

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

In a recent letter to a correspondent the Manager of the Co-operative Wholesale Society Bank states (a) that the retail societies are "separate legal entities": (b) that the C.W.S. is a federation of these societies: (c) that the C.W.S. does not control them. He further says: "The question of purchasing goods from the retail societies is one entirely between yourself and the local society, and is quite *distinct from the question of opening a banking account with us.*" (Our italics.) This means that legal claim to draw goods from the retail societies. We might have guessed that banking experts would insulate the money department from the goods department of the Society—to treat *financial* credit and *real* credit as if the two had no relation to each other.

It will be noted that under "c" the C.W.S. cannot legally negotiate comprehensive financial or economic agreements on behalf of the retail societies, any of which could refuse to be bound by them. Conversely, they do not control the C.W.S. Bank, because since the societies are "separate legal entities" so must be the Bank. And even if the Bank were under their control the practical implications would amount to nothing because this Bank is a *credit-manipulating* institution and not a *credit-creating* institution. The Big Five, between them, "mind" the money of the C.W.S. Bank and all the separate societies. Readers of THE NEW AGE who are members of the Co-operative societies will do well to follow this matter up. Hitherto, in some of our writings, we have emphasised the advantage to dealers of dealing with a bank which had behind it resources (goods) which it could pay out in lieu of money in the event of a general suspension of payment similar to the temporary 90-per-cent. default by the German banks after the "Danat" crash. But the real resources are not behind the C.W.S. Bank; they are controlled by 1,000 societies in the United Kingdom, each of which is legally free to act by the advice of the Big-Five-Bankers.

So, in an emergency of the "Danat" type, even though the C.W.S. Bank might authorise the retail societies to deliver goods to its depositors to the value of the deposits, it by no means follows that the societies would do any such thing. And the probability is that they would not, because if the Big Five agreed on a national policy of reducing depositor's rights of purchasing goods to 10 per cent. of their deposits in the "capitalist" banks, they would certainly use all their influence to prevent a "leakage" through the Co-operative Bank—not only for the purpose of making their policy immediately effective, but for the ultimate, vital purpose of protecting their business: for otherwise the general public would thenceforth divert their future savings to the Co-operative Bank which had seen its own depositors through the crisis when the Big-Five's patrons were left to eat grass. One consequence of such a leakage would be to place the Co-operative depositor in something like the position of a person who had drawn a horse in the Irish Sweep: his right to draw, let us say, £100-worth of goods against his money-deposit, would probably fetch him a multiple of that sum if he chose to sell parts of his right to depositors in other banks. He might even get £1,000 drawing-right on capitalist banks in return for his £100 drawing-right on the Co-operative bank—that is, if he chose to take the risk. So it is pretty evident that the prospects of the Co-operative Bank and Society contracting out of a Moratorium imposed by the Big Five are most remote, and will remain so unless Co-operators—directors and members alike—get busy on the affairs of their joint undertaking. In the meantime those of our readers who want to make sure of getting goods for their savings in an emergency, had better ascertain whether this can be assured by direct negotiation with a local Co-operative Society. It is either that or else the personal hoarding of goods or currency.

This must not be taken by anybody as advice on what he ought to do. We are in no better position than the bankers to tell what is going to be the next development or whether it is going to continue the nation's dive into the depths of economic desperation.

before the ascent to financial sanity. As for the bankers' knowledge, if one may suppose it to be revealed in the leading articles of *The Times* during the last few weeks, we can only say that their cumulative effect on us is to recall Omar Khayyam:

And that inverted Bowl we call the Sky,
Whereunder crawling coop't we live and die,
Lift not thy hands to It for help—for It
Rolls impotently on as Thou or I.

And if any reader wants to see a striking example of such impotent rolling he will find it in Mr. Beaumont Pease's address at the Newark Chamber of Commerce Dinner reported in *The Times* of November 14 to the extent of a whole column. The mere fact that this gentleman is allowed to run loose on educative missions in defence of the science of finance is itself proof of dire distraction among the banking hierarchy. Another proof is in the first leading article of *The Times* of December 24 entitled "The Comfort of Christmas"—the two features of which were (a) let's pretend nothing is wrong and (b) we must bear in mind that God is not omnipotent.

"Still, good cheer must be attempted somehow, and failing the appearance of some transforming factor in human life, by what means other than that of wilful forgetfulness can it be achieved?"

Quite so. Failing the adoption of the transforming price-factor in the national accounts let's pretend the figures are false!

"Christmas liberates us from the idea of a Supreme Power that is aloof from or indifferent to the race He created, or, again, of a Deity that intervenes on rare occasions only in the affairs of this world. Instead, Christmas witnesses to our belief in a God who identified Himself with man, a God who knows, and cares, and understands. The purpose which He is working out is delayed by man's failure to co-operate as he should, by his failures and disobedience."

What this theologian is saying is only a euphemistic paraphrase of Mr. Chapman Cohen's derisive writings in the *Freethinker*. If the former's assurances mean anything at all they mean that God is thoroughly interested in humanity, and is constantly trying to intervene in its affairs, but is frustrated all the time by human perversity. God is presented as the personification of impotent benevolence; and Mr. Cohen's advice to humanity is that it shall rely on its own experience and work out its life on earth by secular trial and error without taking the Deity into its calculations. The cogency of such reasoning depends upon its frame of reference. If the will of God be assumed to require mankind to renounce economic security in order to perfect its soul and attain salvation, then the fact of economic frustration cannot be adduced as proof of God's indifference or impotence; for it would be compatible with the concept of Divine omnipotence and benevolence. On the other hand, assuming that in the Divine Economy mankind's search for temporal security and comfort in terms of subsistence and culture is an integral factor in the chain of ascent to spiritual perfection, then the Freethought position holds good, especially against theological interpreters of God's will, when they characterise those human instincts which prompt the search for these benefits as Pagan and not Divine. For example, let us relate the discussion to the following fact from the *Daily Mail* of December 17.

"Coffee Destruction Plan.

"Rio de Janeiro, Tuesday. Brazilian and foreign bankers, with the president of the National Council of Coffee, have presented to the Brazilian Finance Minister a plan for destroying 12,000,000 sacks of coffee. It is proposed that the Banco de Brasil, which is financing the purchase of the coffee, shall be reimbursed by the collection of 15s. per sack tax."

Taking coffee as typical of the means of life generally, does God will this destruction or does He

not? If the Christian apologist says "Yes," the Freethinker will reply that while in that case the act is consistent with Divine omnipotence it is inconsistent with Divine benevolence. If the answer is "No," the Freethinker will concede the benevolence but deny the omnipotence. There is a third possible answer, namely, that such problems, as these are outside the orbit of Divine governance; in which case the Freethinker will point out that the duty of the Church is to refrain from interfering with those who are trying to solve the problems. The object of these remarks is not, of course, to solve the eternal question of what is often called by theologians "The Problem of Evil," but to point out that the common people are not theologians, and that to their limited (if you like) intellect the Freethinker will always appear to be in the right of the matter, and the prestige and the authority of the Church will continue the declension that has marked its history since 1914—to go no farther back.

Further, our main object in going into this matter is now to appear. *The Times* leader-writer, having drawn his picture of the Divine Dilemma, impudently identifies it with the Bankers' Dilemma. It is as if he said to humanity: The bankers are not indifferent to your sufferings: they are incessantly trying to intervene to save you: but, alas, you will not let them. But let him say it himself:—

"At the moment we may feel that things are very far from right, and may be tempted to argue that the world is misgoverned. Yet we are scarcely entitled to proclaim the government a failure while we have not made the experiment of seeing what would happen if we kept its laws, and beyond question most of our present troubles would never have become acute if we had obeyed consistently those principles of love and trust and mutual self-sacrifice which form the essential laws of God. Our plight shows not that the world is misgoverned, but that the Divine laws cannot be disregarded with impunity. . . . [The world] and its experiences are simply a training ground for something unimaginably greater to be attained when at last death and evil have been swallowed up in victory. The thought of 'God with us, God who took our nature upon Him that we might better understand and work with Him, of a God who will bring all who trust Him to the final triumph of personality and goodness—that is the comfort of Christmas, and that its unflinching good cheer. That is why the message that will sound again to-morrow is indeed 'glad tidings of great joy.'" (Our italics. Loud tears not indicated.)

