

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

A correspondent, whom we will name Ali Baba, has sent us a brief account of a gathering of the Forty Financiers (so to speak) which he attended at the Mansion House on Wednesday afternoon last. The object of the conclave appears to have been equivalent to an attempt to standardise the pattern of the latches and keys with which honest householders fasten their front and back doors in protection of their goods and chattels. The householders in this case are nations, not individuals; and they are causing the bankers much loss of time by the diversity of their defensive idiosyncrasies. Such is the interpretation we place on the Resolution, which was as follows:—

"That this Meeting of Business Men held in the Mansion House of the City of London, being deeply concerned with the difficult position of the Nations, expresses its emphatic approval of the recommendations of the World Economic Conference, held in Geneva in 1927, in favour of a substantial reduction of tariffs, and requests the League of Nations, at whose instigation the Conference was held, to urge on the Governments the necessity of carrying out those recommendations with the least possible delay. The meeting directs that a copy of this Resolution be sent to the Secretary of the League of Nations at Geneva."

The only possession which may be defended by the craft of the locksmith is, one infers, gold bullion. And so precious is this possession that the bankers even permit themselves the use of supplementary defences of a lethal character—drowning and electrocution having been hinted at, for instance, in the case of the Bank of England and the central Federal Reserve Bank. On the other hand the economic possessions and privileges of the rest of society are supposed to be adequately secured by a stabilised primitive wooden latch. Industrialists are being required to invite the bankers to "pull the bobbin and walk in." They are being told that the proper way to keep the wolf from the door is to let the bear in. They are not told this plainly, nor even by plain implication; but the injunction is there all the same, and the result of obeying it will be what it must be.

We will now quote a few short sentences from the Mansion House speeches. Sir Hugh Bell (in the chair) referred to the war, and spoke of it in a way that suggested that peace was not declared until 1921. After which he attributed the distress of that period to (a) Government interference, and (b) tariff barriers. In our opinion he would have expressed his view more clearly if he had said: "Political interference with Government," because then the public might have realised that he regarded Government as not the affair of Members of Parliament; and, therefore, by extension, not the affair of the electorate. Even the act of voting would thus appear as a gesture of "interference." However, Mr. Walter Runciman filled the gap a little later with the remark that there was "nothing sacrosanct about the decisions of Governments." Nobody in the audience seemed startled at this Communistic sentiment—in fact, Lord Inchcape was indulging in a quiet nap while the speaker was expressing it at his left elbow. Mr. Runciman was also of the opinion that Government trading was "open to corruption," although he admitted that it had not happened here; yet he thought the tendency was too strong for resistance. Government interference, he added, tends to a "narrow economic nationalism." He stated that "fourteen thousand miles of tariff barriers" had been erected in Europe since 1919, but omitted any reference to the lineal measurement of the currency-exchange barriers set up by his friends over the heads of European Governments during the same period. If height as well as length is brought into the survey, as it ought to if there is to be any illumination in the illustration, the hammering of the German mark and of the French franc had at least several times the effect as an "interference"-factor in trade than the duties imposed by all the European nations put together. After all, your Protectionist is satisfied to get his ten, twenty, or thirty per cent. ad valorem duty, whereas your Exchange dealers did not hesitate to make a 2,000-mark German piano worth something like twopence in English currency at one

junction. Presumably Mr. Runciman would characterise as "narrow nationalism" the reply of the German manufacturer who, instead of sticking to his 2,000-mark price and taking his medicine like a good cosmopolitan, refused to sell his piano for marks at all, but insisted on selling for sterling. Mr. Runciman further said that "nothing enterprising" is ever done by Governments. Of course it is not, because the antecedent condition of economic and social enterprise is access to financial credit. So it is the banking system which limits political enterprise.

Mr. Beaumont Pease, Chairman of Lloyds Bank, found himself in agreement with the previous speakers. "Trade is not warfare," he exclaimed; "it is an exchange between two willing parties." Like all his kind, he confuses trade as it is with trade as it ought to be. It does no harm for him to speak like this, because as soon as the exports of nations represent values against which their home populations have the equivalent money in their pockets, the parties will be eagerly willing to exchange. At present nations are at loggerheads because each seeks to dump goods and receive merely a bonded debt-security in return—which is not an exchange at all. Since the creation and manipulation of debts is a derivative function of the bankers, the responsibility for the "false trade" originates with them. They may plead that they cannot help it, but if so nor can the politicians. It is Governments, of course, who legalise defensive trade measures, but the initiative comes from their manufacturing producers and does not inhere in the nature of Ministers of the Crown, who would be only too pleased to be left in peaceful relations with the Ministers of other countries.

Sir Ernest Benn was the next speaker. It was Sir Ernest, our readers will recall, who spoke so appreciatively in the preface to one of his books of the privilege he once had of shaking hands with Colonel House. We did not suspect exactly what was behind that piece of politico-social ritual when we first read of it, but the subsequent activities of Sir Ernest Benn have revealed him as the Bankers' Bishop; so that the rite must have been one of ordination—the laying on of hands. This inference is supported by the theological character of one of his aphorisms at the Mansion House: "God does not render His account every Saturday." We are not informed of the nature of the "account"; but we are easily able to believe that God lets business alone on the Jewish Sabbath. "Politicians," Sir Ernest declared, "need instruction in commercial offices and in cost-accountancy." Well, we agree; but only if the objective is to change, not adopt, the system. The "serious" side of Government interference, he continued, was its "psychological effect." Public men, he explained, were "tending to look to the politician instead of to the City of London." England was only poorer than America as the "result of Government interference." Lastly, "competition" must be "revived."

Mr. Lionel de Rothschild moved a vote of thanks to the Lord Mayor for the use of the room, and to the speakers for "coming and entertaining us" [sic]. In the course of his remarks he said: "I am glad that party politics are not in question here to-day." . . . "The politicians are coming to the City to teach us. One prominent one learned his business in the House of Commons." This obvious dig at the Right Hon. Reginald McKenna was received, so our informant tells us, with general grins and titters.

