

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2282] NEW SERIES Vol. LIX. No. 5. THURSDAY, JUNE 4, 1936. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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### NOTICE.

Owing to the holiday, this journal closed for press on Friday, May 29.

### NOTES OF THE WEEK.

#### Social Credit and "Just" Costing. A Speculative Forecast.

The Social Credit Analysis reveals a flaw in costing expenditure for recovery in price—which causes a deficiency of income against price.

The principle of the remedy is to make up the deficiency with credit which shall not be counted as a cost in prices.

The method of the remedy is to make up this deficiency at the retail-end of industry—on the shop counter—at the moment of purchase, either by giving the money to the customer for him to pay the full, *false* price, or by giving it to the retailer for him to accept the lower *true* price.

This method is not a matter of principle, but one of convenience. Any method which made good the deficiency in consumers' incomes would fulfil the principle. A method which, instead of compensating all the items of deficiency after they had accumulated, were to compensate them as and when they occurred along the chain of intermediate processes, would be equally effective. It would cure the deficiency by preventing it. It would nip it in the bud, so to speak.

But, for a variety of reasons, the latter method would be enormously difficult to apply by a Social Credit authority and cumbersome to operate by industrial enterprises. For example, in the case of a primary industry like coal-mining, the authority would have to calculate at what price below the false price, a given batch of coal should be sold to other industries. The same with iron or copper ore. And then, in turn with enterprises working on these materials. Obviously the

intricacy of the problem of making even approximately correct calculations would be tremendous, let alone the multitudinous interferences with routine industrial book-keeping practices that would be involved.

Nevertheless, the objection to this method is not that it wouldn't fulfil the principle if applied, but solely that it is an inefficient (in the sense of troublesome and wasteful) way of doing something that can be done efficiently. Prevention is better than cure, but only if both are equally feasible. In this case the attempt at prevention would be worse than the attempt at cure. The obstacles would rule it out as impracticable, particularly at the transition stage between the old and new systems of finance.

But taking a long view, there are reasons for expecting that industrialists, as they become accustomed to the operation of the chosen method of cure (retail discount and/or dividends) will tend to modify their practices regarding the handling of credit in the direction of the method of prevention. They will react psychologically to the two great changes that Social Credit will bring about; namely (a) the assurance that there will be a market for all their products up to the physical limit of their capacity to produce or that of consumers' desire to consume; (b) the facilities for borrowing production-loans *en bloc* instead of in multitudinous small fractions from private investors.

Industrial managements will have every incentive to seek efficiency in the fulfilment of their proper function, which is to make goods available for consumption at the highest rate, and to cut out any operation superfluous to (and therefore a hindrance to) the attainment of that objective. At the present time they are hindered by the fact that in addition to their proper responsibilities as producers they are saddled with responsibilities as paymasters. Of course they will always be paymasters in the sense that they will hire labour (at wages

or salaries) but what is unnecessary and inefficient in their present responsibilities is their enforced preoccupation with rates of pay, due to the fact that they are obliged to adjust these to the requirements of the banks who provide them with the means of paying. They are in the dilemma of having to impoverish their servants in order to remain in business, and at the same time to do successful business with these impoverished servants. These servants work under a grievance and do not give of their best inside industry as producers, and, when they come outside as consumers, they give industry another knock by being unable to buy as much as industry needs to sell. Such is the Paymaster's Dilemma under bankers' rule. Under Social Credit there will be no such dilemma. The people will be their own paymaster (through the Government and the National Credit Authority) and industry will no longer be regarded as the sole source from which the consumption market is provisioned with purchasing power. Industry will be able to say to the community: "You want the goods: we make them," while the National Credit Authority will say to Industry: "You make the goods: we clear them." The "needing" will govern the "making," and the "making" the "clearing." The vicious circle of arrested consumption will have given way to the virtuous spiral of expanding consumption. And since science has made production indefinitely expandable nothing need stop the process of expansion but the final order of the community: "Hold hard: we have enough!"

As for the money, industry will breathe it or float on it just like we breathe air or swim in water. Industrial executives will absentmindedly reach for it like a research chemist reaches for a reagent with his eyes on his test-tube. A superfluity of money would be regarded as a nuisance, in the same way as would the drips from leaking containers on a laboratory-bench. So much for the psychological effect of the assurance of a continuous consumption market.

Next, as to the availability of credit *en bloc* for production purposes. Industrial executives won't want to be bothered with small investors, public floatations, share-registers and other hindrances to its performance of its essential purpose. Their investors will be one investor—the whole community represented by the Government and National Credit Authority. And the investment will take the new form of the provision of money as prepayment for the delivery of goods, not, as now, the advancing of money for a monetary return. The community will not depend upon industry for incomes, but for things purchasable by incomes.