Here's a precious piece of blasphemous presumption. Behold God incarnate in the Credit Monopoly, and His will enshrined in its laws—laws which are operative because we have "not made the experiment of seeing what would happen" if we kept them. The bankers have "taken our nature" upon them, but we shall better "understand" and "work with" them. Mr. Norman and Sir Otto Niemeyer are men like ourselves—they ask us not to worship them, but simply to co-operate with them. And, if we will, they assure us a triumphant entry into the next world. No wonder that the Holy Father indicts the Financial Power in his recent Encyclical as one who "holds as it were the very soul of humanity in its hands." Plutocracy usurping the Priesthood—the Pass-Book superseding the Prayer-Book—surely the Church must destroy this Power or be destroyed by it. Its progress is subtle, and therefore even those Churchmen who have been aware of it have not known exactly when to throw down the gauntlet of Christian conscience or how to persuade their fellow-Churchmen to do so. For example, within the last three months the subject of *Divine* has, we hear, been eliminated from the course of learning preparatory to "Mods." (or from a course of equal significance: our informant is getting the particulars for us). It is not our business to assess the practical importance of this new step in the

secularising of education: we are not competent to do so: but we are able to appreciate its significance. Is the Church going to let her stewardship be filched away completely by money-changers? Happily there are signs of an awakening here and there; but in our judgment it will have to show itself in a more definite form than that which it now takes, merely a quickening of interest on the part of Churchmen in sociology. That is a yawn; and all to the good if it means that the sleeper is going to get up and get busy. It is all very well, for instance, for them to recognise the inevitability of the Leisure State, and to consider plans for containing human conduct within the limits of prudence in an environment of affluence; but it seems to us that the weight of the Church's authority within the Leisure State will depend very much upon what weight she pulls beforehand in bringing it about. What is essential is that those who wish the Church to play her part in the counsels of the new era should study and teach the scientific foundation of the Social Credit Proposals, and not hold aloof from it merely because it is "material," or the proposals "mechanistic." A conscience unfortified by knowledge will be quickly put in a dilemma when the present crisis develops a little further; for if it is not able to detect the sophistries of the bankers it will be faced with a choice between what they can plausibly show to be two equal evils. "You think it's a shame that coffee should be destroyed," they will say. "You're quite right: so do we. But are you prepared to save this coffee and ruin the growers?" The province of science is to discover and measure the natural limits within which conscience must operate, and it is the duty of everyone who wishes conscience to guide the practical affairs of economic life to find out what those limits are. How are we all to be really good in a world of reality? We do not use the word "limits" in a restrictive sense: and, as a matter of fact are prepared to show that Social-Credit science has expanded and not contracted the area over which the writ of conscience may run. At the same time, however, it has opened up the high probability that in several directions writs will be superfluous where they now are necessary. Under the new system people are likely to do spontaneously many things that their moral mentors now think they ought to do and fear they won't. So undue preoccupation with the question of sociological problems as such has the dual defect that it is an under-preparation for the immediate task of dethroning a bad government, and an over-preparation for the ultimate task of administering the good government which will supersede it.

In view of these considerations it is an immense stimulation to us to be able to quote the following letter from Lord Hugh Cecil, published on the leader-page of *The Times* of December 23. Here is a man than whom no-one has shown a more uncompromising attachment to the criterion of conscience in his attitude on political issues. We here find him laying down, not laws of conscience, but a naturalistic method of settling a problem, the persistence of which, with its attendant international antagonisms, has troubled every conscientious person.

REPARATIONS AND DEBTS.

Sir,—May I suggest that it would be both fair and in the world's general interest if the debts to the United States were repaid by precisely the same machinery as that by which they were contracted?

It has been said that we borrowed in gold and ought to pay in gold; but this is not quite an accurate statement. To be sure, what we borrowed was valued according to the dollar currency. But gold was not sent across the Atlantic Ocean; what was sent was munitions of war. The prominent fact, if I remember right, was that the American Government gave to the British Government a credit to be used in purchasing the needed munitions in America, which

was done. Now might not the British Government give to the Government of the United States a credit for the amount of debt due under the agreed terms of repayment, the credit to be used in purchasing commodities in Great Britain? The method of repayment would in this way exactly correspond to the method of contracting the debt. If (for example) there was supplied to the United States naval, military, and air force stores furnished from Great Britain and at the cost of the British Government, up to the amount of what is owed, the Budget of the United States would be so far relieved and the burden upon the finances of Great Britain would be mitigated (though not, of course, annulled) by the saving on the relief of the unemployed in so far as employment was increased by the execution of the American orders.

Further, might not a similar machinery be used for all payments of reparations and war debts? Each debtor country might give to its creditor a credit to be used in purchasing within the debtor country whatever commodities the creditor desired to acquire. In this way the disastrous complication of war debts and tariffs would be avoided.

I am, yours faithfully,

HUGH CECIL.

It is curious that this letter should have been composed within a day or two of our revived allusion—after a fairly long interval—in last week's issue to Major Douglas's correspondence with Mr. Lloyd George on the problem in question. We are not suggesting that our remarks inspired the letter—the question is of no interest to us either way—and, in truth, we should be sorry to think that in the face of the perilous tension in the world over debts and reparations no statesman is capable of realising the real, physical implications of financial settling. As a matter of fact, there have been repeated declarations by eminent economists that money-debts between nations can only be settled by the transfer of *things worth money* from debtor to creditor, whether directly or through intermediary nations. Of course they were able to say this with impunity because they had no responsibility for getting creditor nations to take payment in this way. But the statesman is in a less sheltered position: what he says in public is generally interpreted as a statement of policy, or as evidence that some policy is contingently related to it. And it was not to be expected that any statesman would fly this provocative kite in the eyes of America—unless he had the world's creditor on balance—unless he had satisfied himself that there was some feasible method of rendering imports innocuous to America's internal economy. Indeed, without such conviction, and without the knowledge that the method was also known to American statesmen, the publication of this suggestion by Lord Hugh Cecil could be reasonably calculated to have an exactly contrary effect on the relations between the two countries to that which his record obliges us to assume was his objective. If, as Mr. Owen D. Young declared in San Francisco, nothing but an increased programme of exportation would save American capitalism from ruin, any proposal to reverse this policy would be logically sufficient to precipitate military mobilisation in that country. It is true that Lord Hugh Cecil is not in a position of executive power, but he would not have written this letter without some hope of its receiving the attention of those who are. We may conclude, therefore, that his suggestion reflects a body of opinion in high-political circles, and that since it coincides so closely with Major Douglas's recommendations, its sponsors are aware of, and presumably endorse, the domestic financial technique of import-absorption deducible from his prescription submitted to Mr. Lloyd George. It is possible, too, that Major Douglas's writings, and his evidence before the Macmillan Committee, have been subjected to careful expert scrutiny as providing, if passed, the one remaining alternative to an imminent and irretrievable disaster.

We notice in this connection that Lord Beaverbrook has a flashing manifesto in the *Sunday Express* of December 27 in which, after criticising Mr. Baldwin for his debt-funding policies—i.e., paying in full to the United States and remitting large sums from debts due to Britain—he declares that Britain cannot possibly fulfil her obligations and calls upon the public to rally to the support of Britain, on whose financial stability the fortunes of the Empire depend. In the *News of the World* on the same day is a cartoon in which the year 1931 is depicted in the figure of an old man being kicked out of the house by "Mother World" while little 1932 is toddling in. Whether the artist intended it or not, the departing figure is suspiciously like the traditional "Uncle Sam" both in build and attire.

