

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

I.—Numerosophy.

The following remarks are to follow our discussion last week of Kabbalism. We choose the above heading for them because the Kabbala embodies only one system of dealing with numbers, whereas studies of such systems reach back beyond the horizon of history. So the Kabbala is thus a branch of what may be called Numerosophy, that is, the knowledge of numbers—the related term, Numerology, being appropriate to designate applied systems of numbering.

We can consider the *bankers* of the present time as Numerosophists, and the *accountants* as Numerologists through whose functions the error is translated into terms of bankruptcy and poverty.

The present system of numbering costs, if we go far back enough in time, would have been correct. That is to say, there once existed conditions of production and distribution in which the accounting of all costs into prices would not have obstructed the distribution of everything produced as and when it was produced. The essential element in those conditions would be that the conversion of native resources entirely into consumable products took place in very short periods, so that there was no necessity for the producers to carry over any portion of their product from one period to another. But under such conditions there would be no need for a money-system. What appears to have happened is that the use of money was not brought in until long after the conditions were changed, and the carrying over of unfinished intermediates had become a practice. If that is so it would appear that when money was first introduced the system of accounting it on the basis of "all-costs-go-into-price" was already inapplicable to the prevailing conditions. It began with an error, negligible in its early incidence, but an error which the development of applied science to industry through past

ages has gradually magnified until to-day the devastation caused by it is manifest all over the world.

In the times of antiquity, when numbers were manipulated with the object of making communicable to human consciousness certain mysteries conceived to be outside the range of such consciousness and otherwise incommunicable, the question of whether the research revealed truth or not was a matter of little or no importance to the ordinary people living in those times. That is to say, the secrets learned by the philosophers, if any, were not used as a basis for teaching people how to sow, reap, or grind their corn and eat their bread. Obviously, however superstitious they were, they would not, in those times, have stomached any authoritative injunction which led to such nonsensical operations as that of burning or otherwise destroying food for want of which they were starving. Nor, indeed, would the witch-doctor or medicine-man, or other philosopher, have any reason for persuading or intimidating them into doing such things. They might, of course, have used their power to get an unfair share of the goods then produced—but that is quite a different matter from that of putting consumable goods out of the reach of the whole community, themselves included. This reflection derives support from the well-known fact that primitive tribes, while superstitious enough to pray to idols for what they wanted, did not hesitate to smash those idols up if the things did not arrive! Throughout the ages—the dark ages as we call them—there persisted a tradition of commonsense realism which limited the evil consequences of false philosophies. This realism seems to have been practically blotted out during the development of what we call our "civilisation." We are all yet praying to that ten-year-old idol Montagu Norman, and look like praying without ceasing. The priests of Baal did have the decency to mutilate their own bodies when their god delayed sending fire to light their sacrifice; but the priests of Threadneedle Street use their knives and lancets on us, as if we, not they, were responsible for the absentmindedness of their golden god. We all take it for granted that because the bankers' skins are sound so is their system. However, there

are a few in Israel who have not bowed the knee to Baal, and in their appearance one may read the sign of the coming of Elijah.

The present indications are that even the vanishing fraction of realism left to us is in process of elimination. One of these is the recent policy of evicting private directors from all important business enterprises and substituting trained accountants as exclusive managers. This means bringing industrial processes under the administrative control of professional numerologists. As we suggest above, these functionaries are harmless in themselves, and their technique in a narrow, specific sense is also harmless enough, yet they are the agents through whom industry is coming to be run on the principles of financial numerology, which sees prosperity in scarcity. One of the manifestations can be seen in the fact that whereas the old private director was inclined, and rightly so, to distribute dividends generously when his profits allowed of it, his supplanter, the numerologist, diverts such potential dividends into "reserves." The physical reflection of such procedure is seen in the destruction of gluts in the world to-day, and other similar acts pursuant to the objective of creating scarcity.

It may be an interesting exercise for readers to compile a record of the personal biographies of banking publicists, with the above frame of reference in their minds. For example, Dr. Eisler has a reputation as an expert in deciphering cuneiform inscriptions and other ancient hieroglyphic symbols. The late Dr. Leaf was a student of the Greek Classics. So was Mr. Gladstone ("one of England's greatest Chancellors of the Exchequer"). Even Mr. Owen D. Young, this modern, up-to-date regulator of international financial difficulties, finds his pleasure in reading literature of which "The Anatomy of Melancholy" is an example. And so, probably, if we could get together all such biographies, we should find that collectively they would present a type of mind bemused by ancient mysteries and mythologies, or at least engrossed in subjects cognate to them. In a brief phrase, they are the types of whom one would say: "Their heads are in the clouds."

A strong argument showing how easy it is for the wisest man, in a conventional sense, to be deceived through trying to draw meanings from numbers, is built up in the records of trials for witchcraft. If anybody will consult authentic accounts of these trials he will be astounded at the particulars of evidence tendered by men of first-rate education, eminence, and integrity, of marvels which they swore they had seen happen—marvels which, of course, were attributed to the craft of the witch. The moral is that if such people could make such tragic mistakes in respect of objective happenings normally verifiable by the ordinary senses of sight, hearing, and smell, how much more easily can the wisest fail when they substitute numbers for things.

Referring to the Kabbala, it is said that its exercises—the mystical jerks, so to speak—include that of splitting the alphabet in the middle, and placing the first half above the second, so that each letter has another opposite it, and then transmuting the spelling of any given word by substituting the opposite letters for the originals. Superimposed upon this exercise is another in which each letter is replaced by a numeral representing its order in the alphabet. An incidental exercise is to reverse the spelling of words. As an example of the last it may be mentioned that popular sentiment inimical to the Jews has at times expressed itself in allegations that the Kabbalists were atheists, the proof of which, so

gossip went, was that they spelt the word "God" backwards, turning it into "Dog." We put it to any intelligent reader that by the time anyone who goes in for this sort of thing has proceeded a little distance in his substitutions, permutations, and reversals of letters and words, he gets so remote from the things originally represented by those letters and words that his wisdom (such as it is) can have no relationship with human activities.

It is illuminating in this connection to reflect upon the characteristics of bankers' literary jargon. Here are a few examples: Cost, price, value, assets, liabilities, debits, credits, debts, exchanges, trade balances, advances, inflation, deflation, reflation, etc.

So remote are most of these expressions from recognizable likenesses of any objective facts or definite concepts that anyone could credibly charge the bankers with having arrived at them by Kabbalistic methods. Most of these words lend themselves to, and in fact are given, alternative and often contradictory meanings by banking apologists even in a single given frame of reference, not to speak of the further changes of meaning made possible when alternative frames of reference come into the question. Just one example will illustrate the jumble referred to; viz.: the statement that there is a War Debt of £7,000,000,000, or that the capital of British industry is, say, £20,000,000,000 (or any figure you like!). To the numerologist these are liabilities; but as our readers know, they chiefly represent assets. Thus an American statesman soon after the war said that the new capital (factories and plant) created during the war would be a "millstone round the neck" of American industry unless they found large new overseas markets for their exports—i.e., unless they subtracted physical wealth from their stores. According to him, the most prosperous country, apparently, is the emptiest country.

II.—On Swapping Goods.

A letter published elsewhere deals with a point which can be usefully discussed. It arises out of the criticism of a passage in a review-article last week entitled "On Swapping Goods For Goods." The issue raised reminds us of the saying: "The Sabbath was made for man, not man for the Sabbath." It demands, at least as we see it, the answer to the question: Were producers, or was production, made for the exchange-system, or was the exchange-system made for producers, or production?

As a preliminary we should like to point out that THE NEW AGE, in an important aspect, is not a public journal. It is composed for the edification of people presumed to be generally familiar with the fundamentals of the Social-Credit objective and technique—people who are, to use the phrase, not of the world, though in the world.