For this reason industrial executives will come to discover that they need no longer accumulate reserves. Reserves, to-day, are an insurance against unpleasant contingencies (slumps in trade), and this insurance is effected on behalf of investors whose capital is at stake. Under Social Credit the unpleasant contingencies will be largely eliminated, and any that remain will constitute a risk spread over the whole community, and not on any small section thereof. The National Credit Authority will shoulder these risks, such as they are, and if they materialise, e.g., when a new discovery renders a process obsolescent, this Authority will, as it were, debit the loss to the community through the price-formula as a *contra* against its crediting to the com-

munity the gain accruing from the new process. From the point of view of general efficiency in production the obsolescence of anything is a sign of progression, not retrogression: what is lost is more than counterbalanced by what is gained. For example, when a turbine supersedes a reciprocating engine, there is a balance of gain accruing to the community. Under the National Credit Authority's clearing-house operations the particular loss on the change will be made good out of the general gain through the automatic adjustment of that beautiful regulative device, the Price Factor. The investors in the reciprocating engine will be told in effect: "You have put your money in something that has hitherto served the community well, and you shall not lose your money just because the turbine will now serve the community better."

In fact, as already pointed out, the National Credit Authority would not have to trouble about compensating "investors" in the conventional sense of the word because of the tendency of industrial executives to do without investors' money. The loss and gain will be recorded in the account of the community, and the net profit-balance held to their credit for distribution at the proper time. Thus will be fulfilled on another plane the saying: Death shall be swallowed up in victory. For obsolescence is the seed of progress. The seed must die that there shall be the resurrection from the dead. The divine curiosity of man unfolds the scroll of nature's law, and the sacrifice in his seeking generates the reward of his finding. And the day is not far distant when humanity will see nothing incongruous in the spectacle of an Archbishop consecrating a power plant with the full ritual of the Church. None would scoff for whatever a man's doubts about specific systems of theology, there is that in him which will respond to the concept of a God who is in and over all directly this *all* becomes manifest to him as a beneficent equilibrium of eternal forces. Under Social Credit science will convert the Christian Church to Christianity.

Supposing you were to see a man walking about with a bunch of air-balloons and learned from him on inquiry that these contained his store—his savings—of air to breathe. Well, he would be behaving no more foolishly than do those who have made it appear necessary that private citizens and industrial enterprises shall save up their financial credit. In brief, bankers are lunatics. As soon as Social Credit begins to operate every one will discover the fundamental lunacy directing industrial finance.

Reflection on the psychological reactions of industrialists to the Social Credit environment will afford grounds for expecting to see changes in their methods of costing which will tend to reduce the magnitude of the false, inflationary, element in final prices which the statutory price-discount is required to correct. Inasmuch as such changes take place, by so much will the end-prices accounted by industrialists tend to approximate to the "just prices" defined in the Social Credit Analysis. Competition may be expected to clean up costing practice—and for the same reason that (as Douglas has pointed out) it can be depended on to eliminate profiteering without reference to any imposed system of profit-regulation.

If this speculative forecast is sound it shows that calculations as to the supposed enormous progressive size of the National Dividend under a Social Credit economy are not dependable over a long distance of time; and that it does not follow that because a Dividend of a given size is necessary, initially, to clear goods in the market, it will have to be repeated or increased in size to effect that purpose when industry learns sense after getting into its stride.

## Entropy and Social Dynamics.

By James Golder, M.I.Mech.E.

### I.

Experience in relying on laws (I mean discovered and formulated—not made, like rules and conventions) in the conduct of one's life is both gratifying and satisfactory. Notice that I don't say *obeying* laws, because I mean *relying* on them.

When you have, as I have, designed, manufactured and operated prime moving machinery, from first principles (not from copying, which is from precedent), and have watched that machinery fulfil, or fail to fulfil, your expectations, you get to know your place in relation to law. Therefore you are made aware of your own power—or weakness. That does not establish your legal and financial position, but it *does* establish your lawful and natural position.

All power is of the same intrinsic nature, no matter what name we attach to it. It is like fragrance, quite independent of its description. We give different names to the *vehicles* of the power for convenience in recognition, just as we do with the different fragrances. The flower is the vehicle of the fragrance.

The behaviour of matter and energy and their interchanging relationships have been as carefully and accurately calculated and charted as the movements of our spherical earth in relation to all the other planets (visible and invisible) have been for centuries. Our calendar comes from the latter, our power plants from the former. Our clock, which is set to beat with the motions of the planets, is a fairly accurate reflection of the earth's revolutions on its own axis.

We do not make the time. What we *do* make is the clock, by means of which we measure intervals, i.e., count, or beat, time. All clocks and all calendars require periodic adjustment and correction because everything, whether solid, liquid, vaporous, or invisible and gaseous, is in ceaseless motion. The laws of motion are discovered by reference to intervals between the events we are observing.

By the laws of motion we get clear perceptions as to force and direction—I mean the direction of the force, that is, the way it is going; up, down, right, left, this or that way. We then learn, with our weather-eye on time, that no force can proceed in two directions simultaneously, just as two straight lines cannot enclose an area, whereas three can. When we enquire *why* everything is in ceaseless motion, we come across affinities in different forms of matter and energy. These reveal themselves in attractions and repulsions, and they can be measured both as to force and direction.

Knowing then, all (or nearly all) the reasons for the different states (i.e., conditions) and motions of matter, and giving each its name, so that we may distinguish them as we go along, we can adjust and juxtapose them so that they will do what we want. That is because we know what they want. Likewise we know what they *don't* want, and *won't* have. So, being wise, we arrange that the various laws are *illustrated* in our mechanised processes, not *obeyed*!

