	200	400	600
Wholesale	200	600	800
Retail	200	800	1000
Total	1000	2000	3000

The explanation of this diagram in the terms of Major Douglas's statement to the Macmillan Committee is that the rate of flow of purchasing power to individuals at each accounting period T1, T2, or T3 is represented by A (1,000), but since all payments go into prices, the rate

of flow of prices cannot be less than A + B (3,000). Since A (1,000) will not purchase A + B (3,000) a portion of the product at least equivalent to B (2,000) must be distributed by a form of purchasing power which is not comprised in the description grouped under A.

Let us look at it in another way and assume that at the end of period T1 an analysis of all costs is made, such as might be done at the end of the year. The farmer, spinner, weaver, wholesaler, and retailer will account their separate expenditure on all goods which they have completed, and upon those which are in the process of completion; they will place their revenues for the period against these expenditures, thereby disclosing their monetary deficits or surpluses.

The farmer's expenditure is 1,000, being five payments a, b, c, d, and e; his income from the spinner is 800, being four payments, b, c, d, and e, so that he has spent 200 more than he has earned, represented by stock, 200.

The spinner's expenditure is 1,600, being four payments, b, c, d, and e; his income from the weaver is 1,200, being three payments, c, d, and e, so that he has spent 400 more than he has earned, represented by stock, 400.

The weaver's expenditure is 1,800, being three payments, c, d, and e; his income from the wholesaler is 1,200, being two payments, d and e, so that he has spent 600 more than he has earned, represented by stock, 600.

The wholesaler's expenditure is 1,600, being two payments, d and e; his income from the retailer is 800, being one payment, e, so that he has spent 800 more than he earned, represented by stock, 800.

The retailer's expenditure is 1,000, and he can collect from consumers 1,000, so that his expenditure will balance his income.

The position is that the farmer is out of pocket to the extent of 200, the spinner 400, the weaver 600, and the wholesaler 800, making a total monetary deficit, spread over the four producers who do not deal directly with the consumer, of 2,000 on the trading period.

Under the existing laws of cost accountancy, the necessity for industry to free itself from debt, and the insistence of the banking system on the repayment of its loans, this monetary deficit will have to be carried forward into the accounts of the succeeding period, T2. By hypothesis, the prices of the goods must, "in a perfectly steady state of self-repeating movement," be increased in the case of the farmer by one-fifth to 240, the spinner to 500, the weaver to 800, the wholesaler to 1,200 (since the farmer performs five operations to the spinner's four, the weaver's three, and the wholesaler's two, in one accounting period of 5 units of time, a, b, c, d, and e). The retailer's B payments will thus be 1,200, and, with an A payment of 200 as before, his cost (A + B) will be 1,400. But since consumers will only have 1,000 as before, the retailer's monetary deficit will be 400.

A revaluation of prices upward will have to be made again for the period T3, in order to attempt to recover the monetary deficit. This process is repeated until it becomes impossible and, in fact, it will be found necessary to curtail production owing to the accumulated unsaleable stocks held by the producers, wholesaler, and retailer.

It follows, therefore, that there will always be a constant unliquidated B cost of 2,000 at the end of the accounting periods, T1, or T2, or T3. This is repre-

sented in production by woollen goods in all stages of incompleteness in the example taken. (In actual fact, it is not only represented by goods in all stages of incompleteness, but also by completed goods and depreciating capital assets of all kinds, including savings.)

The B (2,000) requires to be in the form of a constant loan to industry, which can never be liquidated.

Mr. Gaitskell will agree that industry desires to free itself from debt, and that the industrial owners desire to rid themselves of the burdensome loans and overdrafts, with their consequent high interest payments. In what other way can they do this than by charging the B (2,000) payment into the price of their completed woollen goods at the end of the accounting periods T<sub>1</sub>, T<sub>2</sub>, T<sub>3</sub>, et seq.