Now, we have outdistanced the subject of the Co-operative Society's affairs by a whole lap of the political track, and can run alongside again and have another look at it. The booklet, called *Britain Reborn*,* issued by the Co-operative Union was briefly noticed in last week's issue. We have since had time to examine it, and can now express the judgment that it is the most valuable critical analysis of banking policy and procedure to be found in any popular publication that stops short of naming the Douglas Proposals and expounding their technique. Its ideology is as nearly identifiable with that of authentic Social-Credit writings as could be reasonably hoped for in a book issued to enlist support for what is a foreshadowed electoral programme. From a strictly Social-Credit point of view the programme may appear overloaded or wrongly emphasised in its different sections. We will give the main points out of the initial statement of "Policy."

"The creation of a Ministry of Finance responsible to Parliament and charged with directing the general investment and credit policy of the country."

"The transformation of the Bank of England into a public corporation representing co-operative, labour, manufacturing, commercial, and agricultural interests."

"The establishment of a chain of municipal banks."

"The raising of the Co-operative Wholesale Society's bank to that of a clearing bank."

"The development of a technique of consumer finance, designed to ensure that goods shall not be unsaleable merely through lack of adequate purchasing power in the home market."

Considering that the author had to secure approval of the book by the Co-operative Party, we consider that both he and they are to be congratulated on having published the subject matter that appears in it. This subject matter is not written round any particular item, or group of items, in the "Policy," but is a broad and incisive exposure of financial arrogance and deceit. There is no rhetoric, nor any sentimentalising, but an expert piece of brass-tacks analysis which makes the reader sit up and pay attention all the time. There are nine first-rate half-tone illustrations, including portraits of Norman and Niemeyer, pictures of the New York Stock Exchange, the Bank of England (titled by the author "Seat of the British Government"), and of the scene of a run on a Berlin bank during the German panic. There are eight chapters.

Finance Rules the World
We Must Consume More
Futility of the Money Market
How Money Power Works
The Creation of Currency
War Debt Manipulation
Remedies
Financing Consumption

*"Britain Reborn. No. 5. Men and Money." Published by the Co-operative Union, Holyoake House, Hanover Street, Manchester; and obtainable also from the Co-operative Party, 123, Pall Mall, S.W.1. 42 pp. Price 2d., postage 1d., or 1s. 6d. per dozen, postage free.

All the important points are documented by extracts from the Press, from Mr. Snowden (in "Labour and the Nation" (1920) i.e. before ever that gentleman thought he would be the "Banker's Minister") and from the Macmillan Report. Under Niemeyer's portrait is the statement that he went to Australia and Brazil, and that "his orders to both were to tighten their belts in the midst of abundance." A particularly enlightening section is on p. 25 where the bank's financing of the War-Government is illustrated by the hypothetical case of a certain Mr. Jones, who, in 1915 had a house worth £4,000 on which he borrows £3,000 to invest in war-loan. On p. 27 Mr. Jones has enabled the bank, on the strength of a house worth £4,000, to create and lend £350 a year of new money, which costs the Government £70 a year in perpetuity—Mr. Jones getting £70 a year while the bank gets £280 a year. The fact that Jones has to pay something eventually is not overlooked.

"The appearance of this new money in the market caused a rise in prices (inflation) which depreciated the real value of everybody's incomes through reducing their purchasing power. It is true that Mr. Jones and the bank both suffered from this cause; but the point is that, whereas owners of a security like Mr. Jones's house were enabled to get more than their own back in the way described above, working-class folk, unable to lodge security with the banks, had to bear the losses due to inflation without being able to recoup themselves with the kind of magical incomes that fell to Mr. Jones and the bank!"

As a matter of historical fact numbers of borrowers were not asked for any security. The privilege was generally confined to the security-holding classes, but not necessarily because they held securities, but because they were a class of people who, by long training under the moral code governing investment activities, could be relied on by the bankers to keep their mouths shut when they were on a good thing. Your immoral workman, if he had been let in, would have told all his mates at the pub the same evening, and it requires little imagination to see that the wild-fire spread of the news all over the country might easily have nipped the whole game in the bud. (Imagine Dave Kirkwood getting to hear of it before Lloyd George went up north to inspire the unremunerated munition workers with selfless patriotism! "Eh mon: it wad ha' been grand.") We will not extend our comments just now except to say that the author reports the book to be "selling like hot cakes" and that a second edition is being prepared. Every reader of THE NEW AGE will benefit by reading it.

The publication of this booklet has parallel significance to that of Lord Hugh Cecil's letter. It indicates that the directors and statesmen, so to call them, of the Co-operative Union and Party are examining the practical possibilities in Social Credit as a mechanism for developing the economic and political strength of their Movement just as we have inferred that national statesmen are doing in relation to the economic and political strength of Great Britain. The two objectives, if approached on the financial principles laid down by Major Douglas, will soon be seen to be one; for the problem to be solved is one in a wide sense of the term every nation is a co-operative concern based on citizenship. The problem of Great Britain in the economic world is virtually an enlarged projection of the problem of the Co-operative Union in Great Britain. One may say that the development of British capitalism by competing foreign capitalisms (notably the United States) corresponds to the development of Co-operative trading by British capitalism. This unfriendly competition in both planes, can be transmuted into amicable competition by the one remedy on which national and co-operative leaders seem to be converging, namely the Social-Credit policy of consumer-finance. The Co-

operative Party explicitly stand for such a policy; and while Lord Hugh Cecil does not do so, we have shown that his proposals impliedly require its adoption. It is obvious that if the Co-operative Union is put into a position, by the provision of "irredeemable credit" under the direction of a "Ministry of Finance," to sell out all the needed goods it can make, it will have solved its problem, and will be undisturbed by the concession of similar assistance to "capitalism" along the same lines. In fact the adoption by both of a consumption-policy would rub out the line of demarcation between them. What's in a name? They could change hats like Harry and Harriet on Hampstead Heath. Similarly, in the case of the Americo-European problem, if an American "Ministry of Finance" were to finance the total clearance of industrial stocks out of the home consumption-market, Lord Hugh Cecil's proposed European exports to America would flow, either directly or after conversion into usable forms, into the homes of American citizens. American producers would be as immune from injury in this case as British producers would be in the other. Not until the community is satiated need production slow down anywhere in the world. Imports would not check home-production but would supplement it in the consumption market and increase the general standard of living.

As we write, we see that Mr. McFadden, chairman of the Senate Finance Committee has made the suggestion over the wireless in New York—

"that both Great Britain and France should hand their West Indian and Carribean Possessions over to the United States in settlement of their obligations. He contended that the British naval bases in the West Indies were useless to England, since it was most unlikely that she would ever go to war with the United States. Mr. McFadden made a similar suggestion in regard to Martinique and other French possession."—Exchange cable in the *News-Chronicle*, December 28.

It might be asked whether the West Indies are not equally useless to the United States if peace is so assured. There can be no economic reason for the United States to take over bankrupt properties—produce more over, which, even if going concerns, produce the same things as those of which the United States already produce a surplus. Is Mr. McFadden trying to buy Disarmament? If so, it is vital to emphasise the fact that even if there were a complete all-round cancellation of debt, international competition—which is the cause of war—would not grow less, but more intense as a result. So Britain and France would be yielding up military power as part of an arrangement which would instantly increase the risk of war. We do not know whether McFadden is serious, or whether his suggestion is intended as a reprisal on Lord Hugh Cecil's. Certain it is that each is an offence to the uninstructed popular opinion in the opposite country. Clearly the necessity for public enlightenment in both countries on the Social-Credit scheme of debt-settlement has now become imperious.

Cologne, December 23.—There was a wild scene in the offices of the Municipal Welfare Department at Bielefeld, Westphalia, when thirty women forced their way in to demand an extra money grant for Christmas. All were mothers of children, and the prospect of not having the means to buy the customary Christmas tree and small presents for the little ones, had driven them frantic. When the officials declared that no extra grant could be given the women attacked them with hands and feet. Some of the officials were seriously injured. They also seized the office equipment and destroyed many articles. Eventually the women collapsed in fits of hysterical sobbing. They were removed by a squad of police. (Reuter cable, December 23.)

