

THE NEW AGE

INCORPORATING "CREDIT POWER."
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Recent events in Australia show that the bankers are at last preparing to meet the challenge of the Douglas men in public. The manner in which they have begun suggests that their strategy is (a) to obscure the technical nature of the challenge and (b) to sow doubts of the intelligence of the challengers.

Professor Copland, probably without knowing it, managed to do something in both directions in his Melbourne address. He (a) took Major Douglas's opening statement in the A plus B proposition and exhibited it as the conclusion, instead of the beginning, of an argument. He then (b) fastened his "surprise" on Major Douglas, expressing his "overlooked" that Major Douglas should have "Professor Copland, proceeded to point out to the audience as—so to speak—his own discovery. His hearers would naturally, therefore, receive the impression that Major Douglas had not referred to those facts in his writings. The effect of this "a" plus "b" method of countering the A plus B Theorem is to create the legend of the "Douglas Blind Spot."

It therefore becomes necessary for Douglas men to concentrate on an appropriate counter-strategy. That will consist in formulating the essential challenge in terms which compel the bankers to answer it directly. What the formula should be is a question which need not be decided in the present article. The basis of the formula, however, can be discussed. We can ask ourselves what are the various aspects of Social Credit, and what is the order of their relative importance.

For ourselves we like the following analysis. It satisfies us to juxtapose what we will call the *Douglas Costing-Analysis* on the other hand with the *Douglas Credit Proposals* on the other. These designations are open, no doubt, to improvement; but they serve the purpose of differentiation which we wish to emphasise. Now we are all agreed that

the validity of the proposals depends upon that of the analysis. This means that the problem of Cost takes priority over the problem of Credit. It means that if the flaw in costing which Major Douglas claims to have demonstrated does not, in fact, exist, then not only are his credit proposals irrelevant, but—and this is vitally important—so are all the schemes and plans of all schools of credit reform. Let any credit reformer adopt the premise that the collective national accounting now in operation is accurate, and we could demonstrate to him that the policy and technique of the bankers is far and away beyond his competence to improve. Under any conceivable system of money-economy, financing and accounting are functions of each other. It is here where the bankers of the present day may claim to be pre-eminently competent to run their system without lay advice or assistance. For they have a probably perfect knowledge of how to adapt the present-day regulation of credit to the exigencies of present-day accounting. The consequences outside their system are notoriously bad, but there is no ground for expecting to improve them by interfering with one of two inter-functioning factors inside the system. It must be both, or neither. To attempt either separately would be much like fitting turbine-blades on the piston of a reciprocating-engine.

Cost, Major Douglas has explicitly laid down, is the core of the problem. Hence, in the final phase of our action against the bankers on which we are entering we must clear the decks of everything which obscures that fact. Professor Copland's remarks teach us what to do. We must choose for the opening of our case precisely that part of it which Major Douglas has been said to overlook. Happily, there is a way of doing so that will, at the same time, emphasise that part of it which Professor Copland overlooks.

We do not lay down the exact and final formula, but we suggest that it should take something of the following form:

Major Douglas challenges the orthodox assumption that because all present collective costs are the sum of past distributions of incomes, the sum of

present distributions of income must be equal to present collective costs.

Example of what the assumption implies. Take the building up of the cost of a railway journey from the beginning when iron was mined, through its stages of manufacture into machinery, which machinery in turn rolled rails, and hammered and stamped engine-parts, until the moment when the engine is ready to draw the train on a particular day. The total period covered may be something like twenty years. Ignore all other items of cost in the price of the railway journey but the item charged on account of the engine. Suppose we say that it comes to £4 6s. 8d.—this figure being the sum of twenty years' wages at one penny a week. This sum is now to be collected from the traveller, who will pay it out of his present wages.

Question.—Explain how the traveller receives in wages £4 6s. 8d. to-day as an automatic consequence of the payments of pennies over twenty years previously. Adopt first the hypothesis that every penny paid out was a fresh penny, and argue accordingly. Then adopt the hypothesis that the same penny was paid out and collected week by week, and argue accordingly. In these respective cases explain whether the payment of 1,040 pennies, or the payment of the same penny 1,040 times automatically provides £4 6s. 8d. to be paid to the man-in-the-train, or whether the knowledge of what has happened in the building up of the cost inspires somebody or other to pay this man £4 6s. 8d. to do some new job or other—not forgetting to show where the employer gets the money from.

A cost is a record of past expenditure (history) on the basis of which somebody possesses a present claim to collect it (law). But a historical fact and a legal claim do not create money. Yet money is assumed to be available to meet the cost. On what ground?

The bank apologists, in short, have to prove that, under the present system of costing and selling, either there is no leakage of purchasing power during the period of production, or that, if so, the leakage is made good when the product is ready for sale. If they cannot do so they have no right to say that industry's price to consumers at any time measures the amount of consumers' incomes at that time; and they are obliged to concede that, at the very least, Major Douglas's declaration that it does not is antecedently as credible as their own. For convenience let us call the latter theorem (whatever it is) the "Niemeyer Theorem" in contradistinction to the "Douglas Theorem."

Suppose they tried to propound the Niemeyer Theorem after the model of the Douglas Theorem. They would have to proceed something like this:

At any given time the total of wages, salaries and dividends disbursed by industry may be divided into two categories: P—that part recoverable by industry promptly; and D—the remaining part, the recovery of which is deferred. The ratio between P and D is the same as the ratio between the amount of real wealth bought promptly from industry by the community and the amount of real wealth left behind for deferred delivery. The amount left behind may be comprehensively defined as real capital; and its money-value (at cost) as financial capital, or F.C. In that case, at any given time D is equal to F.C.: which means that the community possess at any time a margin of spare income equal to the cost value of all existing capital assets.

If, however, this conclusion proved unconvincing to a public who began to count up their spare income, the apologists might propound an alternative theorem, or rather hypothesis, somewhat after this model:

If at any given time D is less than F.C. the margin

reflects the inability of the community to exhaust industry of its existing wealth. This inspires *Confidence*, varying directly with the proportionate size of the margin, and causing an issue of new loan-credits for expanding production to be put into circulation in such quantity as to increase D to equality with F.C. Thus, at any given time, the mechanical lag in purchasing-power automatically creates a compensatory spurt in enterprise; thus maintaining a constant equilibrium between the people's incomes and the prices of what industry can get ready to sell them.

The apologists would find this reasoning suit their purpose better because the unintelligibility of the argument would impress the public.

If apologists for the present system deplore imputations against their "intellectual honesty" (as does Professor Copland) the remedy has always been in their own hands. They have neglected to do, for thirteen years, what we and our supporters have been pressing them to do all that time—namely, to publish an authoritative answer to Major Douglas's analysis. If they should plead that their discretion has been fettered until now, that would be a virtual admission of intellectual dishonesty. If, however, they have been free to speak as and when they would all this time, what other construction could they expect us to place on their silence than a derogatory one? If, as Professor Copland remarks in his official apology, Douglas's proposals constitute a "heresy," the heresy was just as recognizable in 1919 as it is in 1932. (We may observe, parenthetically, that the Scottish Bankers' Association did not regard it as such when first announced.) We do not know of any branch of scientific theory where the authorities would hesitate to examine a deliberate and reasoned challenge to an axiomatic principle, and to do so publicly, at least in the literature connected with that particular science, if not in popular form. "God will forgive my sins," said the dying Heine to his friends. "That is His profession." And if it is not the profession of economic experts to examine "heresies" for the sake of knowledge itself, apart from every other consideration, whose is it? They should have shown the falsity of the Douglas Theorem—the prime scientific reason that it was false—which means that they should have done so immediately they detected its falsity. They have not. They are now in the dilemma of having to plead that they have only just found out the flaw, or of having to admit that though they knew it they have only just decided to expose it. They thus confess themselves either to be technically incompetent or false to the spirit of scientific enquiry.