They are compelled, by the nature of the financial problem that confronts them, to recover all their costs in the selling prices of completed goods, and, because of this, their selling prices must be the whole of the rate of flow of prices incurred at the end of the accounting periods T<sub>1</sub>, T<sub>2</sub>, or T<sub>3</sub>, which is A + B — 3,000.

Since the public has only the A payments of the accounting periods T<sub>1</sub>, T<sub>2</sub> or T<sub>3</sub>, 1,000 to meet this charge, it follows that stocks of goods will be unsaleable, and must ultimately be liquidated at a fraction of their cost by the process of reducing production and bankrupting the owners of the stocks.

If Mr. Gaitskell imagines, as he seems to, that the prices to be recovered from the consumer consist only of the industrial cost of completed goods, to which may be added, if the nature of the demand permits, a nominal profit, how does he account for the urgent necessity which exists at present for hire-purchase, deferred payment, and such other credit devices as are instituted in order to attract purchasers for the voluminous products of industry?

Since the only source from which credits are ultimately recoverable, under existing monetary practice, consists of wages, salaries and dividends, it follows that business people are compelled to charge, in prices, cost which does not rightfully belong to the particular articles which are available for sale. This is mainly responsible for the very high charges which industry is carrying.

Because of this tendency, prices are always increasing, despite the natural reduction in real costs of production which takes place as the result of improvements industrial processes.

#### IV. General Survey of the Cost-Problem.

An important phrase in Mr. Adamson's analysis is that in which he speaks of costs being charged which do not rightfully belong to the particular articles for sale. This links up with the last sentence of the following statement on the costing system which is reproduced from THE NEW AGE of March 13, 1930.

Taking the progress of the conversion of a raw material to a consumable product, as it actually takes place within the production-system, the principle under which the material is bought and sold is the same as if every firm along the chain of production directly borrowed from the banking-system an amount of credit equal to the total of its purchases from its supplier. In practice such firms usually follow the custom of extending credit to their customers, and those customers to their customers, and so on. But none of them can provide more facilities of this sort than it receives: and all the time it is the banking system which originates and determines all their floating credits. So, in principle, every debt owed by one firm to another for supplies is a debt owing to the banking system. If so, then its payment of such a debt is the repayment of a bank loan,

and results in the cancellation [or "destruction" (vide Mr. McKenna)] of a deposit. This is another way of saying that the "B" expenditure of a firm represents the cancellation of purchasing-power and not an addition to it. To state this conclusion in ordinary terms; if the energies of the whole community were directed to producing one consumable article, say bread, then no part of the money spent by any baker on, say a purchase of coal, would rank as valid purchasing-power in respect of the private consumption of the particular batch of bread which was to be baked by the use of that particular batch of coal. Notice our italicised emphasis, which we now explain. A trader may often use business revenue for personal consumption; but this use of it is invalid; it has to be temporary only, and must be replaced. "Private consumption" is emphasised because the term "consumption" is often popularly used in reference to the purchases of goods for use in business; e.g. "consumption of raw materials," to describe purchases of goods by firms inside the industrial system. The only real consumption is represented by deliveries of goods to private buyers outside industry. By using the term *batch* our intention is to lay stress on the separateness of each chain of production—the reason being that unless one can disprove the A+B Theorem in respect of the costing of an isolated chain of production, he has no ground of argument left. If there are, say, ten lines of production, all of them convergent on the ultimate appearance of a certain consumable product, and anybody asserts that the final cost of this composite product can be met by the consumers' incomes under existing financial arrangements, he can only prove it by showing that the incomes distributed along each of the ten lines of production are separately able to meet the final cost of each particular constituent at the time when the ten constituents and costs are merged into one article and price. It is not the slightest use showing that the costs incurred along Line No. 1 can be met by dipping into the credits used along Line No. 2, and so on.

#### Notice.

The four sections of the above analysis do not run on connectedly. They are assembled with the object of providing clues from different angles to the flaw in the present system of costing. They overlap each other—as they naturally should if the Social-Credit analysis is correct. It is hoped that, taken as a whole, they will be of help both to new inquirers and advanced students.