"Christendom."

This is the title of a quarterly publication* described as "A Journal of Christian Sociology." It is the organ of the League of the Kingdom of God, and its mission is to "present and elaborate a Catholic view of social issues and the construction of a valid alternative to the pagan developments of contemporary Plutocracy." The editorial committee are Maurice B. Reckitt (Editor), Ruth Kenyon, V. A. Demant and P. E. T. Widdrington, with three "associated Editors" in U.S.A. In the issue under notice (Vol I., No. 4) all four of the above-named committee contribute articles, and also Mr. W. T. Symons. These writers will be known more or less widely to supporters of THE NEW AGE for their efforts to identify Social-Credit ideology with Christian social policy. One article that attracts our attention is that of Fr. Widdrington on "The Discipline of Leisure." He takes up the correct view that, whatever people may think about the desirability of the Leisure State, the Leisure State is coming, and the Church must be ready to deal with the new problems which will emerge in it.

"It will arrive before men can adapt themselves to its conditions. Its first results will be an era of wild extravagance and worldliness. The prospect is not a bright one for the immediate future of religion. But is the idea of the Leisure State incompatible with Christianity? . . . I conceive the task of the Church to be the discipline of leisure in order that leisure may be raised to the supernatural plane. And the name of leisure raised to the supernatural plane is contemplation. (Author's italics.)

With reference to the first part of this passage (which is paralleled in another article in the same issue where the author, W. G. Peck, remarks: "But ample leisure, ample means—these are dangerous things") it should be pointed out that the implied assumption of a sudden spectacular rise in purchasing-power at the commencement of the Leisure State (a) is not warranted by the essential teaching of Social Credit, and (b) is extremely unlikely to happen. This is an important matter, because the association of several writers in "Christendom" with Social Credit is pretty generally known, and is explicitly alluded to in this issue by Mr. Peck in reference to Fr. Demant.

Major Douglas's first statement is: The purpose of production is consumption. This granted, his next statement is: The rate of consumption must be speeded up to the rate of production, so that no things that are made shall remain unsold, and no industrial resources assembled to make such things shall remain unused. This granted, he simply says: *This is the way to do it.* Notice that no moral question comes into the matter. The essence of Social Credit is that it offers a technique for enabling us to attain a given objective *if we want to.* Major Douglas, as a technician, is not concerned with the rightness or the dimensions of the objective, though, as a thinking member of the community he certainly is concerned. When he reminds us of the enormous potentiality of modern science for producing the means of life, his object, as a technician, is not to tell us we *ought* to raise our standard of living commensurately, but to remind us that we are wasting energy. It is up to us to choose whether we would like to waste energy or

Christendom. Basil Blackwell, Broad Street, Oxford. Average pp. in issue 64. Price 2s. quarterly.

not. We can choose either to scale consumption up in order to counterbalance existing potential output, or to scale down our means of production to counterbalance existing consumption. But without the Social-Credit technique we shall not do what we want to do. If to-morrow we decided to destroy all our idle plant, and cease to enlarge it, meaning to keep the present standard of consumption fixed, we should have to use the Social Credit technique to do what we meant to do. The technique is non-moral: it will enable you to do a wise thing as well as an unwise thing, and with the same impartiality as a turbine, which will work equally efficiently whether it is driving a peaceful merchant-vessel or a submarine attempting to sink her.

"What's the use of setting people to make only such things as are intended to be sold for a price unless you arrange that when made they shall all be sold for a price?" That is Major Douglas's challenge. If work is considered essential for moral health, there is no necessity for the conclusion that the work done must fetch a price (economic work). It can be work which, like virtue, is its own reward (leisure work). A man who works for pay works to order. And the whole issue lies in the question whether his moral health depends on his *working*, or on his *working to order*.

That question is political, and will be decided by the balancing of public opinion. To those who fear that upon the adoption of Social Credit there will be "an era of wild extravagance and worldliness," we might point out that this risk depends upon what the initial *operative* price-factor is fixed at. Statistically the factor might work out at, say, one-quarter. But political influences will decide whether it shall operate as one-quarter or, say nine-tenths of the financial price. Taking a line from the balance of political influence prevailing now, and presuming it to be much as it is when the Social-Credit technique is first adopted, we should say that the initial instalment of the "means of extravagance" extended to the community will be on an extremely niggardly scale. But so long as an instalment of however small dimensions is issued, the principle of consumer-finance thus established, and the measurement of the potential price-factor ascertained, the balance of political influence will begin to change. And political issues will change too—for instead of the problem of rationing short supplies there will be that of apportioning full supplies. Moral considerations will be brought into play, but they will have to be balanced against the undoubted pressure by producers and consumers alike to secure a larger measure of the economic benefit now universally seen to be accessible. In the debates arising therefrom the concepts "extravagance" and "worldliness" will have to be interpreted in terms of economic activity and brought into conformity on some basis or other with the requirements of economic policy. But it is no use attempting to forecast the outcome. It is sufficient to remind those who are concerned about the moral results that the adoption of Social Credit does not imply the abrogation of the whole body of law, let alone popular conventions, governing personal conduct and relationships. This seems a superfluous statement of fact, but it is surprising how often the fact is implicitly ignored in arguments concerning the consequences of Social Credit. The misapprehension is perhaps best illustrated by the type of objection which says that "people will be able to cheat" in a Social-Credit economy. Grant it. What then? The law will put them in prison when caught—and their chances of escaping detection will be so much the less as the general temptation to cheat is lessened by the improvement in economic conditions, and when the honest individual is able to expose the dishonest without, as so frequently now, risking his means of livelihood.

Current Sociology.

At last the Press has refrained at this season from what had become an annual wallow in optimism. Sir George Paish foresees the complete abolition of international exchange by February. General Smuts is pessimistic to the degree of desperation as to the future of the world. Sir Arthur Salter is explicit that the arrangements made for the payment of international debts cannot stand, for the reason that they are impossible to carry out. The British Prime Minister once again demonstrates his earnestness in the form of a message, in which he sobs for a meeting at once, "for God's sake." Even on the question of international debts, however, which is as far as most publicists can see, the reformers are afraid to propose drastic remedies. The United States is willing to postpone the debt question until to-morrow, but not in any way to prepare for to-morrow. Instead of sufficient unto the day being the evil thereof, the United States prefers to spread the evil out over the future. In the meantime Germany is a prey to fears of an invasion of French bailiffs in the spring. In place of a remedy Sir Arthur Salter returns to the mentality of Versailles by discussing Germany's responsibility rather than Europe's necessity. The situation is a grand opening for a happy and prosperous New Year for all.

The true sources of the fear of cleaning up the international debt position are, of course, the wider implications of any forgiveness of such debts. If France were to "forgive" German reparations, or the United States to absolve European countries of their promises to pay for "saving civilisation," the debts would not thereby be wiped out, but would merely be transferred obligations to the shoulders of French or United States taxpayers. As both have already more than enough of difficulties in obtaining incomes out of which to meet their existing dues, naturally they resist accepting more. A person already in debt is the last to take on the debts incurred by others. Hence the weakness of the whole case for the abolition of international debts. It is not abolition which would follow, but only re-allocation—unless the whole financial chaos were cleaned up at the same time. The experts and policy-makers connected with the international position must surely see this, and, as a consequence, dare not suggest any deep-rooted remedy. Unemployment is already falling. In the United States, where wholesale prices are already growing. In the United States, where dependence on the State is regarded as criminal, unemployment has led to a system of compulsory charity which threatens to break down those industries which have managed to keep going. In present circumstances the French and American business men are not wrong to resist a further overloading with other people's debts.