Their neglect is all the more inexcusable because of the vital practical implications of Major Douglas's conclusions. They have waited until Australia is sown thick with "Douglas heresies." Says Professor Copland: "I am not so optimistic as to believe that I can induce all of them to recant what I believe to be a heresy." If Douglas were wrong the difficulty would be one of hope, not of own creation. For he brought a false appearance into the world which, if it were a false appearance, should have extinguished when it first appeared. Instead they have let the hope get a hold upon thousands upon thousands of Australia's best citizens, so that now to extinguish it, or even to tempt to, borrows the semblance of an inhuman act, and otherwise threatens the Commonwealth with a bitter political situation in the Commonwealth. Professor Copland expresses the sentiment: "The difference of opinion should not cause enmity."

Facts and Fallacies of Douglas Credit. By D. Copland, M.A., D.Sc. (Melbourne University Press in association with Oxford University Press), Victoria, Australia. 32 pp. Price 1s.)

Quite so; nor would it if the difference had been ventilated in 1919. At that time people would have let hope wait upon judgment. But for thirteen years the silence of the experts has been giving consent to hope, with the consequence that to-day popular judgment waits upon hope. That is to say, the spirit which animates the thousands who are flocking into the Social-Credit schools is that of learning reasons for a faith that is already in them. "Lord, I believe," cried the jailer, "help Thou mine unbelief." The faith of these people is founded on the collateral evidence of what is happening; and it is not to be shaken by any conflict of direct evidence as to why it is happening or how to put it right. "In the present slump," remarks Professor Copland, "he [Major Douglas] has been able to secure considerable support from the many people who feel that there is something unsound in the monetary system." Considering that "the present slump" was predicted by Major Douglas when orthodox experts were exhorting producers to prepare for a majestic post-war world-demand, to whom but him should disillusioned people turn for escape, and in what diagnosis of the "something wrong" should they repose their faith but his?

"But how do you know that it's true?" "How? Because it's damned well got to be true!" This apocryphal fragment of conversation is applicable to the present situation. It is now too late for Social Credit to be unsound. The just cause and impediment should have been urged when the banners were put up: and it is now impossible to dissolve the union of Democracy's aspirations with Douglas's objectives. The twain have become one flesh. "Douglas, right or wrong," is coming to be a deep-felt popular sentiment.

Naturally, and rightly, all students of Douglas who grasp the technique of the subject are keen to hold the logical front of the battle-line against attacks by the orthodox experts; but the Social-Credit army is not waiting for an issue to that particular kind of fighting. For in addition to the Douglas men who conduct frontal technical arguments in favour of the diagnosis, there are a multitude who prefer to conduct encircling general arguments, which comprehensively can be summed up in the challenge: "How is it that, if Douglas is wrong, everything all over the world is happening exactly as if he were right?" This is the attitude that the people will take; and Professor Copland will not alter it by offering them dialectics and diagrams.

During the last thirteen years the bankers have been hastening on with their policy of unifying the world's finance with the express object of preventing any nation adopting a financial system not assented to by the rest of the world. Social Credit teaching has been boycotted while they have gone on with their arrangements to suppress demands for the Social Credit policy. It may be that their readiness to allow the subject publicity at the present time is a sign that they have completed their arrangements, and feel themselves in a strong enough position to risk the growth of a popular demand for Social Credit, whether in Australia or anywhere else. If this hypothesis is right, the object of their releasing anti-Douglas literature for public consumption is not so much that of dissuading people from accepting Social Credit-teaching as that of preparing a moral justification for their intended refusal to allow it to be adopted. The most intelligible and credible statement in Professor Copland's book is its concluding sentence: "I need hardly add that there is no prospect of such action by the Australian banks"—the "action" being that of putting the "Douglas Theory into operation." This is like concluding:

"Anyhow, there is really no need to discuss honest differences of opinion about the soundness of Social Credit: you won't get it in any case."

If that is so, then Professor Copland's complacent contemplation of his failure to induce Social Credit "heretics" to "recant" is understandable. It would not matter if none recanted. His arguments against the A + B Theorem are no easier to understand than arguments for it. Arguments on both sides must necessarily be beyond the grasp and outside the interest of the ordinary Australian citizen, having regard to the technical nature of the matter in dispute, and its apparent remoteness from the practical affairs of this life. Both sides put up a show of knowledge; and that is all that the ordinary man sees in the thing. For him to take any interest some antecedent influence must make him wish one side or the other to be right. Now, on the Social Credit side there is everything in our general statement of what is wrong and how it is to be put right—calculated to induce ordinary people to study the technicalities involved. But no conceivable corresponding statement accompanying the "Niemeyer Theorem" could induce anybody to take an interest in studying it. There is no inspiration in the Niemeyer Negation:—"Things have got to be as they are." At the same time there exist a considerable body of influential people who would prefer to see things remain as they are rather than have them changed by the Douglas method. Chief of these are the bankers, but they embrace also judges, bishops, generals, admirals, educationists, sociologists, politicians, and so on who, many of them unwittingly, are psychologically resistant to the idea of the extension of economic security to every individual in the community. Of such are Copland's potential public—congenital inhumanists. They will wish Douglas to be wrong, and since those who wish him to be right can make a show of knowledge, so they, too, will buy Copland's booklet to learn how to do it. To these intellectually honest people we must add that other category of careerists who are ready to oppose anything disapproved by the dispensers of financial, political, and social patronage. All these, then, will add the A + B Theorem to their repertoire of subjects, and proceed to create a body of apparently spontaneous conviction that Social Credit is technically unsound. This had to come; for the bankers cannot openly be judges in their own cause, and must get disinterested supporters who must appear to know as much as the Douglas men. With this apparently instructed and responsible moral support behind them, and its influence at their disposal, they can safely resort to any form of violent suppression of unrepentant "heretics" that the Star Chamber of Finance may decree. Those who remember the Archbishop of Melbourne's violent outburst against "inflationists," and bear in mind that Professor Copland indicts the Douglas Proposals as inflationary, will see that this contingent forecast is by no means fanciful.

As we say, however, all this sort of manoeuvring has come too late. Its only chance to succeed would have to come from some blunder in leadership on the Social Credit side. The moral is that the leaders, and as many followers as possible, should study intensively the structure of the governing system which they are up against with the express view of warning the Social Credit Movement against letting their enthusiasm and impatience drive them into hasty spectacular action. Time fights for us, and until some unmistakable opening suggests a dramatic change of policy, the policy of patient, peaceful, persistent permeation which has brought us where we are will take us further on the way to our triumph.

Irish Affairs.

Arising out of our "Notes" on the Irish situation (September 22) we have had private correspondence from several readers. Perhaps the most important point made is that even supposing Mr. de Valera's Government, the I.R.A. leaders, and all other supporters were in favour of adopting the Social Credit policy, the Senate holds the power of delaying for thirteen months the enactments necessary to implement the policy. This is a political problem; and it would be presumptuous on our part to lay down the law on how it should be tackled by the people on the spot. We can only discuss hypothetical policies in broad principle, and in doing so must ignore all the cross-currents of suspicion and animosity which, for all we know, might be sufficient to hold up any advance towards establishing Social Credit—especially if the bankers got a thirteen-months' free hand to embitter the relations of the Irish people with each other and with Great Britain.