Accordingly a good many ideas in THE NEW AGE are delivered in "mother-tincture" form, as the homeopaths would say, and are intended to be broken down by dispensers according to the requirements of patients. It is a well-known fact, in chemistry, as well as in pharmacy, that certain reagents are more potent in their concentrated form, only acquiring potency by dilution. An example is fluorine acid, which will etch glass when diluted with water, but will not when undiluted: it gains strength as you weaken it! The homeopaths recognise this truth in their principle of what they call the "infinitesimal dose."

With reference to the passage in the article which our correspondent criticises, we agree that it is not

in a form suitable for prescribing "neat" to all patients. But we did not consider that the reviewer so intended it, nor indeed that he was even recommending its use at all except on special occasions. What we consider to be the valuable property of this "tincture" is that it acts as a corrective to states of mind, created by the jargon of the bankers, in which the products of industry are conceived, not as objects of consumption, but as instruments of exchange. It is undoubtedly true that in international trade goods must be paid for, if paid for at all, in the form of other goods. But, for the very reason that this is so, it becomes all the more necessary to emphasise that "swapping" is not the primary object of production. This vicious impression feeds the roots of the bankers' doctrine of the economic interdependence of nations. One example of its expression was in Sir Otto Niemeyer's warning to Australia that she could not live to herself alone. What he meant to be understood was that an isolated Australia would cease to have an economic system; and his implication was that her prosperity depended on the dimensions of her overseas trading.

This is only true in a political sense, namely that the banking monopoly are at present in a position to make it come true. But in a realistic sense it is nonsense to suppose that swapping, in itself, can increase the supply of wealth disposable in any country: all it can do is to diversify the character of the wealth. The true test of what would happen in an isolated Australia is to take an inventory of her resources, products and means of production and to see whether any item is missing from it which, if not imported, would reduce the people to intolerable economic conditions. Such a test would no doubt show that isolation would impose on the people the necessity of modifying the character of their means of life. But that is quite a different matter from a quantitative reduction in the means of life. Few Australian citizens, we imagine, would hesitate to abandon the present "interdependence" system in which there is a wide assortment of articles that they cannot buy, and to turn to a self-dependence system in which there would be a narrower assortment that they could buy, and buy more abundantly. But the people are not allowed to make the choice. They are compelled by bankers' laws to go on swapping to a greater and greater degree as the real necessity for it diminishes.

In their early days they swapped voluntarily, and rightly so, because in their undeveloped state they needed to import capital goods. But their very object in swapping them was to be able to dispense with swapping later on. They were importing the means of self-support, which is another way of saying that they were building up the power of self-isolation. Not that this was their conscious objective, but that it was the inevitable physical consequence of what they did. Yet to-day they are told by Sir Otto Niemeyer that the swapping must go on—that they are more dependent on the outside world than before they began to make themselves independent. There is here a manifest conflict between the physical and financial principles and notations involved, which all thinkers worth the name ought to be trying to resolve—as many, we are glad to know, are doing. And it is in this connection that we conceive the idea expressed in the review above referred to as potentially useful, for, if handled judiciously, it helps to discredit the sophistries of the financiers.

Naturally it would not attract the man in the street, who connects physical products with hard work, most of it uncongenial, to be told that really it doesn't much matter how much of your own you swap to get something else, or even whether you get

anything at all for what you part with, but there are types of mind which would "receive" this truth in its fundamental sense—such types, for example, as are watching the research work of the "Technocracy" scientists in the United States. These investigators are demonstrating that production to-day is virtually costless in a physical sense—that you have, as it were, only to press a button to get what you want, and press it a little longer to get as much as you want, and a little longer still to get a jolly sight more than you want. The only reason why this does not happen now is because the bankers control the economic switch-board, and select what buttons are to be pressed and what countries shall press them. The whole problem is to find means of ejecting these financial interlopers. That done, the whole system of making goods primarily on account of their swapping-value somewhere else will be shown up in all its artificiality. The recoverable swapping-value of an unwanted surplus, procured without cost, and replaceable without cost, can only be expressed in terms of the gratification received at finding someone else who does want it and will take it. To say: "I did it for love" is not to say: "I did it for nothing"—as the bankers seem to believe. There are faculties in a population considered collectively as are in individuals considered singly, namely, self-esteem and benevolence. Both will receive gratification, the one at the thought of being able to produce what others find desirable, and the other at the spectacle of their enjoyment. Goods will be interchanged, certainly, and the more the better if populations wish it. But the spirit in which it will be done will not be the huckstering one of saying: "What things can you give me for this?—and how many of them will you give me?" but in the spirit of the "night out" when the members of the convivial group, each in his turn, is heard to say: "Come on, drink up! The next round's on me." And if you can imagine a person who should make it his practice to put the ritual on a "swapping" basis, saying: "What priced drink will you stand me when your turn comes if I pay so much for your drinks?" you will get a picture of a country which, under a world-system of costless productivity, refused to contribute to intranational amenities except on a business-basis. It would be ostracised by all its sportsman-like neighbours, as a rank outsider.

These reflections may have no direct propagandist value, but they have prophetic import, from the contemplation of which propagandists may derive benefit.

III.—"The Times" and the Church Assembly.

The Times of November 19 innocently discloses the difference between the criteria of values governing politics as applied by professional finance on the one hand and religious bodies on the other. The writer by implication admonishes the Assembly for wasting its time on deploring the spread of gambling, and sympathising with the unemployed, and deploring the fact that this occasioned the postponement of more important things until later in the session, when the attendance of members had considerably diminished. The "more important" things, let it be noted, were both financial! One was the question of approving the Benefices (Purchase of Rights of Patronage) Measure, and the other was a measure for providing pensions for the widows of church incumbents.

The Times heartily approves the objects of the two financial measures, and therefore has no difficulty in satisfying itself, and assuring its readers, that in spite of the absence of two hundred members the result of the division faithfully reflected the views of the Church Assembly as a whole. (If the division

had endorsed the Douglas Proposals we should have had a different story to tell!) Speaking of the pensions scheme *The Times* notes in it "two good points." Firstly, that the scheme is on a "definitely actuarial basis." In other words the incumbents (and perhaps the parishioners) will provide the widows' mites. Secondly, that the very fact that the utmost the Church can do at present is to provide the widows of its clergy with 11s. a week may "help the public to realise what the financial treatment of the Church's ministry really is." Quite so, but not whose fault it is.

The writer proceeds: "It may suggest also the propriety of deferring grandiose schemes of church building until the Church's living agents have been supplied with a living wage." We recommend this excellent sentiment to the attention of *The Bank Officer* for use apropos of grandiose schemes of bank building. There is a humorous touch about this, for, earlier in the article, the writer alluded to the inadequate accommodation afforded by the Church House, which rendered the "physical atmosphere" in which the proceedings were conducted, "of a kind to fill hygienists with horror." However he consoles whoever may be disconsolate about it with the remark that, after all, informal talks in the lobby or smoking-room may often be "more fruitful in practical results" than the "set debates in the Chamber." We can believe it! A frank elucidation of any result which *The Times* would pronounce "fruitful" would disclose the banker sucking the juice out of it.

The Banker in his castle,
The Bishop in the grate,
God made them high or lowly,
And ordered their estate.