When the creditor and debtor nations are considered as a whole, their debts and credits cancel out as being within the whole. But there remains one creditor which absolutely cannot be paid, namely, the banking system; and the creation of the credit which entailed the unpayable debt cost nothing to the creditor but administrative expenses—all of which have been paid over and again. Suppose that all the German international debts were forgiven, German industry would still be mortgaged to the banking-system, German and international. Sup-

pose, even, that the British internal National Debt were forgiven; British industry would still be mortgaged to the banking-system, the chief difference being that part of the collateral security on which the industrialist had raised his working funds would have been destroyed. It was not the contracts of international indebtedness which caused either monetary deflation or the fall of prices after the European War. It was the cessation of war-demand due to the slackening of the creation and distribution of purchasing-power once the soldiers and their dependants were removed from the pay-rolls, and their services as destroyers of commodities dispensed with. That was the time at which the inability of the productive system to distribute the whole of its costs as purchasing-power came most violently into operation, with the consequence of world-wide slump. Until that shortage of purchasing-power is remedied not only is a cure for the economic chaos impossible; only the merest patching will be attempted.

Rationalisation and re-organisation, which industry was called upon to carry out for the bankers' sakes, have greatly increased the gulf between the effective demand exerted by the little purchasing-power actually distributed and the cost of the goods marketed. The economic-financial position is now surveyed by industrialists and nations from a standpoint which takes for granted the inevitability of bankruptcy for a great part of the world's industry, whether its product would, or would not, be useful. One firm can survive only if it collects the purchasing-power distributed by others. One nation can survive only on the same terms. Hence the canon of the export policy: ideally, that is, no purchasing-power should be distributed at home, while as much as possible should be collected from abroad, if only in the form of acknowledgment of debt. That canon would not be disturbed by any forgiveness of debts such as the sentimental internationalists advocate. Unless enough purchasing-power were distributed to ensure the consumption of the whole product of industry up to mankind's total satisfaction of desire, adjustments of international indebtedness would merely redistribute the handicaps without altering the rules. Cut-throat competition and abortive asceticism would prevail, a state of affairs in which no nation is seriously inclined to untie any other nation's hands.

According to *Reynolds's News*, the City of London is about to take the lead in clearing up the world's financial troubles. The report, by "a special correspondent," would have been more acceptable with greater details. The present gold position "has convinced the more progressive among City men of the need to introduce a system of 'scientific barter.'" Other City authorities with whom the special correspondent discussed the question had come to the conclusion that banking-policy had failed, and that a managed currency was necessary.

"Its operation would mean nationalisation of credit and large measures of State control over industry to prevent inflation."

Here are, of course, two supplementary proposals. The "scientific barter" proposal probably comes from the Executive of the Associated British Chambers of Commerce, which not long ago issued a report on trade with Russia in which it recommended that a large unfavourable British balance should be remedied by "reciprocity." As a supplementary measure to the right distribution of purchasing-power "reciprocity" with all countries which care ability to trade is an excellent measure, and its practicability furnishes an answer to all those who have censured the Social Credit proposals on the ground of detrimental or unforeseeable effects on inter-

national trade. But "reciprocity" without the right distribution of purchasing-power absolutely could not bring about the consumption for enjoyment of the products exchanged within the reciprocal period. Many barter transactions already effected have merely led to the addition of the goods exchanged, for example, the Brazilian coffee accepted by the United States, to "commodity reserves," in spite of the easy replaceability of the coffee.

The kind of managed currency with which the "more progressive among City" minds apparently wish to supplement "scientific barter" can be inferred by reading between the lines:

"A managed currency would reduce the toll of the rentier and ease the burden of war debts, and would put finance at the service of industry."

From this it is clear that the "managed currency" idea which has taken root is the very old one of raising prices by easing credit, and controlling credit-policy by reference to a price index. If such a scheme had been adopted thirty or so years ago, when first proposed, it might at least have developed an educable temperament among bankers; and might thus have rendered true credit-reform a matter of intelligent foresight easily understood and promptly undertaken. But it is much too late for a policy to succeed which merely provides for putting finance to the service of industry. Industry can not live by producer credit alone. It is producer-credit which, along with industry, lives by demand-credit. The producer can still get credit if he can get orders. The easier, new, credit which is now indispensable is that which the consumer is entitled to, and which the community could create, required to make up the difference between the purchasing-power consumers have and the amount required by industry to liquidate cost.

If the City believed that a managed currency could inaugurate vast capital development, that might hide the gulf between effective demand and cost for a brief period. But it would merely, in the long run, pile up uncollectable costs, with the consequent exposure of the gulf under even worse conditions. The advocates of a managed currency have overlooked that the real trouble is not that industry cannot borrow, but the consumer cannot buy. The fundamental reason why work on the Cunarder was stopped was that the company had not faith in the future would-be travellers' ability to raise funds at the rate necessary for cost to be recovered in full. By all means a managed currency, so long as the correct proportion of it goes directly from the community's Credit Account to the consumer. His lack, and his alone, is the cause of the world-slump.

An interesting commentary on the world's inability to buy except in times of capital expansion is provided by an advertisement in the *Economist*

"India, the world's best customer, is attracting the renewed interest of many firms anxious to share the benefits of the country's improving purchasing-power, being brought about by numerous development schemes now in course of completion."

Will the progressive minds among City men please note that when the purchasing-power issued for this development has been extracted from India by the "firms anxious to share the benefits," the cost of the development will be irrecoverable. The increment of development will be available to consumers only if a direct issue of purchasing-power is made to them by the community which facilitated the development. Direct consumer-credit is the only way to prevent the people of the world from growing poorer all the time the productive capacity of the world becomes richer.

PAUL BANKS.

Austrian Affairs.

[The following is extracted from a letter written on December 17 by a correspondent in Austria.—ED.]

A certain Fritz Ehrenfest has been arrested in Portugal, owing to a misunderstanding on the part of the Portuguese police of the instructions received from the Vienna police, which were to the effect that F.E. should be watched—nothing more. This gentleman is accused of malversations and, incidentally, of undermining the Austrian national economy. The Austrian National Bank holds acceptances of the industrial bank (Credit Anstalt), of which F.E. was managing director, to the tune of 600 million schillings, the capital of the National Bank being only 40 millions, and its reserves, including 40 millions reserved for the pensions of the employees (!), and unimportant items, such as the reserve of about 9 millions for the support of the currency, making the private resources of the Bank up to something over 100 millions. When the industrial bank failed and F.E. quitted, the losses were estimated at 140 million schillings, whereas, after the Government had lent its support to the bank and examined the books, the loss came to look very like 1,400 millions. F.E. is not accused of pocketing this huge sum, for it is known that most of it was spent in paying the losses on the industrial concerns which fell forfeit in earlier times to his banks and to banks which his bank had absorbed. Through guaranteeing the industrial bank, the bulk of the industrial concerns of the country have fallen into the hands of the Government, which shows no appreciation at all of the hungry founding which has been laid on its doorstep. F.E. probably did the very best he could, according to his lights, to cope with an utterly impossible task, viz., to balance the accounts of national industry, and it is reasonable to suppose that those in the know are not keen on having the scapegoat tried, for his evidence would probably put an end to what little public confidence remains in the effort to run a country on orthodox lines and without any eyewash. So much for the scapegoat of the tax gatherers!

Earnest men of the old school think that, with their integrity, candour and discipline, they could make things shipshape again here. In a few months they would surely realise that the only way to balance the national budget with the exercise of these virtues would be to put a money value on them and enter them as national assets, and this they would probably be too modest to do.

If the National Bank of Austria cannot pull through much longer, perhaps the Bank of International Settlements is ambitious enough to take over the responsibility. If it is ever tempted to, it will shortly have half a dozen other hungry foundlings from this part of the world placed on its doorstep.

The Austrian Rothschilds are said by the Hitlerites to hold about two-thirds of the most valuable debentures and other commitments in Austria. If this is true, the holdings would mean more than royal power, if the country were a going concern. As it is, an honest auditor would probably want them entered as a debit item. Whether the other branches of the family will be able and willing to help hold the position will surely depend upon the length of the crisis.