We remember that very soon after Mr. de Valera took office there was a passage in one of the messages from the Correspondent of *The Times* in Dublin where he said complacently that the new Government would be found to lose prestige and popularity immediately as the automatic result of their administering the Budget. Of course this particular Budget was inherited in form from Cosgrave and in reality from the bankers. The moral is pretty plain. The longer you act under the bankers' advice the less power you retain to act against it. As we said of Mr. Lang in New South Wales, his best policy would have been to demand guarantees that his major legislation should be allowed free passage before he consented to take office. This attitude would, of course, have amounted to a demand for a modification in Constitutional procedure. But it would not have been a new precedent; for Mr. Asquith, at the time of his tussle with the House of Lords (which arose out of Lloyd George's anti-landlord Budgetary policy) gave a pledge to the public that if they returned him he would not take office until he had secured guarantees that he could if necessary swamp the Lords with Liberal Peers. The force of this precedent is slightly weakened by the fact that Mr. Asquith won the election and promptly took office without the guarantees! (This was amusingly described by Belloc and Chesterton in *The Party System*—a book worth picking up second-hand when encountered—it is, we believe not now published.)

We have often shown that Social-Credit cannot be brought in unless the Constitution, as it is interpreted at present, is either modified or ignored. The bankers have designed it, and they inspire its interpretation to suit themselves. Allowing that public opinion is any force at all in strengthening the hands of a Government, that force is at its maximum at the moment when the poll is declared and the Government elected. From that moment the popularity of the Government begins to decline—very slightly at first, but very quickly when it begins to administer any legislation. For every Government inherits a mass of legislation against which its own is a negligible amount; and even if the new legislation were in itself wise and beneficent its good effects would be crushed under the weight of the old. Somehow or other a Government must find a way of breaking free from the constraint of that doctrine known as the Continuity of Policy, or better, from the compulsions imposed upon it in the name of that doctrine. Continuity need not be fixity.

Mr. Lang, just like Mr. de Valera, on assuming office, at once found himself obliged to squeeze wage-cuts and taxes out of his own supporters under the provisions of the previous Government's budgetary legislation. There was thus a time-lag

during which he had to do ill while getting ready to do good. All the time his dilemma grew greater—whether to pursue economy with the prospect of causing violent revolt from below, or whether to refrain, with the prospect of being dismissed from above. As is now history, he chose the latter. Once having assumed responsibility for administering an inherited policy, this outcome was inevitable; and, as we have said, he did well—or was lucky—to get out of that responsibility as early as he did. He thereby escaped the contingent tragedy of having to call on the forces of the State or Commonwealth to quell a workers' revolt.

It is easy to speak after the event, and therefore no reproach is intended when we point out that Mr. Lang would have been better advised to do what Mr. Asquith promised and failed to do, and to have declined to form a Government. He should have interpreted the electors' mandate for his programme as empowering him to employ the best strategy to clear an avenue for its enactment. The best strategy would have been for him and his followers to constitute themselves a Majority Opposition. (We are aware of the difficulties—technical and psychological—but we are concerned here with principles.) They could have controlled the legislation of the Minority Government until it appealed to the electorate; and if in the meantime, while taking up this negative and destructive attitude, they had clearly declared their willingness to take up a positive and constructive attitude provided they were given guarantees against illicit obstruction under the forms of the Constitution, they would have gone into the election with a fair prospect of maintaining and even improving their position. One might modify the well-known slogan, "Get on, or get out!" and say: "Get on or keep out," in the sense of keeping out until you know you can get on.

Of course, such policy presupposes statesmen of a special calibre to be willing to renounce the immediate reward of office on a given programme for the sake of carrying it out later. It presupposes also patience on the part of the supporting voters. Not that we allow much for the consequences of impatience; for if what we were saying the other week is granted, namely, that every Government under the present financial system is bound to become more disliked the longer it remains in office on account of what it is obliged to do, the Majority Opposition is increasing its relative popularity by making the Minority Government stick to its job and increasing its unpopularity. The excuse of every new Government, that they have inherited the political left by the old one, is as familiar to every politician as his own face. The answer is (but is never made) that they knew they would inherit them when they made promises to their constituents.

However, since Mr. de Valera is committed to office there is no purpose in pursuing this theme. It would only be of practical use if Mr. de Valera thought he could count on coming back if he chose to seek a new mandate for the wider policy we have indicated.

Let us talk about the suspended Annuities. In our opinion there is no compulsion on Mr. de Valera to insist on only such conditions of resuming payments as he has already laid down. He is free to consider substituting other conditions than that (as he has insisted) an international tribunal must first decide whether the payments are legally exacted. For when seeking a mandate to stop payment he is not promising a particular benefit to a particular section of the Irish electorate; but a general benefit to the whole nation. In brief, the promise was to Ireland the money then being paid to England. No variation in the form of the fulfilment would secure an equivalent benefit would afford material grounds of grievance to any person in Ireland, though it might morally affront purists and others

who wanted to have a kick at England whether they broke their toes or not. These, however, are liable to be affronted as it is, for there is no guarantee that an international tribunal would find for Ireland. In the meantime, too, the Annuities are hung out of the reach of Ireland as much as of England. But in terms of actual injury Ireland alone suffers or is by far the chief sufferer. The Irish graziers are going bankrupt while the English investors have received their interest just the same. Notice, by the way, that the interest was paid by new credits created by the Bank of England, whereas no new credits have been created (as is technically possible) by the Bank of Ireland to take care of the graziers. This is due to the fact that the directorate of the Irish Bank are fulfilling an unwritten and unsworn Oath of Allegiance to Mr. Montagu Norman, and in so doing are unnecessarily penalising the cattle breeders, while letting it appear that their misfortunes are the natural consequence of the suspension of the Annuities. If London can create British credit for British purposes (the credit being the property of the people) Dublin should have the power of creating Irish credit for Irish purposes. Dublin has not; and in that fact lies the whole explanation of Ireland's economic difficulties, mistakenly attributed to Britain's political sovereignty. The Bank of Ireland should subserve the domestic policy of the Irish people, not necessarily as interpreted by an adventitious Party majority, if that is felt to be objectionable, but preferably by a Free State Economic Council representative of all sections of Irish economic activities, and possessing executive power within the scope of its functions, including the right to delegate such power to regional or local Councils of the same pattern if it thought necessary for the wise and efficient performance of its duty. "Would they ever agree?" the cynic would ask. Our answer is: Yes. And whoever would say we are wrong must first show that the problem of dispensing new benefits among a burdened community in an equitable manner is as conducive to ill-temper, jealousy and suspicion as is the perennial and current problem of distributing new burdens among an overburdened community. There is no comparison between the failure of any interest to secure a new benefit and its failure to avert a new burden—one which, moreover, might destroy it completely. There would be little room in the Council for major disagreements, and there would be no disposition on the part of the personnel of the Irish banks to impede the policy of a body of that character. It is indeed quite possible that just as there are no snakes in Ireland there are no traitors among the Irish bankers. Why should there be, when ties of blood and affection unite these men with the community whom they would be serving?

We tentatively advance the suggestion that the overdue instalment of the Annuities should be paid to the British Government to be held by them pending the decision of a tribunal. Since they have consented to a tribunal of some sort, they could not regard themselves otherwise than as custodians of their own words to remove the tariff on Irish products, whereupon the Irish counter-tariffs could be removed. This "retreat" would be jibed at no doubt by certain politicians, but the jibes would be swallowed up in the general approval of the non-political majority whose dominant desire is to get on with their business without interference. It would clear the air and bring about a truce during which the Government of Ireland would be able to plan a new direction of advance with new allies.

Coincidentally with this we should like to see an all-in non-party Council of Political Reconciliation formed whose chief object would be to compose

internal discords, and promote unity. The structure and function of this body would reflect (in advance), on the moral plane, that of the suggested Economic Council on the material plane. In such a body every supporter of the Social Credit objective would naturally find himself at home, and could help to enrol in it as many men and women of goodwill as possible drawn from as many centres of thought and activity as possible. Its size would be relatively unimportant: its representative character would be its strength.