A booklet published by the National Association of Merchants and Manufacturers was available at the meeting. This Association, as stated on the cover, exists "to resist State interference with trade" and

a glance through its list of Vice-Presidents and General Councillors shows that the City is prominently represented. The interest of the booklet lies in its index to its contents more than in the content of its contents. Here it is:—

An Appeal by Bankers of the United Kingdom (May, 1921).

An Appeal by Merchants, Manufacturers and Ship-owners of the United Kingdom (July, 1921).

Report of Speeches at a Public Meeting of Business Men held at the Mansion House (July, 1921).

Appendix. The Petition of the Merchants of the City of London in 1820.

A clause in the petition of 1820, which was presented to the House of Commons by Mr. Alexander Baring, afterwards Lord Ashburton, says:—

"That Freedom from Restraint is calculated to give the utmost extension to Foreign Trade, and the best direction to the Capital and Industry of the country."

It will be seen that the general objective of the booklet is to show that during the last century and more the Mansion House Policy (so to describe it) has been consistently advocated by "the people who ought to know," or—as the social or political climber would express it—the "right people to get in with." This is all the more clear when one examines the speeches of 1921 reported in the booklet. As examples of reasoning from verifiable objective facts they are beneath contempt: but as expressions of a belief which people who want to "get on" had better adopt without question, they have a supremely effective place and purpose. For instance, Mr. Walter Leaf, at the 1921 meeting, exclaimed that we are "sick, sick to death, of party politics"; while the Hon. Lionel Holland declared that "there is only one thing to be dreaded more than individual idleness, and that is State activity"; and Sir Hugh Bell added that "every Act of Parliament—unless it be to repeal some former Act—(Laughter and applause)—is going to do us harm. We want to have a free hand—(Applause)—a free hand to manage our own affairs in our own way. (Hear, hear.)" Sir Hugh referred to his recent negotiations with representatives of the employees in the Cleveland Iron Mines, and described the result in these terms:—

"We were laying before those men the unfortunate position in which the industry found itself, and were making an appeal to them for their help and co-operation. We were asking them to make great sacrifices. They received our petition—for really it was that—in the sort of spirit which showed how thoroughly they appreciated those position in which they were placed. And although those men—I may say it literally—with tears in their eyes pleaded for the persons whose spokesmen they were, they acknowledged the weight of our arguments and agreed to the proposals we laid before them. (Applause.) Now, my Lord Mayor, can you want any better co-operation than that?"

We can think only of one item wanting to raise the spirit of such co-operation to its full 24-carat purity—that is, for the men to have cut their tears and come to the losses.

We have spent this space on the speeches of 1921 because they are part and parcel of those of 1928. Taking them together, and in conjunction with much more that is being preached by the Mansion House Party elsewhere, there is no mistaking that party politics are not in question here to-day. . . . We have often said the synthetic doctrine that emerges—namely, that Parliament is a "wash-out." We have often said the same thing ourselves; but our reason is diametrically opposite to that of the Mansion House Party. We indict Parliament for its non-interference in those very matters from which Sir Hugh Bell warns it off. "We" want to have a "free hand," he says. If "we" had meant the people, Sir Hugh would have to be asked how they could use their free hand except through Parliament. But the "we" obviously refers to the bankers, and to the trust-publicists with whom they co-operate.

was careless when he hinted that Parliament was only useful when repealing former Acts; for what would he say if Parliament were, to reverse its recent decision to pass the King's currency into the control of the Bank of England?

Reference to the Currency Act reminds us that this issue of THE NEW AGE appears on the date of the transfer. After November 22 no paper money will bear the image and superscription of His Majesty the King. Nothing can be done about it, because the King has signed his renunciation by the advice of his Ministers. But there may yet be citizens left in Britain who are more loyal than His Majesty's advisers. If there be, they may at least make a gesture of loyalty. The King still reigns on the coinage: so let every loyal liege use silver. If an employee he can change his paper into silver. Whoever gets, say, five ten-shilling notes, let him tender one each for his first five purchases. And the smaller the amounts of these purchases the better. By pocketing the extra quantity of metallic change he will be performing an act of allegiance, which is more to the point than taking an oath. GOD SAVE THE KING.

Such a loyalist will also be producing consequences which, while we remain under the present system of finance economy, will tend to stimulate economic activity. When you put two half-crowns in your pocket you put an ounce of silver there. Silver is worth something over two shillings an ounce to-day at melting price. The difference between five shillings and two shillings represents profit to the Mint—and the Mint is His Majesty's Mint. Such profit, moreover, amounts to a discount off taxation. Again, the production of silver employs labour in mining, transport, refining, and trading. The amount of such labour is not easy to compute, but it is reasonable to say that the ratio of employment on the production of eight half-crowns to that of a one pound note is as 800 is to 1. This calculation is made on the estimate that pound notes do not cost more to manufacture than one-eighth of a penny each, if even that. If it were possible to substitute silver coinage for the whole amount of paper currency there would be more real wealth in existence, and this wealth would be available for fashioning into useful and beautiful articles when the inevitable change in the credit system took place, and we could all revert to the convenient device of using paper currency with a good political conscience. Metallic money is cumbersome, and its use entails extra labour; but under the present system where personal incomes are conditional solely on labour this use for monetary purposes is a good thing. In the new era now imminent, all the world's silver will be used in science and the arts, to make mirrors, fruit dishes, spoons, forks, and all other similar adjuncts to individual prosperity. Naturally, the credit monopolists have guarded against the substitution. Silver is not legal tender for amounts over forty shillings; that is to say, a creditor is not compelled to accept silver payment for that amount. But at least no creditor is legally compelled to refuse it—not yet (!) at any rate. All our citizen readers who have personal banking accounts can do their little bit along these lines even if they do not care for the trouble of pushing the principle to its extreme limit. Those who care to do so can infuse their act with propaganda value by telling their reasons to their bank managers when they first draw their personal requirements in coin.