We notice, by the way, that the verse in Mrs. Alexander's famous hymn which we have here altered only by substituting "Banker" and "Bishop" for "Rich man" and "Poor man," and "grate" for "gate," is left out from the version in the Methodist Hymn Book. We can understand this, for the "Liberalism" of the Methodists and of Nonconformity in general has been used as a stalking-horse by the banks for hunting down rich men in the supposed interests of poor men. If God ordered the rich man's estate it is an act of impiety for the banker to order confiscatory estate-duties on it. If the policy were that of displacing one rich man for another, that would not be discordant with Mrs. Alexander's concept. But the deliberate and declared object of the policy is to extinguish all large estates, irrespective of who owns them. The banks never liked rich landlords, for the latter were an obstacle and a potential danger to the banks' temporal power. And for the same reason they do not like a rich Church, for she would be more independent in her judgments. As we pointed out some years ago, the Church is a dispensable institution from their point of view; for in the Press and the B.B.C. they control ample avenues for giving the people religious instruction. And the only instruction they deem necessary for the people is that which maintains their faith in, and secures their obedience to, the financial system and the rules protecting it. This accomplished, they do not care what kind of religion is taught, and are indeed just as ready to finance atheism as any form of deism. So they leave the Church to languish in the state of impecuniosity which *The Times* alludes to.

IV.—Circular 1421.

The controversy raised by this Circular lends itself to the exploitation of the "push-behind" method of discrediting the policy behind it instead of the method of frontal obstruction. It can take two

forms. One has been described by us on previous occasions, and consists in pressing for the closing down of redundant enterprises like banks, insurance companies and newspapers. Educationists will have no difficulty in meeting the economists on their own ground—namely that *money must be saved at all costs*—by showing how much greater scope for saving exists outside the teaching profession and institutions. The other form is to press for further retrenchments in education itself. Teachers would probably not care about taking up this attitude in public, but there is no reason why others who are good at talking and writing with mock solemnity should not play this game. The right model was provided by Dean Swift, when he argued his celebrated case for converting the glut of babies among the poor into meat for the tables of the rich. In the present connection the method would be to construct a logical case, not simply for severer restrictions on secondary education, but for its complete abolition together with that of elementary education. It sounds startling to say: "Don't let us have any more education," but directly you begin to examine the proposition from the point of view of the current financial criterion of values, it is surprising what a lot can be said for it. For how far, and in what respects, can education show a profit on the expenditure involved? Let us look at it, for example, in the light of the "Dole" Commission's Report on which we commented last week. The Commission, as we pointed out, complacently contemplated the persistence in perpetuity of an unemployment figure of not less than 3,000,000 provided that their recommendations for keeping the insurance funds "solvent" were carried out. They have given up the idea (and for good reasons) of providing work and wages for the unemployed, and are concentrating on making arrangements virtually to billet them on the households of the employed. Assuming there are, say, eighteen million families supported by money earned in employment, this would mean on the average that every three families "adopted" an unemployed person, clubbing together to keep him or her in food, clothes and shelter. Imagine that this could actually happen, and that, let us say, Mr. Brown, Mr. Jones and Mr. Robinson, respectively residing with their families at Nos. 1, 2 and 3, Tightbelt Street, Normanstown, took turn and turn about at affording accommodation and subsistence to a gentleman of enforced leisure named Mr. Smith. The three hosts, so to call them, would of course be aware that their guest Mr. Smith had come to stay to the death. Not only that, but they would also realise that when the little Browns, Joneses and Robinsons had grown up more little Smiths had been growing up too, who would one day knock at the doors, presenting letters of recommendation from the Unemployment Assistance Commissioners, and just announce: "Here we are." Now supposing that, while Mr. Brown, Mr. Jones and Mr. Robinson were so reflecting, you were to call on them and put the question: "Do you really think it is worth your while to pay rates for educating those little Smiths who will one day be your children's idle guests?" those three gentlemen would not take long to get your point. They would say: "If the line of Smiths are destined never to find a vocation, then what's the use of giving them a vocational training?—and why should we pay for it?" We can of course imagine Mr. Smith, supposing he were present, addressing the trio at the wheel of fortune might turn, and that this time it would be the Browns, Joneses and Robinsons who would come knocking at the doors of the little Smiths. But this would only make his hearers more obdurate, for why should they pay money to train the little Smiths to take the jobs away from the little Browns, Joneses and Robinsons? "No," they would say,

"if the Smiths must receive education let's cut out the vocational part of it at least." And they would be right; for this would save them money immediately, and safeguard their children's livelihood later on.

And now to generalise; it is a logical conclusion from the facts that indiscriminate vocational training (and our educational system aims at a vocational object) is financially wasteful, and that the margin of wastefulness is measured by the margin of superfluous labour, actual or in prospect. Remember that we are here applying the bankers' own criterion of waste. They have an answer if they like to make it; namely that there is a financial profit in training, say, a hundred people for fifty jobs, because the existence of fifty trained unemployed keeps down the wages of the fifty trained employed. That is true, but the financial profit reverts to them in the sense that they are able to conserve the credit that they control. In brief, indiscriminate vocational education subserves the bankers' deflationary policy. But we are not concerned with their reasons for approving it; we are concerned with the fact that it involves unnecessary expenditure.

There is something in the argument that if you do not train the said hundred people you will not discover which are the best fifty to fill the jobs. But we allow little weight to it as regards the situation in this country: it applies with force only in undeveloped countries. Russia for example. Britain is surfeited with what Russia lacks. Even in 1914 the organisation and equipment of British industry had reached a stage which enabled us to provision and equip our soldiers at the front and our population at home by means of a skeleton staff of elderly men and young girls. All our "best men for the job" were sent out of the country, and yet we made and distributed a volume of products never before reached or even thought possible. In the next war we shall do better still. Our production system is fool-proof in a technical sense, and the only specialised knowledge wanted belongs to the highest plane of administration; and even of this a large part is required in order to maintain industrial efficiency under an inefficient system of finance—that is to say, it is essentially superfluous. Ideally of course industrial posts should be filled by the most efficient men; but as a matter of fact adequate efficiency can be found everywhere and in quantity sufficient to man and run ten industrial systems. Since one is enough, we do not need to vocationalise the minds, sentiments and actions of the nation's whole childhood as we are doing. Industry no longer waits for new ideas or new improvements in technique. It is overdone with them. What it waits for is *new orders*. An effective demand makes an effective supply.

Toppe Bankyr.

A better Bankyr non I trowe shal fynde
To stry bys clyents and eke al mankynde,
Nor be in ryot nor unsemely dooes,
Albeit man can bye ne fode ne booze.
Ryte wel he coude a shiten trycke performe,
And whan ye tempest broke evade ye storme.
Shal ye sty wolfe not smyle behynde ye sheves
To see ye shepe v-quarrel with ye beeves?
Wbile thay bismotter eche ye eche with mod
The shal of thynge ful tendre mak bys fode,
And shoulde one to bys wysdome mak apele
The wil to God ascrybe ye woe or wele.

A. G. S.

Copland and Social Credit.

By D. W. Burbidge, LL.B.

[The opening reply to Professor Copland's "Facts and Fallacies of Douglas Credit."]

VI.

V.—THE A + B THEOREM (continued).

"Depreciation" and "Profit."

Other fallacies are evident in Professor Copland's criticism. He assumes that such costs as "depreciation" and "profit" are distributed as money payments at the time of production; whereas, as a general rule, "profit" (though quite a legitimate charge) and "depreciation" as costs in production, are simply book-entry costs, which must first be earned by the sale of goods, before they can be distributed as purchasing power by the industry concerned. This point, particularly as regards "profit," is indicated by Major Douglas in his diagram in "The Monopoly of Credit." Although Professor Copland used this diagram in his lecture, he made no reference to the point.

He takes no account of the fact that practically all of industry's financial transactions are carried on by bank credit, and with it the corollary that almost all money received by industry from sales must be used to repay bank loans. The vital effect of this is that the provision and issue of money as a further loan for production is dependent upon the will of the banks—not industry. The recent restriction in the flow of credit by the banking system is proof that they do exercise this power, and of the falsity of Professor Copland's assumption that all money received by industry and used to repay bank loans will, of necessity, emerge again by way of a further loan.