We have no time to develop the idea now, except to say that we put it forward because we know (a) that political reconciliation is realisable, and only so, on the basis of economic co-operation: and (b) that economic co-operation is realisable, and only so, on the basis of the Social Credit principles of financial and economic co-ordination. Our hope would be that the Political Council would be brought to a realisation of this truth, and would publicly proclaim it, and give its moral backing to the idea of the Economic Council with its trusteeship of the national credit of Ireland.

Kingston Currency.

With reference to our account last week of Councillor Barker's proposal that the Borough of Kingston should issue municipal notes, this came before the Council on September 27. A short account of the proceedings is in the *Daily Express* of September 28 (and probably other papers as well). The reports say that the scheme was rejected; but this is not exactly true. What happened was that Councillor Barker had to introduce his motion under the standing-order of ten-minute speeches, and failed to get the Council to extend the time at the end of the ten minutes. The effect of this, of course, was that the motion was disposed of without any member of the Council having incurred the responsibility of directly supporting or opposing it. It is immaterial whether the councillors themselves wished to burke discussion; the fact remains that discussion was burked. This is so obviously convenient to the banking interests that it is difficult to suppose that they did not do a bit of private canvassing before the meeting with that object in view.

From private accounts which we have received from people present at the meeting it seems that Councillor Barker has been agitating about Kingston's borrowings for some years past, and that on each successive occasion when he has raised the matter he has secured more support for his point of view. It is hinted that at least one influential member of the Council is in sympathy, if not with Mr. Barker's scheme, at least with the investigation of the facts on which Mr. Barker bases it. The voting to disallow him an extension of time was twenty-one votes to six.

Sir Alfred Woodgate, who was one of the Commissioners appointed by the Ministry of Health to take over the administration of West Ham some years ago, informed the Council that their Finance Committee had been advised that the Council had no legal power to issue municipal notes, adding that it would be an offence under the Truck Act to pay workmen with municipal notes. Councillor Barker retorted that he was not raising the legal point, but wanted the Finance Committee's opinion on the soundness or otherwise of the proposition. Sir Alfred replied: "It is otherwise." Alderman Denshan said that the scheme had been considered in consultation with the late Borough Treasurer, and they were advised that it was "rotten."

The legal point about the Truck Act is interesting. We are told that a legal friend of one of our suppor-

ters says that a case can be constructed for infringement, but it would, he thinks, be arguable. The Truck Act, of course, prevents any firm making it a condition of employment with a workman that he shall expend his wages, or any part of them, with that firm. (We reported an action against some Co-operative Society in a recent issue where this infringement had taken place, and the Society was fined.) But this is not on the same footing as that of a municipal body paying its workmen notes negotiable only in the borough. It could be so in the hypothetical case where the municipal body had municipalised all the business undertakings in the borough, for then they would be the sellers of everything that their employees could buy in the borough. Our readers may like to discuss this matter privately with any friends who are lawyers, and let us know if anything of interest arises in the discussions.

We are advised that Councillor Barker proposes to return to the attack at the next meeting, and it may be that the question of the Truck Act might become the centre of the debate.

Apropos of the suggested illegality—leaving the Truck Act out of the question—of issuing municipal currency notes, there is a field of investigation in respect of alternative documents that might serve the same purpose. Several years ago we took legal advice on this question, and were told that a document designed in the form of an I.O.U. would circumvent the provisions of the Currency Acts, or rather would lie outside the scope of those Acts. There is, it appears, a legal distinction between the two documents: a currency note being a *promise to pay*, but an I.O.U. being simply an *acknowledgment of debt*. A debate upon this apparently pedantic distinction would open up some interesting ideas. Our readers might include this also in any private discussions they have with legal friends.

Another document than an I.O.U. might be found on investigation to be legal. That would be something in the nature of a Municipal Bearer Bond in denominations of £1 and 10s. This is no more than a surmise of our arising out of a recent discussion hinging on the recent Conversion Loan operation by the Government. It arose in this way: the City article in the *Evening Standard* of September 28 (page 20) commenced with the announcement that the gilt-edged market was laying its plans for dealing with the various War Loan Stocks after the turn of the month. It proceeded:—

"On and after Saturday next there will be no market in 'non-assented' War Loan . . . Under the provisions of the Conversion Scheme it automatically becomes 'assented' stock after the turn of the month. Nor will there be a market in 'dissented' stock, i.e., War Loan Stock the holders of which have intimated their intention of seeking repayment on December 1. In accordance with the conversion prospectus regulations this stock cannot be transferred after the end of the month. Holders will therefore be possessed of a non-transferable security and must await the redemption date before receiving any payment."

Then comes the following interesting statement:—

"Different considerations apply to 'dissented' bearer War Loan. This is transferable, and a market will be open in the bonds as from Saturday next. In all probability dealings will be on a cum-coupon basis, i.e., abuyer will purchase the right to raise £100 plus the dividend coupon of £2 10s. on December 1, at the same time making himself responsible for the tax. Dealers mention an opening price for these bonds of 102 7-16 at which they would yield just over £1 per cent. as a two-months' bill. 'Assented' War Loan, which will be marked 'ex dividend' on October 25, will continue to be dealt with under its present name until December 1. After that date it will become plain 3½ per Cent. War Loan."

We quote more than is relevant to the subject of this article, and do so because of the general interest of the information. On the particular point we

are discussing the relevant passage is, of course, that which refers to the subject of bearer bonds. According to our information very few people, if any, have been aware of the existence of the particular bearer bonds referred to. This admission in the financial Press became the subject of the discussion to which we have just referred—a discussion which widened out to cover the question of bearer bonds in general. The conclusion was reached that such bonds are, for all practical purposes, equivalent to currency. They can be cashed with the banks at a moment's notice by anybody who presents them, including burglars! We were told that they might fetch less than their face value, or more than that value, but that the margin either way would be very small; so that one may consider them as cashable at par at any time.

So far as the possible issue of a municipal currency note we are not competent to say. It will be seen that if the high financiers can legally improvise something that is indistinguishable in its use from currency there is no antecedent reason why a municipality should not do so. It may be that somewhere in the Statutes there lurks some section of a clause which an absent-minded Parliament has been tricked into passing. If so, it will be of some advantage for the public to be made aware of the fact.

And on this last point we think that the value of Mr. Barker's move in Kingston lies more on the side of its educative potentialities than on the financial economies which he expects his scheme to secure for the borough. It is one thing for the Kingston scheme to be proved technically sound, but quite another to assume that if adopted it could be made immune from those subtle interferences which the bankers could bring about to frustrate its object. The proof of the pudding is in the eating, says the old proverb. And in the long run the proof of the soundness of the municipal currency issue would lie in an accomplished perceptible decrease in the rates. No doubt Mr. Barker, as well as ourselves, realise what impediments could be thrown in the way, supposing that Kingston went ahead as a pioneer borough in new-style finance and was surrounded by boroughs adhering to the old-style finance. However, it is of no immediate use to pursue this question. But it is useful for everyone to have it in mind, because no scheme, however sound, will operate soundly if its opponents have the power to prevent it having a fair run.

Why Pay Taxes?

[Notes for address to Newcastle Rotary Club, September 30, 1932.]

By C. H. Douglas.

I can easily imagine a short and fairly conclusive answer to the above query, and that is that you have to, and I must admit at once that, in regard to this aspect of the matter I cannot at the moment offer you any help. If I were able to make clear to you that, at any rate, a good deal of taxation from which you suffer is entirely unnecessary, and is imposed upon you not for your own benefit but for that of a very narrow section of the population, while you would be under the obligation, imposed by superior force, of paying the taxes, you would probably do so in a different spirit which would tend, at any rate, to action in the direction of ridding yourself of the burden.