Amidst all the ostensible exuberance of omniscience and omnipotence at the Mansion House it is not

difficult to discern symptoms of trepidation. The very emptiness of the arguments suggests that they were being used both as an exhortation to the Mansion House interests to hold together, and as an implied warning to traitors. External events have been noticed in these columns (during the last few weeks especially) which support this interpretation. There is no doubt that whatever the conscious ultimate objectives of the producer-capitalist interests may be, there is a growing tension between them and the City. A symptom was afforded three days before the meeting. Lord Beaverbrook, in the *Sunday Express* on Armistice Day, published a long article on Unemployment. He insisted that "this electorate is thinking entirely about the work it wants and cannot get." He then laid down a large programme of developmental work which the Government ought to put in hand. Lastly he came to the financial obstacles to that programme, and delivered himself of the following incitements to Governmental "interference" with the business of the City:—

"The Chancellor of the Exchequer should insist at once on cheap money. . . . This boon to industry and employment is within the gift of the Chancellor any day. Just as he has been a party to the policy of dear money ever since he came into office, with consequences written in red ink in the unemployed figures, so he can be a party to a policy of cheap money and manufacturing prosperity tomorrow.

"I have no space to give again the reasons why this is so, and why the Chancellor is master of the Bank of England and of the financial situation. Besides, Mr. J. M. Keynes can do it, and has done it, so much better than I can. The fact is notorious that Mr. Churchill can force the hand of the Governor of the Bank of England on this issue whenever he chooses. So far he has been directed by the City for the benefit of the financiers. And in submitting to this direction he has done both his country and his party most serious damage.

"If he takes the wise and expedient course—and there is still time for him to do so—he may expect once more a threat of a financial panic from those who have benefited from his policy so long. He must face that threat. He can do so with equanimity. The financiers are a timid folk.

"The vital electoral fact remains that Mr. Churchill has only got to unturn a screw to flood the industrial areas with employment."

Lord Beaverbrook knows a lot more than we do of what is whispered about in the political clubs, and if his statement that Mr. Churchill can compel the Bank to alter its policy means that he has knowledge that Mr. Churchill will receive strong backing from industrialists when he makes the attempt, we must pay attention to his view. At the same time it must always be borne in mind that in the last resort the City is ready to allow Downing Street to coerce it into making credit cheaper and more plentiful, provided that the Government does not "interfere" to prevent inflation by dealing with prices at the same time. If Mr. Churchill attacks the banking system simply to secure more loan-credit, he will be virtually conniving with the banking system. Though he might injure the prestige of the City as a dominant power—and the City would not like it—if he had no price-policy the City would catch him out in the end. The bankers would need only to point out the consequences of their enforced obedience and say: "We told you that you would make a mess of it." Nevertheless, if we bear this danger in view, we may temporarily support Lord Beaverbrook's demand on the Chancellor. He is at any rate asking for a gesture of Governmental independence—and if he evokes it he will have done something to open up further possibilities. As Sir Ernest Benn truly said, the "psychological effect" of the "interference" is the "serious thing."

Now let us turn from the heartlessness of Finance to the humanity of Capitalism. A week or ten days ago the following advertisement appeared in one or

two northern newspapers. We reproduce it just as it was set out.

A COMPANY IN THE NORTH OF ENGLAND obliged to reduce staff (Unskilled Male Workers) owing to the introduction of labour-saving machinery, WILL CONTRIBUTE £2 EACH WEEKLY FOR TWELVE MONTHS TOWARDS WAGES TO ANYONE WHO WILL EMPLOY THEM at not less than 55s. weekly with prospect permanency. AN EXCELLENT OPPORTUNITY FOR A COMPANY JUST STARTING to get its labour force for the first year at a nominal wage in locality suitably situated for industries. Correspondence invited.—Address, K 143, B'ham. Post.

We have been privately informed that the company is Messrs. Rowntree, though not by anyone connected with it. We understand that the new machinery will displace one-third of the employees hitherto engaged on the particular work for which it has been installed, but we do not know the actual number. This action is a portent of national moment and needs to be recorded. It is a magnificent gesture. But by making it the directors have assumed a financial responsibility which a sound economic system would not require of them, and one which the present economic law renders nugatory. Students of the Social Credit analysis will be aware that the introduction of labour-saving machinery creates the problem of a shortage of customers. The men who leave cease to draw money. So the total revenue to be earned by the machinery is reduced by the same sum as has been "saved" in wages. The re-employment of these men elsewhere does not restore the old equation, because what they now earn is chargeable in the price of the things they are now making. If they spend their new earnings on the products of their old employer, they only cause an equivalent gap in the revenue that can be earned by their new employer. Moreover, in the present instance, the men whose wages are to be subsidised will probably displace other labourers wherever they go. The hope of Messrs. Rowntree is probably that their generous subsidy will help to bring a new productive concern into being which otherwise would not have been started. But it is doubtful if the offer of only a year's wage-subsidy would tempt anybody to risk the establishment of a business which really needed this relatively small assistance. Supposing it does, and that there is no reduction in the national wage-bill, nevertheless the prices put upon the products of the newly-created business will be *additional* to the previous national total of prices, and the gap in recoverable revenue originally created by the new machinery will remain unfilled. The same argument applies when it is a whole nation which reconstructs its equipment, and a whole world where it thinks to find customers. The latter cannot be found, and ironically enough their disappearance is caused by the improvement in the means of supplying them. If someone discovered how to run the world's industries without employing anybody at all there would be no customers at all; and Governments would then have to adopt a system for providing individuals with incomes otherwise than through industrial payments for services. We have not got to that point yet, but we are well on the way; and the longer we defer examining this anomaly and applying the correction the worse the state into which both producers and consumers will get. Manufacturers will never produce up to the needs of the population until the dimensions of their profits reflect the dimensions of their output. This can obviously not happen while the adoption of machinery for increasing output lessens the pool of incomes out of which profits must be drawn. The reverse is necessary. For every increase in productive capacity, money ought to be added to the pool of incomes, so forming effective demand which will make

it worth the manufacturers' while to use their plant to full capacity.