For example, we know that the central law of all is balance or poise. Nature hates disequilibrium. That is the meaning of the well-known aphorism that "nature abhors a vacuum," or, again, that "water always finds its own level." The latter is, however (as is usual with popular and, therefore superficial, science), incomplete;

for while it is true that water always finds its own level, it only does so downwards towards the centre of the earth—never upwards, unless especially constrained.

This has a bearing upon our personal problems, individual and collective. We seem to be *powerless* to effect the changes in private and social life that we so intensely desire.

The obstacle for us is that the resistance to change is found to reside in a *mechanism* designed not to *illustrate* these automatic, inexorable, immutable and therefore thoroughly reliable laws, but to *contradict* them.

Perhaps I ought to interpolate here a saying for which I am indebted to G. K. Chesterton: "If I throw myself over Beachy Head I do not disobey or contradict the laws of nature, I *illustrate* them." I might add, bodies fall (or change their position) parabolically or hyperbolically whether they are human bodies or stones. Nature knows no difference.

Therefore, we engineers, in producing what we *do* produce, though we irritate nature in the process by disturbing her equilibriums, cannot contradict her laws! Nature must have *her* way if we are to have *ours*. If, therefore, G. K. Chesterton, instead of describing a parabolic curve of descent from Beachy Head, desires to describe a similar curve the opposite way, i.e., of ascent, *we engineers can oblige him!* But several things must be done; he must get into our machine, and our machine must be so designed that the forces of descent are more than counterbalanced by forces of ascent, and this we do by the application of the law of the parallelogram of forces. We apply the knowledge; Chesterton must trust *our* inspiration, if he wants to rise.

The immediate conclusion from this is that all this knowledge (and probably a higher quality of inspiration) has been in the minds of men before. It is scattered throughout the annals of the race. "On graven stone, on written scroll. In every flower field of the soul," but it is to be seen, *altogether* convergent upon, and concentrated in, the Gospel phase of Hebrew history, for therein human personality is exhibited at its maximum intensity of polyphase power, and all our modern charts, diagrams and formulae are hidden in its parables, miracles and metaphors!

(To be continued.)

## Money Shortage.

### Basic Social Credit Affirmation.

The basic affirmation to which members of the Social Credit Movement subscribe may be stated in the following form: That there is an error in the orthodox system of accounting which leads on to economic paralysis and social disruption.

The nature of the error is best indicated in this statement: That the accounting system is based on the assumption that a correct addition of past financial costs entering into the price of finished articles is a correct measure of present incomes available to buy them. In other words, that *because* a price is historically accurate *therefore* it is practically recoverable.

That assumption is open to two objections which any intelligent person can grasp:—

1. That it is not self-evident in theory.
2. That, as an observed fact, goods are left unbought because the community cannot afford to buy them.

The second objection needs no elaboration. The community cannot "make both ends meet," as the saying

is; the money they have to spend is not sufficient to buy all the goods available. The first objection derives its force from the consideration that the price of any article contains items representing expenditure on production stretching back over many years. For example, a woman in buying a saucepan to-day might conceivably be paying into industry, say, the money-equivalent of wages disbursed to her father, grandfather, and great-grandfather who, in their time, helped to gather, assemble, and convert the constituents necessary to produce this saucepan. On what grounds can it be assumed that *because* her grandfather drew (say) sixpence out of industry fifty years ago, *therefore* his granddaughter will have sixpence to-day? Or, putting the question in a prospective sense, why should the amount of income we draw from industry to-day necessarily guarantee that our grandchildren will receive the same amount to pay into industry years hence? The one way in which the assumption in question could be shown to be self-evident would be if we bequeathed our incomes instead of spending them. Since this is not the case, the assumption is logically vulnerable.

The Social-Credit advocate therefore invites the public to draw the tentative conclusion that since there appears to be no theoretical reason why the present system of accounting should result in prices which are fully recoverable, and since in actual experience the resultant prices are not fully recoverable, the basic Social Credit affirmation is likely to be true. If the public agree to this they will agree that the Social-Credit proposal that the accounting system shall be worked on a new principle is worthy of at least their benevolent neutrality.

The new principle proposed may be best described by the statement that, if put into operation, it would amount to bringing down the prices of consumable goods to the level of consumers' incomes irrespective of what orthodox accountants calculate those prices ought to be. The result would be that the total money which consumers were able to bring to the shops at any given time would constitute the test of what was to be the total price of all the goods available at that time. Thus the new principle reverses the old one. Instead of demanding a total price calculated from sellers' disbursements of money in the past it demands a total price calculated from buyers' drawings of money in the present. The method of the latter calculation is not so direct as these words seem to imply, but that method (what it is doesn't matter for the present) ensures that everything which can be placed in the shops can be sold for the money which consumers can bring to the shops. It abolishes unsold stocks—stocks left on the shelves because customers who want them can't afford them.

## Notice.

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

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

## Consumers and Capital Costs.

### QUESTION.

The original cost of capital assets does not appear as a charge against the final consumer. Only replacement (depreciation) charges appear, and these are not the original cost of capital assets.