"The Time Factor."

In criticising an illustration in Mr. Rhys' pamphlet, "Real Wealth and Financial Poverty," the Professor, disregarding entirely the time factor in production, made the assumption that because money was paid out at some time in production, weeks or months before, it must be available NOW as purchasing power—an obviously untenable position. People generally spend their income as they get it, in order to live; and therefore to assume that money received by individuals engaged in production, say, six months ago, is now in their hands as purchasing power is the height of absurdity. The mill will never grind with the water that has passed. In the words of Major Douglas: "Cost is the accumulation of past spendings over an indefinite period, whereas cash price requires a purchasing power effective at the moment of purchase."

Saving and Investment.

Professor Copland does not agree that the saving of money from income and its investment in production increases the costs of industry in relation to consumers' purchasing power. A simple illustration will prove him wrong. Suppose that I as a bootmaker receive £10 in a week as wages for the making of 10 pairs of boots priced at £10. I buy, say, 6 pairs for personal use and "save" £4 of my income. The immediate effect of this is, clearly, that there are 4 pairs of boots priced at £4 on the market unsaleable. Suppose now I decide to "invest" the £4 in production, e.g., in bootmaking, and that I pay that sum to another person who in return for it makes 4 pairs of boots. Now disregarding the fact of profit to which I as an investor am entitled, it is obvious that the position now is that there are two lots of boots on the market each lot costing £4, a total of £8, and that the person to whom I paid £4 has that sum of money. Now with it he can buy either the first lot of boots which I made but did not buy, or he may buy the second lot which he himself made, BUT HE CANNOT

BUY BOTH. One lot of boots costing £4 must remain unsold.

The "Equilibrium" Theory.

Another line of criticism taken by Professor Copland was the claim that in continuous production covering all stages and operations, all in simultaneous operation, the B payments of the final industry making the final or consumable product are balanced up by the A payments of the industries making the intermediate products, and that consumers thereby derive enough money to buy the consumable portion of production.

It is presumed, for instance, that in the manufacture of consumable goods to the value of, say, £60 covering, say, three stages in production (it can be any number) that at each stage by the industry concerned, £20, or some proportion of the £60, is being simultaneously paid away as wages and salaries, and that the sum of these disbursements is equal to the cost or price of the consumable goods issuing at the same time. To make this idea quite clear, let us suppose, for example, that there are three stages of production embracing three industries, and that all the operations of these industries go to the manufacture of consumable goods. Each stage or industry, let us imagine, is in operation. The first or No. 1 industry is paying away £20 as wages and salaries and selling its product to No. 2 for £20. No. 2 is buying No. 1's product for £20 and at the same time paying away £20 as wages and salaries and selling its product to No. 3 for £40; No. 3 is buying No. 2's product for £40 and at the same time distributing wages and salaries to the sum of £20, and this being the final industry from which issues the consumable product, it is placing on the market goods costing £60.

Now that is the way the Professor looks at the matter, and he claims that if all three industries operate simultaneously, each will be paying away £20 per week, say, as wages and salaries, and each week £60 worth of goods will come on to the market, and the consumers, as the individuals drawing the incomes, will therefore have enough money to buy them.

It is a plausible argument and very likely to catch the unwary. But let us look into it, and we need go no further than No. 1 industry to see the fallacy of it. It is presumed that the *only* costs in this industry are *wage and salary costs*. But can Professor Copland point to *one* firm whose costs consist entirely of the dividends, wages and salaries paid to its own shareholders and employees; that pays no rent, taxes, rates, interest or insurance; that consumes no coal, gas or electric light; that never buys any plant, machinery, or raw materials, desks, safes, typewriters, or other office furniture, paper, string, pens, ink, or postage stamps; that has no telephone and never sends off a telegram or writes a cheque—all of which operations involve B payments? If Professor Copland can point to one firm that does none of these things, we will make a pilgrimage to it as to a shrine. Consider what the Professor's assumption implies. Individuals engaged under such conditions would operate no machines or tools: would use up no raw materials, fuel, or light: would not work in a building or do any of the things that are customary to industrial life. In short, they would, therefore, produce NOTHING. What, actually, could they produce? They could make nothing if they had no tools or machines to work with, or raw materials to work on, or building to work in. But since it is presumed by our critic that No. 1 industry in our illustration did produce something which ultimately became a consumable product, he must, then, admit that those engaged worked with machines or tools on raw materials, and in buildings, and consequently incurred *costs on account of those raw materials, machines, and buildings*.

Suppose, by way of illustration, we set down the cost of those materials, machines, etc., at £30, and now again go over our costing in the production of these hypothetical consumable goods. No. 1 industry

now has costs to £50, covering wages and salaries £20, raw materials, etc., £30. No. 2 industry buys No. 1's product for £50 and at the same time distributes £20 as wages and salaries, and sells its product to No. 3 for £70. No. 3 in addition to this cost pays away £20 as wages and salaries, and the final product issues for consumption at a cost of £90, *not £60, which is the sum of purchasing power which the three industries are simultaneously distributing to individuals*. What, then, becomes of the contention that consumers at any rate receive enough money to buy the consumable portion of production?

The conclusion is indisputable that since there is no industry without B or overhead costs, no chain or series of industries contributing wholly to the making of any final product distributes in the manufacture of that product, in any period, as much money to individuals as the price of the final or consumable product issuing simultaneously.

The economic fact here illustrated is that in any form or stage of production, in any period of time, individuals engaged in production are paid money for working on raw materials, with machines, and in buildings, *which were produced in a PREVIOUS PERIOD*. Therefore, unless reason has left the mind and logic blown to the winds, it is obvious that, since the costs of any period *must* include costs of a *previous period*, the *current or present income* of a community—also costs in production—can never equal total costs, embracing both *current and past* costs.

The whole truth of the matter is that "you cannot bake bread with corn which you are simultaneously grinding." Nor can you grist flour with machines you are simultaneously making. Nor make machines with iron ore you are realising simultaneously mining. If this fact be at the truth of the A + B Theorem will be impossible clear and certain. To reiterate, if it is impossible to get any period where machines are being used and material worked upon, *which are not the product of a previous period*, then you cannot get a period where wages and salaries are the only costs of production. They, as the A costs, *are always accompanied by B costs*, i.e., costs incurred in the PAST, and that fact must always cause costs and prices to be greater than CURRENT INCOMES or purchasing power.

How the Problem Arises.

How does the problem embodied in the A + B Theorem arise? Primarily from the premature recall and cancellation of bank-created money. Money is created by the banks to enable the production of goods, and in principle this money should not be recalled until the goods produced are consumed. The banking system, however, makes no recognition of this essential relation between money and goods, or, in other words, it overlooks the fact of an economic cycle covering the "life" of goods to which the financial or money cycle should conform. Instead, it lays down a time for the repayment of its loans, the average duration of which is at most some months, and recalls money in accordance with that policy.

The money is recovered by the banking system with the industrial system as its medium though inflated prices of goods, and the investment of savings. As an illustration, let us suppose a manufacturer to borrow £5,000 from a bank for an extension of his plant. He accordingly pays that sum away to the community, and we shall assume for the moment that they hold that much more money. A proportion of it is now spent on the market for a livelihood on the consumable goods and that the new factory does not come within their buying range—of inflating prices; and if we suppose the goods

sold to have belonged to the manufacturer, then he will receive back a part of his loan expenditure in that way. As to the balance, let us suppose that he is being pressed by the bank for repayment in pursuance of the policy of keeping funds "liquid," and that he decides to recover it by the issue of shares in his concern. He does this and the community subscribe for them. Thus by these two means—*inflated prices and the sale of shares or investments by the people*—he recovers the whole of the £5,000, which is used to repay the bank and thereupon that much money is cancelled.