Criticisms and suggestions are invited, and these will be considered with the view of publishing a second Supplement later on as a sequel to the present one.

In the meantime a limited number of extra copies of the present issue are being printed, and the type of the Supplement saved.

#### Publications Received.

Select Standing Committee on Banking and Commerce, House of Commons, Ottawa. Minutes of Proceedings, No. 6, April 17, 1934, and No. 7, April 19, 1934. These cover Douglas's statement and evidence. (Official printer, J. G. Patenaude, Ottawa.) No price is mentioned.

The Douglas System of Social Credit. Evidence taken by the Agricultural Committee of the Alberta Legislature. (Official printer, W. D. McLean, Edmonton, Alberta.) No price mentioned.

#### Cash Before Delivery.

"Mark Twain one time attended a sermon and he afterwards that he was delighted with the first part of service and when the minister was about half through decided to put a dollar on the plate. When the minister finished his sermon he had decided to only contribute 50c but the minister did not stop when he had finished. The sermon and Mark decided that 25c. would be enough. When the plate was finally passed he reached in and took 10c."—(Reprinted from The Enterprise, Consort, Alberta.)

## Social Credit in the Classics.

By John Shand.

On two or three occasions in the last few years I have filled a page of THE NEW AGE with quotations from one of the classic authors which were likely to have particular point for Social Credit readers. Dr. Johnson, I remember, was found to have made some telling comments on money; Cobbett, of course, was another. I feel sure that readers could furnish some valuable pages of extracts from their favourite authors, if they chose to examine them with this purpose in mind. Gibbon's "Decline and Fall" would seem to be an appropriate book for 1934, for instance.

Gibbon's pictures of the rise of military dictatorships in declining Rome would, I fancy, have some neat parallels in recent events in Germany and Austria. Opening the first volume at random my eye catches these words:

"Julius Caesar has provoked his fate as much by the ostentation of his power as by his power itself. The consul or the tribune might have reigned in peace. The title of king had armed the Romans against his life. Augustus was sensible that mankind is governed by names; nor was he deceived in his expectation that the senate and people would submit to slavery, provided they were respectfully assured that they still enjoyed their ancient freedom."

After we have savoured the urbane irony with which Gibbon unwraps one of the vital secrets of the ruler, we are forced to admit that the modern Lords of Credit have not failed to learn from Augustus, and that so far as their power over mankind has lately been made public, force of circumstances rather than the foolishness of vanity has put them in the limelight.

On another page Gibbon remarks that

"By declaring themselves the protectors of the people, Marius and Caesar had subverted the constitution of their country. But as soon as the senate had been humbled and disarmed, such an assembly, consisting of five or six hundred persons, was found a much more tractable and useful instrument of dominion. It was on the dignity of the senate that Augustus and his successors founded their empire. . . . In the administration of their own powers they frequently consulted the great national council, and seemed to refer to its decision the most important concerns of peace and war. . . . The masters of the Roman world surrounded their throne with darkness, concealed their irresistible strength, and humbly professed themselves the accountable ministers of the senate, whose supreme decrees they dictated and obeyed."

Another author who would probably furnish valuable quotations is Swift. For example, in that famous pamphlet, "The Conduct of the Allies," we find it tersely said that

"'Tis easy to entail debts on succeeding ages and to hope they will be willing and able to pay them; but how to ensure peace for any term of years is difficult enough to apprehend."

Even the title of the pamphlet might refer to what happened at Versailles; and is there not a distinct flavour borrough (which Marlborough's descendant, Winston Churchill, is at present writing up with such militant vigour in a Sunday paper), that

"It will, no doubt, be a mighty comfort to our grand-children, when they see a few flags hung up in Westminster Hall, which cost an hundred millions, whereof they are paying the arrears, and boasting, as beggars do, that their grandfathers were rich and great?"

In the very next paragraph we find Swift writing:

"I have often reflected on that mistaken notion of credit, so boasted of by the advocates of the last Ministry. Was not all that credit built upon funds raised by the landed men, whom they so much hate and despise?"