### ANSWER.

This "Question" is really a *statement*. The questioner draws no conclusion from it, hence we have no guidance as to what particular Social-Credit proposition he seeks to have proved to him.

For instance, does the first sentence mean this: The original cost of the capital assets of a given company is not entered into the cost of that company's product?

If so we agree. But in that case it must be pointed out that a particular company is able to (and invariably does when it can) charge a price higher than cost. It recovers (eventually from the "final consumer") all that the product will fetch. The margin above cost is its surplus.

This surplus represents an item of revenue which the company's accountant has not included in cost.

Now industry as a whole (in a closed credit area in which the banks keep the volume of credit constant: which is here presumed to be postulated in the question) cannot recover more than its costs. Hence surpluses recovered by any given companies are offset by deficits incurred by other given companies.

Defining the two classes respectively as *paying* companies and *losing* companies, the paying companies allocate their surpluses to (a) dividends to their particular shareholders, but also (b) to various reserves or contingencies "funds." The losing companies, of course, cease operations altogether. They are wound up, or absorbed by other companies.

A paying company does not customarily distribute the whole of its surplus to its shareholders because (a) partly of estimated money-value of stocks, and (b) it needs to retain part of the surplus in order to maintain or strengthen its borrowing powers, and to insure its property against foreclosure by debenture-holders in case of a future slump in its trade resulting in a failure to make a profit.

For both these reasons a paying company which gets a large surplus may distribute a moderate dividend in money to shareholders plus new bonus shares representing the balance of its surplus. In that case it withholds a fund of money from its shareholders.

It can now apply this fund for any of the following purposes:

1. To hold as an idle balance at its bank.
  2. To pay for extensions to its plant, etc.
  3. To invest in the shares of other companies.
  4. To finance temporarily a reduction in its prices designed to attract a larger volume of business with a correspondingly larger aggregate surplus.
- Striking an average of all paying companies and expressing the result in terms of a typical trading account you could have some such figures as follow:

I.	
<i>Costs Initially Debited By Accountant.</i>	
Materials, etc. ....	£100
Maintenance expenses .....	£100
Salaries, wages, etc. ....	£100
Total .....	£300
II.	
<i>Revenue Received By the Company.</i>	
Proceeds of sales .....	£400
III.	
<i>Final Result.</i>	
Surplus on year's trading .....	£100

[Let it be assumed for simplicity that stock-values are the same at the end of the year's trading as at the beginning.]

and are left out of account, leaving the £100 as a monetary surplus held in the form of money.]

### IV.

#### Allocation of Surplus.

Dividend to shareholders .....	£20
Contingency reserves:	
Provision against bad debts .....	£20
" " obsolescence .....	£20
" " other accidents .....	£20
Provision for development .....	£20
Total .....	£80
	£100

Now we come to the main argument under discussion. In Table I. it is clear that the charge of £300 against the "final consumer" contains nothing on account of the shareholders' capital. But in Table II. it is clear that the "final consumer" has paid a charge of £400. And it is equally clear, by reference to Table IV., that the difference of £100 is virtually a retrospective charge against the "final consumer" additional to the prospective charges shown in Table I. The situation is obviously the same as if the accountant had provided for both sets of charges at the beginning of the year—thus:

Materials .....	£100
Maintenance .....	£100
Salaries, Wages, etc. ....	£100
Contingency reserves .....	£80
Dividends .....	£20
Total .....	£400

Now the retrospective item, "Dividends," may be regarded as the cost of hiring the capital put up by shareholders, and therefore not as a repayment of that capital. But what of the item, "Contingency Reserves"—this £80? Undoubtedly the consumer has parted with it. And the investors in the company have not got it. The question arises: Where does it go?—and does the disposal of it by the hypothetical company lead to the same result as if the consumer had paid off "original capital," or, to be precise, had paid this charge on account of such capital, a charge not legitimately accountable against him unless the providers of such capital were, in fact, getting it back in money?

What ultimately becomes of the £80? It must go somewhere outside the cycle in which the consumer has paid it and the investor has not got it. Who is the "third party" who receives it, and on what grounds does he claim it. Is it someone who has advanced it out of his "savings" or with money borrowed from a bank—or is the claimant the banker himself?

Whatever the answer, it is clear that the £80 paid by the consumer does not apply to any cost incurred in respect of the product sold to him by the company.

But this company is (by hypothesis) typical of all companies. So there seems to be no need or purpose for the £80 to have been surrendered by the consumer unless it be that which is denied in the original proposition—namely, unless it is to be applied to the liquidation of shareholders' original capital.

The only alternative is the supposition that the £80 is claimed by a bank, and is cancelled when received.

Taking a bird's-eye view of the whole situation, it will be seen that a substantial proportion of the collective surpluses of all paying companies taken together accruing in a given accounting period are not distributed as personal income to any people concerned with those companies' activities.

The investor does not get back any of his invested money. The consumer does not get back any of his expended money.

Yet the retained proportion of the surplus—represented by the token £80—is not held in the form of money at the disposal of the companies. The proof of this is afforded by the comparative statistics of aggregate retained surpluses and aggregate bank deposits in any given year. Hence it has gone out of existence as money.