According to an article in the *News of the World*, the Ministry of Health has decided to allow public funds to be used for the purchase of radium for cancer treatment. It says that this action creates a precedent that will have far-reaching consequences. The writer does not say definitely whether the money is to be given, or merely advanced to the various hospitals and clinics that are to acquire the radium. But let us assume a gift—that is, a subsidy. The Metropolitan Asylums Board is to spend £12,000 on radium to be used for the treatment of cancer of the uterus—of which disease 5,782 women are reported to have died last year. Assuming the curative property of radium and the mortality of the disease to be as stated, nobody will cavil at the amount proposed to be spent; he will rather say that the production of this material ought to keep pace with the demand at all costs. The price of radium is enormous. You could take up a quantity between your finger and thumb like a pinch of snuff, and it would be worth money running into four figures. Its price is not clear relatively to the work entailed in extracting it—tons of Uranium-bearing mineral (pitchblende) having to be treated in order to get a few milligrammes. On the other hand, once extracted, its life and use are practically indefinite. The curative properties of radium are due to its radiations, the emission of which causes it to lose mass—to disintegrate; but the process is so slow that if a quantity of radium had been produced at the Nativity, its strength would not have been exhausted to-day, nor for two hundred years hence. The object of these particulars is to show that radium is a most excellent basis of credit. It is limited in quantity, practically imperishable, and (it appears) of vital utility. So we suggest that the Bank of England might, in conjunction with the Government, assign an arbitrary price to it sufficient to induce producers to make it as fast as they can, and that the Bank buy it at that price in exactly the same way as it does gold. Since, as Mr. McKenna has pointed out, the Bank's purchases of gold have the effect of putting new financial credit into circulation, so would its purchases of radium. This would be most convenient to the public, because new credit would be in existence somewhere or other, and would offset the charges made for the cures undertaken by the hospitals and clinics; and there would be no need to tax existing incomes for that purpose. Of course, the radium would be the Bank's property necessarily be in the Bank's premises, provided with strong-rooms or safes, and let them hold the "radium-bullion" in trust for the Bank—while using it to relieve suffering and prolong life. As of theft or accidental loss would be negligible. Thieves would be unable to sell it privately—and they certainly would not offer it to the Bank. As regards loss—well, not long ago a tiny quantity was accidentally swept up in a laboratory and found again in a large dust heap. Yet it was found again almost instantly; it sent out its radiations, and these were picked up like S.O.S. messages by a delicate instrument which someone brought near the dust heap. . . . So our case would appear impregnable—except to Sir Ernest Benn, who would probably point to the "seriousness" of the "psychological consequences" of this common-sense method of solving a problem.

The tragedy of the loss of the Rye lifeboat has led one newspaper to press for an "appeal" to the Life Boat Institution. Appeal! What for? Presumably because the lifeboat used was not the best type? Well, nothing will ever be of the best type when its

provision depends on the futile fishing about for voluntary donations in a stagnant pool. Lifeboats are to seafarers what radium is to cancer patients; and the principle of equipping the whole coast of Britain with the best that money can buy is the same in both cases.

The Inescapable Conflict.

By C. H. Douglas.

III.

It is necessary to remind ourselves of the nature of the circumstances which provide the raw material of conflict.

The world, at the present time, operates under a financial system which is in essence a book-keeping system controlling the necessities of life. As the readers of this review are fully aware, this book-keeping system produces an illusory necessity for an excess of exports over imports in the case of every industrial nation, the penalty of failure to increase this balance of exports over imports being an increasing unemployment problem.

This situation is mathematical in origin, and, as it were, merely provides a combustible background for an international conflagration without in itself selecting the nations involved. Proceeding from this situation, however, it is recognised that an aggressive psychology is an asset tending towards, at any rate, temporary success in this struggle for commercial supremacy, which is the polite term applied to the conflict. It follows fairly naturally, therefore, that a successful period of commercial expansion has a strong tendency to be accompanied by an aggressive attitude in Foreign Policy. It is probable that the causes of temporary commercial supremacy are for the most part adventitious. It is even more probable that commercial supremacy during the past 200 years has been susceptible of being fostered, and has in fact been fostered, according as the situation seemed to meet the interests of international financial organisations, such as the Rothschilds, Sterns, Schiffs, and others.

In spite of this, the incurable vanity of human nature, acting in conjunction with the cult of rewards and punishments, has assumed that such success was due to special virtue on the part of the successful, with results which were plainly visible in the attitude and manner of the pre-war Prussian, and are becoming noticeable in the national attitude of the United States. They were, perhaps, not absent from the outlook of Great Britain prior to the South African War, and were noted and embodied in Mr. Rudyard Kipling's "Recessional," written in 1897.

It is well understood nowadays that the actions both of individuals and of nations tend to bear an inverse ratio to the high-sounding morality of their protestations. We all instinctively feel for the safety of our small change when in the companionship of someone who loudly protests his honesty, and it was not accidental that the smug complacency of the Exeter Hall period in Victorian affairs coincided with some of the most questionable passages of nineteenth century British policy.

It appears to be a concomitant of this peculiar state of mind that the sufferer is blind to the real nature of the actions which accompany it, and it is in character for the United States, which is going through this phase, to insist, as she is insisting, on being the sole financial beneficiary of the European War, while protesting through her chief spokesman, Mr. Coolidge, that the United States received nothing but spiritual benefit from the victorious peace.

To impugn the sincerity of an utterance of this character is irrelevant to the situation. What is needed

is appreciation of the fact that certain developments of what may be called a pathological condition are to be expected just as surely as spots on a sufferer from measles, unless the disease is checked by the removal of the pre-disposing environment.

In the case of Great Britain, the result was the South African War, from which it is possible that we learnt a lesson which assisted in saving us from a final and irreparable collapse.

However this may be, the world appears to be faced with the following situation. There exists, in the United States of America, an organisation commercially successful to an extent which has not previously been attained. It appears from recent pronouncements in regard to debts and other matters, to be controlled by influences exhibiting those characteristics of an abstractionist nature, which seem to accompany a rapid rise to affluence. This psychology, controlling immense resources both of men, materials, and finance, is super-imposed upon the mathematical situation to which reference has just been made.

It seems to me that only self-deception can blind us to the fact that given these circumstances there can be only two alternatives. One is the subjection of the rest of the world to the United States, a subjugation which must be not only commercial, political, and financial, but cultural. The alternative is conflict between the United States (no doubt allied with those forces sympathetic to her policy) and the remainder of the world which is unwilling to accept her suzerainty.

