THE NEW AGE
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART
[Registered at the G.P.O. SEVENPENCE]

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NOTES OF THE WEEK.

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"Do loans create deposits?"

The Abomination Which Makes Desolate.

By C. H. Douglas

Article, accompanied by diagram showing curves of solvency and bankruptcy from ten years before, until ten years after, Mr. Montague Norman became Governor of the Bank of England.

NOTES OF THE WEEK.

The Government gave six reasons for vetoing the Channel-Tunnel scheme. One was a scientific reason, namely that there was doubt about the feasibility of construction. The others were more or less mystical reasons. They were set out as follows by the Evening Standard of June 6:

1. The weakness of the economic case.
2. The great cost.
3. The long period before which the capital expended would fructify.
4. The small amount of employment provided.
5. Increased military commitment without any advantage.

The first four reasons are all based on monetary considerations; and the fifth must imply the same consideration if it is to be intelligible at all. Regarding the problem in terms of physical energy its resolution depends upon the correct answers to the following questions:

a. Is there an efficient unused energy in the country sufficient to construct the tunnel?

b. If so, is this energy needed for more urgent and constructive schemes than the tunnel scheme?

That there is plenty of spare human energy is attested by reason No. 4, which objects that the tunnel reserve will not absorb more than a fraction of the reserve energy represented by unemployed workers. As to reserve mechanical energy, there is a superfluity of it that Lord Melchett has complained of its being closed down what he calls this superabundance of it that Lord Melchett has complained of its being closed down. His activities in this direction also prove that the financial classes find the Government have not even considered the direction of production. His activities in the Government have not even considered the direction of production. His activities in this direction also prove that the existing energy can at the same time consider a scheme at all that requires the expenditure of existing energy. Machines do not behave like trees. They do not keep growing. To scrap a boiler you do not penalize the total steam-pressure of other boilers. Yet the industrialists pursue this scrapping policy as if they believed that it had that effect. The reason is purely financial. The City has the power to reward those concerns which scrap, and to reward those which do not. Industrial policy has to follow City policy. When the banks deflate credit, industry has to deflate depression. When the banks prune we prune. And so it comes about that in spite of the work of the scientist, the engineer, the organiser, the craftsman and every other participant in economic thought and action, the whole energy they are making available is being largely dissipated because of the lack of financial permission to use it. The provision of financial credit is, as is now well understood, merely a matter of entering figures into a bank-ledger, copying them into borrowers' pass-books, copying them again upon transfer to other people's pass-books and current or deposit accounts.

And such is the hypnotic power of financial propaganda that millions of normally intelligent and active citizens think it most natural that their enterprise should be paralysed whenever the banker gets writer's cramp.

"My dear fellow," says the banker, "I am extremely sorry, but I have not space in the ledger today to stand on your stove; and my hand will hardly hold a pen and I can't possibly enter any record of your activities until it gets better."

The proper answer would be:

"No thanks. We can hold the pass if you can. If you don't want us to do our own recording, you'd better build a mansion at once from the Social Credit Cline next door. Cramp's your business."

We want to see in our industrialists more of the spirit of Mr. Johnson. On one occasion his wife was discussing with him the case of a lady who had run away from her husband with another man, and began to submit some extenuating circumstances on her behalf; when the Doctor waved her back—"No, Sir, the woman's a whore; so don't let me hear anything more about her." Similarly, today, when the Bowdoin professors and politicians come along with the excuse that the banker's object in holding up work is to promote the "financialization of capital," they ought to be shut up with the
answer: "No, Sirs, the fellow’s a humbug; so don’t let us hear anything more about him."

* * *

There are thousands of people among the working classes who can tackle arithmetical calculations of much greater complexity than Mr. Snowden, or any Chancellor of the Exchequer has to do. Here is a test exercise. It is a hypothetical betting slip.

23. each way, Snowden
22. each way, Snowden
21. double, Snowden
20. each way, Snowden
19. win and place double, McKenna and Darling
18. win, Thomas; if absent, Hartshorn
17. accumulator, Samuel, Montagu, Isaac, and Unchetter.
16. is, mixed doubles, Baldwin, Lloyd George, McDonald, and Beattie (throwback). All up to- time, must start.

Struck, 16s.

To begin with, most people would want to know what all this jargon meant. Well, it can be seen that a jargon of finance is needed. It is explained there exists the term of "arithmetic of bets"—and there is no banker or bank functioner who does not make such calculations. It is a complicated process that makes it difficult to understand. It is a system of government, and is based on the idea that Saturn finds some nice chief for the hands of the poor. There are three objections to this concept.