Now in order to understand what I propose to say to you on this matter, I am obliged to deal very shortly with one aspect of the theory of money, and because I am commonly supposed to hold heterodox views on the subject of money I should like to say that what I am about to tell you is purely orthodox and would not be seriously disputed by any

authority on the theory of money. This aspect of the subject is, briefly, that certain price-values come into existence by the application of paid labour to production, and these values go out of existence when the money which was paid to produce them is repaid to the source from which it originated.

It is on this theory that the whole of the yearly Budget system rests—that all costs must be recovered at the same rate as that at which they are disbursed. That is what is meant by a balanced Budget.

Now, roughly speaking, British taxation arises from two sources, the costs of the great spending departments on the one hand, and the National Debt, both interest and sinking fund, on the other. I want you to bear with me while I examine very briefly the nature of these sources of taxation. In regard to the first—those of the activities of the great spending departments—we must assume that the services which are provided by them are desirable services (I include, of course, such matter as expenditure on armaments, etc., and I am leaving out of consideration all abstract discussion as to their desirability). The point that I wish to make is that while our financial arrangements demand that the expenditure of a year shall be recovered in a year, it is ridiculous to suppose that the physical, and still more, the intangible results of that expenditure are completely wiped out at the end of the year. To take the simplest aspect of the matter, no one in their senses would suppose that a battleship launched in 1932 and paid for out of the appropriation, and consequently the taxation of the years 1931-1932, disappears as soon as it is paid for. It does not. If our appropriation of expenditure is not hopelessly inefficient, the results of that expenditure ought to be cumulative, and without doubt are cumulative, and looking at it from an economic point of view rather than from a financial point of view, we are getting richer and richer each year as a result of them, and there is no basis whatever for considering them as non-existent. Now in regard to the other portion of the national expenditure—that concerned in Debt interest and management, and its redemption—almost exactly the opposite is true. To a large extent it is War Debt, and represents shells which were fired, guns which are worn out, aeroplanes which have crashed, and so forth. Using the same line of argument which I have applied to the other portion of the Debt, it ought, in theory, to be wiped out at once. The question, of course, which arises in this connection is how was it created?

Now I do not know how many of you have gone deeply into this subject, which is admittedly a subtle one, but the indisputable fact is that the War Debt was almost wholly created by writing figures in a book, and by the processes of banking and accountancy those figures of Debt were appropriated by the banks and large insurance companies. As no doubt you will remember, in the latter stages of the war banks were willing to lend to any depositor 80 per cent. of the money with which to buy any amount of War Loan, the War Loan itself being accepted as security. That 80 per cent. was absolutely new money created by the banks, and by this process this money became a debt from the public to the banks, and the public at large has been paying interest and sinking fund ever since. Once again I should like to point out that this is not a revolutionary theory of my own, but is absolutely orthodox, and would not be denied by any banker. Incidentally, by the process of allowing War Loan to drop to 80 in the two or three years following the war, and then calling in insurance companies came into possession of the bulk of the War Loan without even having to pay the 20 per cent. which the public had itself subscribed. If any proof were necessary of this statement, it is provided by what is known as the "suc-

cessful conversion of the 5 per cent. War Loan," a foregone conclusion, as it was arranged with the holders of probably 80 per cent. of the Loan (in other words, the great banks and insurance companies) before the terms of the conversion were made public, and the only question of the success or failure of the operation depended upon the action of certainly not more, and probably less, than 20 per cent. of the holders who may be described as genuine holders. As bearing on this, I might point out that on the day that the notes of this address were written (September 16) *The Times* remarks in regard to the French Conversion Loan that only about 20 per cent. of the total *Rente* (debt) of France is held by the general public, the other 80 per cent. again being held by financial institutions.

You may be tempted to enquire what is the object of recovering money expended at a greater rate than is justified by any proper understanding of the process. I think the answer is simple. Without in any way using figurative language, countries in the modern world are regarded by the controllers and manipulators of the financial system as being simply security for loans, and quite obviously the greater the intrinsic value of the security as compared to the outstanding claims upon it, the better is the security of the mortgagee. Every country in the modern world is in pawn to the financial system, and while it is in pawn for amounts which are without doubt ridiculously below the values which would be arrived at by the costing system, the holders of the mortgage are desirous of being repaid as quickly as possible, not with a view to the mortgagee being released from debt, but with a view to the creation of fresh debts upon adequate security.

If I have been successful in conveying to you, in however inadequate a manner, a conception of the extraordinary process by which the world is held in fee to a handful of financial manipulators, it will not take you long to realise that, in fact, nearly all problems at the present time are bound up with the monopoly of credit. When the history of these times comes to be written I believe that it will form one of the greatest puzzles to the historian to explain how it was that the world allowed itself to have the progress rendered possible by its scientists, engineers, organisers, inventors, and pioneers of every description, nullified by a system of book-keeping which handed over the control of every one of these things to institutions which understood none of them. However this may be, I should like to warn you, if I can do so without appearing to be unduly sensational, that not merely this country, but the whole world is faced with a situation which is not new, but has occurred at least three times within known history. A political economist was asked a short time ago whether there was any depression similar to the present depression, and he said: "Oh! yes; it was called the Dark Ages and lasted when it was, and how long it lasted. He said: '500 years, and was caused by the same causes as are operating at present.'" Without completely endorsing this statement, the Fall of Rome is now known to have been a monetary phenomenon, and unless we apply more intelligence to the present situation than is certainly being applied by our public leaders, we shall repeat the Fall of Rome, and enter into a period of chaos which may be as serious as a repetition of the Dark Ages.

TO IPSWICH READERS.

Will any student of Social Credit living in or near Ipswich let us know if he or she is willing to meet a small group of people there who have come to be interested in the Douglas Proposals and wish to understand more about them? They want, if possible, to hear some instructional addresses.

Variations on the Hitler Theme.

By Hilderic Cousens.

V.

How Hitler rose to his present eminence is much of a mystery. Granted that he is a demagogue and a mystagogue, with a capacity for appealing to Germans on a par with Gladstone's or Lloyd George's appeal to multitudes of English, it does not appear that he has ever shown any of the reputable qualities which formed the skeleton of the Gladstonian or Lloyd Georgian facade. The mystery remains, even when we have made every allowance for the peculiar and terrified sentimentality which possesses his followers. The probable explanation is that he has been exalted by some group—of industrialists, or, more likely, militarists or financiers—who have pushed him forward in the double role of lightning-conductor for popular discontent and stalking-horse for their private schemes for managing Germany. If only the Nazi leaders stir up enough bees' nests, some brother Bear will get the honey with the minimum discomfort to himself. If General von Schleicher and Herr Heissner sit firmly on the necks of Germany for the next ten years, Hitler's army of salvation will have only themselves to thank.

The Germans are the best instructed nation of Europe, and are a standing proof that mere learning neither guarantees sense nor ensures adequate social co-operation. In 1929 Germany had a hundred and thirty-five thousand university students, twice as many as before the war and four times as many as England has now. The general ambition is to become a doctor of some sort or another, as a sign of erudition and an indispensable requisite for getting a professional job, if so be that one is going. In 1927 the new books published in the country were more than thirty thousand. School certificates hang considerably heavier round the necks of German secondary school pupils than they do here, and that is saying a good deal. Has this widespread education resulted in any greater immunity from disingenuous and nonsensical propaganda? Not in the least.

Has it resulted in any sensible plan for solving Germany's essential problem and the satellite problems like reparations which revolve round it? Not in the least. Germany remains a country where it is increasingly easy for anyone to produce either for home or abroad, and increasingly difficult to sell what is produced. Its percentage of professors, lecturers, doctors, and students of economics in the population is probably higher than anywhere else in the world except Austria, and they haven't even had the wit to follow England and Scandinavia and lower their gold standard.