That, however, is by no means the end of the matter. The manufacturer or industry, as we may now term it, has new equipment not yet in use, but which later will be used in production, and on account of which a depreciation charge, as well as a profit charge, will be made—the first charge for the purpose of providing a fund to replace the capital equipment when deteriorated beyond use, and the second to furnish a dividend on the capital investment. But the very obvious fact is that the community cannot possibly have the money to pay these charges. They have already parted with money representing the cost of the new equipment through higher prices and share purchases. There are now "B" costs in prices which are additional to their current incomes, and so we get the present state of industry's costs in relation to consumers' purchasing power as explained in the terms of the A + B Theorem.

It is idle to claim that this impasse can be overcome by the expenditure of more money by industry in further production, for while such a step may afford temporary relief for one section of industry by transferring the deficiency to another, it would, since the new money would also be subject to premature recall by the banking system, eventually widen the gap.

Had the banks pursued another credit policy and permitted the money to remain in the hands of the community until the capital equipment was worn out, and retired such money from the community at the rate of depreciation, or, as an alternative, had the banks credited the community with any sum prematurely recalled, purchasing power would have been adequate.

The only solution to the problem is that advanced by Major Douglas, namely, that in effect the prematurely-destroyed credit or money must be re-created by the banking system and issued on behalf of consumers at the rate at which the "B" or overhead charges of industry are reckoned into prices of consumable goods. This would enhance consumers' purchasing power and enable them to get the goods produced by industry, while industry could produce to capacity and recover its full costs—and that is all that is required.

(To be continued.)

THE MARANG-NOTES BONFIRE.

Someone has sent us a cutting out of the *Daily Express* of October 11 reporting that on the previous day the Bank of Portugal burned 150,000 of the 500-escudo notes (about £5) which Mr. Marang got Messrs. Waterlow and Sons to print. Well, the author of the Marang Plan for the Reconstruction of Portugal, so to speak, has the satisfaction of knowing that although in form his intentions were frustrated, his principle of expanding Portugal's currency was nevertheless carried out. "Codlin's the friend, not Short," said the Bank to the people, "and seeing as Short has planted his notes on you we'll take it kind if you'll let us change 'em for ours." And the people said: "Sure, boys! Every time"—and in truth they would like nothing better than another helping of Short's notes to plant on Codlin.

No Reply.

The following correspondence has passed between the Kibbo Kift (Green Shirt Movement for Social Credit) and the Communist Party of Great Britain, from May 27 to September 16, 1932, and is now released for publication.

(1) From—
Kibbo Kift
(The Green Shirt Movement for Social Credit).
May 27, 1932.

The Secretary,
The Communist Party of Great Britain,
16, King Street,
W.C.2.

Dear Sir,
I enclose herewith copy of a resolution in connection with the Communist Party, passed unanimously at the Kibbo Kift National Assembly, 1932.

General Secretary,
Kibbo Kift.

COPY.

"That this National Assembly of the Kibbo Kift urges the Communist Party of Great Britain to consider, or reconsider, the method of economic adjustment known as Douglas Social Credit, and to make public an authoritative statement either for or against Social Credit."

(2) From—
The Communist Party of Gt. Britain
(British Section of the Communist International).
16, King Street,
Covent Garden,
W.C.2.

Tuesday
May 30,
1932.

Ian A. Ross, Esq.,
General Secretary,
Kibbo Kift.

Dear Sir,
Many thanks for your letter of May 27, enclosing copy of a resolution passed by your National Assembly.

It would be helpful if you could advise us where we can get the most authoritative statement on the Douglas Social Credit Scheme; you will understand that there are so many varieties of it in published books that we should like to know what your organisation considers is the essential part of the scheme.

Yours faithfully,
The Secretariat.

(3) From—
K.K. Green Shirt Movement for Social Credit.
The Communist Party of Gt. Britain,
16, King Street,
Covent Garden,
W.C.2.

June 7, 1932.

Dear Sirs,
I thank you for your letter to our Mr. Ross, who is at present away on holiday. Your letter will be passed on to him on his return, and he will then give you the information you desire.

Yours faithfully,
On behalf of the General Secretary,
W. T. Wilson,
Asst. Secretary.

(4) From—
K.K. Green Street Movement for Social Credit.
The Secretariat,
The Communist Party of Gt. Britain,
W.C.2.

June 25, 1932.

Dear Sirs,
Referring to your letter of May 30, formally acknowledged by our Assistant Secretary.

We should like to point out that the resolution passed at our National Assembly did not call attention to a "Douglas Social Credit Scheme," but to "the method of economic adjustment known as Douglas Social Credit." This distinction is by no means unimportant.

The most authoritative statement on Social Credit is to be found in "Economic Democracy" (6s.), "Credit Power and Democracy" (7s. 6d.), and "Social Credit" (7s. 6d.), all by Major C. H. Douglas, and published by Cecil Palmer.

We consider the following three points to be the most essential part of Social Credit reasoning:—
(a) That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country (irrespective of the cost prices of those goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption.

(b) That the credits required to finance production shall be supplied, not from savings, but be new credits relating to new production, and shall be recalled only in the ratio of general depreciation to general appreciation.

(c) That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the national dividend shall progressively displace the wage and salary, as productive capacity increases per man-hour.

We hope that the Communist Party of Great Britain will give careful consideration to the Social Credit thesis as set forth in the books of Major C. H. Douglas, and that the Party will make an authoritative statement either for or against Social Credit.

Yours faithfully,
 Ian A. Ross,
 General Secretary,
 Kibbo Kift.

(5) From—
 The Communist Party of Great Britain.

The Secretary,
 Kibbo Kift.
 Dear Sir,
 July 4, 1932.

Many thanks for your letter of June 25. So far as we are aware, the three points which you give as "the most essential part of Social Credit reasoning" are put forward as measures to be applied under the existing capitalist system of production. In so far as this is the case, they do not differ in principle from any other "ameliorative" proposals, the advocacy of which simply serves the purpose of fostering the illusion that it is possible to improve capitalism.

If, on the other hand, your organisation or its members think of the three points as applicable after the overthrow of capitalism, and are sincerely trying to advocate Socialism, we suggest that they should study the Socialist organisation of production as it is now being developed in the Soviet Union, when they will realise that the conceptions of the "three points" are totally inapplicable.

Yours faithfully,
 The Secretariat.

(6) From—
 K.K. Green Shirt Movement for Social Credit,
 National Headquarters,
 35, Old Jewry, London, E.C.2.
 July 16, 1932.

The Secretary,
 Communist Party of Great Britain,
 16, King Street, London, W.C.2.
 Dear Sir,

We thank you for your letter of July 4, which has now been considered by our Council.

We are not sure, however, whether this is intended to be the "authoritative statement" regarding Social Credit referred to in the resolution passed by our National Assembly this year, and we should be glad to hear from you on this point.

As regards the three points which we consider to be the essential part of Social Credit reasoning, we submit that their application would fundamentally change the capitalist system of distribution.

We hold that the system of production, developed over the last 150 years under capitalism, has achieved a very high standard of technical efficiency and engineering skill in the actual production of real wealth (goods and services), but that the distribution of this real wealth is not, and under the present system of finance cannot be, effective.

We are aware that practically all Socialist reasoning tends to concentrate attention upon the Capitalist system of production, whereas Social Credit reasoning concentrates upon the system of distribution, i.e., the banking monopoly.