1. It ignores the fact that busy hands can do as much as busy idle hands.
2. It assumes that all work which is not authentically prescribed and collectively performed is equivalent to making money.
3. It leaves out the possibility of moral discipline, which is ultimately in the hands of economic administrators, who control and direct economic policy. Thus, monotonous work is performed by the thousand of moral workers, with reference to the vital question of the future of the people, who prescribe and apply the rules that are to be judged of as to their efficacy.

How this ill-conceived principle works out is strikingly illustrated in 1926 when the late Lord Cranborne made his tentative voyage into the export markets of the world in the hope of reducing the cost of living. He was asked by Lord Baldwin, the Prime Minister, whether he thought that the cost of living could be reduced. Lord Baldwin replied: "It can be reduced, but it will not be reduced in proportion to the cost of living."

The contradiction is explicable if one remembers that the social system is divided into two classes, a majority of active ticket holders and a minority of idle ticket-holders. The economic system is divided into two parts, the economic system of the ticket holders and the economic system of the ticket-less. This is the theory on which the admission policies and their implementations and devices are universally seen to be useful.

In practice this does not happen. What happens is that on a programme of production consisting of a brick and a loaf a day, only the brick is produced, and this is the reason, put briefly, that it is the bankers' interest, let us say, two tickets, one each for the making of the brick and the loaf. The ticket for the making of the brick has to be given before the brick has had time to change into a loaf. The community gets only the loaf made on that day, and this is the ticket corresponding to it, which is why the bank's record is not reissued but re-issued on the basis of the new ticket that is issued. The bank's record is withdrawn by delegation.

Hence, on the second day in question, the community gets only the loaf, and one ticket that is pegged to the loaf. The next day, the community gets only the ticket that is pegged to the brick, and this is the reason why the bank's record is issued at the end of the day.
These anomalies in the field of agriculture are paralleled in the industrial field. The difference is that in agriculture it is comparatively difficult to pre-
determine what size any crop may be.
Loans and Deposits.

A reader in South Africa sends the May issue of the Commercial Bulletin of South Africa, whose "Financial Expert" makes some remarks on the question of whether the "banks' create deposits". The Union Banking during 1929 he speaks of the "banks" which, he holds that "advances are made by banks," in spite of the "banks' create deposits." It appears that the Indian Government has implemented the "banks' create deposits," in spite of increases in their advances, as evidenced in their deposits in current accounts. It seems that banks have made advances in deposit accounts, and therefore the "banks' create deposits." However, it should be noted that the "banks' create deposits." Apparently, one cannot conclude that the idea that while the creation of deposits by banks is in fact true as a matter of practice and not being directly done (they are not able to call in their accounts), it is prepared to work in practice. This is in itself an answer to the "banks' create deposits." It may be that they have been saying that the banks should have had a satisfactory meeting in the demands on them, as advances are created, and the Indian Banking and Stock Exchange companies, which was held responsible for their own accounts, could only be accounted for without importing copes of this ingenious approach to this problem, which is given here.

Mr. G. H. Douglas has given himself a lot of trouble for nothing. He probably knows that advances are not the sole solution. (If he is ignorant of this, he is not a financial expert), and their invalidating the whole of his statistical comparison. These advances are not the sole solution. In this connection, deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them.

The Daily Mirror of June 20, 1930, discussed the Simon Commission's second report due to be published later this year. The Daily Mirror concludes that the report will be a major event in South African political life. Mr. G. H. Douglas has given himself a lot of trouble for nothing. He probably knows that advances are not the sole solution. In this connection, deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them. Deposits are created when a bank (a) lends money, (b) invests money, and (c) buys commodities or sells them.

The Abomination Which Maketh Desolate.

In considering the curve shown in a diagram on page 105, it is necessary to bear in mind that the curves must be read in the same way as the curves on page 105. In this, all probability, accounts for their slight displacement from the events which seem to have been shown in this way. What do we mean by this? We mean that in our attitude towards human affairs that we place an inordinate value upon human life, but a trivial value upon the physical and moral health of our fellow men, and a myriad other major and minor conditions that can be used to make normal man.

The Abomination Which Maketh Desolate.

...
Now a glance at the graph (on p. 105) is sufficient to show that one of the curves is a function of the other. In fact, the variation of one curve is in accordance with the variation of the other, and thus, the interaction of any other cause not allowed for in the plotting of the two curves is surprisingly unimportant.

Where two curves vary together one of them is called the "dependent variable," and the other is called the "independent variable," and we have therefore to decide whether it is suicides or bankruptcies which cause bankruptcies or suicides which cause suicides. This dilemma need not detain us long. We have only to examine the recorded reasons for bankruptcies, and the reasons for suicides, to find that while financial worry is the most frequent predisposing cause of suicides, suicide is not often given as a predisposing cause of bankruptcy.