Conspicuous among those whose psychology is antipathetic is, I think, the Frenchman; and, in my opinion, Sir Austen Chamberlain, in remarking at Toronto in a recent speech that France and Great Britain held the key of the international situation, enunciated an important truth.

The French temperament is probably the most coldly logical and realistic of any well defined type, and the abstractions on which, for instance, the United States claim monetary repayment for munitions used by France while fighting in the absence of American troops, while such a claim ceased when the same munitions in the hands of American troops were applied to the same end, produce upon the French mind a strong feeling of irritated impatience. With France, both from sentimental and economic motives, I think we can associate Spain, and Latin America, with the possible exception of Brazil and Peru. In the East the sympathies of Japan are well known.

On the other hand, Italy, and possibly Russia, under its present control, and under certain circumstances Germany, would appear to range themselves naturally upon the other side.

This roughly might be expected to be the alignment in any conflagration which may be precipitated during the existence of the present state of affairs in the principal countries of the Eastern and Western hemispheres. It is, however, to be remembered that the real divisions in the world at the present time, while still to some extent vertical and national, are also horizontal and international. There is, moreover, little doubt that ultimately this horizontal division (which, it should be plainly understood, is not what is commonly called a class war, but a cultural war in which the contending forces on either side will be recruited from every class) will become preponderantly important.

"Discussing overproduction facilities, Mr. Charles Schwab, President of the American Iron and Steel Institute, said: 'I wish it were possible to have a temporary moratorium on the construction of steel capacity in this country.'—*Financial Times*, October 27, 1928.

Views and Reviews.

CIVILISATION.

By James Viner.

Words are symbols to which a common meaning should be attached in the minds of their users. There are some dangerous words—patriotism, prestige, or freedom—which are capable of arousing men to action and even to violence without being clearly understood in a common meaning. Civilisation is such a word: in 1915 it was made into one of the most powerful battle-cries. To-day the word is a popular counter in America, France, and England, used often with considerable feeling. It is therefore important that the word should be clearly examined; especially since civilisation is held out to us as an end to which all the efforts of society should be directed.

In "Civilisation,"* Mr. Clive Bell chooses the societies which he takes as the most representative in their civilisation; fifth and fourth century Athens; Renaissance Italy; and the latter half of the eighteenth century in France. He attempts to discover by analysing them the qualities which constitute the very essence of civilisation. He obliges us to take him seriously, and like Mr. Wells in "The Open Conspiracy" he tells us that his mind has been made up, and he is offering us his mature and better thoughts.

To him civilisation is not an end in itself: it is a means to an end, and that end is the realisation in individuals of "good states of mind." In the greater part of his book, he occupies himself with a description of the good state of mind and the conduct which results from it: its source, he points out, lies entirely in the individual. He dismisses as irrelevant to the discussion of civilisation such ideas as the sanctity of property, cleanliness, religion, justice, chastity, elaborate and mechanical instruments, forms of government, or even the beauty of the art of a particular age.

The essence of civilisation, therefore, lies in self-consciousness and the critical spirit which ensue from a sense of values. It is not the part of the civilised man to be creative; he needs only the faculty of appreciation. The life which he desires is one containing a "maximum of exquisite and vivid experience."

The first step to be taken is the correction of instinct by mind; and the second, the deliberate rejection of immediate for distant or subtler ends. The making of money is a degrading necessity and fatal to a living sense of values. The civilised man must be freed from material care. He must be a member of a leisure class, independent of his fellows, and without any obligation, even that of justifying his existence.

The civilised man has a sense of humour and is seldom solemn. His manners are kindly and courteous, since they spring from indifference to the hopes and pursuits, the tensions and superstitions, of his fellow-beings. He believes that sweet reasonableness and artifice should triumph over passionate instinct and nature.

The means towards the civilised character is an education without utilitarian or vocational values; an education showing that intellectual contemplation and the perception of beauty are activities that need not justify themselves, that even knowledge itself is of no importance except as a "means to exquisite spiritual states." "Education," he asserts, "ought to give a glimpse of paradise," and he adds that "the specialist is never completely civilised."

Here in England the "first-rate" man must lead a life of continual struggle for the preservation of personality. In France the man of culture feels a solidarity with his fellows. In England we have no standards of civilised life, in food, furniture, or the

arts. France has still a civilisation, and "what it loses in colour it gains in fertility."

The main fault in Mr. Bell's book is that he confuses the freedom given by civilisation with the means by which it is gained. He insists, for example, that the civilised individual should be freed from the effort to preserve his person; yet from his concept of means to this end he exiles all order, all scientific synthesis, all industry and all government. Civilised man is thus to him the man who enjoys the benefits of a civilisation that others have secured for him. Men of action he dismisses as "makers of nations—troublers of peace, and saviours of mankind from its better self." His psychology is sound when he says: "It is difficult, if not impossible, for anyone immediately and deeply concerned with the exercise of power to be completely civilised." At the same time, however, the freedom which he claims for the individual cannot be gained without an economic order which renders it possible.

If we take it for granted that the end of life is the achievement of full individual experience, we must nevertheless consider, more seriously than Mr. Bell considers them, the conditions under which such an end can be realised. What we truly call civilisation is the conditions which serve, and bind, the individual in his effort to be free. The etymology of the word gives us the key to its meaning: it is the state of *citizenship* which a society exhibits; the common provision for needs, the common abdication of violence, the common inheritance of a basis for spiritual achievement.

Even where the term has been used as a catchword or battle-cry, some confused consciousness of this meaning has been present. The man who fought for "civilisation" conceived himself as fighting for an orderly society, and for a state of confidence in the world, and in himself. He fought for a society which would allow him, and assist him, to find his function and to live a full life.

The individual value itself is in entire contrast to the idea of civilisation. To be civilised is to be a good *fellow-man*; in Mr. Bell's vision, it is to be freed from obligation, to be independent, to exist to oneself alone. But the only conditions under which this independence could be realised are by such an order of the world, such an organic society, that the individual is *left free* to the fulfilment of his own destiny. These are conditions which cannot be secured by Mr. Bell's method of *cutting free* from all restraint.

