

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### Distribution Census in Ireland.

We have received further particulars of the Irish Census of Distribution together with a copy of the official form on which returns are to be entered. The Government have issued advance information and explanation to the retail firms who come within the scope of the census. The Government state that this is the first inquiry of its kind ever held in Ireland, or in Europe. They claim that it will not only be valuable to the Administration, but also to every individual firm co-operating in it. It will, they say, have a wider value still when the results are taken in conjunction with the Census of Production. The Government invites retailers to supplement the information which they are legally compelled to give with voluntary statements of the several quantities of twelve specified foodstuffs sold by them during 1933.

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Among the questions put to distributors in the official form are those relating to

1. Persons engaged, distinguishing between proprietors, their families, and other persons; and salaries, wages and commissions paid.
2. Value of merchandise sold in 1933 distinguishing between goods and "services rendered," and between wholesale and retail sales.
3. Rent and rates paid during 1933.
4. Stocks on hand for sale at the beginning and at the end of 1933.

The Government estimate that 50,000 concerns come within the scope of the inquiry. They give an assurance that no figures will be published (or "exhibited to any other Department," or "used for taxation purposes") which could "in any way disclose the business of any individual person or concern." In their explanation of the purpose of the inquiry they say:

"It will enable far more accurate estimates to be made of the 'national income,' which figures so prominently in economic controversy, than have hitherto been possible: for most of the national income is spent

over the counter and in assessing retail sales we are going far towards assessing the true national income." The potential value of such an assessment will be appreciated by Social-Credit students. Whether Mr. de Valera and his "Brains Trust" (as they would say in the United States) are likely to actualise that value in a Social-Credit policy is another matter altogether. But in a technical sense this declaration of the Government is of good augury so far as it goes; for it embodies the truth that the national income is to be measured not by the amount of money paid by industry to industrialists (masters and men), but by the quantity of goods delivered by industry to private consumers (including those masters and men). Fundamentally, money is not income to the individual, but a token exchangeable for income. That is to say, he buys his income at the shop; and the measure of that income—his *real* income—depends upon the exchange value of the tokens which he converts into goods and takes home. "Why should I care," said a French artisan to a Douglas man in a Parisian café during the Franco-American debt-negotiations some years ago, "whether the Franc looks the Dollar in the face?—the question for me is whether I see my dinner and my bottle of wine on the table every evening—if these, as you would say, look *me* in the face, behold, I am content, and I mock myself of your financial experts."

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We can proceed to something more important still, because more likely to be overlooked. It is that the proportion of the national token-income not spent at the shops reduces the exchange value of subsequent token-income and thus reduces the real income into which it is to be converted. One reason for this is that all money in circulation at any time is out on a loan-circuit from the banking system and back to the banking system. The consequence is that when an Irish citizen spends only part of his income at the shops, the sum he "saves," in the sense of keeping money on current account, leaves some producer short, by the same sum, of the amount necessary to repay his debt to the banking system. Voluntary abstinence on the part of the consumer means involuntary default on the part of the producer. In so far as producers default, production stops. In practice, however, consumers' "savings" are not kept, except to a

negligible proportion, in accounts where they can be drawn out without notice or even at short notice. They become investments, or to speak accurately, are exchanged for investments, whether by the citizen himself or by the institution which takes care of his "savings." So although he refrains from buying goods on sale in the consumption market he does buy something else with his "savings"—and what he buys is a product not yet ready for sale in the consumption market (usually capital goods—factories, machines or tools and materials of manufacture). So the whole of his income does get into the hands of producers generally by one route or the other; and therefore his abstinence does not create default as would his having held on to his money as first described.

It would seem, at this juncture, that if the collective token incomes of Irish citizens were equal to the collective costs of industry recoverable from these token incomes, and were available for recovery as and when industry required them in order to repay loans on the bankers' demand, producers generally could keep out of debt and could keep the industrial system running smoothly. If industry wanted, let us say, £100 a week to satisfy the banks' demands, and private citizens had £100 a week, it would not matter to the industrialists how much of the £100 came to them through the retail shops in the purchase of goods or through the Stock Exchange in the purchase of securities.

But here the Social-Credit Analysis comes in and forbids such an assumption. It shows that the flow of incomes to citizens in their totality is slower than the accompanying flow of costs towards consumers' markets, which means that even if all these incomes were spent at the shops there would still be default in *some shape or form*, the existence of which would manifest itself in the same economic deadlocks as are experienced under the present consumption-investment allocations of personal incomes. There is no necessity that this should be so, and the Social Credit Proposals embody the technique for avoiding the difficulty—a technique which consists in principle of accelerating the flow of personal incomes by price-abatement—or, in other words, by expanding the purchasing-power of token incomes, giving each token unit command of a greater quantity of real wealth. (A method is exemplified in Major Douglas's Scheme for Scotland, which those interested may consult.)

Reverting to the question of investment, it will be seen that although industry can use the proceeds of the sale of securities to discharge its liabilities to the banks, it does not reduce its liabilities; it exchanges one set of creditors for another. In an accounting sense it is in the same position as before. But in the politico-legal frame of reference it is in an immeasurably stronger position. For whereas the banks can sell industry up in the event of default, even as regards interest, let alone principal, the new situation is that industry can sell its creditors up: it can pass its dividends, and it can (in respect of ordinary stock) repudiate liability to repay the principal invested. The cotton boom and subsequent slump in Lancashire some years ago was an instance of the letting in of the unprotected private investor in order to let out the protected money-monopolist. And it will be remembered that Lord Kylsant was maliciously prosecuted for letting in the protected money-monopolist in order to let out the unprotected private investors in the Royal Mail Company. The more you can afford to lose the more the law will help you not to lose it. And when, as is the case with the Money Monopoly, you can lose everything and yet lose nothing, why, then, you'll be the law, my son, as Kipling might say.

These reflections have an immediate bearing on the Irish Distribution Census. As we have conceded, it is a step forward to assess collective retail sales in terms of

money, but the value of such an assessment will be nothing if the Government's intention is no more than to ascertain what proportion of the gross national income is spent at the shops. Their idea may, for all we know, be to calculate from the figures whether too low a proportion is so spent, or, it may be, too high a proportion. It all depends on who are really pulling the strings of initiative behind the inquiry. But high or low, there is no hope along that line. The essential question is not what proportion of his income the consumer spends in the shops, but what proportion of the proportion so spent is his "true income" in the sense that it buys things at their "true" economic cost. Let the gross income be £100, out of which £90 is spent in the shops, we will agree that it is something to have ascertained that the odd £10 has dodged the shopkeeper and is not "true income"; but supposing that, let us say, £30 out of the £90 is not "true income" either?—that the customers, when spending the £90, are buying goods worth £60, and are unwittingly being levied on in the sum of £30 as a contribution to the secret reserves of the banking system? That is our contention; and although the figures used are arbitrary we hold them to represent the order-of-magnitude of the leakage of purchasing-power which is now taking place in highly modernised industrial States. To the citizen of any country the practical question is not what his "real income" is, but what it *can be*. If it can't be anything more, he does not require a Government to bother him to help them tell him what it is. His wife tells him that all right: she's his "Brains-Trust"—not to speak of his brain-storm.

Keeping to the above figures we can state the position in this way, that out of a gross income of £100, £60 is spent and £40 invested. Of the £40, £10 is voluntarily invested under the risk of substantial loss, and £30 is involuntarily invested and totally lost at the time of investment. The essential difference between the two investments is simply that in exchange for the first the investor obtains a certificate which the law allows him to sell for money if he can find a willing buyer, while in exchange for the second the "investor" obtains nothing.

As a matter of technical feasibility all this investment money could be raised compulsorily through the shops in prices, and no doubt would be so raised but for its political inexpediency. Postulating that industry requires to collect £100, it is possible to raise shop-prices to £100 instead of £90. Politically, however, this would involve compulsion on the population to spend all their incomes in the shops as they received them; and the consequence would be that the rich would not know where to store what they bought—not to speak of how to conceal the existence of their stores (mostly superfluous to their needs) from the poorer sections of the population. So the secondary consequence might be a redistribution of incomes to reduce and diffuse the stores to a degree necessary to preserve law and order. The rich, it is true, would object to this, but to do so openly under the above conditions would bring down on them the odium attaching to the dog in the manger. One way out of the dilemma would be provided if the law, though having forbidden them to invest money over the heads of the shopkeepers as is done now, yet allowed them, when they had bought their goods from the shops, to set up in business as second-hand dealers in the surplus commodities with which they were burdened. Of course this would be legally inconsistent, because every investor is a trader—he acquires rights over something to be sold again; and the law would be virtually saying that whereas a person must not buy unfinished goods to sell when finished, he may purchase finished goods to sell when second-hand.