In that case it must have been paid to the banker either in discharge of a loan or in the purchase of securities. (Vide Right Hon. Reginald McKenna.)

But an examination of the tables used above does not show room for any bank loan *attaching to the surplus*. The maximum borrowings by the companies cannot exceed the total of their costs—the token £300—and whatever might be the amount, it would be paid off out of the £300. No part of the surplus of £100 (or net surplus of £80 after the investors' dividends are distributed) is owing to the bank.

So the disappearance of the £80 must be caused by the purchase of securities from the bank.

What securities? Securities representing these companies' "original capital"? If so this "original capital" is being paid off by the "final consumer." Or is it the banker's securities representing the "original capital" of non-paying companies? Conceiving that possible, the result is the same: the "final consumer" is liquidating "original capital." Or, lastly, is it securities representing new and additional "original capital"? If so, the "final consumer" is paying it off in the practical sense that he is providing it without establishing a claim to its return, or even to a dividend in respect of it.

To sum up: While company cost-accounting is not designed to recover "original capital" in the price of products, the subsequent allocations of surpluses surrendered by the "final consumer" have that effect.

Then, again, where has the "final consumer" obtained the money—this token £100—which constitutes the surplus of the paying companies? It must be from the non-paying companies. His £100 is an involuntary present to him by investors in the non-paying companies. The latter are wound up and their shareholders' original capital confiscated by being written off. Someone may point out that if the "final consumer" thus gets an extra £100 representing the lost "original capital" of unlucky shareholders, it is the latter, and not he, who, in the last analysis, defray the cost of "original capital," i.e., that the "final consumer," *on balance*, does not return the cost of "original capital" when paying prices charged by paying companies. There is a fallacy in this reasoning, for it assumes that the "final consumer" and the *bona fide* investor are distinct economic entities. They are not. All *bona fide* investors are "final consumers," and the money they invest is part of their personal income—their "final consumption" money, so to speak.

When any person invests and loses money in industry he is in the same position as if industry had charged him with the cost of his capital for the goods he has bought and consumed. If that person earns, say, £1,000, and invests, say, £100, he has £900 to spend on himself and buys, say, 900 articles. If, now, his £100 is written off as lost, he has virtually paid £1,000 for the 900 articles. That is his position as a "final consumer."

## Social Credit Party.

### FASCIST VIOLENCE.

### Two Green Shirts in Hospital.

### QUESTIONS IN THE HOUSE.

Mr. Leslie (Lab., Sedgefield, Durham) asked the Home Secretary in the House this afternoon whether, in view of the recent raid by a body of Fascists upon the rooms of the Social Credit Party at Liverpool, and the attack upon three lads—two of whom had to be removed to hospital—and in view of other acts of violence by Fascists, he would consider the suppression of the Fascist organisation.

The Home Secretary said the Liverpool police had taken energetic measures after the alleged assault, and four persons had been committed for trial.

Mr. Leslie: Is he aware that the leader of this Fascist movement—this would-be dictator—perambulates the country with a gang of quisers, and at public meetings, when perfectly orderly questions are asked, people are subjected to harsh treatment?

Sir John Simon: I think the fact that four persons have been committed for trial justifies us in seeing what the result is.

## What Is "Original Capital"?

An argument is going about to this effect: that when you buy something in a shop you do not pay anything towards the cost of the factories and machinery which made it; that persons called investors pay this cost, and provide you with the use of the factories, etc., without charge; that all they do charge you is the cost of wear and tear. The object with which this argument is advanced is to show that existing principles of finance do not cause prices to rise above incomes, and that therefore the Social-Credit diagnosis of the economic deadlock is a mistaken one.

It is necessary to be clear about what the existing principles of finance are. And one approach to understanding them is to inquire what changes could be made in industrial organisation and planning which would not involve changes in the policy and practice of the banks as regards lending and retiring credit.

They are as follows:—

1. All the banks could amalgamate (including the Bank of England) and form, let us call it, the National Bank.
2. Private ownership of the means of production could be abolished, and everybody be paid a salary.

The result of these changes would be that the National Bank would absorb the functions of Capitalism, becoming the sole employer and paymaster of the community. But nothing in those changes would require the National Bank to alter the amounts, terms, or durations of the loans which, at present, are made to private enterprises.

Now, in the new situation, there would be no borrowers of credit for production purposes. The National Bank, being the sole producer, would be the sole borrower. It would have to lend to itself. This it could do by dividing itself, for accounting purposes, into a Finance Department and a Production Department.

At this point it begins to be clear how the principles of the present financial system work. For the Finance Department would require the Production Department to repay loans at prescribed dates: the Production Department, in order to do this, would have to get back all the money it spent within the periods determined by the above dates. It would have to do so by charging prices to the community to the whole amount of what they had received. For, by hypothesis, there is no private enterprise, and therefore no such thing as private investment. So all the money would have to be recovered by the Production Department in the form of retail prices; and that means that these prices would have to be equal to "all the money the goods will fetch."