"Neither hath anything," he writes in a subsequent sentence, "gone further to ruin the nation than their boasted credit."

I remember a passage in "Hudibras" which couples well with Gibbon on the crafty government of Augustus.

Actually it refers to the way women govern men. By the same token, however, it is equally suitable to the way all of us are governed by those who govern money.

"And cause we do not make it known,  
Nor publicly our int'rests own,  
Like sots, suppose we have no shares  
In ord'ring you and your affairs:  
When all your empire and command  
You have from us at second hand; . . .  
"We make and execute all laws  
Can judge the judges and the cause;  
Prescribe all rules of right and wrong  
To the long rake and the longer tongue. . . .  
We manage things of greatest weight  
In all the world's affairs of state,  
Are ministers of war and peace  
That sway all nations how we please.  
We rule all nations and their flocks  
Heretical and orthodox,  
And are the heavenly vehicles  
O' th' spirits in all conventicles:  
By us is all commerce and trade  
Improv'd, and manag'd, and decay'd;  
For nothing can go off so well,  
Nor bears that price, as what we sell."

Snowden's remarks about the virtues that grow under a tightened belt and positively flourish in proportion to one's poverty are neatly put into this quatrain, which might be a fit motto for the Means Test:—

"For 'tis not now, who's stout and bold?  
But, who bears hunger best, and cold?  
And he's approved the most deserving,  
Who longest can hold out in starving."

I suppose the lines in "Hudibras" about: "The quacks of government (who sate at the unregarded helm of state) who "met in consultation to cant and quack upon the nation"—must always seem appropriate to those who look on politicians with an unfriendly eye. These readers will relish the description of . . .

the politician  
With more heads than a beast in vision,  
And more intrigues in ev'ry one  
Than all the whores of Babylon;  
So politic, as if one eye  
Upon the other were a spy."

With the quatrain on poverty as a motto, one might make a whole series of quotations from various authors which would be in sympathy with it, and which would confirm one's dislike of those who would hint that poverty can, in itself, be anything but a curse. For instance, Dr. Johnson saying that: "Sir, all the arguments which are brought to represent poverty as no evil, show it evidently to be a great evil. You never find people labouring to convince you that you may live very happily upon a plentiful fortune." And we must never forget Pecksniff getting into the coach for London on a winter's day:—

"When Mr. Pecksniff and the two young ladies got into the heavy coach at the end of the lane, they found it empty, which was a great comfort, particularly as the outside was quite full and the passengers looked very frosty. For, as Mr. Pecksniff justly observed—when he and his daughters had burrowed their feet deep in the straw, wrapped themselves to the chin and pulled up both the windows—it is always satisfactory to feel, in keen weather, that many other people are not as warm as you are. And this, he said, was quite natural and a very beautiful arrangement; not confined to coaches, but extending itself into many social ramifications. For (he observed), if everyone were warm and well fed, we should lose the satisfaction of admiring the fortitude with which certain conditions of men bear cold and hunger. And if we were no better off than anybody else, what would become of our sense of gratitude; which, said Mr. Pecksniff with tears in his eyes, as he shook his fist at a beggar who wanted to get up behind, is one of the holiest feelings of our common nature."

Pecksniff's attitude is not in the least uncommon. When next a Social Credit speaker encounters the kind of person who suggests that it would not be a good thing for Smith and Brown to have the National Dividend as they are not used to spending "unearned" money, he might quote this passage from "Martin Chuzzlewit" with considerable effect.

## The Point of the Pen.

By R. Laugier.

### No. 8.—PORTRAIT OF A VICTORIAN.

He was a stockjobber by profession, and the first of the family to "go into trade." In those days one might know every member of the London Stock Exchange by sight: silk hats were *de rigueur*; a great deal of business was conducted in bars and "wine-lodges"; tea and coffee were not popular, but men had time for practical jokes.