This misapprehension pursues Mr. Bell into what would otherwise be the most valuable part of his book—his advocacy of a caste system. His *slaves* only exist to minister to the support of the leisurely; his caste of administrators and magistrates is seen as a body of slightly superior slaves. The men of power must exercise their function for that irresponsible caste whose only obligation is to go round and enjoy vivid experiences. In this vision the highest caste does not only consume its own value itself and fulfil no function in society; it is seen as completely parasitic and the whole of the rest of society has no share in the common inheritance of civilisation.

THE RETURN.

We are like children that in daisied fields
Ran in bright hey-day gathering white and gold,
Heaping the eager arms to carry home
Our tribute when the day was growing old.
And now we come, out-wearied ones, from play
To keep our purpose with a tired will,
Our shining blossoms littering the wake
That marks the trial of some dusty hill.
It may be we shall reach Death's narrow door
With small proof left of loving; with all spent;
Yet, O More Wise than parents! will You not
Credit our tired hearts with their intent?
A. NEWBERRY CHOYCE.

An Outline of Social Credit.*

By H. M. M.

INTRODUCTION.

I.

There is no better introduction to the subject of Social Credit than the address given by Major Douglas to the members of the Canadian Club in Ottawa, when he was over in Canada in 1923, on invitation, to lay his views before the Canadian Parliamentary Committee on Banking and Commerce, in connection with the renewal of the Bank Charter Act, then under consideration.

The account here given appeared in *The Citizen* of Ottawa of April 25, 1923, and was reprinted in "Credit Power" in June, 1923.

In opening his address Major Douglas said that when at rather short notice, due, he felt sure, only to the pressure of events, he heard he was to have the pleasure and honour of addressing the members of the Canadian Club of Ottawa, and saw that the title of his address was to be "An Engineer's Solution of the Industrial Problem," he was bound to say that for the moment he was seized with a certain amount of trepidation. He said he appreciated the honour, and his mind went back to an early part of his misspent youth when personages in caps and gowns broke in upon his activities with demands to explain the relation, say, of the differential calculus to the motions of the moon or something of that kind. (Laughter.) But on thinking it over he recalled that no doubt the members of the Canadian Club were human, and that it might be well if he went over the line of thought and experiences that had brought him to the conclusions he had reached. He said the beginning of this rather long-winded story was about fifteen years ago. He said he was in India in charge of the Westinghouse interests in the East, and it happened that one of those interests concerned a survey of a large district with a good deal of water-power. The survey was made at the instance of the Government of India, and there was found to be a good deal of water power all right. Major Douglas said he went back to Calcutta and Simla and asked what was going to be done about these. They said, "Well, we have not got any money." At the time manufacturers in Great Britain were hard put to for orders, and prices for machinery were very low indeed. Major Douglas said he accepted the statement made, and, he supposed, pigeon-holed the fact in his mind.

At that time, he said, he dined frequently with a gentleman who was the controller-general of India, and he used to bore him very considerably by continually talking about something that he called credit. He used to tell of his experiences in India and Britain with Treasury officials who persisted in melting down and re-coining rupees, having regard to what they called "the quantity theory of money," "Silver and gold have nothing to do with the situation; it nearly entirely depends upon credit," his friend used to say. Major Douglas remarked that had his friend given him a short, sharp lecture on Mesopotamia it would have been at that time about as intelligible to him. Nevertheless, that fact also must have got pigeon-holed in his mind.

Major Douglas proceeded to say that just before the war he was employed by the British Government in connection with a railway for the Post Office from Paddington to Whitechapel. There were no physical difficulties with the enterprise at all. He used to get orders to get along with the job. He used to get orders to slow up with the job and pay off the men. "And, as a matter of fact," said Major

[* H. M. M. is one of the oldest readers of THE NEW AGE, and it was he who wrote the first pamphlet on Major Douglas's Theorem—now unfortunately out of print. We are glad to be able to publish something from his pen after this interval of several years. The series beginning to-day will continue for the next eleven or twelve issues.—ED.]

Douglas, "the railway is not finished yet." (Laughter.) "Then the war came," said Major Douglas, "and I began to notice you could get money for any purpose." And that struck him again as being curious.

After that there was an interval, so far as he was concerned personally, until he was sent down to Farnborough to the Royal Aircraft Works in connection with a certain amount of muddle into which that institution had got. After some weeks he had found that the only way in which he could do anything was to go very carefully into the costing. His friend, Sir Guy Calthrop, had suggested to him to get some tabulating machines, which he did, and after a time he began to live with those things, he said, and even to dream of rivers of cards emanating from those machines. One day it struck him, with regard to the figures on those cards, that the wages and the salaries did not represent at the week-end the value or the price of those goods produced. "You say anybody would know that, and I suppose they would," said the Major. But it followed to him if that was true, then it was also true in every factory in every week at the same time. Therefore, it was true that the amount of purchasing power or wages and salaries during that week was not sufficient to buy the product according to the price at that week. He said he was confirmed in this by talking with his chief accountant, who told him that the Treasury notes drawn out of the bank each week at Aldershot seemed to come back again. Some of them became quite old friends.

When, after that, he was immersed in industrial disputes, he had found that the easiest solution of the difficulty with those who were fighting for more wages was to give it to them. "It settled everything," added the Major, amid laughter.

Afterwards, he said, he went to Richborough, one of the concrete cities built during the war. And he was immensely impressed by the fact that, despite the withdrawal of something like seven millions of the best producers in the country, leaving behind the C3 population, the older people, women and girls, yet they had been able to raise such wonderful concrete cities. Also, there were being poured out immense quantities of material to be destroyed. Yet everybody in the country was living at least at as high a standard as before the war. These more or less detached facts became also more or less pigeon-holed in his mind.

Then his attention was attracted to a huge propaganda that was being conducted to the effect that "we must produce more." And he began to think what would happen when the whole of this intensive production was diverted in peace time. Afterwards, this intensive propaganda gained volume, and it was supplemented by a new cry that they were a poor, poor nation, and only hard work would save them from destruction. (Laughter.)