Now, the only way to get the community to surrender all their money in paying retail prices is to keep retail goods in short supply; for obviously if the community could satisfy their needs by the expenditure of less than their income, and chose to do so, the Production Department would be short of money to repay its loans. So it will be seen that no matter how high a proportion of the total production could be offered in the shops, the quantity actually offered would have to be kept down to a point where it just about approximated to the vital and indispensable needs of the community.

Thus it is seen that the requirements of the Finance Department would force the Production Department to accumulate property, and to accumulate a greater proportion of its production as it increased the total quantity.

Now, since the rate of consumption was fixed at a mere survival level, the Production Department would not produce more than the equivalent of consumable goods. The balance of its production would be something else—and that something else can be designated Capital. Whether it be called "original" capital or any other kind of capital is immaterial: what is material is that it is hoarded wealth, and, further, that it has been paid for by the community in retail prices.

From this we can proceed to ask what it matters whether the Production Department accounts "original" capital or "replacement" capital into costs. Clearly it matters nothing, because the price charged is not related to costs, but to the money that the consumable goods will fetch. The

community are providing the capital all the time—they are originating the "original" capital—and there is no stage in the cycle where you can point to the appearance of any capital and say of it that the community are spared the cost of it without having already discharged that cost. You may say that they are not formally debited with it, but since they have been informally robbed of it the waiving of the formality is of no consequence.

In this hypothetical illustration the community are seen to be involuntarily investing through the prices of what they buy in the capital which they do not get.

## "The Social Credit News."

Issue No. 2 (May, 1936) of the London Social Credit Club's Broadsheet has just been published. Readers who have not seen it are recommended to write for a specimen copy to the Hon. Secretary of the Club, 2, Bromley Common, Kent. (Single copy, 1d., post free; terms for quantities).

It will be found to meet the requirements of Social Credit propagandists who want something to distribute which is persuasively educative; something which is neither truculent nor frivolous in its advocacy, but sincere and sound without being dull.

J. Ewart Purves, F.R.C.S., and the Marquis of Tavistock are among the contributors to this issue; and the interesting address lately given at the Club by Mr. Campbell, of Alberta, is reported.

### The Social Credit Federation.

The London Social Credit Club's marked popularity among Social-Creditors in the London area justifies the ambition of its promoters and organisers to see other Clubs formed and run on similar broad and tolerant lines in other areas; and it also justifies their view that as and when such Clubs are formed, they should be federated to London in what they describe as "a loosely-knit organisation" for the purpose of "facilitating co-operation," without impairing the principle of free initiative.

### Disunity in the Midst of Unity.

It has been stimulating and heartening to the present reviewer to watch the progress of the London Club under the wise leadership of its President and the tireless energy of its Honorary Secretary. Anyone who fears that the Movement is disunited on essentials would be agreeably surprised by seeing, as the present reviewer has seen, men and women of the most divergent views assembling at the Blewcoat Room, Friday by Friday, and tolerantly listening in turn to speakers advocating those views, yet frankly examining and criticising their statements and arguments when the spirit moved them. Every theory of actionist and the policy has been ventilated and discussed there; and the leading spokesman for each has been afforded the opportunity to expound and defend it. Leaders and organisers so diverse in sentiment and outlook as Hargrave, Tavistock, Symons, and Scruton (to mention typical examples) have succeeded each other on the same hospitable platform; and so have the editors and contributors of Social-Credit Journals. Even as these words are being penned Maurice Reckitt is preparing to descend on the Club to tell Social-Creditors what is wrong with them. He couldn't come to a better place—for in the audience will be every sort, condition, size, and shape of advocate and student, from the grim, green cave-man with the Tarzan flash of social evanescence to the sweetly reasonable and self-effacing product of social evolution. (No disrespect to "either extreme or them in between"! The lion and the lamb will sit side by side, each ready to nudge the other according to where Reckitt's shafts lodge themselves. What a game!

### The Illusion in the Cross-Section.

And what does all the business amount to? Simply this: that it drives home the fact that when you take a cross-section of any flowing movement at all you always get the impression of disunity. Cut a section of the Atlantic cable and inspect it end-on—and you will see nothing suggestive of unity in the separated discs of glistening metal showing the locations of severed insulated wires, yet there is essential unity, because all of them together are externally insulated and protected.

The London Social Credit Club is, in this sense, an inspection chamber where one may make cross-sectional observations of the thoughts and acts of the live-wires of the Movement, and where, if he is wise, he will realise that, because they are alive, their inter-insulations (their mutual repulsions) are necessary for the dynamic mission of the Movement and its Message.

## "The New Age."

### Finance.

The response to the editorial request for increased financial support in our issue dated May 28 up to the time of going to press (May 29) has exceeded expectations. In the interval of not more than two days after publication guarantees have arrived from several correspondents. This promptitude is as important as the undertakings themselves. In the present circumstances, a quick promise is a double promise. We call on others to follow this early lead. Guarantors may vary the amount and conditions as they choose; and in due course they will be advised whether the conditions have been fulfilled.