This monopoly is, of course, a credit monopoly, and in order to impress upon the Communist Party of Great Britain the fundamental importance of this matter, perhaps we cannot do better than quote the words of Lenin, who wrote:—

"In running the current account of a certain number of capitalists, the bank may seem to be undertaking only a technical process; but when these operations assume extensive proportions, the result is that a handful of monopolists control all the operations, both commercial and industrial, of capitalist society. They can, by means of their banking connections, by means of knowing the state of current accounts, by means of knowing financial operations, first ascertain exactly the position of isolated capitalists, then control them, act on them by restricting their credits, or, on the contrary, by extending them; at length they can entirely determine their fate, deprive them of capital, or, on the other

hand, permit them to increase their capital to enormous proportions."

(Imperialism: The Last Stage of Capitalism, by N. Lenin. The italics are Lenin's).

We wish to draw your attention to these words in which Lenin pointed out that the banks—"a handful of monopolists"—control all the operations of capitalist society, and in which he underlined the fact that the banks can entirely determine the fate of all capitalist organisation. We submit that they not only can, but do.

It is clear that "the overthrow of capitalism" means the overthrow of those in control of capitalism, i.e., the present banking system. That is the aim of Social Credit.

Therefore, it is logically absurd for the Communist Party of Great Britain to suggest that the Social Credit line of reasoning "does not differ in principle from any other 'ameliorative' proposals."

The application of the "three points" given in our letter of June 25 would result in the overthrow of the banking monopoly, and would ensure the complete economic freedom and security of the British People.

If the Communist Party of Great Britain is not interested in, nor concerned with, the overthrow of those who not only control but "entirely determine the fate" of capitalist society, and if it is not in a position to deal dialectically with the principles that must govern economic freedom and security, then, obviously, it is a political absurdity having nothing in common with Leninist realism.

Our organisation and its members have made, and continue to make, a very careful study of the organisation of production and distribution as it is now being developed in the Soviet Union, and we are probably as well informed upon this subject as any grouping in the country.

We realise quite clearly that the problem facing the Soviet Union after the period of "war communism" was the equation of Production to Consumption, i.e., that Russia was short of consumable real wealth (goods and services), and that this was due to a shortage of modern machinery and skilled technicians.

We are dealing, and we imagine that the Communist Party of Great Britain is dealing, with the social economy of Great Britain, and we realise that the problem here is precisely the opposite: the equation of Consumption to Production, i.e., that Great Britain is not short of consumable real wealth, nor of production plant and efficient technical service, but, on the contrary, is suffering from under-consumption due to a shortage of purchasing-power.

Because of this fact, which you appear to have overlooked, the "three points" set out in our letter of June 25 are applicable to this country, and, indeed, to any country with a highly developed modern productive system. The three points quoted express the general principles required of any financial system sufficiently flexible to meet the conditions which now exist, and to continue to reflect the economic facts as these facts change under the influence of improved process and the increased use of power.

As such, these principles will be applicable to the Soviet Union as soon as its internal economy has "caught up" with and "overtaken" that of other countries in technical skill and productive efficiency. They are, as a matter of fact, applicable now in such a way as to stimulate productive capacity enormously.

We feel that your Central Executive Committee has not yet given the Douglas Social Credit analysis and proposals adequate attention, and, in view of the bankers' boycott of Social Credit propaganda, we consider it to be of very real importance that an authoritative statement either for or against Social Credit should be made by the Communist Party of Great Britain.

Yours faithfully,
 Ian A. Ross,
 General Secretary,
 Kibbo Kift.

(7) From—
 K.K. Green Shirt Movement for Social Credit,
 National Headquarters,
 35, Old Jewry, E.C.2.,
 September 16, 1932.

The Secretary,
 Communist Party of Great Britain,
 16, King Street, London, W.C.2.
 Dear Sir,

My letter of July 16, 1932. I wrote you very fully on July 16 last, but so far have had no reply from you.

Might I ask you to be so good as to expedite your answer. Yours faithfully,
 Ian A. Ross,
 General Secretary.

(No reply received.)

The Films.

Reunion: Palace.

This English picture—made by a new concern known as Sound City Production, and described as "taken from a real life-story published in 'John Bull'"—is so artless as to defy criticism. There is a thread of a theme, but the film has not a shred of cinematic quality, being nothing but a photographic and sound record, running exactly sixty-one minutes, of a regimental dinner and "sing-song." Plenty of people like this sort of thing; I don't, and I prefer to take my variety theatre straight and not through the medium of the camera. Is it necessary to add that the dialogue is marvellously uninspired?

Say It With Music: Dominion.

More celluloid music hall. One is accustomed by now to the Herbert Wilcox formula of clamping the camera to the studio floor and forgetting all about it, but his films usually have some more or less definite theme. Here we have nothing but a photographed sound record of Jack Payne and his band. The Brothers Warner made "shorts" of this type in the early days of the talkies, but whenever they and other American producers made a full-length musical film they infected it with some kind of story and some essence of the cinema. In "Say It With Music" there is not even a camera angle, and the producers have achieved the seemingly impossible of giving us something worse than "Elstree Calling," the first English picture with music.

Incidentally, the first-night arrangements at the Dominion reflect no credit on the management, which disposed of seats previously allocated to the Press and other invited guests. I would not mention the matter if the occurrence were exceptional. As it is not, someone should occasionally remind those responsible for the presentation of British films that if critics are invited to see a picture they should be able to see it in reasonable comfort.

The Talkies to Talk Less.

Lovers of the films—call them diehards if you like—prefer silent pictures to talkies and especially dislike the "too per cent. all-talking" pictures, are being more and more justified by the studios. As the present writer was among the first to predict would be the case, René Clair's sparing use of dialogue has already had a noticeable effect on American and Continental producers. Also some recent films, such as "The Blue Light," are based so entirely on silent technique that the little dialogue they do contain is entirely superfluous. Now, Universal Pictures, which made "All Quiet on the Western Front" and sponsored "The Blue Light," inform me that they are aiming at the creation of an "international talking picture technique," and that their scenario staff have been instructed to eliminate immediately at least 25 per cent. of the dialogue in all the scripts now in hand, and to do away with speech "that is merely used to employ sound between active scenes."

Seventy-five per cent. dialogue is still too much, but the proportion will no doubt ultimately be lessened so far as Universal is concerned, because these producers have realised that while the silent screen spoke a universal language, the talking picture "has become too American for its own good." It has also been recognised at last that the novelty of sound has long worn off. Apparently, Universal do not contemplate a return to the silent technique, but are aiming at the achievement of new methods in which producers will "think in terms of movement and action, instead of mere sound and voice," while "musical backgrounds" are to be used with intelligence.

The first film on these lines is to be "Airmail," which will shortly be followed by "The Invisible Man," based on the novel by H. G. Wells. They may or may not have to be judged rather as experiments, but they deserve to be judged sympathetically. Certainly, the experiment is worth making. In fact, it is overdue.

Current Films.

"David Golder" continues at the Academy, where it will be succeeded on Sunday by the German picture "Barbarina," a costume piece, with Lil Dagover and Hans Stuwe. "Love on Wheels," with Jack Hulbert, and "Mad Masquerade," which has political corruption in the United States as its theme and presents Lionel Barrymore in a typically Lionel Barrymore rôle, are at the Stoll until Sunday.

"One Way Passage," at the Regal, has Aline MacMahon, Kay Francis, and William Powell in the cast, but these players are largely wasted. The theme could have been invested with a dramatic—even a tragic—quality, but it has been spoiled by pedestrian treatment, and the film is machine-made. It will, however, no doubt, appeal to less discriminating audiences. DAVID OCKHAM.

Theatre Notes.