Then, he said, he wrote an article, the first he had ever attempted. It dealt with the delusion of super-production, and the circumstances he had mentioned. He had said that if things were as represented, then the more that was produced the bigger the problem was going to become. He was severely censured for his contentions, and called unpatriotic. But there was no doubt about it, that, so far as Britain was concerned, and he believed Canada, and he knew for a fact United States, they were absolutely chock full of the newest producing plant. Farms had been cultivated. There was no unemployment at the time, and no desire for it. Then there came a feverish boom, and a spectacular rise in prices; afterwards an equally spectacular slump, and unemployment. All those wonderful plants began to be broken up and the owners to go into bankruptcy.

"It was not true in 1919 that Britain was a poor, poor country," emphatically asserted Major

* "Civilisation," by Clive Bell. (Chatto and Windus, 7s. 6d.)

Douglas. He said for fifteen years he had been pigeon-holing these disconnected facts, and he was thinking these things over when his mind went back to his Anglo-Indian friend. He thought to himself: That man was right; the key to the problem is credit. "The people at large had not got sufficient purchasing-power," said Major Douglas. "I know from my own technical knowledge," said Major Douglas emphatically and amid applause, "that there is no production problem in the world at all; that there is no single thing which, if you will put your money down on the table, you cannot get." Also, he said that there is something very seriously wrong with administration. "Socialism is no remedy," he declared. "It is only an administrative panacea. The only way that administration came in was by the consideration that it does not control policy, but finance does. It is the man who pays the piper who calls the tune," added the Major, amid applause. "I should like to emphasize the position," said the speaker. "You have on the one side a demonstrated capacity to produce and deliver goods which is far in excess of any possible demands, so long as you don't produce that overwhelming consumer, war." Eliminate war, and there was a producing system far in excess of any demands that can be made upon it. Major Douglas claimed that the war and the events that followed have proved that. "It used to be said," he urged, "that the cutting off of Russia would raise the price of wheat in Britain to famine prices." "Yet within five years the price of wheat in Britain was less than before," he said. The exclusion of these enormous wheat areas had made no perceptible difference at all on the ability of the remaining areas to supply the demands for wheat. Major Douglas said he mentioned that because people would admit the argument as regards manufactures, but deny it as far as agriculture is concerned. Hence his illustration.

There was therefore this first fact, that the ascertained production power of the world is far in excess of the power to consume. Yet, on the other side, there was an increasing clamour for the bare necessities of life in many places. There were huge areas of people in many big cities living under conditions that did not constitute a decent standard of living.

"So if there was enormous capacity to produce, and there were enormous needs to be filled, and something came between the two, what was it?" queried the speaker. "It is the ticket system," said Major Douglas, "by which the people who want can get from the people who produce, that is, the financial system," he added.

Having ascertained the broad outline of the thing, the Major said, the solution became technical. They had to deal with the problem to some extent along the lines in which they would deal with the movements of trains or the running of a factory. He did not in the slightest degree mean any sort of mechanical process, he said. "What we have to realise," said the Major, "is that we have only one way of moving things about the world, and that is what we call money or finance." Major Douglas said they had demonstrated that they could produce and deliver anything that anybody could require, and they had demonstrated that that movement does not take place satisfactorily. Major Douglas said it was most definitely incumbent on people who are prepared to do a good job when they see it, that if something is not done as regards this ticket system, the thing that stands between, then they would have to stand down, and let the people who are least fitted to do it, from lack of experience, try to do it. Somebody has got to do something, warned Major Douglas, and the question is—who is going to do it first? "I would ask you to direct your attention to the proposition that I am putting before you; that it is perfectly impossible to deny that the real difficulty

lies in the financial system, and that the difficulty arises not through lack of goods but in lack of purchasing power. That that purchasing power is simply a question of tickets, and that what you have to do is to get into the ticket system with the single object of producing and of arranging that people shall get more purchasing power. Until you do," said the Major in closing, "any further ability to produce is only stultified by the inability of the general population to consume what you produce, and, as a result, that energy we have all tried to apply to production, is forced into wrong channels, and we get a badly-unbalanced production system, which, I think, is what we have at the present time."

Drama.

John Gabriel Borkman: Arts.

In the judgment of the Ibsenite "John Gabriel Borkman" fails to win a place among the author's great plays. Even such an enthusiast as William Archer described the last act as the work of "an enfeebled hand." The first and second acts contain such prolonged explanation of what occurred before the December evening on which the play takes place, that dramatic interest cannot be sustained. Indeed, most of the play consists of dialogue intended to bring out how, over more than thirteen years, the characters have drifted into their present fatal situation. Yet this production has probably aroused more interest than its promoters expected, apparently among a public that could not be termed Ibsenite. In effecting this the play's peculiarities of technique may have been in its favour. John Gabriel Borkman passed eight years of self-imprisonment doing what the majority of people do for the greater part of their existences. Once down, he fled into a kingdom of his own, where there was a king but no subjects. He looked out of his tower to survey the world he would surely have conquered but for the treachery of his friends. He tramped up and down his room thinking out how he would have done it, and listening to the applause that would have followed. He permitted to approach him only those persons foolish enough to agree with his grandiose ideas. Sooner rather than later, anyone had to say who wished to befriend him, your ships will come home. At last, when he ventured back into the world, the cold—or was it the fresh air—killed him. Borkman is first cousin of Hjalmar Ekdal.

Borkman, in short, was a Bottomley without bounce. As a child trying to submerge a cork in a bowl of water is fascinated by the way it comes up, so the multitude is fascinated by Bottomley. He shares wizardry with all who possess the same quality. The public, therefore, admires and envies Bottomley. But it can understand Borkman. This is a less sympathetic point of view Borkman is the logical absurdity of rising high by rising alone. "Followed the 'Master Builder.'" Borkman, however, did not climb a tower now and again, as Solness did, to boast or celebrate an achievement; he lived in his gallery above his household in ludicrous isolation. His creation seems to signalise the fact that Ibsen had found the Master Builder out. Borkman, with his vainglory, his boasting, his imagination of himself as a mighty clever fellow, grievously wronged, was no better than a squirrel in a cage fancying that, but for the inhumanity of man, instead of turning a tread-wheel it would be turning the solar-system. Borkman, indeed, has just the sort of madness evident in Strindberg's men, and similar psychological conditions outside the theatre have given both their present popularity.