When I first met him, my friend must have been over forty. A distinguished-looking man, though short: he had a greyish moustache, sentimental brown eyes, and was pleased if one remarked that he resembled the Duke of Connaught. He was a Unitarian, and strict in matters of religion. This fact, perhaps, accounted for the rather pathetic light in his mild eyes, for he was certainly a sensualist, and, no doubt, had great inner strivings. He had no sense of humour, but occasionally—very rarely—something rather silly would make him laugh immoderately; the tears would come to his eyes, and he would rub his white hands together, after the manner of the sensualist.

He had, according to the fashion of the day, been sent to a German university: he spoke German like a native, and was fairly fluent in French, of which he had a scholarly knowledge, even if waiters proved difficult. There was a good library in his house, and his favourite authors were Milton, Dr. Johnson ("Lives of the Poets") and Ruskin. These old volumes were filled with notes, in his small, neat handwriting which filled margins and overflowed upon scraps of paper, turning yellow at the edges. He had quite a gift for water-colours, and exhibited among other Stock Exchange artists. Also he sketched cleverly, and illuminated letters with skill and taste. He collected china wisely, and his playing of the banjo was justly famed. Nor did he neglect the sports: he bred horses as a hobby, and sold them at Tattersall's; he was a good shot, and a cunning fly-fisher. At the top of his London house was a room reserved exclusively for carpentry; and the room was quarter filled by an excellent bench, made with his own soft hands.

He had the finest manners I have ever seen, or ever hope to see. Largely this was due to his being the perfect listener. However plain the woman, however old, there he would sit (despite his penchant for flappers), taking in every word uttered from ancient lips. His eyebrows would go up as she spoke of her sluggish liver; he would register astonishment at the revelation of a domestic servant's peccadillos. "Really!" he would exclaim. "Indeed! Bless my soul!" He would have ruffled Lord Chesterfield, but for one fault: he ate too quickly. Sensuality again. When he dined out it was a bad business for the over-polite carver: "Are you ready for a little more?" the carver would ask. An unnecessary question—he was! Food and wine. He was knowledgeable about both; and, for his gout, he went to Buxton and Carlsbad.

Although small he seemed to possess great physical strength. He was a strong swimmer; his body was covered with hair like that of an ape. Until an advanced age he bathed, summer or winter, and often went to the Serpentine when the ice had to be broken before the dip.

In Throgmorton Street he was known as "The Credulous Jobber." He was a very honourable man (if we except his affairs with bar-maids and chorus girls), and he could never believe that anyone was trying to

swindle him. A simple soul—and his lack of humour laid him open to a good deal of horse-play in those days of the practical joke. Once, when things were booming in the House, he complained that some joker had continually extracted the pencil from his pocket, and had broken the pencil's point. He could not record bargains. He lost a good deal of money that day.

As a fact he lost money all his life. He was not intended by nature to make money. At Edward's coronation my friend invested £10,000 in grand-stand seats. I don't know what happened: perhaps the police were not tipped: anyway, ticket-holders could not get to the stand, and, finally, the crowd rushed the seats. My friend had to return every penny he had taken.

He was, I imagine, typically Victorian; an upright man, if narrow, and obstinate, and even harshly tyrannical when his temper was roused. He had his principles, and, on the whole, he stuck to them. No man or woman loved him, but all gave him their respect.

In my opinion he was worthy of respect. I do not know the modern "gentlemen of the City," but I doubt whether many of them possess my friend's gifts, courtesy, or principles. It is our fashion to laugh at the Victorians: the historians of the future will revenge.

## The Films.

### ECONOMICS ON THE SCREEN.

Social creditors will note the significance of the fact that Hollywood has awakened to a consciousness of current economic problems. "The depression" has for some time definitely been on the screen, which has also glorified the banker as a selfless individual whose motto is service, not self; and the problems of the plain man and woman trying to make five dollars do the work of ten, and wondering where the five are to come from, are also regarded as good cinema material. Films of this kind may be serious, or frankly set out only to amuse, as in the case of "Stand Up and Cheer," but the economic background is becoming more and more a characteristic of the American cinema, which at its worst has never completely divorced itself from life.