This imaginary picture provides an amusing intellectual exercise for students. First of all it discloses the fundamental truth that a consumer is an investor in the things he buys, and writes off his investment upon ac-

quiring the goods. Naturally so, you will say, because he can't get money for the cake he has eaten. But an investor is a consumer of the wealth he acquires: although he has a cake to sell other people can't pay the money to buy it from him. The cotton-operatives who were caught in the boom just referred to virtually consumed plant and spindles. Like the hypothetical rich people in the picture we have drawn, they found themselves possessed, not of investment-capital but of private property which, in so far as it could be sold at all, would fetch only second-hand prices. Continuing with this picture, seeing that industry (by hypothesis) is using the £100 to repay the banks, the £100 worth of goods bought from the shops is no longer exchangeable for money because the £100 is destroyed on repayment. (Vide Mr. McKenna.) The rich cannot sell their surplus consumable wealth to other would-be consumers at any price at all. The credit cycle out from and back to the Money Monopoly extends no further than the first-hand shop-counter; the payment of money across the counter marks the end of that money's existence as consumer-purchasing-power. If you imagine the rich holders all assembled in Caledonian Market hawking their surplus motor-cars, jewellery, house-property and what-not for what they would fetch (namely nothing—but we will qualify this later) you will get a faithful picture of the potential instability of the Stock Markets of the world, where the mass of paper liable to be hawked simultaneously by the holders directly they feel nervous and want to "realise" represents money which has gone out of existence and is not replaceable by anything that the would-be sellers or buyers have the power to do to replace it.

But, someone will say, the hawkers could make sales when the next £100 came out. Yes; but the fact that they were ready to throw their goods on the market would be a signal to industry not to borrow £100. It would only do this if it could get the law to prohibit what had first been permitted—second-hand selling. So in the end the law would have to force every consumer to keep what he bought or to destroy it, so that industry could continue operations on the £100-basis.

Major Douglas on one occasion propounded an intelligence test to a company of Social-Credit students: it was that they should elucidate the logical relationship between the reasoning from the A + B Theorem and the wide (and widening) ratio between first-hand and second-hand prices in all markets. He instanced a motor-car. Why should such an article lose a substantial proportion of its retail value during the minute or two which the customer takes to wheel it out of the show-room; and thereafter quickly slump to a small fraction of that value? So far as the dealer is concerned the answer is that a commission in hand is better than one in prospect, and that if he sells a car he will not buy it back except at a discount equal to his commission even if he is a free agent. But behind him is the manufacturer, and he, too, would not authorise the dealer's taking the car back except at a further discount equal to his profit, even were he, too, a free agent. But behind him is the banker who has loaned him money and is liable to demand it back at any moment. That money represents a much larger proportion of the price of the car than the commission and the profit put together. Were it dealer might take back the car to sell again, making enough on the re-purchase to pay out the banker. But in the actual circumstances the manufacturer dare not risk any delay in re-selling the car in case the banker catches him short of money. If only the banker would wait until the car was sold to retire the loan (which implies that if it were purchased back from a customer all might be well. But as things are, the manufacturer, and industry in general, hold on with grim tenacity to every penny they can get. So little does profit dominate their policy that cases are numerous where enterprises

tender for contracts at under cost, being driven to the alternative of losing money on the contract or of losing the contract and their whole business into the bargain by reason of default to the banker.

Under Social Credit instances where customers wanted to sell back things would be comparatively rare. But supposing not, it would cause no embarrassment to industry to re-absorb by purchase any quantity of goods previously delivered and at prices approximating to the current cost of producing new goods of equal serviceability. For the National Credit Authority would deal with such re-absorption on the same principle as it would apply to new production and imports: the prices paid (or repaid) to the consumers would be recorded in terms of appreciation of industrial wealth on which would be based an expansion of credit to finance the nursing of it until sold again. Statistically the transaction would automatically reduce (other things equal) the frac-

Consumption \_\_\_\_\_ during the current accounting period.

Production \_\_\_\_\_ and thus justify a correspondingly larger general price-discount in the next. For during the previous accounting period (supposing the goods to have been initially

Consumption \_\_\_\_\_ sold then) the \_\_\_\_\_ fraction would have re-

Production \_\_\_\_\_ flected a larger Consumption than was actually the case, and this arithmetical discrepancy between finance and reality would now be adjusted.

### Calories, Bankers and Doctors.

The Ministry of Health have issued a circular in which they implicitly invite local authorities to base their relief under the Means Test on a dietary below that which the British Medical Association hold to be the minimum bare-living diet. The War Office consider that a peace time soldier requires 72.6 grammes of first-class protein, while the Ministry of Health prescribe 37 grammes for the average man. These and other calculations are derived from an analysis of the calorific (or heat-giving) power of the foodstuffs involved. For those readers who care to look it up, some more detailed information about dietaries was alluded to in the footnote which we published to a letter apropos of the housing problem in our issue of June 1.

There was once a certain noble gentleman, now no longer with us, who made the suggestion that the calorific value of grass as the dietary of the poor was quite sufficient to keep them alive and submissive. As he is no longer with us, it is outside the power of our Health Minister to ascertain if the gentleman ever saw fit to revise his calculations. At the same time there is undoubted evidence that the optimism of the gentleman, now no longer with us, is shared by his spiritual descendants, who believe that orderly progress can still be based on the same unassailable foundation of economy and repression.

A noble lady, who was contemporary with the noble gentleman who is no longer with us, made an observation on the same problem of dieting the poor to the effect that if bread was scarce the calorific value of cake made that an efficacious substitute. She, too, is no longer with us, and therefore the Health Minister is unable to ascertain on what grounds she based her opinion. Fortunately, however, she, too, has her spiritual descendants whose ignorance is at the service of the Ministry of Health.

It would appear that in the opinion of our ruling authorities those old miscalculations as to what proletarian patients would do with the prescriptions may not produce such unpleasant results now as they did then. At that time, while there may have been plenty of grass, its calorific power was unsatisfactory; and while the calorific power of cake was presumably satisfactory

there was no cake. So there was a real scarcity of caloric power. To-day there is a surplus of such power manifest in gluts of commodities throughout the world in spite of the wholesale destruction of surpluses. There remains a hope, then, that by the working of some obscure psychological principle the common people may bear poverty with the greater fortitude under surrounding conditions of visible plenty than did those of earlier times under surrounding conditions of visible scarcity. It is almost as if some spirit might whisper in their ears: "Poverty, yes; but amidst plenty: feed upon this consolation in your heart and be thankful." There may be some defeatist observers who distrust the potential responsiveness of the poor to such appeals to mass heroism, but they under-rate the immense persuasive power of our present-day organs of publicity.

Of course there are mischiefmakers about who will try to sustain the proposition that people who see cake being burnt or dumped into the sea all round them will behave with less docility than did those who could see no cake because there was none, but to listen to these subversive agitators is not only to encourage disorder, but to betray a blasphemous disregard of the mass-impulse to sacrifice which has been discerned and so highly extolled by such repositories of wisdom as Viscount Snowden and others who are still with us.

Speaking of foodstuffs in terms of price, a short time ago the Press contained statistics inspired by the Food Council which purported to show a scandalously large margin between the prices charged by primary producers and those ultimately charged by retailers. This method of expressing facts was no doubt intended to convey the impression that under-consumption at the consumers' end was due to profiteering along the chain of intermediary processes of completing foodstuffs for sale. It was almost equivalent to suggesting that—to borrow medical terms—some persons called middle-men had been extracting calories from food with much the same effect as if they had changed what should have been cake into grass.

Of course, students of the credit question will know very well that this de-calorification analogy expresses the fact of the destruction of purchasing power *via* the retirement of bank loans, *via* the imposition of overhead charges on the various factories, warehouses and shops through which primary production becomes ultimately consumable. From this angle of analysis it will be seen that the Social Credit proposals for the issue of the National Dividend constitute a means whereby the seeming miracle of changing grass into cake may be accomplished, somewhat after the manner in which five loaves and two small fishes once fed five thousand people.