We can therefore, deduce from official statistics that the greatest factor in human unhappiness is financial worry, of which bankruptcy may be regarded as the final stage. We can also deduce from the same statistics that this unhappiness is not inherent in the nature of things, but is a definite and traceable result of a policy, human in conception and human in execution. On the basis of the curves shown, the financial condition of human beings, mental and physical, in this country and in the period of office of the present Governor of the Bank of England, has increased more by more than 100 per cent. in the last ten years, and that increase coincides with the period of office of the present Governor of the Bank of England. I have no doubt at all that he would be horrified to believe that he had doubled the misery of his country in ten years, and very probably had his own personal share in this situation.

The same must be true of the Bank of England's policy, so long as it remains unaltered. I fear that it will not happen, but if a few rough, vulgar, men could express to Mr. Norman their rough, vulgar opinion of a policy by which English and Scottish men and women are being blackmailed to make an international financial holiday, it might act as a stimulant to his imagination—if he recovered.

The Films.

All Quiet on the Western Front: Regal and Alhambra.

Various public pronouncements made by, or attributed to, Mr. Carl Laemmle, the head of the Universal concern, made it reasonable to assume that this film version of Remarque's novel would not be an altogether faithful transcript, and that even if the public were not to be regaled with another variant on the war's-a-bloody-darn-pitiful theme, we should at least have some totally irrelevant sex interest and cabaret scenes. Actually, Lewis Milestone, the director, has achieved the most commendable fidelity to the book; indeed, I do not know of any other film adaptation of a novel which has managed to remain so faithful and to convey so much of the author's intentions and atmosphere. This production is a masterpiece, a magnificent journey, extraordinarily fluid, acted with the most compelling sincerity by the whole of the large cast, and the whole of the cast right to the players of the smallest parts, is completely in the usual sense, but that is inevitable if the director follows the novel, and the close-knit structure eliminates even a suggestion of jerking, for which the really admirable editing is in large measure responsible.

Although "All Quiet" has a continuous sound accompaniment, it is not all-talking, dialogue being sparingly used. Here is evidence that some producers and directors at least have by now learned to overcome the temptation of using speech for its own sake, and the result is, of course, more effective than if it had been insisted on at all costs.

The opening scenes include some striking contrasted sequences in which, in deliberate orthodox methods, we hear what we do see. But the technical excellence of this film is the smallest merit. Remarque set out to record, entirely objectively, the history of a generation in war, and he succeeded even if it were as east as in the trenches. The theme is completely successful on the screen, while "The Case of Sergeant Grisiha" is a much better book than "All Quiet," and is more likely to live, the two films reverse the relationship. If I required confirmation of my pet theory that the director is the man who matters, comparison between these two productions would be conclusive.

Some critics, who dislike, or profess to dislike, war films on principle, have delivered the direst warnings of an unknown type of rubbish, expressing a singularly unfair terms about "All Quiet." Viciously, it will be objected to by militarists, whereas, in the world and by disciples of the "Shoot Stripes" school. But the great mass of people who desire peace, and the men who have been in the trenches, will welcome it, and I cannot think that it would arouse hostility even in Germany except among the Jingoistic element.

It has a strongly propagandistic effect, so much so that it had come from Russia instead of England my censorship would in all probability have suppressed it. And, with the exception of a few sequences, "The End of St. Petersburg," comes as near to being a propaganda film as it is in possible in a film intended for general public exhibition. But it seems rather unreasonable to assume, as has done, that Mr. Milestone and his employees had deliberately created a vehicle of propaganda, let alone propaganda for the denunciation of patriotism. That it impresses the impartial spectator as a portrait of the colossal fatality of war merely means that it succeeded in doing what it set out to do, an essential characteristic of any work of art.

Where the acting is on so uniformly high a plane, it is almost invidious to mention particular players. I should, however, draw attention to the performance of Louis Wolheim, that finished actor, to Mr. Ayres' impersonation of Paul Bannerman (a very touching performance which definitely occasions in the ranks of the men in frontiers), and for a masterly cameo of a Frenchman as interpreted by Raymond Griffith.

This is a film which I recommend unreservedly.

DAVID O'CALLAGHAN
LETTERS TO THE EDITOR.

"MARGINAL LANDS."

Sir,—In your "Notes of the Week" of February 27, 1930, you refer to the "extensive areas" of wheat growing put land out of cultivation, as a condition of growing them gone.

Are you aware that the development of food supplies, in a world of over 6,000,000,000 people, is of utmost importance? Do you know that, in order to provide a margin of food supplies in case of war, famine, or other calamity, it is necessary to maintain a large proportion of the land in cultivation? Do you realize that to abandon even a part of the land now in cultivation would be a disaster of the first magnitude? Have you considered the consequences of such action? Have you calculated the cost of such action? Have you considered the effect on the economy of the country? Have you considered the effect on the food supply of the country? Have you considered the effect on the international situation? Have you considered the effect on the stability of the world? Have you considered the effect on the peace of the world?

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