## The Films.

### "The Robber Symphony." Directed by Friedrich Feher. Palace.

Friedrich Feher's "Hunted People" was described by me in these columns at the time as being, not only the best film of 1933, but as a great film in the sense that "Greed" and "En Rade" were great. I shall be surprised if this year gave us a better picture than "The Robber Symphony." The story is of the slightest; a boy, a dog, a donkey, and a piano organ are its main dramatic personae, and music is wedded to the picture. I advisedly say "wedded," because here music is not a mere accompaniment, but integral. Feher has, in fact, made the first "composed" film; the orchestration preceded the actual production, and music, together with other sound, largely takes the place of speech, which is almost lacking. The experiment is brilliantly successful, and should have a profound influence on the cinema, unless the industry is entirely composed of morons.

No description or analysis could be adequate, because this film contains a host of subtle touches and ingenious effects that are difficult to convey in print. There is, for instance, a procession of piano organs being hauled up the Alps that is quite exquisitely funny, but the humour depends as much on the relationship of this incident to the rest as on the incident itself. The acting throughout is admirable; George Graves is irresistible as the grandfather, Jack Tracy and Al Marshall belong to the highest order of immobile comedians, and I regard Hans Feher as the best child actor I have seen.

It will surprise no one conversant with Wardour Street to learn that no commercial management has been willing to present or distribute "The Robber Symphony."

It was left to the courage of the director and of Harold Holt, the impresario, to give London the chance of seeing a film that should make history.

Don't miss "The Robber Symphony" if artistry and intelligence in the cinema appeal to you.

### "The Music Goes Round." Directed by Victor Schertzinger. Regal.

Spectacular "musicals"—which are not quite the same thing as musical comedy—represent Hollywood's high spot in entertainment. This film is first class entertainment. It is amusing, well acted and directed, the music is pleasing, the tunes are not "plugged," and the story is credible. Harry Richman is not my conception of a hero, and the role demanded a more sympathetic personality, but despite this miscasting, the film, in the language of the trade, "has everything." It should enable you to forget your troubles for an hour and a half, and to come out of the theatre in a good temper with yourself and the world.

### Postscript.

By inadvertence, my criticism of "The Emperor's Candlesticks" in the issue for May 28 omitted to mention that it is to be seen at the Curzon.

DAVID OCKHAM.

## Social Credit Party of Great Britain.

### "The Broadsheet."

The Broadsheet has been the official gazette of the Green Shirts. The number for May, 1936 (No. 119), is, by extension, also the official gazette of the Party, and presumably obtainable by any member thereof, whether a shock-trooper or not. (Readers interested should send inquiries to 44, Little Britain. The gazette is not priced.)

This number contains "News and Reports" from the London, Western Regional, and Northern Regional Commands concerning activities and particularly records of copies of *Attack* that have been sold.

### Guerilla Tactics.

John Hargrave issues "General Directions for Green Shirt Leaders" (No. 23 in the series) under the heading "Develop Guerilla Tactics." They occupy four columns and contain a carefully reasoned explanation why these tactics are necessary, together with hints how to operate them. The use of the ordinary bicycle is strongly urged as the most convenient and effective means of increasing mobility—mobility being essential to the "surprise" element in guerilla fighting. The motor bicycle is less suitable, not only because expensive, but because its motive power is dependent on petrol supplies. "Be Everywhere At Once" is the governing idea, for "it is by this means that an active minority can gain ascendancy over a more or less inert mass." Incidentally, there is a wise piece of advice to ultra-enthusiasts: "Make a break now and then"—continuous routine work leads to staleness.

### Badge For Supporters.

In addition to the 1s. rectangular metal badges for members' use there are now circular badges at one penny for sale to the public.

We may mention, by the way, that there is a use for badges other than wearing them; and that consists in simply having them on one's person—in the waistcoat pocket for instance. This applies to the badges of any organisations in the Movement. It is only a minority of members who care to display badges at all times and in all circumstances, but those who do not will help by carrying them as a means of discreetly making themselves known to those who do when accidents throw them into company. The custom of so many Green Shirts to wear their uniform continuously, and many others to do the same with badges when out and many others to do a lot of opportunities for contacts of uniform, creates a lot of opportunities for contacts to be made in chance encounters. Any sympathiser with the Social Credit Party (let alone any supporter or member) should feel it his duty to make himself known to a uniform-wearer or badge-wearer. While, of course, he is able to do this without necessarily producing a token of his affiliation, the production of the token does something to cement the contact—it establishes a presumption of good faith, and real interest in the progress of the Movement. Besides this it can be surreptitiously shown by one man to another in company when circumstances make it advisable (after the manner of the freemason's handshake). Several members of THE NEW AGE Club carry the Green Shirt badge about them; and it may be interesting to record that in order to keep themselves up to the mark in maintaining the practice they occasionally challenge each other: "Produce your badge"—and anyone who fails to do so is fined a penny.

There is a subtle psychological value in this badge-carrying practice, and we have noticed something parallel to it coming into vogue among working men. Frequently you will hear one among a group of them challenge the rest: "Show barrels," and the rest will fish out a miniature replica of a beer barrel. Anyone without it pays a fine. What it is all about we don't know; perhaps there is nothing to know, and the whole business is a bit of fun. Sometimes someone asks them what the barrel stands for, and all he meets with is mock-mysterious evasions. Whether it stands for anything or nothing, there is no question that it generates the sensation of personal linkage which, however unimportant it probably is in this case, will be valuable in the case of people united in the pursuit of an objective such as Social Creditors have set before them. So, let everyone get his badge—whatever body he is affiliated to—and be ready to show it, even if he never wears it.