The latest picture with this type of background is "As the Earth Turns" (Regal). We are shown something of the life of a rural community in which the death of a cow can become a tragedy, and where man's hardest labour may be nullified by the weather. One character calls on Roosevelt to do something; another laments that her son should go back to the land, where only people "with nothing for five cents." And there is a glimpse of the eternal issue of town versus country.

All very superficial, of course. No hint of the reasons why millions of farmers are facing bankruptcy while the consumer is forced to pay extortionate prices for their products. But it is not a bad thing that some hint of the paradox of starvation and poverty in an age of plenty should be given to filmgoers.

This picture lacks sincerity, but is well acted, and its subject matter should interest readers of *The New Age*.  
DAVID OCKHAM.

## Notice.

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

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20, Rectory Road,  
Barnes, S.W.13.

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

## Or But a Wandering Voice?

By SETH HOWARD.

It may be great fun to have a brother who makes a name for himself in literature and the drama—fun in the sense of social snobbism—but Emma Farthingale got no fun out of it because she was also a writer of books and plays. Emma's books and plays, for some reason or other, did not, as her agent put it, seem to "find their public." Whereas Wolfgang's did.

Sometimes, sadly conscious of the fact that she had not arrived—had not "come off"—Emma thought it must be due to her Christian name. You see, Wolfgang has a kind of glamour about it that Emma lacks.

*Cradle and All*, by Wolfgang Farthingale, sounds so much better than *The Last Lament*, by Emma Farthingale.

Still, it was no use bothering. Wolfgang had got away with it. Emma was out of the running.

"What beats me," Wolfgang was always saying to his sister, "is why you go on—why you try to write at all! It's no use being kind about it. All your stuff is—well, it's mechanical. It doesn't flow."

"Thank you," said Emma.

"Well, does it?"

"No. I dare say you're right."

"I am right."

And, reflected Emma, now that Wolfgang is practically at the top of the tree, with his war book, *Tin Helmets*, and his new play, *Such is Life*, both booming, what earthly chance have I? None. . . .

Emma Farthingale? Oh, that's Wolfgang's sister, isn't it? She tries to write too, doesn't she? . . .

That was the attitude of the public and the critics. You cannot have two people of the same name, especially brother and sister, both competing in the same field. What chance would an Emma Shakespeare, or an Emma Keats, or an Emma Shaw, or an Emma Wells have?

The name Farthingale stood for Wolfgang. He had "made his name," as they say. In doing so he had made it quite impossible for Emma to become known. Write under another name? No, why should she? Besides, Emma had been writing years before Wolfgang started his first novel, *Kiss Me Goodnight*.

When Emma looked in her glass, as she did so often in order to powder a nose that was much too long and uninteresting, she felt acutely the physical disadvantage also. Wolfgang was a good-looking fellow, while she was—plain, him. People were spellbound by his great dark eyes and his easy, amusing flow of words.

Emma?—oh, they liked Emma, of course. But she lacked just that something. . . .

Wolfgang's work was much too easy, she felt; much too flowing. There was nothing to it, no depths, no roots.

She had just published her latest book of collected short stories under the title *Bare Rafters*. The first batch of Press cuttings arrived. She tore open the wrapper and read:—

"Miss Farthingale suffers, of course, from the fact of having a brother who has already established himself both here and in America as one of the most skilful, most—"

"Oh, damnation!" she said, and flung the Press cuttings on the floor.

A month later she took a post as travelling companion to a dear old lady, who was very deaf and very rich, and went abroad.

"For God's sake, Emma," said Wolfgang, "don't expect me to keep up a correspondence. Everlasting letter-writing is too awful."

"I don't care if you never write at all," Emma replied.

"Well, have a good rest. You need it," said her brother.

It was just about a year and a half later that Wolfgang Farthingale was asked—begged and prayed—to become editor of a new literary venture, *The New Man*, a Monthly Journal of Modern Life and Letters.