"John Gabriel Borkman" has two themes: first, the empty but uncompromising pride of Borkman and his wife, and, second, the attitude of the adult char-

acters to the son, Erhard Borkman. The situation which has been developed by the end of the first act shows three women fighting for monopolist proprietorship of the boy's soul. His mother demands that his mission in life shall be to raise her up again by the expiation of his father's fraud. Her sister, who brought him up and educated him, hungers for recognition as the boy's mother, for reasons which later link the two themes together, and provide the most sympathetic and poignant episode of the play. The third woman, Mrs. Wilton, divorced, gay, and modern, wants him for the usual purposes of such women, and to spite the other two. When the second act opens, and the play called after Borkman begins to be about Borkman, it is as though it has to start afresh, necessitating a second long historical recitative between two characters, this time between Borkman and Foldal. Thus the whole of the action which can be justly called dramatic occurs in the latter part of the second, and in the third acts; in the second, where it is revealed that Borkman sacrificed love for power without getting it, and in the third where the family breaks up.

In spite of the play's technical defects—which suggest that a novel would have been a fitter medium—its characters live on in the mind. The extremity and ludicrousness of Borkman's puffed-up vanity does not provoke disbelief in him; it provokes a strong desire to shake him and to weep over him. Similarly with his wife; hard, censorious, suspicious that everyone who befriended her was trying to humiliate her, compelling her son to sacrifice love, friends, and lands for her unique sake, this woman produces the clash of emotion caused by contact with a real though intolerable person. The only character who wins sympathy—she could be censored for such bad feminine intuition as to waste her life on John Gabriel Borkman—is Ella Renheim. Generous, overflowing with unsatisfied love, hungry for child-love, she meets rebuff and misunderstanding all round.

The most curious part of the play is Erhard Borkman's running away with Mrs. Wilton. Ibsen may have set out with one of his "ideas," intending to portray the younger and more broad-minded generation sacking the effete older generation. Before he had finished he made the episode prophetic of the failure of the younger generation. That Erhard Borkman did not want to give his life to his father's redemption is intelligible. Not even Jesus Christ took that job on. Erhard Borkman did not want to work, but to enjoy life, which can also be understood, though a complete objection to work as such is not a sure way merely to see the world on the money and from the bedroom window of an older woman very much of the world, and so near to the half-world as to keep a younger woman in the party to fan his fire when it should threaten to go out. Evelyn Dane gave an interesting performance as Mrs. Wilton. All Ibsen's characters lend themselves to variety of interpretation. Each one can be played on any note from earnestness to burlesque. Evelyn Dane did not take Mrs. Wilton too seriously. Instead of being the self-possessed representative of a disillusioned order, modern and above convention, and almost a seventeenth-century anti-Puritan. Eric Portman has too rich, too masculine, a voice for Erhard Borkman, who is clearly neither in love with Mrs. Wilton, nor able to take care of himself. He is hypnotised by the mirage of her gaiety and wealth. The nearest parable to Mrs. Wilton's taking Erhard Borkman is that, while his rival mothers quarrelled as to who should have the baby, the tigress, Mrs. Wilton, carried it off. Erhard Borkman is almost a eugenic argument showing what a mess the Borkmans had made of their lives, careers, and marriage.

The play is the final episode in a long process of disintegration. It must surely have been written in a mood of desperate pessimism, which would help to explain the "feebleness" of the last act. It seems as though a voice commanded Borkman, through Ibsen, to go out and die. As a psychological study the play is fascinating; but its personages are depressingly, not exaltingly, tragic. The whip cuts all the way through, just because the characters are as real as they are worthless. Looking at them recalls an untouched-up photograph. Take the interview between Foldal and Borkman; it has a pathos that earns the pair no sympathy, no forgiveness, no pity. Each has indulged in the pretence of admiration of the other for no better reward than the pretence of admiration. When Foldal blurts out that Borkman's return to the realm of finance is impossible, that the lords of banking will not beg the master to come back and rule, and Borkman retaliates by calling his friend no poet, disillusion spurs neither of them to action. Victor Lewisohn performed Borkman with force and sincerity, but Wallace Evennett's Foldal was not distinguishable from any other sentimentalised doctor, parson, poet, scholar, or anything else. As Mrs. Borkman Nancy Price gave a magnificent flint and steel characterisation. Primrose Morgan, who took the part of Foldal's daughter, ought to listen very earnestly to Mrs. Patrick Campbell, who played Ella Renheim. She will then learn how crisp consonants and round vowels justify appearance on the stage. By the good example of first-class articulation Mrs. Patrick Campbell continues to reproach the great multitude of her juniors for their slipshodness and affectation.

PAUL BANKS.

The Screen Play.

"Smoke Bellew."

This film, which has been trade-shown at the Hippodrome, might more aptly have been named "The Trail of the Trail of '98," since it is nothing but an extremely poor and amateurish attempt to depict the Klondyke gold rush. It does not even possess the redeeming feature of good photography, which sometimes saves a screen-play from absolute mediocrity. In this production the photography is conspicuously bad. So is the lighting. It is, in fact, one of those rare films which are so excessively bad that they temporarily prejudice the beholder against the screen in general. The "star" is Conway Tearle, who is a shining example of the mistake of assuming that an actor with a reputation in the theatre must necessarily make a film artist. I do not know whether an English or American director is to be blamed for the production, and the fact that I could not sit through more than twenty minutes of "Smoke Bellew" is accountable for the restraint of my comments. Now that I come to think of it, the film has one redeeming feature; it might have been a "talkie."

"So This Was Paris."

The most interesting recent production at the Capitol is a short film made up entirely of extracts from "topicals" depicting the Paris of twenty years ago. This is history made vivid. A Paris with a few motors and in which pedestrianism was not yet as dangerous as the *métier du roi*, in which female hair was worn long, feminine skirts served as auxiliary scavengers, and the costume of women in general was of a singular and incredible ugliness. I discount the facile retort that the costume of the present day may appear equally ludicrous and equally unaesthetic in 1948; modern woman at least dresses so as to indicate the nature of such bodily charms as she may possess, instead of draping the human figure with irrelevant curves. To see "So

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