Pre-war theatregoers are not often indulged to-day, as their tastes rarely coincide with the contemporary product of dramatic art. It is possible, however, that most sections of the theatre-going public will welcome "Potash and Perlmutter," which is being revived at the Gaity this week. This superlatively clever piece has recently been seen in the provinces and at Hammersmith, and it is hoped that the West End run will be as long and successful as its author, Mr. Montagu Glass, deserves. Other new plays this week are "Desire" (Cambridge), a comedy by M. Sacha Guitry, in which the author is appearing (but not with Mlle. Yvonne Printemps!), and "The Cathedral" (Embassy), adapted from Mr. Hugh Walpole's novel of the same name. "Macbeth" is being performed by Miss Lilian Baylis's company at the Old Vic.

"Playground": Royalty.

"It is better to lie a little than to be unhappy much." With this excellent moral maxim in mind Mr. Noel Scott has written a bright and amusing comedy entitled "Playground." It is well cast, well acted, and well produced at the Royalty Theatre. It contains a bishop, a barmaid, a drunken sailor, a schoolmistress, a seducer, and plenty of fun—decent, clean fun, too, I should add! The Rev. the Hon. Peter Penlee has been appointed resident chaplain to the Raeburn School for girls in Ayrshire. (Are there any Scottish schools with resident Church of England chaplains?) He is young and athletic; in fact, almost a pro-lains. He is young and athletic; in fact, almost a pro-lains. He is young and athletic; in fact, almost a pro-lains. He is young and athletic; in fact, almost a pro-lains.

This play never drags for a moment, and is full of laughs—especially in the school dormitory scene! I strongly recommend it as first-rate entertainment.

Follow Me: Westminster.

This play is an attempt to bring Christ into modern life, and I cannot describe it as a happy one. The author, Mr. Tyrone Guthrie, had several passages-at-arms with the Lord Chamberlain before that official would licence it for public exhibition, but even in its amended form it has plainly proved too much for the capabilities of Mr. Guthrie. In fact, the subject is so exceedingly difficult to handle on the stage that I can well imagine a dramatist of much greater merits than Mr. Guthrie coming to grief over it. "He" who, of course, cannot be seen on the stage, appears to a middle-class family living in Glasgow. Graham Anderson, the breadwinner, responds to the call and deserts his family. Three years later "He" is tried for high treason (the Court sits all night with a pleasing reversion

to eighteenth-century barbarity of procedure!) and executed. There is evidence of a resurrection, and Mrs. Anderson, who has come to London to be with her husband during the trial, is converted. They then start off to conduct a mission, while their children, whose lives they have ruined, start off to find a new life in America.

Mr. Guthrie might have found a better field for his talents as author, though as producer I consider him well abreast of the times. One scene I found objectionable, namely where the Andersons and friends sing a hymn in one room, while in the next "He" and his disciples intone a drinking song! The actors did their best, though their accents for the most part betrayed origins south of the Tweed. Miss Elliot Mason as the harassed Mrs. Anderson was the most convincing. Mr. Barry Livesey had the difficult part of Graham Anderson to play. I like his voice, but it is not Scottish! Of the minor characters, Miss Dorothy Holmes-Gore as a hysterical disciple deserves honourable mention. I do not think this play will have a long run. Serious-minded theatre-goers should certainly see it before it comes off.

Other People's Lives: Arts.

Mr. A. A. Milne should stick to light comedy of "The Dover Road" variety, at which he is a past master. The theme of his new play, which has recently been presented by Mr. Lawrence Hanray, at the Arts Theatre Club, is that it does not pay to be a busybody, but the author has not made a striking success of it. The apparent reason is that in "Other People's Lives" Mr. Milne has tried to be serious and in doing so he has preached just a trifle too obviously. The cast was well chosen and the production good. I liked particularly Mr. Lawrence Hanray as the poor commercial traveller, whose life is the subject of his better-to-do neighbours' interest. Miss Isobel Scaife was pleasing to watch as his bouncing, healthy daughter, in whom an interest also is taken. The other characters were diverting, notably Mr. Harold Warrender as a heartless ass and Mr. Douglas Burbidge as a cheery dean. This play would have been better minus "the sob stuff"!

RICHARD CARROLL.

Social Credit at the Law Courts.

An interesting debate was staged in no less an important place than the Lord Chief Justice's Court, at the Royal Courts of Justice, Strand, on November 17, by the Law Clerks' Debating Society. The motion was:—

"That prosperity can only be restored by the payment of a National Dividend, coupled with the Just Price, according to a mathematical formula reflecting the true relationship between consumption and production."

The debate was ably introduced and wound up by a Mr. K. Tucker. The opposition was weak. The attack was on general grounds, opponents having apparently no knowledge of Social Credit principles as such. Fear of innovation was apparent in speeches, and probably resulted in quite a number present refraining from voting. Despite this, however, the motion was carried by twelve votes to eight. One of the subject had forced those present to realise that the debate was not upon a mere academic point: but one of vital importance to the future welfare of the community.

F. G.

OFFICIAL SECRETS.

The Melbourne Age reports the reply of the Victorian Premier, Sir Stanley Argyle, to a deputation of Civil Servants on September 15 as follows:—

"Replying, the Premier said . . . unfortunately also he was placed in the position of having to do what was repugnant to him. The State was no longer its own master, and until its accounts were in order it became dependent on other people. . . . The last Government had broken one contract after another in the Financial Emergency Bill, but it could not be avoided. It was deplorable and regrettable that every Government should be compelled to break contracts. . . . If there was any way of preventing the reduction [of Civil Servants' pay] it would be considered, but he was not in a position to make promises." (Our italics.)

We think we like best the allusion to the "other people" who, though in the State are apparently not of the State. The general moral we draw is that if things are as Sir Stanley Argyle says, anyone who accepts office in a Government is no gentleman.

Economy.

ON READING "ECONOMY JOB FOR A GENIUS" IN A RECENT ISSUE OF THE "WESTERN MAIL."

My lords, and gentlemen, there is no need for any genius to take the rôle Of Leader down those parsimonious paths That have economy for loathed goal. We have no need for guide to show us where To shun expensive luxuries, and fair But foolish trifles—how to scrimp and save, From ever dwindling pay, the paltry pence, In case of rainier days than these (from which The gods defend us!). Nay, the mood, the tense, The whole philosophy of life is based On this economy. We fain would spend And spend—letting the hard-earned coins Fall from a generous and unheeding hand Into the hungry coffers of our land— And whither fancy listeth. But alas, The money we would spend grows less, and thus, We crush desires to take life easily. We walk, instead of riding—Tram and bus Mock at our self-enforced sacrifice. We go without our whiskey, wine and beer— Avoid the fragrant "Lady Nicotine"— And, as all entertainments are too dear, We sit at home, and think "what might have been."

It is because the Country is so short, So very short of money, we surmise, That loyal souls must rush to her support. So, we and you and they, economise. And yet, my lords and gentlemen, I beg, That you will listen to a moral here. If everyone would save, and walk each day Instead of riding—go sans wine, sans beer, Sans everything that makes a dull life gay, Think of the consequences. There would be A lot less money and a lot less work. A lot more "surplus labour" you'll agree. But oh what heaps of this economy!

Still, questions twist and turn within my brain; Where would the money go? and then again, Where does all money come from? Tell me pray. N. P. Whence comes it—whither goes it—anyway?

HILDERIC COUSENS.

Review.

The Practice of Birth Control. By Enid Charles, M.A., Ph.D. (Williams and Norgate, Ltd. 10s. 6d.) A happy hunting-ground for those who love tables of statistics; for the rest of us, rather terrifying. Dr. Charles has studied about a thousand women, in order to obtain reliable evidence as to the reliability and general satisfactoriness of the various methods of birth control. Since there is no doubt that contraception is being more and more widely practised, an investigation of this sort was urgently needed, and Dr. Charles has spared no pains to make it as full as possible. Nothing very new, however, arises out of it except with regard to the so-called "safe period." It is widely held that conception is unlikely to occur in the middle week or middle fortnight of this menstrual period, so that restriction of intercourse to this period is regarded as the cheapest and readiest form of contraception. Dr. Charles's evidence, however, it is to the conclusion that if such a "safe period" exists, it is certainly not coincident with the popular idea. There is a certain amount of rather doubtful evidence pointing to diminished liability to conception during the periods immediately before and after menstruation, which, curiously, coincide with the periods of maximum female excitement. It would almost seem as if Nature, for once, were inclined to make concessions to the human desire for having fun without paying for it. For the rest, Dr. Charles reaches much the conclusions that might have been expected. The efficacy of contraceptive appliances seems to vary, roughly, with their troublesomeness and distastefulness.