## Nine Lives.

By Arthur Brenton.

I recently received the following letter:

Dear Sir,—As a convinced student of Douglas, an admirer of his great intellectual ability and a believer in his wholesome honesty of purpose, I do very much resent the bad feeling so frequently displayed by your paper. One would almost suspect that you were in the pay of "Sound Finance." I got your paper through "Smith's," but am stopping it.—Yours faithfully,  
R. S.

I must tell a story which I heard tell about Wilkins the cat. It happened to my friend R. R., whose articles on "Rural Life and Lore" will be remembered. This is how he tells it. The scene is Ilfracombe and the time forty or fifty years ago. Names are fictitious.

Well, this Wilkins was a good old cat. Belonged to the Lupins. A nice old family. Real people. Knew what they wanted, and paid proper when you done it for 'em. You should have seen their shrubbery. There wasn't nothin' what old Mrs. Lupin didn't know about shrubs. You wouldn't see her lumping 'em in together never noticing what times of the year they come to perfection, and never allowing for them wanting room, havin' to fight for a living to show their grace.

Well, one day, me and a chum was passin' by the house and Mrs. Lupin come out. She says, "Here, you boys, do you want to earn a shilling?" We answers: "Yes, ma'am."

"Well," she says: "I want you to drown poor old Wilkins—she's old and feeble, and it's kinder to end her life than let her drag it about with her."

We says we'll do it. So she fetches the cat. We puts it in an old sack, takes the shilling, and off we goes.

When we gets down to the shore we picks up the heaviest piece of rock we can lift, shoves it in the sack to weight it, and ties it up. Then out we goes on the rocks till we come to where there's a good depth of water. We waits for a big wave to come along, and then heaves the sack out as far as we can.

We gets back to the shore, up to the town, and spends our bob.

Next morning I'm going past the house—and dang me if I don't see that blarmed cat on the window ledge cleaning herself. I rubs my eyes to make sure I'm seeing Wilkins.

It was her all right. What was I to do? What would Mrs. Lupin think? I goes back and calls up my chum. We decide the best thing is to go up and explain it wasn't our fault: we'd done the job proper. So after breakfast up we goes.

Mrs. Lupin comes out and we start to explain. But she stops us and says: "Never mind, we've decided to keep Wilkins after all."

We heard the story later on. Is this. The family's at breakfast, and one of the daughters says: "Where's Wilkins this morning?" Now Mrs. Lupin hadn't told none of 'em what she'd done, thinking it kinder not to break the news until someone noticed the cat was missing. A good woman in them kind of ways. Well, she breaks the sad news, and the girls is gettin' out their pocket handkerchiefs, when suddenly one of the boys comes in, leaving the door open as boys does. And on his heels behold Wilkins calmly strolling in as cats does. Then watch out! Tears of joy—"Oh, Wilkins, Wilkins . . ." and all that.

Well, the end of it all was us boys got another bob.

And I'll bet it was the first bob the old lady had ever paid anybody for not doing a job proper.

Of course, you'll guess what had happened. Was this. First, the sack was an old one. Then the rock we put in it was too heavy. So when we pitched the lot in the sea it hit the rocks below and cut the sack open.

\* \* \*

Now the story of the attempt on Wilkins is the story of THE NEW AGE.

My correspondent insinuates that any criticism I publish of Douglas's policy must be attributed to personal animosity or to the instigation (with payment) of, let us say, Mr. Montagu Norman.

How does he reconcile this theory with the fact that Mr. Norman was agreeable to Mr. R. G. Hawtrey's entering into a public debate with Douglas, to the B.B.C.'s allowing him to broadcast his theory, and to the Royal Academy's exhibiting Augustus John's portrait of him? These three events constituted a most valuable advertisement of Douglas, and one which Mr. Norman had the power to prevent if he had chosen. They constituted a sudden lifting of a rigid boycott that had been imposed on his name and views for ten years.

Why was the boycott lifted?

If he says that it was done voluntarily, that means that Mr. Norman desired to *accredit* Douglas. But if so, why should Mr. Norman want me to *discredit* him?

If he says that Mr. Norman was forced to take this action because of the influential support won over to Douglas by the activities of the Movement, he is admitting the dynamic potency of the methods used by the Movement up to that time. What were those methods? They were primary educational in the technical sense, and insofar as they were political, they had nothing to do with electoral politics. Not only was there no "Electoral Campaign," but Douglas derided the principle of appealing to electors as electors. He preached the doctrine of the impotence of the electorate as an axiom no less self-evident than the axiomatic truths of the Social Credit Analysis. This political doctrine was held up as an essential and incontrovertible corollary of the technical discovery announced in *Economic Democracy*.

Now, I claim that the methods which broke down the boycott are equally powerful for breaking down other resistances on the part of Mr. Montagu Norman. I have continuously advocated and employed them in THE NEW AGE; and shall go on doing so.

### SUBSCRIPTION RATES.

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