The Reichsbank and the interests it represents stay supreme. The experiment at Schwanenburg, reported some months ago in THE NEW AGE, whatever its merits as a general scheme, had the merit that as a local scheme it restored considerable prosperity to one district. It was, so it appears, suppressed by the Reichspolizei at the instance of the Reichsbank. In the recesses of the Nazi party there are supposed to be people who are not prepared to remain serfs for ever to the tyranny of figures in books. In Oldenburg in particular they are alleged to be ready to use the note-printing presses to balance the budget. But even if these people have got hold of the right method to use, I fancy that Hitler has already cooked their goose for them, and delivered it through streams of emotion to Herr von Papen, whose merits are perhaps sufficiently indicated by his being *persona grata* to a strong group of French industrialists, the sort of people who during the war prevented French bombardment of the Briey blast-furnaces when producing munitions for the German army.

(To be concluded.)

Nature Notes.

By R. R.

WOMEN BUTCHERS.

The other day, it was September 27, I saw a little piece in the *Star* which I cut out, because I knew the answer to it, which not one man out of a thousand would guess at. 'Tis this:

"Mrs. M. Masters, of Watford, the only woman delegate to the conference of the National Federation of Meat Traders' Associations, at Southend to-day, told a reporter that there was no reason why a woman should not be a butcher.

"She had to help with the slaughtering during the war, and, she added, 'When it is your livelihood you do not shudder so much at the idea of pigs being killed.'"

Now I'll tell you. It begins like this. When I was a young lad my mother sent me down to buy a sheep's pluck* from the butcher's. The shop she sent me to was kept by a Mrs. M— (I mustn't say her name). When I got there she wasn't in the shop; and they told me she wasn't well; so I went home and told mother, thinking it would be a bit of news. But mother nodded her head and said: "All right, 'twill do later on." I asked what was the matter with her; but she only said: "That's all right, my boy, it isn't anything serious."

Not so long afterwards, being a little older, I got to know what it meant about women not being well; and when mother found out that I knew, she explained what I am going to tell you. 'Tis this: that any woman who is not well in that way—you will understand what I mean—mustn't touch the butcher's meat, especially mutton and veal. The reason is that it turns the meat "off." And so I came to learn that if any woman was connected with the butchering trade in any way at all, you would not see her on duty at these times. Of course, then I understood what had been the matter with Mrs. M., and why that caused her not to be in the shop.

Since that time I have noticed things, and I never saw a butcher who knew his business allow any lady customer to pick up his meat or even to put a finger on it. He wanted to be on the safe side, in case any of those women were in that condition. I don't say that it turns the meat really bad; but it does something which can be noticed by those who know how to take notice. Of course, there are plenty of butchers to-day who have gone into the trade just because they've had a little money to lay out; but have had no experience whatsoever and don't take any notice.

Now there is another thing. This is about what the lady, Mrs. Masters, says in the *Star* about women getting accustomed to seeing slaughtering of animals. She doesn't really say that women should be in the slaughter house; but she says that they ought to get over their shuddering at the idea of slaughtering. To my mind this is the same thing. I'll tell you why. 'Tis this:

Like I said last week about those sheep and the grass, we have got to learn a lesson from the animals. Now then. Down at my home, if you wanted to kill an old horse who was near his end, you might go, let us say, to Farmer Brown, and say to him: "Here, master, I want to shoot the old horse; can I bury him on your land?" Farmer would tell you, yes, you could, only you mustn't bury the horse near a stream. You would say to him that he could

* A "pluck" is the head, lights, heart, and liver. At that time it was tenpence for the lot. 'Twould keep us in meat for a week. To-day it is sold piecemeal, and makes nearer twenty shillings. And so with a bullock's head. We used to pay 3s. for one. Now, with what butchers do with it, it'll fetch them nearer 15s.

choose the place where he would let you bury the animal. Now you would lead the old horse up to the place where he was to be buried—because, of course, you would not want to drag his dead body there. Well, when you've shot him, you've got to be very careful that you gather up and bury all the spilt blood as deep as you have to bury the horse. This is very important. The reason is this. If you leave blood on the face of the ground, and any cow carrying a calf comes up to that place at any time afterwards and smells that blood, she will drop her calf before its due time. I will bet anybody that this will happen three times out of five. I've known a whole herd to bear still-born calves through this cause.

And there is another thing of the same sort that happens. A ewe will cast a lamb. When that afterwards she casts the breathing-bag* a little while remove this from the field and a cow bearing a calf comes along and finds it, she will very likely eat it. If she does, the same thing happens to her as I have told you about the horse's blood. She will cast her calf still-born.

Now I ask any reasonable man who sees that we humans are no more than a particular sort of animal to agree with me that women should be kept miles away from any slaughtering and anything to do with the handling of meat.

The lady, Mrs. Masters, would very likely say to me that these risks have got to be run for the sake of earning a livelihood, as she mentions. But there are any number of men who could earn their livelihood that way, and can't find a job. So therefore it's all a question of saving expenses. I can see that a woman who can't get a living anyway else won't be put off by what I am saying: and I can't blame her. You can't argue with people against taking jobs if they can't find any jobs.

Yorksher Thrift and House Pride.

(Based on an actual incident.)

Yorksherman (to wife, shortly after retiring):
"Bi gow, lass! It's cowl terneet. Hesen't tur annuther blankit tha kurn put ont' bed?"
Wife (impatiently), "If thar cowl, tha mun stop cowl. Aw've nobbut wun pair er blankits int' drawer, en aw'm savin' 'em er chance wun on ers is taen pooarly. Tha mun grin an' bide it."
Husband: "But awst get mi deeath er cowl loike this lass, ern wat gooid wud t'blankits be then?"
Wife: "Nah! tha just sees. If thar taen pooarly ern oi heven't er deacent pair er blankits ter put ont' bed, wat will t' nighbors say. We sud luk well, sudn't we. Thee pooarly i' bed wi nowt but owd blankits ter cuver tha. Tha'll get noo mooar blankits unless tha happens ter be taen pooarly. Awm nooan barn to scrat and scrape ter buy blankits fer fowks erts weel an' harty. Them blankits erl stop int' drawer till oather thee er mee's taen pooarly."
J. J.

CORONERS AND INSURANCE.

"We find great difficulty in getting independent witnesses, and I am sorry to say that some solicitors cross-examine them as if they were criminals in the dock. If this were allowed to continue we should have even greater difficulty in obtaining independent witnesses. I must point out, too, that coroners are not paid to conduct inquiries for the benefit of insurance companies. Personally I should be quite willing to hold private inquiries at an adequate fee.—THE OBSERVER, September 18. Mr. J. L. Martin, the Reading Coroner on the conduct of legal representatives at inquests.

CZECHO-SLOVAKIAN CURRENCY SCHEME.

We have received private advices from a correspondent in New Zealand who says that there is some new currency

*This is the West-Country equivalent to what is known as the placenta, or after-birth.

scheme in Czecho-Slovakia in connection with which a number of Czecho-Slovakians who had come out to New Zealand are now going back. He says that they inform him that they are guaranteed the price of their passage and given 15 acres, with capital to work the land, when they arrive home. If any reader has information about this we shall be glad to hear from him.

The Church of Ireland and Social Credit.

The *Church of Ireland Gazette*, on September 2 and 9, published in two parts a long, exhaustive review of the Rev. V. A. Demant's book: *This Unemployment: Disaster or Opportunity*. The reviewer not only urges churchmen to study the book, but gives, in his second instalment, a finely executed synopsis of the Social-Credit analysis and conclusions. It would, in itself, make an excellent pamphlet. We welcome the appearance of such a review in such a journal at such a time as this. The fear of every true churchman in Ireland must be that political temper will get out of hand; and so it is most opportune that they should be introduced to a book in which they will find a basis on which they can exercise a moderating influence without taking sides. We hope that our supporters in the Free State will get hold of the above issues of the paper and make use of them. They deserve the attention of the Government particularly in view of what we say elsewhere on the problem in front of them. (We do not know the address of the *Gazette*—we have only received cuttings from it.)