Fortunately for the poor, a sort of notion is creeping round the purlieus of Fleet Street (though not in the board rooms) that this sort of miracle is now possible, and long overdue, since its possibility began to be realised fifteen years ago. Whether the authorities who are trimming down dietaries are aware of the fact makes no difference to the consequences of their pursuing their policy. They are acting under the domination and guidance of a group of financiers who have no power to command obedience to their policy other than the power of coercion resident in their manipulation of credit. The situation to-day is that all human agents employed by them to enforce scarcity on the poorest of the population are themselves, without exception, subjected in various degrees to the same embarrassments and disquietudes as exist among the most destitute of the population. The consequence is that there exists as between administrative agents and the public a latent spirit of fraternisation which the progress of events is likely to make manifest at any moment. And when that fraternisation manifests itself the only thing which seems to insure our rulers, who have been so long with us, against the chance that they will then be no longer with us resides in the prac-

tical and kindly propensity of the British race for letting by-gones be by-gones. We should, ourselves, however, step off calories. They're heating.

### Paired in Death.

Death has removed from the field of credit-politics two characters, Sir Frank Baines on Christmas Day, and Sir Robert Gibson on New Year's Day. Sir Frank's long record as an architect in the Government service and outside is familiar to the British public just as is Sir Robert's record as a banker in the Government service and outside to the Australian public. Baines was a strong supporter of Major Douglas's policy over a period dating back at least to 1928, and probably much further. Gibson, of course, can be reckoned as having been just as strong an opponent of the same policy. So, if the issue behind the Social-Credit campaign were such as could be decided by the mere counting of "ayes" and "noes," one could say that they had "paired" for the rest of the debate and merely stabilised the majority on a smaller turnover of votes. But the loss of one member of the Social-Credit guerrilla forces is equivalent to the loss of hundreds of the bankers' military establishment, and would be correspondingly depressing were it not that the stars in their courses are fighting on our side. Sir Frank Baines had his critics, in the sphere of his professional activities, who at one time professed to be dissatisfied about something (we never heard what it was) which raised for them a question of propriety regarding the overlapping of his public and private functions. Whatever it was is of no moment in itself, but we allude to the rumours because, supposing them to have any foundation, they enable us to point out to the critics in question that the principle about which they seemed to have been fidgeting was flagrantly infringed by Sir Robert Gibson, who, though a public servant in his capacity as chairman of the Commonwealth Government Bank, used his powers to frustrate the Government's policy in the interests of the private trading banks. That he acted unselfishly and conscientiously is beside the point; for in the politico-economic frame of reference it is the consequences of policies that matter, not the motives. "My boy," says the traditional paterfamilias, as he rolls up his cuffs, "this is going to hurt me more than it hurts you," and it may be the truth; but it does not settle the question of whether the boy deserves the hiding. Similarly, even though Sir Robert Gibson had broken his arm under the strain of tightening the belts of the Australian people, his achievement yet stands condemned by the demonstrable absence of necessity for imposing abstinence on people in these days of economic surplus.

### The Case of the "Realist."

Sir Frank Baines was *persona grata* to the late Lord Melchett, and it will be remembered that he was responsible for the Imperial Chemical building at Westminster. What more concerns readers of *THE NEW AGE* is the fact that Sir Frank was one of the board of editors of the *Realist* along with Arnold Bennett, J. B. S. Haldane, H. G. Wells, Rebecca West, and other celebrities, and that it was through his influence that an article by the present editor of *THE NEW AGE* was admitted into this magazine. The article was printed, without alteration, under the title of "The Snowden Commission and the Financial Problem," in the issue for December, 1929 (Vol. II. No. 3). It was an outspoken Social-Credit analysis of the world's financial problems, and concluded with a brief synopsis of Major Douglas's proposals. The *New Economics* (Australia) recently reproduced it and commended it editorially as sound exposition. As many readers recollect, the issue of the *Realist* next due (for January, 1930) came out several days later, and the February number did not appear at all. Inquiries at the office failed to elicit further information than that there had been difficulties, but that it was hoped to overcome them and resume publication.

publication has not been resumed as we write. One member of the board, however, told a correspondent of ours that the hold-up was due to (the late) Lord Melchett's having taken exception to the publication of "a certain article." From this we inferred that Lord Melchett had been putting up money to run the *Realist*. When the story was put to Sir Frank Baines he admitted that the difficulties were financial, but would not say anything about how they had arisen except to scoff at the notion that Melchett was at the bottom of them. A "King-Charles's-Head" illusion, he characterised it. This, of course, did not disprove the story, because Lord Melchett must have known that Sir Frank Baines was a believer in Social Credit, and could have taken the action alleged in a way that kept Sir Frank in ignorance of what had happened. If Lord Melchett had been financing the *Realist* nobody need have known it. It is the oldest trick in the world to say: "Myself, I have not got the money, but some friends of mine might . . ." or to say: "I do not mind this article being printed, but my friends, you see, find themselves unable . . ." So we still nurse the idea that the disclosure to our correspondent was true. We shall not embarrass his informant by mentioning any more names: it would be an ungracious return for the information if it was given in good faith, and a risky one if it was given to mislead us into publishing some actionable statements and comments. Perhaps one day the person referred to will voluntarily come forward and tell the inside story for good and all.

### Butler, Prophet of Basel.

Dr. Nicholas Murray Butler issued a New Year's message on January 1. It is published in leaflet form and supplied gratis by the Carnegie Endowment for International Peace, 405, West 117th Street, New York. He announces that it was "prepared by invitation," but does not say by whose invitation. We guess Mr. J. Pierpont Morgan. Anyhow, the Doctor, after remarking (a) that no nation can solve its economic problems by domestic policies alone (by which he obviously means Roosevelt's methods), and (b) that the world owes 300 billion dollars "mostly payable in gold," and possesses only twelve billion dollars worth of "monetary gold," proceeds as follows:—

"Is it not as plain as a pikestaff that the use of gold as a circulating medium must everywhere come to an end, that the whole supply of monetary gold should be placed in the keeping of the Bank for International Settlements at Basel, and that it should there be used only on the books of the Bank in settlement of international balances by authority of the several governments or by that of the banks which speak for them? In other words, is it not the path of progress to put the Bank for International Settlements at Basel in the same relation to matters of international currency and finance that the Bank of England has so long occupied in Great Britain as to matters of national currency and finance?"

This is virtually a paraphrase of our "Notes" of December 28 on world centralisation. We shall have to believe in telepathy if this goes on. He diverges from us as to his reasons for assembling and immobilising gold in Basel, which is that it is so expensive in terms of freight, insurance and loss of interest to be moving gold from one centre to another! Very well; then why not retrench further back and stop mining gold? Why not plant the World Bank in the South African mine-field?

### The Importance of Race!

"BERLIN, Sunday. The Berlin court has dissolved the marriage of a German man and a Jewess on the application of the husband, who pleaded that he did not realise the importance of race until it was made clear under the Hitler régime. The court decided that the marriage would not have taken place had the man appreciated the meaning of race, blood, and religion.—Exchange.—The Daily Express, December 18.

### "Douglas System."

MR. SPOONER'S ATTACK.

[Reproduced from the Sydney Morning Herald (Australia), November 17, 1933.]

"The Douglas credit system is a hoax that has been exploded for years in countries where it was first introduced," said the Minister for Local Government (Mr. Spooner), in a speech at Ryde State Electoral Conference of the U.A.P. last night. "It was introduced to Australia just after the war, and revived two years ago. The reason for its continued existence is that few people have thought of it with sufficient seriousness to explode the most palpable inaccuracies imaginable."

Mr. Spooner said the policy of the movement was to obscure the minds of the people who would be interested. Any subject, any doctrine, was brought within the range of its teachings. It had become as versatile as the Lang plan. The main object of its leaders appeared to be an attempt to inflame the minds of the people against the present financial system. None of the recognised leaders of finance, commerce, or economic thought had approved the system, which was so full of obvious pot-holes that the leaders of the movement were obliged to preserve public interest by all manner of dissertations, discarding from time to time those that did not attract attention. They went to great lengths to prove that no inflationary step was intended, but Major Douglas himself had asserted that the credits issued would be convertible into notes upon demand.

"The Douglas system," added the Minister, "is a highly complicated, quaintly camouflaged paradox, originating from a mechanical brain and calculated to produce chaos. It consists of strange contradictions, opposed to all experience, and all sense of practicability, hopeless jumbles of meaningless phrases, unintelligible to the average man in the street, and ridiculous to those who can sense imperfectly the intention that lies behind them."

### Banks and Credit.

"Sir,—In view of the findings of the Macmillan Committee, there is no excuse for ignorance on the part of serious students as to the origin of credit. Any competent book-keeper can show how effect is given in the books of a bank to the now familiar ruling—'Bank loans and the purchase of securities by a bank create deposits (credit), and the repayment of bank loans and the sale of securities by a bank destroys deposits.'

