THE

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NOTES OF THE WEEK.

Lancashire and Japanese Competition.

On January 25 The Times published a leading article with reference to Mr. Runciman's visit to Lancashire to meet various sections of the cotton trade. On January 29 several hundred members of the Manchester Chamber of Commerce passed a resolution on the subject of Japanese competition, calling for

the initiation by the board of a common policy of a more publicly active character "

Publicly active character association with various trade and municipal authorities "internal municipal authorities". Durantics "Internal municipal authorities". interested in the prosperity of Lancashire." Durthe proceedings the attitude of the President of the placed of Trade during his visit was subjected to strong discism. blicism, and so was The Times's article above men-The Times replied to this criticism in January 31.

Who "Inspires" Opinion?

Apparently the critics had linked up the first article, inciding part iciding with Mr. Runciman's visit, with the views exsed by that gentleman, and had attacked it as havinspired by the Government. Inspired to this in the second article quotes the word article quotes the word article quotes the word article quotes the parenthetical comment: inspired by the Government." The Times, atever that may mean." If this is intended to sugthat the "inspiration" does not flow from the inspiration does not now and if this true enough; and if critics were better instructed in the subject of real rument as distinct from its facade of political hment, as distinct from its Jacano the state of many would not have left The Times the of making this effective retort. It would puzzle ingenious of them to construct a plausible ing how any Minister of the Crown, or any such, could bring effective pressure, persuasive wise, on the editorial board of The Times, even that this board were autonomous. But it is far as major questions of high-policy are conand particularly questions affecting fiscal policy itorial board of *The Times* are for all practical a D. a Bank-of-England Secretariat. In short, the editor is Mr. Montagu Norman. So anyone pired to inspire The Times would first have to

aspire to inspire Mr. Norman; and we would like to be shown any Minister of the Crown who seems at all likely even to nurse such an aspiration, let alone to be able to effect the inspiration. Scratch the Cabinet and you discover the Chancellor of the Exchequer: scratch him, and you discover the Treasury: scratch them and you discover the Bank of England: scratch the Board of the Bank and you find Mr. Norman. Alternatively: scratch the editorial board of *The Times*, and you discover the Committee which exists to ensure that the ownership of *The Times* does not "fall into the wrong hands" (i.e., does not express the wrong opinions) scratch that Committee, and you find the Governor of the Bank of England, who, by virtue of his office, is a member of it for so long as he holds that office. So, by both routes you come up against Mr. Montagu Norman. Nor is that the finish of the story. Another permanent member of the Committee is the Archbishop of Canterbury, Dr. Lang. Scratch either of these gentlemen, and you discover Mr. Pierpont Morgan, the associate of Mr. Norman in the shaping of international financial policy, and the mentor of the Primate on matters relating to the reconciliation of Christian with financial principles. Lord Halifax spent his life toying to reconcile Canterbury with Rome; but in the meantime there has been a reconciliation between Canterbury and the City—and the Cathedral might well be placed, in an allegorical picture, on a corner site at the junction of Threadneedle Street with Wall Street,

The essential truth of this analysis does not rest on our hypothesis, but on admissions from authoritative financial sources. Mr. Norman has himself declared the relationship of the Treasury with the Bank of England as the same as that between "Tweedledum and Tweedledee," while the Financial Times has affirmed the power of City financiers to "destroy the whole fabric of Government finance" by holding up "ways and means advances." So the Lancashire critics of Mr. Runciman and The Times need not look further for the explanation of the identity of attitude manifested by that Minister, that newspaper and the Government.

If they are able to grasp this they will recognise the significance of the arguments by which The Times

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seeks to dispose of the allegation of "inspiration by the Government." They collapse under the weight of their irrelevancy; so we need simply recite them. As a preliminary it should be mentioned that what the critics resent is The Times's insistence that Lancashire is too prone "to look to the Government to save it from its many distresses " instead of " getting down to the indispensable but painful task of working out its own salvation." (January 25.) Here are the arguments referred

This criticism of Lancashire is not new; it has been repeated in The Times during the last six years.

It has been repeated by various bodies within and without the industry who have inquired into the cotton trade.

It was implied, for example, several years ago by Mr. Arno Pearce.

It was expressed on January 27 by the Chairman of Imperial Chemical Industries in his speech to the Birmingham Jewellers' and Silversmiths' Association. (Our italics. What a combination!)

The Manchester Guardian, in its leading article on the meeting referred to, January 29 [presumably under date of January 30], expressed practically the same criticism.

What "Inspires" Opinion?

Summing up, The Times says

"The facts on which it [the criticism] is based are so obvious that it requires no inspiration except that of common sense; and there would be nothing strange or sinister if the views of The Times should prove to be shared by the President of the Board of Trade.

The "facts" referred to are not recited. We can only consider them as comprehensively amounting to the truth that on the basis of existing costs of production Lancashire cannot sell its products at remunerative prices. The "common-sense" conclusion that Lancashire must work out its own salvation obviously means that Lancashire must reduce costs, for Lancashire has no power to compel buyers to pay higher prices.