With Wolfgang Farthingale as editor, thought the public, the monthly journal would make a good start. It did. All the "big noises" in the artistic, literary, scientific and political worlds contributed.

Little Sammy Coles, the poet, was sub-editor.

"These talkies," Wolfgang was saying as he leaned back in the editorial chair, "are a disgrace to civilisation and an insult to the human mind—"

"Well, that's your tag for this month," said Coles, "lead off with an editorial—'Ban the Talkies!'"

"No, no, you can't take up that sort of cheapjack line in a sober monthly review, Coles. You seem to think you're on a popular Sunday picture paper. 'European Cultural

Reactions to the American Talking Films'—that's more the kind of thing."

"Have you seen and heard Cyrilla Ludomilla in *Love Speed*?"

"That's another beastly American—"

"But have you seen it?"

"No, and I don't want to."

"She's one of the most beautiful—"

"No doubt. But the voice—! That clotted U.S.A. lingo that comes hooting out at you. Canned adenooidal twang. I know, I know—"

"Well, you're wrong. Cyrilla Ludomilla in *Love Speed* has the most lovely intonation. English—pure, lilting English—as she ought to be spoke. I'd run fifty miles to hear her. An angel voice!"

"I don't believe it, Coles. She's a common little American film-star."

"All right. Will you come along this evening?"

There was the fat little Coles, and the long, lean, almost handsome Farthingale, watching and listening in the crowded dark.

So far, no woman had thrilled Wolfgang. But the sight of Cyrilla Ludomilla, and the sound of her voice in *Love Speed*, sent his senses whirling.

"Coles," he whispered, "you're right. My God! She's—she's just perfect! That voice is marvellous!"

Men have fallen in love with statues and pictures before now. Having seen and heard Cyrilla Ludomilla, Wolfgang was unsettled, disturbed. He could not work.

"Coles," he said, five days afterwards, "I'm going."

"Going? Where?"

"To Hollywood."

"Oh, why?"

"I'm going to find Cyrilla Ludomilla—and marry her. No other girl will do. She is the only woman I could ever love."

"Well, she's a snorter to look at. A peach with the bloom still on it. I wish you luck."

"Ah, but it's the voice. . . . that voice, Coles. It's like—like angels singing."

"Didn't I tell you?"

"I take my hat off to America," said Wolfgang. "To have discovered Cyrilla—with a voice like that!—I take back all I've said about the talkies! One Cyrilla, and I forgive the rest."

Wolfgang Farthingale, having crossed the Atlantic, came at last to Climax, Hollywood's great new "Talkie City"; and three miles outside Climax he came to Cyrilla Villa.

Cyrilla Villa was pink, black and gold. It had pillars—pink. It had a great oval-shaped door—gold. And it had a tower, or minaret—pink and black and gold.

It was an architectural mongrel, a hybrid; a cross between a Greek temple, an ancient Egyptian tomb, a Moorish mosque, and a baby skyscraper. It was the last word in Climax film-star joy-building.

And here, at Cyrilla Villa, in a pink, black and gold hall—the "cutest lil cubist quadrangle yoo averse so"—he met Cyrilla Ludomilla for the first time face to face.

She "certainly was." She was clad, more or less, in a flutter of pink, and she looked (as Coles had put it) a peach with the bloom still on it. Yes, Cyrilla looked divine, perfect!

In a moment that wonderful, clear, lilting voice—the angel voice—would float through the pink, black and gold hall. She came forward smiling, held out her hand, and said:

"Myee goodness! Yure mart Mr. Farthingale, the great arthur shurely?" (The great Arthur Shurely—? Oh, the great author! . . .)

"I'm just in larve with yure larst book, Mr. Farthingale." Wolfgang mumbled how glad he was, and they sat down on a pink, black and gold divan.

"I—I saw you in *Love Speed*," began Wolfgang.

He was so profoundly shocked to hear Cyrilla's dreadful nasal drawl that he hardly knew what he was saying.