"Those who, in their ignorance, believe that this is putting the cart before the horse' would profit from an attempt to translate their own theories into terms of double-entry book-keeping. Accountant."

"[Those who know something of the inside history of the Macmillan Report are not inclined to quote isolated excerpts as if there were nothing more to be said. The excerpt quoted is perfectly accurate in one sense and in a certain context; but it does not mean, and was not intended to mean, that banks 'create credit' in the sense that something was made out of nothing.—Ed., 'E. C.']"—Glasgow Citizen, December 12, 1933.

### Bagdad.

ELECTRICITY BOYCOTT.

"The new Bagdad power-house, in which £250,000 of British capital has been invested, was built last summer. It had hardly got under way before the boycott was declared by the coffee-shop owners, who complained that the charge of 6d. per unit was excessive. Bagdad coffee shops are high consumers of electricity, since they attract their Arab customers by making their premises a blaze of lights.

"The matter was then taken up by the so-called Supreme High Labour Council, and so widely did the boycott spread that Bagdad at night has assumed the dead appearance of a city during an air raid."—Manchester Guardian, January 1, 1934.

### Banks and Bodyline.

"... a colleague of mine was engaged on official business with a master of a ship that had just arrived with grain from Australia—this was a few days before Christmas. The master said, in the course of conversation, the Australians have only two topics of conversation: bodyline bowling and some new financial scheme! He also said that people had come on board in Australia and left handbills or pamphlets for him and his officers!"—(Extract from a correspondent's letter just received.)

## Dividend Retirement in the Future.

By A. W. Coleman.

The retirement of consumption credits is a subject which, like the poor, is always with us. The answer to the oft-repeated question—"What arrangements does Major Douglas propose for the cancellation of the free credits to consumers?" is simply—None. There is no occasion to arrange special machinery for their cancellation; a very efficient machinery already exists—in the banking system. At present it is too efficient, or—more correctly—too active. It cancels credits much too fast. The proposal to inject additional credit into the consumption side of the system may conveniently be regarded as simply a mechanism for slowing down this excessive rate of cancellation. The rate of such injection, it is proposed, should be gradually increased until the rate of cancellation of financial credit is slowed down to correspond to the physical rate of depreciation of Real credit.

So there is no need for the Social Creditor to worry about cancellation; the banks will look after that for him. At any rate, for the present.

But, it is hinted, there will come a time when the Social Creditor himself will have to take a hand in this business, and assist cancellation by charging a portion of the National Dividend into prices of consumers' goods.

This proposition, which hails from South Africa, will perhaps come as something of a surprise to a number of students.

The general line of argument can perhaps be best illustrated by the consideration of a small community in the distant future when industrial processes have reached an extremely high pitch of mechanisation and efficiency.

Imagine mechanistic development to have reached such a stage that one man can both operate and maintain the whole productive plant in a high, but static, condition of efficiency. If this community is self-supporting, and consumes its whole production, its price-factor will be unity.

Under orthodox methods of cost-accounting, the total cost of (say) a month's output will be a month's salary to the expert operator; there will be no other charges. Suppose him to receive £100 per month, then the cost of a month's output on consumers' markets will be £100, and he will be able to buy the lot.

But, as this would be far beyond his capacity to consume, let us suppose that he contracts with the community to operate and maintain the plant in return for (say) five per cent. of the output. Then the economic problem for that community boils down to finding the simplest method of distributing the remaining ninety-five per cent. amongst themselves.

If the operator's £100 per month is to buy five per cent. of the output, then the total price of a month's output must be £2,000; and £1,900 a month must be distributed amongst the rest of the community in the form of a National Dividend, in order that the total output may be purchased.

What has happened is that the whole of the dividend issued during a given period has been charged into the prices of the consumable output of that period.

Very well, the argument proceeds, if, when mechanisation of production has reached its conceivable limit, it is necessary to charge the whole of the dividend into prices, there must surely come a time, as this mechanisation proceeds, when we must begin to charge a small proportion of our National Dividend into prices on consumers' markets, and, thereafter, steadily increase this proportion as the mechanisation of industry progresses.

What is the reply? For the moment, I suggest, the reply is that the problem is an academic one. Many a

long year will, in all probability, elapse before our debt-ridden communities will have achieved such a measure of dividend-opulence that the question will enter the realm of practical politics. And when that time arrives we may rest assured that the Social Creditors of that day will be capable of dealing with it adequately.

Should it seem to some that any discussion of the foregoing savours of fiddling while Rome is burning, it may be submitted in defence that there are always a certain number of students who like tackling academic problems, and that it not infrequently happens that consideration of such problems serves to illuminate present and more pressing ones.

## The Demolition Theorem.

If something is made to sell at cost (as calculated on orthodox accounting principles) it should last no longer than the time taken to make it.

If it takes ten days to build a house, and the house will last for only ten days, then after the tenth day one-tenth of the house can be re-built every day, and so on indefinitely. The builders of the house can occupy it continuously because they are getting replacement wages continuously.

If the house lasts twenty days they can occupy only one-half of it, because they will replace only one-twentieth of it per day and therefore receive only one-half their former replacement wages.

If it lasts fifty days they will all have to live in one room.

If one hundred days, they will have to camp out. If much longer, they will occupy a cemetery.

Hence one can formulate a law about the delapidation of a house, namely that the highest rate of delapidation gives the highest measure of occupation. While it is falling down it is full up; but when it is standing up it is empty. That is the justification for the general policy recommended to manufacturers by the Prince of Wales, not to make things of too high a quality.

This law is being recognised not only in the trade-papers and popular newspapers, but in the humorous Press. For example listen to this:

*Passing Show* of December 14 exhibits a picture of an imposing and mysterious machine. Two figures are inspecting it, one of them being the inventor, who says to the other: "There, sir, you have before you the only cure for unemployment: a machine that does the work of one man—and takes a hundred of 'em to operate it."

One may imagine this machine to be let us say, a combination of house-building and house-breaking mechanisms, so geared that it will knock down one hundred bricks for every brick it lays. But as this is difficult to picture let us say that it digs a hole in the ground of one hundred times the cubic capacity of the brick it lays in the hole. The physical consequence of this would be that in course of time the first house would emerge out of the ground at the antipodes bottom upwards, with others following behind. Since according to the inventor of the machine its operators receive wages equivalent to one hundred houses for each house built they will emerge on the other side as occupiers of at least one house each (and rent-money for any number more). The hole has given then whole houses, so to speak. From this one can see the truth of the dictum: "We live by our export trade." It also affords one the clue to the mystery of how it is we do not live by our export trade, or rather why we do not get enough export trade to live by. It is that we do not go with our goods to the places where they go to.

### THE CORNER AS BEFORE.

"Sir; trade is now turning the corner."  
"Yes, but which corner?—last year's?"

## Quickening the Dead.

By John Hargrave.

However rich folk tradition may be in England, it is astonishing to find how little of it remains in the minds of the people. It would be hard, one imagines, to find a community in which the "folk-memory" is so meagre. There is, it seems, no cat's-cradle of folk-culture remaining in the word-board of the people that reminds them of their traditional past. It is like a dream that has been forgotten and cannot be called to mind. Folklorists, and others, may catch hold of the tatters and shreds of this forgotten past, but, to the general public—to the popular mind—it is a dead language; something strange, uncouth and just a little ridiculous—silly . . . fantastic.

Such a "loss of memory" might be all to the good if the dreamer had awakened, and, free from all the binding threads of folklore and tradition, could now proceed to build up the Social Credit State.

Unfortunately, no such awakening has taken place. The sleeper "awakened" into a day-dream in which he became a day-dreamer doped with a set of ideas regarding money-values and prices . . . regarding Work and the Right to Work; regarding Liberty and Law and Order; in fact, the whole maze of Idealistic Utilitarianism put forward in the name of Democracy. That day-dream still holds and, but for Douglas, there would be little chance of waking from it. The nations are spell-bound by a numerical cantrap.

This day-dream, in which toiling for money is the central theme, would appear as something strange, uncouth, and quite silly to such men as Beowulf, Grettir the Strong, Ondott Crow, Thormod, Coalbrow-Skald, and Eirik Snare, who spent their days dealing with people and things—and not with an abstract system of money-values. Men of their kidney would never put up with the dead-and-alive existence in which we find ourselves to-day, and we shall be forced to take strength from them and break the spell.