The State Railways are now at the point when they can double rates and fares without increasing revenue, and the State has to cover the big deficit. Another hungry brat!

For a long time the most flourishing concern in Austria was the tax department; there seemed to be no end at all to its resources. Now, however, reports seem to indicate that every peasant in the country must be distraised upon several times a year. Naturally, feeling between the peasants and the bums is tending to unfriendliness, so that it has been found desirable that the bums should wear velvet gloves, and be delicate about leading the last goat away from a cot to be auctioned for arrears of taxes.

Industry is subsidised through the Government support of the drooping industrial bank, the railways are subsidised because they belong to the State and cannot be made to pay, agriculture is subsidised because the farmers are sufficiently strong politically to insist upon a subsidy, and the unemployed are so numerous that they must be helped when their fund is depleted.

Last time every other resort failed, the State printer handed notes to the baker to enable him to sell bread at about an eighth of the world level. To how many articles

will the Just Price apply the next time the printer is called in to tide over an agony?—and the next time after that? Still, the skeleton which is shining through Austria's skin is identical with that of every other country.

There is another interesting feature in the situation, namely, that although every circumstance likely to induce a very sharp rise in prices is at hand, with a single exception, money is being kept very short, and prices are falling. The National Bank's bill portfolio amounts to only 860,000,000, including the acceptances from the Credit-Anstalt, which alone amount to 600,000,000 schillings, or about £20,000,000. The population is six millions.

The Credit Time-Lag.

A closed area is one in which all trading and money transactions are internal; there are no imports or exports.

Suppose a closed area in which the community has done everything which the bankers are to-day enjoying people to do—namely, to sacrifice their sectional interests for the general interests. Suppose that by some miraculous change of heart the rich pooled their wealth with the poor, and that all agreed to share the profits of trade equally—so that industry became, as it were, one single co-operative society in which every inhabitant of the area was a shareholder to the same amount as every other. Suppose also that everybody had a job and was willing to draw the same wage as everybody else irrespective of what the job was. There would then exist a situation in which there was no psychological impediment to a programme of developing production up to the limit of the resources of the area. And if those resources were plentiful enough to yield, let us say, twice or thrice the quantity of goods that were then being made, there should be no impediment to doubling or trebling the rate of distribution, i.e., the general standard of life. As for the financing of this, let us suppose that there is one bank, in which everybody is an equal shareholder.

A manager is appointed to run the bank and look after the lending of money; and another manager to run the Society, and look after the pricing of goods. Neither derives any personal advantage from what he does—he merely gets his salary, like everyone else, for doing his job.

In these Utopian circumstances—public ownership of all the means of finance, production, and distribution, accompanied by willing co-operation on the part of everybody—one would expect to see an unchecked progression in the economic prosperity of the people.

But let us see what happens according to the rules of sound finance as applied to the functions of the two managers. We will designate the bank manager by the initials B. M., and the society manager by the initials S. M.

Now the existing rules provide as follows: (a) loans by a bank are repayable at will; (b) borrowings from a bank have to be repaid by the borrower, i.e., the repayment has to come back via the borrower's account. As a consequence of these rules the public all the time has borrowed and spent as and when the bank requires. Now, as a matter of normal practice, the end of the average duration of a bank-loan is a matter of a few weeks, but say three months. On the other hand, the economic-processes in general will be somewhere between a few months to fifty years. The latter period refers to buildings, machinery, railways, and things of that sort. Notice that the end of an economic process is not ended until the factory and equipment are worn out in services rendered to the community. This distinction sounds academic, but its practical implications are vital.

Now, in the case of this hypothetical Society, let us assume for the sake of argument that the average period of all economic processes is twelve months, and that, as already suggested, the average duration of bank loans is three months.

The B. M. now creates, say, £100,000 and lends it to the S. M. The Society gets to work making all sorts of things; and its members, let us assume, receive the whole sum as earnings. Let there be 1,000 members. They will

earn £100 each. At the end of three months the S. M. has to get that money back. He does this by selling things. But what things?—and at what price? *Ex hypothesi* three quarters of the things are still in the making (i.e., the production process is not complete), or, even if made, are suitable only for service within the industry, and not for immediate consumption outside (i.e., the economic process is not complete). There remain, then, only one quarter of the things ready for sale.

The S. M. has two options: (a) he may price the saleable things at £100,000; or (b) he may price them at some less figure, say, £25,000, and raise the remaining £75,000 by issuing new share-capital in the Society. He has got to adopt one of these alternatives to get the £100,000. When he has got that sum he returns it to the B. M., with the consequence (as is now well known) that the money disappears from circulation, and the record of its issue and repayment disappears from the published accounts of the bank.

Assume he chooses the second alternative—for this is in accordance with current procedure. The consequence is that the 1,000 people have consumed one-quarter of the total production; and each has a new share-certificate valued at £75,000, representing the unfinished and undelivered production.

Now arises a peculiar situation. The S. M., representing the Society in its aspect as a productive and distributive mechanism, owes the 1,000 people the sum of £75,000. By hypothesis he ought to be in a position to repay them that sum in full during the next nine months, because by the end of that time all the production begun with the loan can be completed in a distributable form. But he has no money: nobody has any. And before he can pay them anything at all he has first got to collect it from them somehow. That means his adding £75,000 into his costs and prices during the next nine months. In other words he must account to the Society's debt to these people as a new price-charge against them! A "ramp" you will say. But not his ramp—he can't help it. The B. M.'s ramp?—No; for he can't help it. Each is disinterestedly following rules. But there is a ramp nevertheless—and the ramp is in the rules. Whoever is responsible for applying such rules to-day is a candidate for Bedlam or Pentonville, according to whether he is aware or not of what they lead to. You may suppose, if you like, that the S. M. tries to solve the difficulty by borrowing, let us say, £175,000 from the B. M. That would enable the people to earn £175 each as against £100, and in that way receive as extra earnings the same sum as they had invested. But on the other side of the account there would be £175,000 new costs to be recovered from them to repay the B. M. on the due date.

It will be seen that, as a principle, a bank-loan issued for any particular economic process should not be exhausted in repayments to the bank until the process is complete. In this illustration, supposing that the S. M. and B. M. had a free hand to make the rules, there would be no difficulty at all. The S. M. could price the saleable portion of the products at a quarter the cost of all the products, i.e., at £25,000, leaving £75,000 in the hands of the community available to buy the other three-quarters later on. Or, to prevent the money being in circulation in advance of the supply of the goods, he could charge the whole £100,000, and apply the 75,000 to financing discounts from future prices. As for the B. M., he could adjust his accounts accordingly. So long as the S. M. was producing and distributing all the things the people made and wanted—the substance of economic soundness—the recording in bank ledgers of what was taking place—the financial shadow—could be done by any schoolboy.

"Too simple to be of any use even if true," will be a likely reply. Quite so, but the object of this article is to show that there is a mechanical error in the existing financial system which is bound to hold up economic activity irrespective of any improvements in social and political relationships or in methods of production and administration. Readers will do well to remember that the bankers' ideal is the world-state, world-industry, world-currency, and so forth—in fact, our assumed Co-operative Society expanded to world dimensions. If then the public are exhorted to go short of everything while the bankers are going ahead with this grandiose hundred-year plan, it is worth while investigating what would happen when it was complete. The ramp in the financial rules would still remain. There is not the slightest need to simplify the complexities of human relationships in this fashion as a prelude to changing the rules and applying them. The Social Credit Proposals are correctly designed to apply the right principle to conditions as they exist to-day, to-morrow, or at any moment when our precious statesmen wake up—or are awakened more or less roughly—to the necessity for adopting them. A. B.

Money: Destroyer or Liberator.

By W. T. Symons.

[Based on a public address recently given by the author.]

The point at which we handle money is the point at which we each contact the whole of world-events. If we understand money, as it touches us all in the pay we receive and the prices of things we want, we have the key to the world situation, and we also have the key to our salvation from the distress of the present time. Unless the money problem is solved there is nothing before us but the dying away, and in parts the furious destruction, of our whole civilisation. On its technical side are plenty of qualified men. But we have to know just enough to make our demand for a solution felt.