NOTICE OF MEETINGS.

At the Kibbo Kift Headquarters, 35, Old Jewry, on Wednesday, November 23, at 8 p.m. Lecture by John Hargrave on "Occultism and Social Credit." The Liverpool Social Credit Association are now holding regular public meetings in the Common Hall, Hackins Hey, Liverpool. Next meetings, December 1 and 16 at 7.30 p.m. The hon. secretary is Mr. E. J. Pankhurst, 22, Beckenhall Avenue, to whom all inquiries should be addressed.

Obiter Scripta.

Programmitis.

It seems clear to me that the people who want Five-Year Plans for English industry, in order that it may be organised, need a correspondence course in catalogue examination, supplemented by a personally conducted tour of a couple of London department stores. Before me is a catalogue, some years old, of standard apparatus for Physics and Technology, issued by one firm. There are 4,914 entries, and a large portion of these entries have from two to a dozen variants to them. A chemical apparatus catalogue of the same firm has nearly 4,600 entries. The reference catalogue issued by English publishers (and even some of those are omitted) runs to tens of thousands of entries. A London stores catalogue is a very bulky thing to handle, and so are trade catalogues of ironmongery, motor accessories, and the like. A good many weeks could be consumed reading through the lists of the varieties of goods offered for sale to anybody who has money to buy them. And if you are not then satisfied, there are plenty of concerns who "will be pleased to quote" for what you want.

Such is the result of our productive system, even when it has operated under restraints, financial and psychological. It is true that a good deal of the items could be omitted as being unnecessary variants on perfectly satisfactory things. But who is to decide out of these hordes of items what is unsatisfactory and what is unnecessary? There are only two parties concerned. The less important one, for this purpose, is the manufacturer. Producers can determine voluntarily among themselves how their output can be standardised—to some extent. As the member of a Norwich firm once explained: "We should like, of course, to have to supply only the items we put in our catalogue, as there described. But practically every customer we have wants something altered from the standard." And so the important party is the consumer. And when the programme-makers have decided how many bomb-calorimeters shall be made, and how many farthing lollipops, they will find the purchasers prefer other patterns. Wheat sounds a nice easy thing to subject to a programme, but even of that there are forty varieties grown in these islands, and mostly for very good technical reasons.

HILDERIC COUSENS.

Events of the Week.

(Compiled by M. A. Phillips.)

- November 12. Great Britain and France send Notes to U.S.A. asking for further debts moratorium. Hoover and Roosevelt call Cabinet meeting to deal with debts question. U.S.A. budget deficit of £137 M. Labour trouble at Labour H.Q. over dismissals and wage cuts. Further riots at Geneva—bombs thrown and mutiny amongst soldiers. Colliery disaster at Bryn, Lancashire—twenty-seven dead.
- November 14. Extraordinary precautions being taken over Prince of Wales's visit to Ulster. U.S. Congress against renewal of moratorium.
- November 15. Other European countries send notes to U.S.A. asking for renewal of moratorium. French disarmament plan disclosed—centralised forces and all-round reductions. Dublin faces high rates and famine conditions (vide English Press). World economic conference postponed sine die.
- November 17. Certain Tory M.P.s kick at Circular 1421 (schools economy order). Other Tory M.P.s produce detailed economy report (unofficial) to "save" £100 M. Public Assistance Committees superseded by Ministry of Labour officials in nine more industrial areas. P. and O. pass dividend (for first time in forty years).
- November 18. Sir John Simon discloses British "disarmament" plan at Geneva (smaller air forces, etc.). Von Papen resigns but is to carry on "temporarily." Parliament adjourns. Third Round Table conference (India) opened in London.

LETTERS TO THE EDITOR.

ON SWAPPING GOODS.

Sir,—May I refer to J. H.'s article, "On Swapping Goods for Goods," in issue dated 17th inst., in which he admonishes "a good many Social Credit advocates" for taking for granted that "trade between nations is the exchange of goods for goods," and says that the Douglas Social Credit scheme would make it possible for industry and agriculture to fulfil their proper function—namely, to produce and deliver goods and services when and where required for the use of the whole community?

I think I am right in saying that THE NEW AGE has many times told us that goods are paid for with goods, so I fail to see why I should be admonished for accepting THE NEW AGE view. Also, I think J. H. is going ahead too fast. His ideal is splendid, but I, for one, will be content if we are allowed to consume the goods we can produce. If we are allowed to produce over and above our own needs in order to send the surplus, as a gift, to the foreigner, I am afraid many sympathetic people will think the D.S.C. scheme too Utopian—impracticable—and not to be taken seriously or to be worthy of their support. Charity begins at home, so to speak. Besides, I always understood that the money question was a scientific one and not a moral one.

H. F. W. REYNOLDS.

[We write on this subject elsewhere.—Ed.]

WAR AND CONSUMPTION.

Sir,—One is often asked by critical investigators of Social Credit to explain why the Great War brought with it a wave of prosperity, even of affluence. Your readers are, of course, familiar with the facts of the financial expansion which was the immediate cause of this bountiful distribution of wealth in goods, but I have not seen or heard any reference to the vital principle that was the basic cause.

During the war we were financing consumption. The consumption was of war material, produced for the purpose of (1) destroying, and (2) being destroyed. The only difference between war goods and peace goods is in (1), the purpose of peace goods being constructive, though themselves destroyed in the process, as in (2). Consumption is self-destructive in peace, as in war, to consume is to destroy—destruction—in peace, as in war, to consume is to destroy credits were primarily issued in measure of the needs of consumption; only in a secondary sense were they concerned with production.

War-time finance affords, therefore, much more than an illustration of the benefits of a plentiful currency. It demonstrates the success of a national policy that finances consumption up to the limit of productive ability, which is the fundamental principle of Social Credit.

H. NEVILLE ROBERTS.

Dublin, November 18, 1932. [Mr. Roberts will find that his diagnosis figured in several articles in the earlier days of the Social Credit campaign, and is to be found in current pamphlets and books, including, we think, one of Major Douglas's. However, the truth will bear restatement, particularly at the present time, and we consider it an encouraging sign of the alertness of mind which characterises students of the Douglas Proposals that Mr. Roberts should have reached his conclusion independently.—Ed.]

THE GREEN SHIRTS.

Sir,—In view of the increasing number of economic "discussion circles" and "study groups" expressing every shade of opinion, the growing confusion that exists amongst them, and the developing tendency of such groups to "get together" as propagandist bodies, putting forward as "Social Credit" any and every sort of scheme and plan of monetary reform, thereby bewildering the general public with an omnium gatherum of economic-reformist contradictions, we shall be glad if you will allow us to state, through your columns, that the Green Shirt Movement for Douglas Social Credit (Kibbo Kift) entirely dissociates itself from any group or grouping that has as its objective any further discussion as to what is the correct technical adjustment necessary to set right the present unworkable economic system. The correct technical adjustment is known, and it is absurd to go on discussing the matter, as it would be to discuss the "rightness" or "wrongness" of the Multiplication Tables. The time for discussion is past.

IAN A. ROSS. General Secretary, the Green Shirt Movement for Social Credit (Kibbo Kift).

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