The poem of *Beowulf*, which may originally have been a Northumbrian composition, begins:—

"Lo! we have heard the glory of the Kings of the Spear-Danes in days gone by, how the chieftains wrought mighty deeds. . . ."

The reply to that to-day is either "Oh, yeah?" or "Sez you!"

That is the reply of a "gugnunc" civilisation peopled by Pips, Squeaks, and Wilfreds who cannot bear to be reminded of the fact that they are doped and in a day-dream. It is the day-dream of Living Dead Men, and from it they must be roused.

Here is something in the nature of an awakener from the Grettir Saga:—

"The custom was at that time that men should find their own provisions at the Thing, and most of them carried their sacks over their saddles. When Grettir found his horse its saddle was under its belly, and the sack of provisions gone. He searched about, but could not find it. Then he saw a man running very fast and asked him who he was. He said his name was Skeggi. . . ."

"I am travelling with Thorkell," he said. "I have been careless and lost my provision-bag."  
"Grettir said, 'Alone in misfortune is worst. I also have lost my stock of provisions; so we can look for them together.'"

"Skeggi was well pleased with this proposal, and so they went about seeking for a time. Suddenly, when all his might along the moor and picked up the sack. Grettir saw him bend and asked what it was that he had picked up."

"My sack," he said.  
"Who says so besides yourself?" Grettir asked.  
"Let me see it! Many a thing is like another."

Skeggi said no one should take from him what was his own. Grettir seized hold of the sack and they both pulled at it for a time, each trying to get his own way.  
"You Midfjord men have strange notions," said Skeggi; "if you think that because a man is not so

wealthy as you are, he is not to dare to hold his own before you."

"Grettir said it had nothing to do with a man's degree, and that each should have that which was his own."

" . . . Skeggi then seized his axe and struck at Grettir, who on seeing it seized the handle with his left hand and pulled it forward with such force that Skeggi at once let go. The next moment it stood in his brain and he fell dead to the earth. Grettir took the sack, threw it across his saddle and rode back to his companions."

When to-day the credit-monger, the banker, says, "My sack," the answer is Grettir's answer to Skeggi, "Who says so besides yourself?"

We saw how Ludendorf, flying off at a tangent, attempted to rouse Germany along the lines of Odin-worship and the old Norse gods . . . nothing could come of such a revival. To-day, the Hammer of Thor is a giant hydraulic press shaping a steel forging in a steady squeeze of thousands of tons.

Wayland Smith would gape to see huge steel ingots carried by an electro-magnetic crane to the stock pile of a modern steelworks. Yet, in spite of the fact that these wonders have made the feats of the old heroes seem no more than child's play, we shall come to nothing amidst the wreckage of our age unless there springs from the heart and blood and sinews of men the fighting spirit of the will to live. Not merely the automatic impulse to drag along somehow or other, badly clothed, poorly shod, half-starved. Not that, but the *will* to live—a very different thing.

It is this that has been weakened, and it is this that could find some nourishment from a strong folk-tradition. It is certainly part of our work—at any rate it is part of the work of the Green Shirts—to make the hearts of men beat faster, to make the blood course through their arteries, to strengthen and stretch and tighten their sinews. This cannot be done by any sort of "folk-revivalism." It can only be done by calling men into action against economic-thralldom; however small, however simple such action may be at the outset. A man who goes out to chalk the streets for Douglas Social Credit has roused himself and will rouse others. Without knowing it (and so much the better) he has kindled within himself something that was dormant, overlaid, damped down; something—some spark—of the fighting spirit of the berserks. This rousing, this awakening to action, is vital to the future of the nation.

It is a quickening on the psycho-physical plane that is essential because this country is suffering from acute psychic depression. Nothing but action towards a logical solution of the economic problem can dispel this sense of hopelessness and helplessness. In such circumstances it is necessary to understand psychic action and reaction. It is not difficult to do so if we remember that the psychic state of each individual is "catching." For example, a man who is convinced that Social Credit is the correct technical adjustment, but who has come to the conclusion that Social Credit can never or will never be applied, is an influence (whether he knows it or not) working against the introduction of Social Credit. He may have arrived at such a conclusion by a process of perfectly logical thinking. That makes no difference. He has ruled out the possibility. In doing so he cannot avoid "giving off" hopelessness and helplessness. The glance of his eye, the tone of his voice, the break-in and fade-out of his smile, the tread of his feet, the set of his head, the beat of his pulse, the bend and turn of his torso, the blink of his eyelids, the rhythm of his breath-torso, the rise and fall of his speech—everything—will convey a drooping, a depression, a melancholy. Within him the "impossible" can never seed itself, germinate, and burst into actuality. He has considered only the logic of the situation, and has left no gaps in it through which he might break his way or creep through.

Some time ago a London Green Shirt Section attended a meeting that was addressed by a very well-known orthodox economist—one of the chief propagandists of Recovery. When the meeting was over, and the audi-

ence was pouring out of the hall, several of the Green Shirts were detailed to distribute Social Credit leaflets in the street. One of these leaflets was offered to a man who seemed to be hesitating for a moment on the kerb.

"No, I don't want a leaflet," he said, "I know who you are and what you stand for—Douglas Social Credit, isn't it?"

"Yes," said the Green Shirt, and as he looked he recognised the well-known economist who, a few moments before, had been addressing the meeting. The Green Shirt was about to pass on when the well-known economist suddenly turned to him and said:—

"Do you really believe in this Douglas Credit idea?"

"Yes," came the reply.

"You really believe in it?"

"Why, of course!" the tone of voice a little flat and gasping, overloaded with astonishment, and all but offended that anyone should ask such a question.

"Oh, well, . . ." came the final remark, "in that case, you'll probably get it."

### The Australian Commonwealth Bank.

Mr. Jauncey's book\* is a history of the Australian Commonwealth Bank since its formation. It has arrived at an opportune time in view of Major Douglas's visit to Australia and New Zealand. Readers interested in Australian politics will find it a valuable book of reference. It is written in a lucid and entertaining style, is plentifully illustrated with portraits and cartoons representing the figures and events of the period, and is full of important information, statistical and otherwise. Students of Social Credit in its political aspect will be particularly intrigued by the author's account of the events transpiring during and after Mr. Lang's term of office as Premier of New South Wales. He assembles in this section a lot of the materials which became subjects of comments in THE NEW AGE at the time, and by doing so has incidentally and unknowingly provided Social Credit propagandists with illustrative texts for many speeches or articles on banking policies, plans and manoeuvres in the domain of political action.

### Japanese Affairs.

PROMOTION FOR NAVAL OFFICERS WHO KILLED MR. INUKAI.

"Four of the eleven young Japanese naval officers who were sentenced to short terms of imprisonment for their part in the murder of the Japanese Prime Minister, Mr. Inukai, and other Terroristic outrages on May 15, 1932, have been made officers in the Manchukuo Navy. They have been commissioned by the Manchukuo Defence Ministry as officers with the Sungari River Flotilla.

"The officers were sentenced last October. They claimed that their Terrorist acts had been committed for patriotic motives."—Manchester Guardian, January 2, 1934.

### JAPANESE CAPITAL.

"Official returns show that 126 Japanese companies, with total capital of approximately £11,800,000, have been established here so far this fiscal year. Foreign capital, principally British and French, is expected soon to supplement Japanese capital, according to officials here. During the past fiscal year 120 Japanese companies were formed here with a total capital of £800,000."—Reuter.—Manchester Guardian, January 2, 1934.

### Ignorance—Japanese Proverb.

"Our bankers would be well advised to heed the ancient Japanese proverb, that he who admits his ignorance displays it only once, whereas he who endeavours to conceal it displays it a hundred times. An open confession now of the errors of this system would save them from a great deal of future confusion."—John Dix, in *The New Economics*, Melbourne, October 27, 1933.

\* Australia's Government Bank. By Leslie C. Jauncey, Ph.D. Cranley and Day, Ltd., 15a, Harrington-road, London, S.W.7. 288 pp. 7s. 6d. net.

### Alice in Thunderland.

By G. W. Bain.

"What a horrible country," thought Alice to herself as she walked along with the Red Queen and the White Queen, one on each side of her, "and what a nasty cold wind!" But she didn't like to say so, as neither of the Queens seemed to notice it. At least, the White Queen seemed to a little, because she was pulling her shawl closer round her; "and no wonder," thought Alice.

And just then Alice thought she felt a spot of rain on her nose.

"Bother," she thought, "it's going to rain, too. It's lucky the Red Queen's got an umbrella."