"Myee goodness! Ar'm proud to meet a great English arthur who's seen me on the tarkies over in England. See here, now, you haven't a sister or anyone called Amma Farthingale, by anny chance?"

"Why, yes, I have a sister, Emma."

"Wal, isn't she a wonder?"

"Er, is she? I didn't know she was."

"Wal, I dunno what I'd do without her."

"Really?" said Wolfgang, very much astonished, "but is she out here?—we seem to have lost sight of each other."

"She's right here in Climax City."

"How extraordinary! But why?"

"I guess she's makin' two hundred dollars a week."  
 "Two hundred dollars a week! But how?"  
 Cyrilla Ludomilla smiled.  
 "Myee goodness! Didn't you know. She's my voice."

## LETTERS TO THE EDITOR.

### MEAT PRICES.

Sir,—Your correspondent, Mr. Vernon Sommerfield, in his letter on the subject of English beef prices has assumed incorrectly that 48s. is the price per cwt. dressed carcase weight, whereas it is, of course, the price per cwt. live weight.

At Smithfield Market last week prices ranged from 4s. 4d. to 6s. 4d. per stone of 8 lb., i.e., 6½d. to 9½d. per lb., according to quality. "Scottish short sides" fetch the higher price, chiefly from young Aberdeen-Angus cattle or crosses of that breed, particularly from the counties on the south side of the Moray Firth.

In justice to the butcher, it should be borne in mind that meat is a perishable article, and that the poorer cuts, which form a considerable proportion of the carcase, are not easily sold.

Whilst admitting that the butchers know how to take care of themselves, the figures quoted by your correspondent are misleading and are not even strictly accurate as they stand. The highest prices, admittedly exceptional, per live cwt. at the principal Scottish markets last week ran from 54s. to 58s. 4d., but the ordinary run of commercial fat cattle were making from 40s. to 45s. per live cwt. At the latter figure they will probably just pay their way on the better farms, so the subsidy will be a help unless its effect is neutralised by a rise in the price of feeding stuffs.—I am, Sir, your obedient servant,  
 LAWRENCE MACÉWEN.

### SURPLUS MEAT FOR THE POOR.

Sir,—On 11th August *The Daily Telegraph's* Special Correspondent in Dublin reports the Irish plan for distributing her surplus beef to the poor, and veils his chagrin by reference to unnamed experts who express the "gravest misgivings over the Government policy." "There is," says he, "to be an army of inspectors who are to mark the date on which the animals are to be slaughtered, and fix the price at which they may be sold. A touch of the ludicrous has been introduced because the Government plan is to tattoo one of the ears of the selected animal, and nobody appears to know whether there are enough tattooists in Ireland to carry out the job, or whether the animals will consent to the operation."

Social Creditors will see in this policy a step in the right direction; surplus food, instead of being destroyed, will be given to those who need it. The joke about the army of inspectors, supported by expert tattooists, decorating the oral appendages, after obtaining the animal's consent, can become a parable of and comment on the grim tragedy of our much inspected poor who, like dumb animals, bear on their countenances, in ever-increasing intensity, the marks of their sufferings.

PASCO LANGMAID.

[There is no information here as to who bears the expense of giving the meat away.—Ed.]

### WHAT A CIVIL SERVANT OUGHT TO KNOW.

Sir,—The following questions were asked at the Civil Service examinations recently held in London for various administrative branches:—

What do you understand by the "planning" of industry, and what advantages does it offer?

On what grounds is it argued that banking should be socialised? Why has the question assumed prominence in recent controversy?

What is involved in the dictum that the problem of the future will be the problem of leisure?

What do you regard as the essence of Fascism? Refer to the Italian and the German experiments.

Is democracy a spent force? (English essay.)

A discussion between a supporter and an opponent of a dictatorship in Great Britain. (German Essay.)

The first four questions were asked in the "Present Day" paper; it is only fair to add that all questions had alternatives to them.

EDWIN ROSCOE.

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