MAJOR DOUGLAS'S ENGAGEMENTS.

Major Douglas is due to speak at Coventry on Sunday, October 9, at 8 p.m. Place: Corn Exchange. Title of address: "The Bearing of Events on Policy."
(On October 7 he speaks at the Newcastle City Hall as previously announced.)

GLASGOW DOUGLAS CREDIT ASSOCIATION.

Christian Institute, Bothwell Street, Glasgow. On Tuesday, October 11, William Finlay, Esq., will give an address entitled *Who Are Our Real Rulers: Westminster or Wall Street?* and all interested are cordially invited to attend. Questions welcomed. Collection.

Events of the Week.

(Compiled by M. A. Phillips.)

- September 24.
Liverpool riots continue.
Milk price "war" over. Farmers get higher prices from distributors.
German unemployment 5,261,000 (plus 38,000 in a month).
- September 26.
Gandhi ends his fast.
- September 27.
Rotherham City refuses to administer Means Test.
Middlesbrough refuses to administer transitional benefit.
No further police pay cut until further notice.
Canada seeks London loan to balance Budget.
- September 28.
Snowden, Sinclair, and Samuel resign from Cabinet.
More Means Test riots at West Ham
Cotton strike over.
- September 29.
New Cabinet and other appointments to Conservatives and Simonites.

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.

LETTERS TO THE EDITOR.

A + B.

Sir,—Under "Letters to Editor," New AGE, September 22, your correspondent Wilfred Townend appears to have difficulty in putting across the A + B theorem. I outline an argument below that I sometimes use when discussing this problem. Maybe it would be worth while publishing; however, I leave that to your judgment.

One may consider oneself spending £500 in cash to have a house built which is rented at £1 per week, or £52 per annum. In ten years' time it is obvious you will have recovered £520 from the community, slightly more than was paid out in wages to have your house built. You, however, do not now say, Well, I have recovered my expenditure, I will now let my house rent free. No, you continue to charge £1 per week rent. Assuming the life of the house to be fifty years you will have collected £520 x 5 = £2,600 from the public, £2600 - £500 = £2,100 more than was paid out in wages. This £2,100 must have come from somewhere. Yes, it comes out of wages paid out that have gone into the cost of other production; therefore, if you collect it in rent, the other production cannot be purchased.

This example is a good parallel to a bank loan issued and recalled in a short period of time. The ten years in our example corresponds to the period of the loan. The fifty years' life of the house compare with, say, life of a factory or machines, etc., the life of which is considerably longer than the term of the bank loan with which they were produced.

In the A + B theorem our factory charges, machine charges, being payments other than wages, salaries, or dividends, are "B" charges which, from the above example, can be clearly seen to be non-existent as purchasing power. An objection may be raised that the money in excess of wages paid out, i.e., £2,100, may be spent by me in buying consumables. If this happens the demand on goods has simply changed hands, but one can argue that I build more houses with this money, thus putting it into further prices.

The position now is: The manufacturers who first paid these wages out are endeavouring to sell their goods (in the price of which these wages are included as a cost) at the same time I am endeavouring to recall this same sum of money in the rent of my additional houses to recover my costs.

It is obvious that this £2,100 has created two sets of prices and is the effective demand for only one set of goods.

W. J. H.

Sir,—In my opinion the exposition becomes far easier if payments are divided into "capital money" and "income money." The latter being used actually to transfer goods to the consumer, while "capital money" only causes movement of goods within industry.

The argument then being that "income money" when collected through prices tends to be turned into "capital money"; and that faster than "capital money" tends to be re-converted into "income money" through wages, salaries, and dividends.

M. W. GORDON CUMMING.

Sir,—The correspondence on Professor Copland's address incites me to state what I have long felt is a defect in the Douglas exposition. What I believe made Douglas's earlier books admittedly difficult is the failure on his part to link up every possible contention very clearly with the A + B Theorem. After stating in that theorem that there is a deficiency of purchasing power, in the very next sentence he proceeds to state that the additional purchasing power is, in fact, provided by bank overdrafts. The uninitiated reader, I feel certain, tends to think at that moment that therefore everything is well, and when, later in his reading, he gathers that Douglas is saying that there is something wrong about the way these loans work out, I think he then finds it very difficult to relate this flaw in the process to the A + B statement because Douglas does not do it properly for him.

The same difficulty arises with all the "explanations" such as the time-lag and consequent inflation, the depreciation factor, the "short" cycles of bank loans, and so on, which are expounded in various articles and pamphlets. They are not properly related to A + B, and I have for long thought it absolutely vital that they should be. In presenting the case to an enquirer I believe it is the practice of many Social Credit advocates to try to do without A + B or at any rate to leave it until the very last, whereas in my opinion it should be stated at the very beginning of the discussion; then every consideration and illustration of the state of affairs should be brought forward with a view to leading up to a position where one can say: "Now, in view of all this, you see what A was, is, and will be, and what B was, is, and will be, and what they are together."

It is idle to pretend that on these lines there is not much

confusion to clear up. For example, in to-day's correspondence we have Douglas stating that: "B payments were originally purchasing power"; at the same time we have an old hand, A. W. Coleman, saying: "B payments, as such, are never handled by consumers under any condition whatever." Those fully acquainted with the subject will be able to resolve the apparent discrepancy in these statements, which is largely a verbal one, but those who are trying to grasp the proposition would certainly be completely baffled. The Social Credit propaganda has suffered from this sort of thing right from the beginning. Can it not be put right once and for all?

J. A. FRANKLIN.

BANKERS' TAXES.

Sir,—I have just read your notes in this week's New AGE. It is extraordinary that such a power has come to be in the hands of a section of the community, the bankers. This morning there occurred to me the following ideas. I am wondering if they are true, or false, or mixed. It seems to me that they are correct.

It is the people, the public, the masses, who give to a section of themselves the job of creating and issuing money for them. It is the people constituting a community, the people, who have the right to make, or get made, the money they (the people) require. If those who have been given the job do not do it, then surely it is not counterfeiting if the people (that is, the remainder other than those who were delegated but failed) make their own money, coins, paper, or credits to draw cheques against? That which the money gets, and for the getting of which the money is required, is surely the people's, belongs surely to them; so that it does not have to be given to them, the people have already got it, or are already the rightful owners; and apparently what is happening is, that it is taken from them, or they are not allowed to have what is their own.

The so-called "giving" of money for nothing in the form of a national dividend or other form, to enable the people to consume what is already their own, is not "giving" at all; it is the "stealing" (if we can so call it) from the masses by the section delegated to make the money required, that is stopping, when money is said to be given to the masses (the whole community including, of course, government officials and bankers), whose it has never not been.

So it would seem that by refusing to let those who have been delegated to produce the community's money, prevent us from having our own things, is not counterfeiting.

It would seem to raise the whole question of what entitles anybody to any property. What must people do to be able to say of anything, "This is mine"—not by the permission of some other person, but naturally, and by natural right?

H. WARREN.

September 28.

IRELAND'S WOES.

Sir,—Your quotation from Morley's Life of Gladstone is very opportune. The pre-occupation of Gladstone upon the bankers must have had a considerable bearing upon his Home Rule Bill for Ireland. The indomitable opposition, working under cover, would strongly oppose the right of the State to control its own credit; and the same inscrutable power would look askance upon the Home Rule Bill, in view of the financial principles and relations involved. The money barons were the indirect means of squashing Gladstone's Bill. Parnell unwittingly laid himself open to attack and fell an early victim in the struggle. Like de Valera, he was all unknowingly upon the "true scent." His policy of withholding rents is on a par with the withholding of annuities by de Valera.