It was such a funny umbrella; Alice had noticed just before. It had funny pictures on it, and looked just as if it was made of those queer pieces of paper that she had so often seen her mother giving to shop people when she went into a shop to buy things. "It must be worth an awful lot of money," she thought.

"Excuse me, your Majesty," she said to the Red Queen a little shyly (because she did answer so sharply), "I think it's going to rain."

"Nonsense," said the Red Queen abruptly. "It is, *really*," said Alice. "Look at that huge cloud over there. And it's coming nearer every minute."

"What cloud," said the Red Queen contemptuously. "Why, that one over there. Oh! And do look! It looks just as if it was made up of letters! I think I could spell it out, though it looks a terribly long word. De . . . Def . . . Def-i-cien-cy. What does it mean?" she asked the White Queen.

"I don't know," said the White Queen. "And no wonder," said the Red Queen ("really," thought Alice, "she oughtn't to snort like that"), "there isn't any cloud."

If Alice hadn't been such a polite little girl, she would have liked to be quite rude. The raindrops were getting bigger and bigger, and she was getting quite wet. "Of course there is!" she said, just a tiny bit annoyed, "can't you see I'm getting all wet?"

"Nonsense," said the Red Queen, "you're not." "I AM!" cried Alice, almost in tears (how could the Red Queen be so stupid?).

"You're not," repeated the Red Queen, "and even if you are, I don't admit it. So that settles it, doesn't it?"

Alice didn't quite see how that settled anything; but she went on, as politely as she could: "Do put up that huge umbrella, your Majesty! It's quite big enough to cover all three of us." And as she was walking in the middle, she added "I'll hold it, if you like."

"You'll hold it!!" screamed the two Queens together, "Good gracious! What an idea!" Alice couldn't quite see what she had said that was so dreadful, but it must have been something very rude to make the two Queens scream like that.

"And why," went on the Red Queen, when she had recovered a little, "why should you think I want to cover you?"

"Well," said Alice, a little taken aback, "it would be rather a kind thing to do, wouldn't it?" "What's that got to do with it?" said the Red Queen.

"I should have thought . . ." "Don't think," said the Red Queen quickly, "it's not at all good for you."

"You see, my dear," said the White Queen, kindly, "she can't put it up in any case." "won't it open?" "Why ever not?" asked Alice, "the White Queen."

"Oh, it'll open all right," said the White Queen, "but, you see, she's lost its gold handle," and a tear trickled down her cheek, though Alice really couldn't see why.

"Where's it gone?" asked Alice politely, though she didn't care very much.

"She lost it about two years ago," said the White Queen in a tearful voice.

"Well, never mind, perhaps she'll get it back soon."

"Oh, do you think so?" said the White Queen eagerly. "I do hope she does."

"But what's the gold handle got to do with it?" asked Alice.

"Don't be ridiculous," barked the Red Queen. (I do wish she wouldn't speak so sharply, thought Alice.)

"How can you put up the umbrella without a gold handle?"

"I'm afraid I don't quite understand," said Alice.

The White Queen immediately began to speak so fast, and to use such long words, that Alice simply couldn't understand anything that she was saying. She turned helplessly to the Red Queen.

"What is her White Majesty talking about?" she asked.

"Economic problems of currency inflation," said the Red Queen.

"I beg your pardon?"

"Granted," said the Red Queen.

"But I'm afraid I still don't understand," said Alice in a small voice, "why you shouldn't put the umbrella up?"

"I wish you weren't so ignorant," said the Red Queen, "you cramp my conversation."

"I'm sorry," said Alice.

"Don't mention it," said the Red Queen.

"Then, will you please put it up?" said Alice.

Then both the Queens began to scream together. Alice could hardly hear what they said, they were screaming so loud. It sounded like "Can't you see it's sunny? Can't you see it's sunny?" and then it got all sort of jumbled up, and they seemed to be screaming,

"There's heaps of money! There's heaps of money!" which didn't seem to make much sense. And the Red Queen got larger and larger, and older and older ("goodness, she's getting as big as a house" thought Alice); and the White Queen began to swell, too ("just like a balloon," thought Alice, "I wonder if she's filled with gas?"), and all of a sudden she exploded with such a loud pop that Alice woke up; and she was very surprised to be sitting outside a huge house.

"That's funny," said Alice to herself. "I thought that was the Red Queen. Please," she said to a big man with a beard who was passing, "who is that old lady?"

"I mean who . . . what is that big house?"

"It is an old lady," said the big man with the beard. "Oh, is it? What's her name?"

"The old lady of Threadneedle Street."

"What a queer name," thought Alice, "but perhaps she's a queer old woman."

### The Films.

The Record of 1933.

Last year was in the main one of disappointment and mediocrity. American films deteriorated both in originality and technique, far too many productions being characterised by bad lighting and photography and shoddy studio settings. With few exceptions, English pictures exhibited a further deterioration, although our studios also showed signs of promise. Chaplin made nothing, and the Laurel and Hardy films were so disappointing as to suggest that this particular vein of humour may be worked out. The one brilliant exception of 1933 was Walter Disney, who has actually strengthened his reputation, although the introduction of colour into the "Mickey Mouse" and "Silly Symphony" cartoons is neither necessary nor an improvement.

Apart from Disney, my personal choice of the best films of the year is as follows:—  
 "Hunted People" (German).  
 "Cavalcade" (American).  
 "Poil de Carotte" (French).  
 "Morgenrot" (German).  
 "The Virtuous Isadore" (French).  
 "Emil and the Detectives" (German).

- "I am a Fugitive from a Chain Gang" (American).
- "La Maternelle" (French).
- "A Bill of Divorcement" (American).
- "Twenty Thousand Years in Sing Sing" (American).
- "The Stranger's Return" (American).
- "I Was a Spy" (English).
- "42nd Street" (American).
- "Dinner at Eight" (American).

Any attempt to appraise films of such widely differing character in order of merit would be worthless. My purely personal rating is that "Hunted People" was the most completely satisfying picture of the year, with "Cavalcade" and "Poil de Carotte" close seconds; "Dinner at Eight" was the best entertainment; "The Virtuous Isadore" was the wittiest; "Emil and the Detectives" the most original; "A Bill of Divorcement" the most successful adaptation from a play or novel; and "Morgenrot" (which the British public has not been allowed to see owing to anti-Nazi hostility on the part of a section of the trade) the best submarine film. From the standpoint of originality, I would also mention "La Maternelle."

Incidentally, six of these twelve had their first public showing in England at the Academy or Cinema House. Finally, there was "Paris-Mediterrannée," the most charming film of the year, which was also shown at the Academy.

Other noteworthy films include "L'Ordonnance" (French); "Kadetten" (German); "Blessed Event" (American); "Strange Interval" (American); "Topaze" (American); "Hard To Handle" (American); "Silver Dollar" (American); "Silvertip" (Canadian); "With Williamson Beneath the Sea" (American); "The Rebel" (German); "Doss House" (English); "Der Weisser Rausch" (German); "King Kong" (American); "Chanel Crossing" (English), and "Red Waggon" (English), the last three being included purely on their technical merits.

The best acting of the year came from Hans Feher in "Hunted People," Robert Lyden in "Poil de Carotte," and John Barrymore in "A Bill of Divorcement." "Topaze" and "Dinner at Eight." Jean Harlow proved herself to be an actress as well as a platinum blonde; Billie Burke made a remarkable return to the screen; and Diana Wynyard was admirable in "Cavalcade," but has since fallen flat in mediocre roles. Other outstanding impersonations were Magda Sonja in "Hunted People," Paul Muni in "I am a Fugitive," Fritz Rasp in "Emil and the Detectives," Warner Baxter in "42nd Street," Miriam Hopkins in "The Stranger's Return," and Alice Brady in "When Ladies Meet." Katherine Hepburn has been absurdly over-praised; she was excellent in "A Bill of Divorcement," but one picture does not make a star.

The year's worst films were "Baby Face," "Rain," "The Bitter Tea of General Yen," "Christopher Strong," "A Night in Cairo," "Peg o' My Heart," "So This is Africa," "Diplomaniacs," "International House," "I Loved You Wednesday," "Bitter Sweet," "Prince of Arcadia," "Letting in the Sunshine," and "Let Me Explain, Dear." The last five are English and the remainder American. Two last five are English and the remainder American. Two last five are English and the remainder American. Two last five are English and the remainder American. Two last five are English and the remainder American.

economic issues that they shirked, were "Men Must Fight" and "Gabriel Over the White House," while "The Private Life of Henry VIII," which has been acclaimed as a masterpiece, is merely a photographic revue, and indifferent revue at that.