History repeats itself. We are now, strangely enough, at the same point of need as when money was first invented, although the fact is hidden by a thousand complications. Indeed, it is necessary to invent it over again on the same principles—it has got lost. The simplest way to express the situation is this: Behind money there is something GIVEN; in religious phrase: given by God. That which was "given" in the ancient world was land, and the fertility of plant and animal. To this has been added the labour and invention of man, and money was first used to represent some part of what was "given," upon which a man's labour had been expended—an animal he had reared, food he had grown, a thing he had made. And that was satisfactory because nothing was reckoned in the price for what were Nature's gifts. But to-day a great part of the prices we pay are Nature's gifts, with the result that the money in people's pockets, which still only represents their labour in some form, is never sufficient to buy the goods that are made. And the position gets more difficult as Nature is more and more drawn upon, by the use of the sun's power, in steam and electricity, whilst we get less and less money, as machines and inventions of all kinds lessen the call for our labour. Let us trace the process out very briefly.

Early forms of money were a disc of leather or shell, which everyone knew could be again exchanged for some other thing when the holder wanted it, some other thing in which was felt to be—added to the gift of Nature—a roughly equivalent outlay of work and time. The seller did not happen to want anything the buyer could supply, so he took a token which enabled him to get what he wanted from a third person. This sounds very simple. But see its great significance: Money is a device to replace direct exchange of one thing by another. Until that was thought of, men's lives were mostly cramped to one locality and to an almost completely unchanging life. Money altered that condition.

The nature of money is twofold: (1) a convenient record of an exchange, to save enslavement in time. It can be spent, i.e., exchanged again, for any commodity regarded as of equal value, in the future; and (2) a token, to save enslavement in space. It can be carried about, or conveniently stored, as the thing it represented could not.

Out of this progressive release from enslavement to time and to space, has flowed civilisation. Mobility: the possibility of movement in time and space is the signal characteristic of advancing civilisation.

So long as Money served those two simple ends it was an unqualified liberator. It might be the same to-day—indeed, it must be made to serve those purposes.

But such a device contained its own dangers; firstly, the danger of tokens being taken by force from those whose labour had been given for them, whereby they were enslaved. The misuse of money in ancient history, right up to the beginnings of machinery, following the discovery of the power of steam, was mostly of that nature.

Secondly, the danger of fraud. The working out of that second danger has two stages: the one, in which that which is GIVEN—which in its nature belongs to us all, and which is GIVEN—which has been steadily made the private privilege of a few, and then maintained as their privilege by making us all pay out of the tokens we receive for our work, for the product of natural forces and inventions of the past—or go without. That was bad enough; but now a further stage has been reached, in which a great trade is done in the tokens themselves, and real things are no longer represented even by tokens, but by figures written in a book, for which no tokens are issued to anybody.

That which is GIVEN—to us modern people—now includes, besides the original gifts of the earth and of invention, the magical inventions of men, which, when the inventors have been paid for their part, go into common use and belong by natural right to the whole community. And that is called "Capital," and it is by the money system that this common property is prevented from benefiting everybody. The matter is not that certain people have it, but that they prevent the rest of us from getting the goods

that "capital" is used to make; and this they do by the money system through prices.

This misuse of money has its limits; it can only work so long as *somewhere* enough money is being issued to buy all the things made by our work. But that is now an impossible task, without altering the money system, for that which is "given" by the past is so immense a power now that it is replacing mere labour, by machines and electricity and a thousand devices, which make a hundred things come out of one man's work, whilst money only gets into purchaser's hands in payment for taking part, in some way, in the making of things. The money representing what is called now the "cultural inheritance," is kept as figures in a book; consequently, there are never enough tokens to buy the products of industry. And as the tokens are now a monopoly, the only way to get more is to borrow from the monopoly, which, instead of converting the figures in the books into tokens as the stored-up ability is used, is trying to cramp us back to the conditions of earlier ages, by destroying the real wealth of the world, and by preventing more being produced. We all know of the destruction of cotton, corn, coffee, etc., and imposed reduction of acreages sown.

It is the dilemma resulting from that process which is being met by pressing us all down into a poverty that is a lie and totally unnecessary.

The main activity of the money system of Capitalism is now the denial of all the realities of the world, and it is bringing us back to a degree of confinement within time (we cannot build up our lives with any security for the future) and space (by restrictions upon exchange of the world's goods and upon travel) which we have in reality outgrown; and to a withholding—simply to increase the power of a few to an extreme degree—of what results from the collective and continuously unfolding work of man upon nature, which in the biggest sense is Nature too.

This is equally true of what is called public as of private enterprise. The public—no less than the private—enterprise is compelled by the money-laws within which it works to sacrifice its real usefulness to the accumulation of figures in a book, so that although it is offensive to see very rich people alongside the poverty of nine-tenths of the population, a successful public concern—in the sense of having "good" figures in a book—is just as injurious in its effect upon ordinary people. It is no good blaming either. The evil is not to be solved except by going behind both, and there you find the money system. For the evil of "Capitalism" is not in private ownership, but in the money system by which it is worked.

Now what is the remedy? It is to return to the original principle of money as liberator. But with a difference. For as no one in that early time had even *imagined* claiming ownership of what was "given," in such a way as to exclude others from its enjoyment, and therefore money only represented *work*, we have *now* to make the principal purpose of money, the restoration of what is given—distribution of all the enormous wealth the world has created so that everyone shares in it. And the *secondary* purpose of money is payment for services of every kind. Obviously money expressing the great accumulated wealth cannot be paid as wages for work done to-day. For it is the product of centuries of men now dead. Neither those who work to-day are entitled to it, nor those who draw dividends to-day. It does not belong to either. But all men are entitled to a dividend representing what is given, by the original gifts of God and the accumulated additions of men throughout the ages. The principle of the dividend is a right one, but no solution of our modern difficulty is possible unless the dividend is the normal basis of everyone's life, *not* upon any one undertaking, but upon the whole. And a man's earnings, from benefits he confers upon Society, as worker or artist or inventor, or custodian of property or factory, whatever he does for which he is paid, must be an *addition* to his birthright as inheritor of the wealth of all the ages.

Let us grant that the true purpose of money is to be a liberator from human slavery to one time and one place, and that some way must be found of getting money into people's hands to enable them to buy the additional things which come from the machines and the use of nature's powers, steam and electricity. We are concerned with the world as it is at this moment, the world in which all the world has passed to those who do not own tokens, but who can create and destroy them at will. To conquer them we must return to the *free* distribution—by means of money—of all that is "given," and thereby enable *earned* money to serve the further purpose of extended freedom in time and in space. This free distribution is not only an act of human justice, but so *true* is the world that it is also the only line of action which can save the world from getting deeper and deeper into misery. The real difficulty that there is too little, but too much for the money system to distribute. There are only two ways of dealing with it. Either we must go through the awful suffering of destruction, so as to get back *literally* to the starting point again, or we must utilise the artifice of money to represent the whole of human progress. If this is done a greater and

truer revolution will have been brought about. The question of to-day is nothing more or less than, which is it to be?

The most important key to the solution of the problem is contained in the doctrine by which the Christian Church tried to hold money to its original purpose, the doctrine of the Just Price as between seller and buyer. It is in this we each come in contact with the whole of world events. For us, our lives depend upon the prices of goods and the payment we receive for our labour. Therefore, if we find a right principle for prices and for pay we have begun the essential revolution.

There are many ways of using money to release the world, and probably the simplest is to give new meaning to The Just Price by deducting from prices of things we buy in the shop, that part of them—a very large part—which represents gifts of nature and the labour and invention of the past. This part of price should be made up by creation of money as a gift to us all.