To bring this unhappy history up to date, the power of finance was indirectly responsible for the Easter Rebellion of 1916, in which a repressed and frustrated people were driven to direct action. The same power is also responsible for the years of civil war which followed the rebellion, when Irishman murdered Irishman for ideals which have since failed to mature.

Irishmen should devote more scrutiny to the financial side of their struggle for independence, and having discovered the prime cause of all their troubles will take steps to see that no alien money-power will again drive them to cut each other's throats for the prospects of a vague idealism.

PETER MURPHY.

PLOUGHING.

Sir,—Is not the fault with tractor-cultivation the weight of the tractor? This is said gradually to form a pan just below the reach of the culters, so that drainage, aeration, and root growth begin to fail. Does "R. R." think that ploughing with ploughs drawn across the field by traction-engines at each end is deleterious to the prospective harvest?

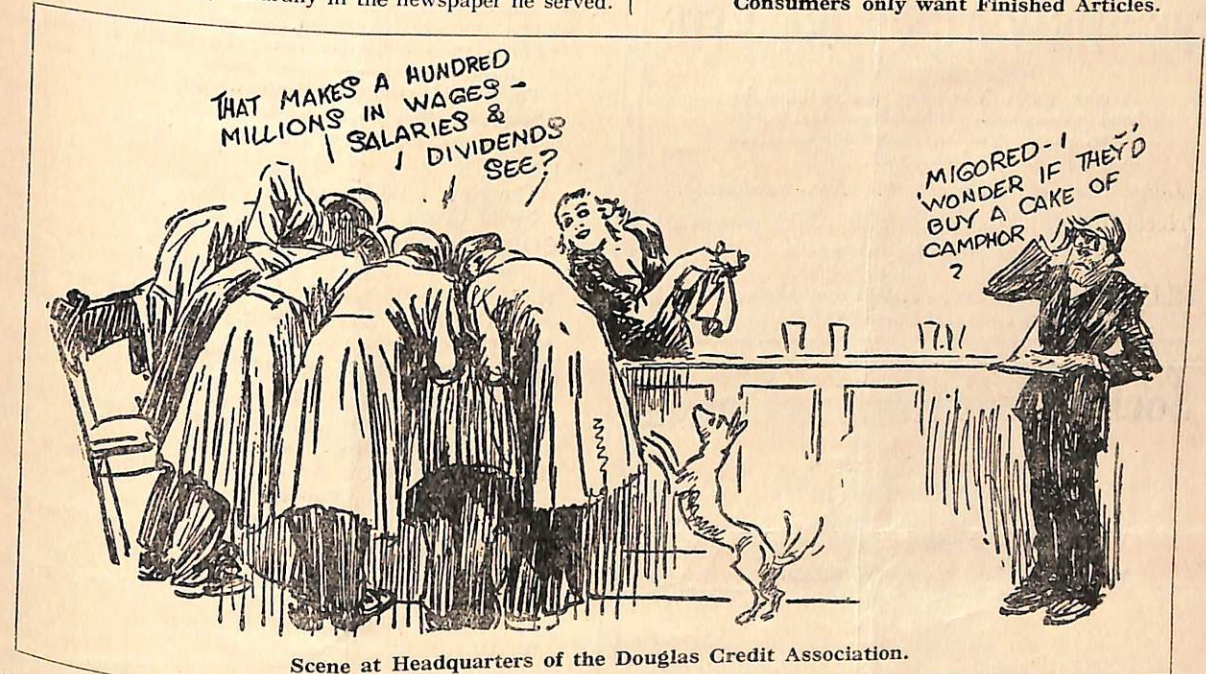
R. P. MITCHELL.

Social Credit in the Australian Picture Press.

Smith's Weekly, an Australian newspaper consisting of twenty-four large pages of pictures and letterpress chiefly of a comic or serio-comic character, had a cut at the Douglas Social Credit movement on August 20. The circumstances were peculiar. It appears that among their staff of humorous artists is one, an apparently popular one, named Stan Cross. He is the creator of two figures, "Pot" and "Mrs. Pot," now familiar to Smith's Weekly's readers just as the Horrabin Brothers' "Dot" and "Carrie" are to readers of the Star. The very idea of Stan Cross's being serious would be a joke in itself. Well, Stan has turned serious. When off duty he is out expounding the Douglas Theorem here, there, and everywhere. Latterly he saw an article in the Sydney Morning Herald by the Financial Editor. He considered that it misrepresented Douglas, and accordingly wanted to reply to it, naturally in the newspaper he served.



Consumers only want Finished Articles.



Scene at Headquarters of the Douglas Credit Association.

But the Editor said in effect: "But look here; readers won't get any fun out of arguments about credit and that sort of stuff: but I'll tell you what I'll do: you shall have your smack at the fellow in the letterpress, and I will get it humorously illustrated by Virgil Reilly. The compromise was accepted and carried out. Londoners can get an idea of the result by imagining some popular weekly to publish a sound, straightforward exposition of Douglas by the Horrabin Brothers illustrated in a light bantering vein by Low. The combination is perfectly satisfactory from our point of view. There is no incongruity—which is not surprising, for, after all, a happy philosophy really calls for a merry setting. We reproduce some of the illustrations. Only one of them needs explanation—the man with the hide. This

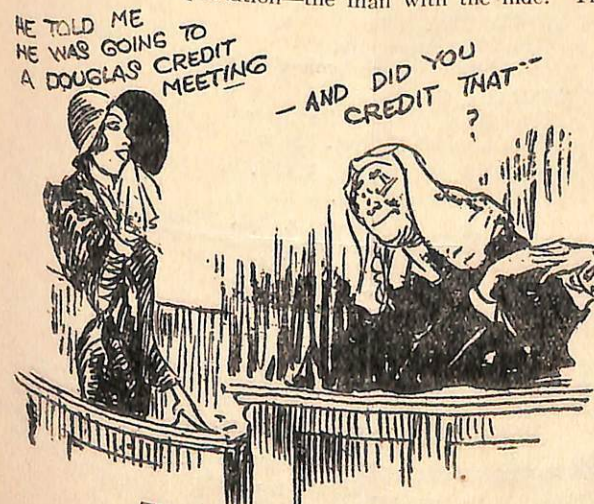
has reference to a passage in Cross's article in which he emphasised the important fact that consumers had no use for intermediate products and could only buy finished articles with their incomes. A large caption prefaces the article: "Now We Know What Makes Stan Cross And Everybody Else, Too"—"Famous Humorist Is Really Serious For The First Time In His Life."

There are circumstances where we should prefer "famous humorists" to keep out of the picture; and we are relieved in one sense, for instance, that the promised "Chaplin Plan" has got lost. But the "Chaplin" aspect of the Plan is the crucial point of difference, Chaplin as the author of a scheme to save the world would appear a humorous proposition. That is not the case with Mr. Cross. He frankly and explicitly accepts Douglas's reasoning, and endorses his proposals. We print two passages and have purposely selected those relating to the most difficult aspects of Social Credit to write clearly about.

"Well, then, how can you expect people to use now, to purchase articles just put in the shop windows, wages, salaries, and dividends distributed to them months ago, per-haps years ago, and disbursed by them at that time, and their conception of the standard of living of that time, and at the possibly inflated price levels of that time?"

"Thus, you see, money is being continually created and destroyed, and the Financial Editor's objection about 'new money' making inflation becomes meaningless. 'Inflation' and 'deflation' are merely terms to describe two different, and undesirable, aspects of the unbalanced relationship of purchasing power to the cost of total ultimate goods. ship of balance, at which the Douglas system aims, has no colloquial terms in orthodox economics to describe it, such a possibility never having been considered, so we call it simply 'equation.'"

We congratulate our friends in Australia on having enlisted the support of a man of Mr. Cross's calibre, and also desire to pay a tribute to the Editor of Smith's Weekly for his sportsmanlike conduct.



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