For the combination of bad film, bad acting, and deplorable attempts at humour, the year's worst were "Diplomaniacs" and "So This is Africa," both starring the Messrs. Wheeler and Woolsey. Other masterpieces of bad acting were Barbara Stanwyck in "Baby Face" and "The Bitter Tea of General Yen," Matheson Lang in "Channel Crossing," and Elissa Landi in "I Loved You Wednesday."

To end on a more agreeable note. If 1933 had shown us nothing beyond "Ladybirds," "Babes in the Wood," "Santa's Workshop," "Puppy Love," "Father Noah's Ark," "Mickey's Good Deed," and "Mickey's Gala Premiere," these creations of Disney would have made the year memorable. Even exhibitors, an uncouth and illiterate class, who have no taste themselves and credit nobody else with any, have begun to realise that the English public loves Mickey and the Silly Symphonies.

DAVID OCKHAM.

### Notice.

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## Reviews.

**Ten Years—Ten Days.** By Walther von Hollander. Translated by Lilian Wonderley. (Hurst and Blackett. 7s. 6d.)

Walther von Hollander is one of the younger generation of writers who have given the German novel not only a new technique, but also a new direction and a new content. They occupy themselves with actualities—in both the French and English sense; they are concerned with life as it is lived to-day, and not with bloodless boudoir intrigues or conventional adulteries; and they have given German fiction something of which it was badly in need—terseness of diction. Some of them, and notably von Hollander, have also brought to the novel the technique of the cinema, both in the matter of episodic treatment full of action and by the use of the flash-back.

When I first read this novel in the original about two years ago I earnestly hoped some enterprising publisher would present it to the English public. I also itched to translate it myself. Messrs. Hurst and Blackett have done the first; of the second Lilian Wonderley has made an uncommonly excellent job. To grasp the full merit of this translation, it is necessary that you should have read the original, for von Hollander is a very difficult man to present in another language; Miss Wonderley passes the twin tests of making hers seem an original work, while preserving the nationality and idiom of the original.

Von Hollander has evolved a new style in German fiction. He uses the historic present throughout, which, despite the criticisms of those who do not like the method, adds immensely to the vividness of the narrative, while his abruptness (softened by the translator), which is due to the use of short sentences, is more apparent than real, since it is precisely suited to the matter of the story. Here, the author can successfully challenge any objection—and any objection is to be sustained on conventional rather than on artistic grounds—by asserting the right of the artist to choose what medium he pleases so long as he can use it with success. Von Hollander has used it with success.

The milieu of "Ten Years—Ten Days" has the incidental merit of representing new ground so far as the English reader is concerned. Its publication at this particular moment is timely; von Hollander helps the non-German to understand the Junker mentality that has helped to bring about Germany's recent spectacular appearance on the Geneva stage.

DAVID OCKHAM.

**A Critique of the Gold Standard.** By H. L. Puxley. (Allen and Unwin. 10s. 6d.)

Mr. Puxley was educated at Eton and Oxford, and then got a Commonwealth Fund Research Fellowship (in 1929) for study at Yale University, where he prosecuted the researches out of which the above book grew. While at Yale he was appointed Head of the Economic Department at St. John's College, Agra University, in order to take charge of the research into economic conditions in rural India. His thesis is that the "orthodox Gold Standard theory" does not fit post-war monetary phenomena, but that there can, and ought to be, "a workable Gold Standard operated by an international consortium of representatives of Central Banks." (This is quoted from the book-cover.) He discusses the Quantity Theory of Money, but says it fails to explain what happens over short periods—the Velocity of Circulation is, he thinks, the determining factor in the rise and fall of prices. He shows that a managed paper currency could not guarantee to achieve stability of prices. The answer to this is that under any sort of Gold Standard there would be paper currency, and "management" thereof. The paper would be managed directly, or else the gold behind it would be managed. America managed gold by sterilising it, ringing the changes between gold certificates and ordinary currency, and thus preventing accretions of gold from being used as a basis for expansions of credit. Moreover, the banks as a whole have always managed gold in the practical sense that, although they have had (at least during this century) the first option of purchase over all the world's production, they have chosen to purchase only a proportion of it—probably not more than half, the rest going into industry and the applied arts. What Mr. Puxley is really proposing (whether he knows it or not) is to remove currencies from political management and entrust the management to the World Money Monopoly. The real problem to-day is not whether to have management or not, but whether to have management or mismanagement. And the question which decides what is sound or unsound management is the question of what is the right or wrong objective of an economic system. Is Consumption to be the object of Production, or to be simply the by-product of the pursuance of some other object? A. B.

## Social Credit Philosophy.

By E. M. Dunn.

The Ideal Purpose of Human Life is the Development of Individual Consciousness and Personal Uniqueness. The path of progress lies in individual aim, initiative, and effort.

The forces contrary to this progress are those which foster in people uniformity of thought and conduct, or, in other words, Group Consciousness and Mass Movements (indicating the danger of organisations). They come under two main headings, thus:—

## OTHERWORLDLINESS.

Idealism  
Churches and Sects  
Religious Bigotry  
Mental slavery  
Authority  
Puritanism

## MATERIALISM.

Ambition  
Industrial combines  
High Finance  
Wage slavery  
Militarism  
Dictatorships

## DOMINATION.

For the majority of human beings, these mass movements lead to poverty, cultural and economic.

The Art of Life is to progress towards differentiation and freedom by individual purpose and effort, in spite of and sometimes through the contrary forces (not necessarily always evil).

The DOUGLAS SOCIAL CREDIT PRINCIPLES embody the New Philosophy of freedom and fellowship, and the New Economics of peace and plenty, which are necessary for the future progress of mankind:—

"that they might have life,  
and that they might have it more abundantly."  
John x., 10.

[This is a reproduction of a leaflet issued by the author at 183b, Adelaide-road, Hampstead, N.W.3, price 1d.]

## Bank-Propaganda Advertising.

The Melbourne *Sun-News-Pictorial*, of recent date contains the following advertisement. It is headed in large type: "This is ridiculous," and alongside the photograph of Mr. Scullin is the following letterpress:—

Mr. Scullin says the Banks trade for profit and restrict credit. But the Banks make profit by trading in credit, which they both buy and sell. It would be as suicidal for them to restrict credit as for a butcher to curtail his sales of meat.

A Bank of New South Wales advertisement in a Sydney journal is headed: *Consult the Bank on Financial Problems.*

The text of the advertisement reads as follows:—  
"Any manufacturer or business man who is confident that he could profitably employ more labour, enlarge his plant or extend his factory, is invited to discuss his financial problems with the Manager of any branch of the Bank of New South Wales.

"It is the function of this Bank to utilise the funds it administers on behalf of hundreds of thousands of depositors in fostering the development of primary and secondary industries.

"Thus employment can be found for Australian workers, the standard of living raised and the wealth of the country increased."

## FORTHCOMING MEETINGS.

## Burnley.

The Burnley Douglas Social Credit Association have now got rooms at 7a, Yorkshire Street, Burnley (between Holdsworth's and Workshop for the Blind). Open every evening, 7.30 to 9.30 p.m. Open debates are held every Sunday evening, at 7.30 p.m. Questions and discussion invited.

## London.

London Social Credit Club.—A public meeting, at Central Hall, Westminster, on Friday, January 19, at 7.45 p.m. Speaker, B. T. Boothroyd, Esq., Chairman, J. E. Tuke, Esq. (Acting secretary), Joyce C. B. Mitchell, 2, Bromley Common, Kent.)

## MANCHESTER DOUGLAS SOCIAL CREDIT ASSOCIATION.

Supporters, friends, and inquirers are asked to note that informal open meetings will be held at 71, Lever Street, Manchester, in the room in use as local headquarters of the Green Shirt Movement, on the following alternate Tuesdays: January 16 and 30, February 13 and 27, March 13 and 27. Time, 6 p.m. onwards. All invited.

## LETTERS TO THE EDITOR.

## BANKS AND NEW CAPITAL.

Sir,—Followers of Major Douglas will not quarrel much with Mr. Augustus Baker so long as he reasons as in his letter in *THE NEW AGE* of January 4, 1934.

Actually Mr. Baker's main argument is simply a restatement of what Major Douglas sought to establish in the debate with Mr. Hawtrey (see report of debate *THE NEW AGE*, March 6, 1933).

Moreover, no outside party could have answered better the objections to the Douglas Analysis—which appeared in "The Control of Prices"—than Mr. Baker has now done in his letter.

Thus, Mr. Baker of "Control of Prices" writes: "So long as the flow of money continues undiminished, no matter for what kind of production, current output can be sold."