Another method would be to create on this safe basis the money necessary to defray what is now met by taxation. Of course, this is largely what is done at present, but now it is created as a *debt* to the Banks, which is really absurd. In any case it can never be paid back, it only creates figures in a book, but it gives those who create it a dangerous power over us all. The whole trouble of paying back bank-created money is really over the impossibility of paying back bank-created money. They *ought* to be paid back, of course, to balance their books, but the money to pay them back should be created by the State, on the security of that whole vast wealth which is "given," the national credit, as it is called in modern phrase.

The great point is that without waiting for that distant dream of International co-operation, any great country—certainly Britain—could put its own house in order financially, and thereby make the greatest possible gesture towards world-peace, whilst bringing to an end the suffering which artificial poverty imposes upon her own people.

Review.

Why The Pound Sterling Is Doomed. By Frederic E. Holsinger. (Published by the Author at 63, Torrington Square, W.C.1. 32 pp. Price 1s. net post free.)

Mr. Holsinger proposes that the Bank of England should issue notes against deposits of goods (which might include silver) in terms of the gold value of those goods on the day of issue." The notes should be "redeemable in any of all of forty or fifty commodities that have a definite place in international markets in terms of their gold value on the day of conversion, the £ reckoning as the equivalent of one sovereign, or 113 grains of refined gold." There is no other basis, he says, upon which the Gold Standard can be restored, and "unless we restore the German mark 'pound sterling' must go the way of the German mark within six months, a year, or two years." On page 19 links Major Douglas up with "Keynes, Kitson, and others as people 'hoping for' the 'complete abandonment' of the Gold Standard, and says of them that they 'simply do not know what they are talking about.'" The book contains some data on the history of the Gold Standard, together with an inquiry into what the minting of coinage, together with the meaning of the only value of threshing out the meaning of how much currency or credit ought to be out in circulation at any given time; that is to say, to establish some rule of loan-regularity. But so long as the contributors to the controversy ignore the necessity for price-regulation the hunt for the right rule will go on indefinitely. The fact that there must be (as Major Douglas has proved) a shortage of credit-circulation power against total costs at any level of necessity for restriction will persist continuously. And unless the true cause of this apparent necessity is recognised and dealt with, the bankers' present policy is perhaps best left alone. At any rate, in such circumstances, they can get the best of the argument whenever they trouble to meet their critics in close quarters.

Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:
Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.
Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

News Notes.

A NEW AUSTRALIAN NEWSPAPER.—On October 26 the first number of a new evening paper appeared. It is called *The World*. Its policy, we are informed, is pro-Scullin and anti-Lang, but this information does not make it clear whether the policy is "Labour" or "National." Nor do we know where it is published; but should gather from the internal evidence of the pages sent us that it is Sydney. No doubt our Australian correspondents will advise us in due course.

THE ECONOMIC CONSEQUENCES OF THE BIBLE.—The Bishop of London, in a sermon on December 13 (*Times*, December 14) said that seeing 12,000,000 copies of the Bible had been sold—"the world's best seller," he called it—the world was still in need of the spirit of Christianity. (He draws too wide an inference; for a vast number of consumers get their Bibles at the "justest price of all," namely nothing—the difference between cost and revenue being made up out of donations to Missionary Societies. The Chinese, we have been told, not infrequently find the leaves useful as shaving-papers.) The Bishop stated that when he was travelling from Manchester to London recently with "one of the most famous financiers in the world," that gentleman said to him: "We financiers cannot save the world. We can only save it if you Christian people will help us. If you can replace suspicion and hatred by trust and love, you can save the world." Then he artlessly added: "The Prime Minister's speech at Guildhall amounted to the same thing." It would!

COMMERCIALS.

Who are these with anxious faces,
Seen in town and busy places,
Journeying with weary paces,
Carrying their attaché cases.

Watch them and you'll see them stopping,
Into shops they keep on popping,
Then before your eyes can flicker,
Popping out again much quicker.

These, let me inform you, sirs,
Are Commercial Travellers;
And their mission, it transpires,
Interviewing men called buyers.

Yes, their path on earth is rough,
They are punished quite enough,
When they walk with anxious faces,
In the towns and busy places,
Journeying with weary paces,
Carrying their attaché cases.

EPILOGUE.

So when these long-suffering mortals
Knock at the celestial portals,
Show their cards and tell their story,
Wide will ope the gates of glory,
While below ten thousand buyers
Scorched amid eternal fires,
Plod with weary, aimless paces,
Carrying attaché cases.

"ON THE ROAD."

BEHIND THE GRILLE.

From the film, "Sunshine Suzie," at the Capitol. "Bank Directors? You know they have always got iron bars in front of them, to remind them of the future."

AUSTRALIAN SOCIAL CREDIT DIRECTORY.

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Da Costa, C. B., architect, Deagon Street, Sandgate, Brisbane. Secretary, Brisbane Social Credit Group.

LETTERS TO THE EDITOR.

M. OUSPENSKY AND THE INNER CIRCLE.

Sir,—May I comment on your recent article on M. Ouspensky's new book?

Though your reviewer's irony seems to me justified as regards the particular author, it is misleading in the general sense indicated in paragraph I., immediately following the Blake quotation. (Blake, by the way, was no spiritual democrat!)

There must be in some sense explorers of spiritual values, of undiscovered spiritual territory, just as there are explorers of material values, and there will, therefore, be persons specially fitted to undertake the arduous work, and very real austerities involved.

In this sense then the inner circle exists in matters concerning the spiritual consciousness of man. But the "inner circle" is found everywhere; in all activities, among musicians, tennis players, mountaineers, or in the bridge club. Certain significances will be understood by this inner circle only; this is an inevitable law of Nature. In matters which concern the spiritual development, "secrecy" is greater, because an understanding of the significances requires not only special knowledge, but also a higher level of development. It is too obvious to need elaborating, that in this case especially, words can convey no meaning without a corresponding grade of receptivity.

The trouble begins when "secrecy," instead of being an inevitable fact, becomes an end in itself, when spiritual growth is used as a power lever to raise the devotee to a standpoint from which he can look down upon the rest of humanity, when the hall-mark of the esoteric cult is will-to-power with contempt for all but the elect.

The tone and flavour of each man's communications are alone the test of their true worth. M. Ouspensky has never attempted to disguise his scorn for the ordinary man, and, by implication, his belief in himself as a kind of superman. Concern for the welfare of humanity, together with the other first steps of the initiate, personal humility, tenderness and charity, are wholly foreign to his outlook and disposition. The irritation of your reviewer is natural enough, but his common sense should have saved him from the pitfall of generalisation, and led him to realise the inevitability of the "inner circle," where sincerity and right intention alike are exploring the higher levels of human consciousness.

DOROTHY DUDLEY SHORT.

PASSING THE BUCK.

Sir,—The above phrase is of American origin, and in plain English means shirking responsibility. In your "Notes" you have clearly shown how cleverly the bankers have anticipated a downright inquiry by making the issue an international one, and I am now beginning to wonder if, when the representatives of the various nations meet, we shall be told that nothing can be done until the question can be discussed with individuals from Mars, Venus, Saturn, Neptune, Jupiter, and Uranus. How public writers allow themselves to be toed in the rear in this game of passing the buck may be seen in the following extract from a daily paper:—

But the French are a perfectly logical nation, and that, in the end, is the great consideration.

Now that they have recognised that they have been caught up in the world economic crisis, they will be not merely "good Europeans," but "good worldites."

And yet, in a recess of my mind I recall imperfectly a thought by Goldsmith, I believe, —
"If everyone his own doorstep swept,
The village would be clean."

CHRISTOPHER GAY.

SOCIAL CREDIT AND RACIAL PROBLEMS.

Sir,—I beg to enquire what effect Social Credit would have in settling the Colour Question, and Equality of Race?
A. DOUGLAS USHER.

36, Framfield Road, Highbury, N.5.

(1) The "Colours" would sort themselves apart. (2) The "Races" would forget about inequality. Most psychological problems of this order are caused, and all of them accentuated, by economic insecurity. Perhaps other readers would like to supplement this short answer privately to Mr. Usher.—Ed.]

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The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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