But Mr. Baker in *THE NEW AGE* argues: "But a given volume of money can become income again and again and a proportion of it can be saved every time it does so thus constituting a growing claim on society." (My italics.)

If words mean anything, Mr. Baker, the book-writer, believes that so long as the outflow of Bank Loans remains undiminished Savings and Profits realised and re-invested do not upset economic equilibrium, whereas Mr. Baker, the letter writer, is at pains to show that all such savings and profits re-invested do upset the equilibrium by creating additional costs for each cycle of re-investment.

Let the two Bakers fight it out privately, and probably in course of time there will appear a new work, "Our Conversion to Douglas Social Credit," by Messrs. Augustus Baker

"ACCOUNTANT."

Sir,—Your correspondent Mr. Augustus Baker states in his reply to Mr. Williamson that the Banks hold only a fraction of the £8,000,000,000 War Debt without adducing the slightest evidence in support.

He writes with the assumption that Bank Loans had nothing to do with the raising of the War Stock, oblivious of the fact that part of it was without question raised by the expedient of circulars being sent to thousands of influential people by the Joint Stock Banks offering to lend at ½ per cent. below the current rate of War Loan Interest, without any deposit or cover of any kind. Again Mr. Baker does not appear to be aware that during the deflationary period a part of the War Profiteers' War Loan has been absorbed by Finance either by direct sale or a mortgage.

A. CUNLIFFE.

## WEST RIDING D.S.C. ASSOCIATION.

Sir,—A meeting of representatives of Groups in the West Riding has formed a Central Committee, the West Riding Douglas Social Credit Association, to co-ordinate and assist the work of educating the Public in the Principles of the Douglas Social Credit Scheme.

The officers are:—  
President: Dr. Neil Montgomery, Knock Buie, Storthes Hall, Kirkburton, Huddersfield.

Vice-President: S. T. Swaby, Esq., 15, Hollowgate, Rotherham.

Treasurer: G. S. Murgatroyd, Esq., Trench Farm, Saltaire, Shipley, Yorks.

Secretary: S. A. Staples, Esq., Wellwood, Swinton, Mexboro, Yorks.

Members of the Committee:—C. M. Hattersley, Esq., Yorks.; "Roseleigh," Church Street, Swinton, near Mexboro, Shipley, Yorks.; J. Earnshaw, Esq., 8, Ashfield Road, Moorhead, Shipley, Yorks.

Assistance will be given to existing groups, and to the formation of new groups.

People who wish to be brought into contact with Groups, or who desire any help or information are requested to communicate with the Secretary.

S. A. STAPLES, Hon. Sec.

NEIL MONTGOMERY, President.

## SOCIAL CREDIT AND RELIGION.

Sir,—Readers will recall that on one occasion the Editor, by altering a few of the names and quoting the Athanasian Creed word for word, gave an accurate exposition of Social Credit which suggests that the fundamentals of the two are related. After a lifetime in a chronic condition of mystification produced by the theology of theologians of all sorts and their deliberate disregard for their own precepts, I have reached the conclusion that the only thing of value in Christianity that is not contained in other religions is the Trinity, that the Trinity is synthesis, that evolutionary development is synthesis on top of synthesis, that synthesis is creation in action, and as Social Credit is a synthesis, I suggest that the curious incidence of the above quotation is

explained. No amount of mixing adds to the total, but a new synthesis is a new thing, i.e., an addition to creation. Organic synthesis developing through the ages has become infinitely complicated, and is at its apex in man, but social synthesis is higher than man—he is the elements of it—and at the peak of creation, hence the lyrical anticipations of Social Credit advocates. As samples: (1) Hydrogen, Oxygen, and Water, a physical synthesis; (2) Father, Son (symbolic terms), and Holy Ghost, a religious synthesis; (3) Heredity, Individuality, and Spirit, a natural synthesis; (4) Democracy, Aristocracy, and Social synthesis; (5) Social Credit office (democratic), National Dividend (aristocratic), and anticipated new social synthesis.

The conception of the synthetic, i.e., creative idea by the leaders of the Church was a great achievement at the time, but it was an intuition only—even for them—and meaningless for the rest, which accounts for the strange rigmarole of the Athanasian Creed. If Christianity has not missed it entirely, it has—in practice—stressed the material side out of all proportion to reality, and has reached a crisis that will be the death of the Churches if some sort of life is not pumped into them. Life must be in the line of creation, i.e., adaptable, to survive. Eastern religions have developed the psychological side to the limit, and neglected the material side, but it takes two or more elements to make a synthesis, and they have missed the synthetic, i.e., creative idea. The Semite came out of the desert and emerged into history with Sargon first, and soon vanished again. Long afterwards he built up an empire that extended from France into India, but it did not last long, and for most of the time was really Persian. He is in the desert still, because he is the crudest of individualists, and, in the natural order of things, a monotheist. Recently, a Douglasite—from the beginning—was trying to obtain a clerical supporter, when the parson said, "that would be the Second Advent," the Douglasite replied, "You have got it; that is what it is," and if it is agreed that an idea that is not implemented does not exist, it would be more correct to call it the first advent.

The elements of a synthesis are in a fixed proportion, as, for instance, H<sub>2</sub>O, and require a catalytic agent or electric spark to combine (with Social Credit, from the look of things, the electric spark is war, one shock already received), but social synthesis is man taking a hand in creation, and has only just begun, i.e., at the stage when synthesis is relatively simple. Now if the elements composing the Social Credit synthesis would take definite shape (this is the best attempt I can make at it), i.e., become indisputable, then they can be stated categorically, and the case for Social Credit argued from them—I gather that is the method of the Green Shirts—then the who or the how does not matter much, for then advocates can never get far apart. It would keep the cutting edge on propaganda, whatever form it took, whether semi-private in the National Credit Association or activist in a Green Shirt parade, or a solitary individual like myself, but there is no place for all sorts of Social Credit along with other things, all mixed up together like this, and the answer to the question, "What do you expect me to do?" becomes "Anything you like; get on with it," and generally "the time available is short; cut the cackle and get on with the job."—Yours truly,

T. TODD.

## COTTON PRICES IN MANCHESTER.

Sir,—  
Cost of 50's American yarn = 10d.  
Cost of cotton = 5.50d. per lb., but the cotton loses about 12 per cent. nett.  
= 6.25d.

but with the yen at its present rate, the Japanese are paying more for their cotton than we are.

According to the *Cotton Year Book*, the wages for spinning 50's amount to 1.58d. per lb.

The working expenses amount to 1.62d. per lb.  
Cost of yarn: raw material ..... 6.25d.  
wages ..... 1.58d.  
working expenses ..... 1.62d.

9.45d.

The wages and working expenses added together amount to 3.20d.; even if we allow that the Japanese would charge only 1d. for wages and expenses (incidentally some of their standing expenses are higher?) the 2.20d. gained would not make good the extra amount they must pay for the cotton.

C. I. L.

## THE BALANCE OF EUROPE.

Now Europe's balanced, neither side prevails;  
For nothing's left in either of the scales.

POPE.

**MANUFACTURER** offers Men's and Women's Camelhair Cardigans 12/6 each, Pullovers and Jumpers 9/6, Pure Silk full-fashioned Stockings (British) 1/2 doz. boxes, 11/6, 14/6, 18/6. Nice present for Ladies.

RD. HAWORTH, BUSYVILLE, LETCHWORTH.

### Social Credit Secretariat.

The Social Credit Secretariat, 8-9, Essex-street, London, W.C.2, is negotiating with suppliers in order to make it possible for supporters to obtain, at favourable prices, goods which may be of interest or assistance to them in their Social Credit activities.

Arrangements have already been made for the supply of the following articles:—

Standard forms for letter headings, posters, and handbills, postcard invitations, etc.

Douglas tartan ties and scarves.

Secretaries of Groups, and independent workers, are invited to apply to the secretary for price list and/or samples.

W. L. BARDSLEY, Secretary.

## Social Credit Reading Course

### SET A.

Comprising:—

- Social Credit in Summary (1d.).
- The Key to World Politics (1d.).
- Through Consumption to Prosperity (2d.).
- Social Credit Principles (1d.).

Post free 6d. the set.

### SET B.

Comprising:—

- Set "A" above.
- The Veil of Finance (6d.).

Post free, 1s. the set.

**CREDIT RESEARCH LIBRARY, 70, High Holborn, W.C.1.**

## The Social Credit Movement.

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

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

### SUBSCRIPTION RATES.

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