The immediate inference is that the Government, that is to say, Mr. Norman (considered as personifying the banking hierarchy) has decided not to tax cotton imports. His decision is presumably related to certain of the "obvious facts" alluded to. And the approval of that decision by the various official and industrial investigators referred to is presumably based on reasoning from the same group of "obvious facts." But it does not follow that because facts are "obvious" they are unalterable. Nor is it true that, if unalterable, they are relevant to the conclusion. Nor that, if unalterable and relevant they comprise all the facts that are relevant. Unless all these conditions are met the conclusions arrived at will be wrong however sound the reasoning. Sound reasoning from a given group of facts leads the reasoners to identical conclusions, but the identity of the conclusions does not prove their truth, for it does not guarantee that the facts on which the reasoning was exercised include all the material necessary for getting at the truth. There can be such a thing as an honest arrival at an erroneous conclusion without the intromission of personal "inspiration" into the minds of the reasoners and the processes of the reasoning. The "inspiration" (or whatever you like to call it) lies in the selection of the facts to be invesfigated, ante-dates the investigation, and pre-determines the result. The only thing which would alter the result would be if the investigators questioned the selection. But if the critics of the attitude of the Government, Mr. Runciman, and other persons and bodies who have been investigating the problem will reflect upon the key individuals concerned they will see that they are types of men who would not think of questioning the selection of the facts on which they were invited to pronounce judgment. And if they do see it,

they will perhaps accept our suggestion that this was why these investigators were selected. In a law court the jury decide the cogency of evidence, but the judge decides its relevancy. And the principle holds in all these economic investigations—the investigators are the jury, and Mr. Montagu Norman is the judge. The industrial jurors "dismiss from their minds" (if in their minds) all those matters which are deemed irrelevant by the banking hierarchy. In the present case the thing dismissed from the minds of the investigators (if ever in their minds) was the idea that Lancashire was dependent for its "salvation" on efforts other than is

Self-Help Without Smiles.

The suggestion that Lancashire can get out of its troubles by its own efforts is also a suggestion that Lancashire has got into its troubles by its own efforts, of by its lack of efforts. Let us have a look at the troubles The main source of them has been located, by common agreement, in the Far East, and, at the moment, particularly in the Far East, and, at the moment, particularly in the far East, and the moment, particularly in the far East, and the moment, particularly in the far East, and the moment of the far East, and the far East, an cularly in Japan. Mr. Colin F. Campbell, chairman of the National D. the National Provincial Bank, on February I, reminded the shareholders at the annual meeting, that

"the East . . . has forced itself upon our consideration over the table of the control of the co tion owing to the competitive power that its low standard of life. standard of life and wages, backed by machinery and mass production mass production, gives it in the markets of the world.

Very well; in what way has Lancashire contributed to bring about the bring about the way can to bring about this situation?—and in what way can Lancashire of the first Lancashire alter it? In seeking the answer to the question we must be a seeking the answer to the question we must be a seeking the answer to the question we must be a seeking the answer to the property of question we must define the meaning of "Lancashire.
We will define in meaning of "Lancashire." We will define it as comprehending all industries associated with associated with cotton. They fall into two main groups (a) those manner of the second control of the second co (a) those manufacturing cotton for sale, and (b) how making cotton manufacturing cotton for sale, and (b) Now. making cotton-manufacturing machinery for sale. Now supposing there had been no outside world no East '' the supposing there had been no outside world no easters East ''—then the Lancashire machine-makers would have adjusted their machine-makers are part and the state of have adjusted their production-programmes at even pass with the requirement of the requir with the requirements of the Lancashire cotton-makers and the twain would be and the requirements of the Lancashire cotton-mastal and the twain would have become one flesh in the state of economic wedlook. of economic wedlock. But the machine-makers did no such thing. Having files such thing. Having fulfilled the home demand, went on to demand the territory fulfilled the home demand the territory fulfilled the home demand. went on to dump machinery in all parts of the there were two Lancashires, pursuing diametrically conflicting objectives whence the money was forthcoming to pay for it, there were the flicting objectives—engaging in an economic but in the probably did They probably did not realise this at first; but in the case they would not be a second to the c case they would not have been able to prevent it only power of only power of preventing it lay in the hands of Londinarcial institutions. inevitable. The two Lancashires have now collapsed and it is to be harved. financial institutions whose policy made this collainevitable. and it is to be hoped that since they have become a panions in a common that since they have become a panions in a common that since they have become a common that since they have become a panions in a common that since they have become a common that since the panions in a common misfortune they will profit by circumstance to mistortune they will profit by circumstance to unite in an all-Lancashire campa against the Money Monopoly.

They must do it the right way, however, and way is, initially, to challenge the financial view.

(a) to bring formers and the right way, in the right way, i (a) to bring forward technical arguments alleged necessity for Lancashire to submit to processes of "salvation," and (b) even if the ments chould be submit to the ments chould be submit to the ments should establish a presumption that the round be "peinful in a presumption that the same that must be "painful," to show in what way then is mind the them. lenge calls for the verification or otherwise of the se of so-called "scientific" financial theory the selection of the selec alternatively, calls for the verification of that part the hints dropped by perity is attainable by efforts compatible with laws. tion of the aforesaid axioms as over-riding to short, is it possible for short, is it possible for any industrial system to sound recovery under the laws of what is called finance."

The Answer to the Government. As has been seen, preparations are under way formation of what we will call, and kope will

United Lancashire Cotton Movement. It is apparently designed to embrace industrial masters and men, municipalities, and so on whose interests and efficiency are dependent on Lancashire's prosperity. But unity on a representative political basis is useless without unity on a positive policy. Without it, the wider the representation the less its force, because of the greater number of divergent interests involved. To organise the voicing of a general feeling of aggrievement is futile, no matter how many people take part in the shouting. And to enter a concerted defence to the vaguely-formulated reprobations of the cotton industry which have caused resentment is little better, because it is practically im-Possible to construct such a defence without raising points which adversely reflect on different sections of the cotton industry, or on industries other than the cotton industries. For example, the leaders of the Cotton Movement could not make use of what we have written above and say: We are all in trouble because some of us have been exporting machinery which is now competing with us. If the statement went no further the ther than that, the machine-makers would naturally be offended, and would be able to enter the plausible plea that their activities as exporters had indirectly helped Lancashine by contributing to general employment and distributing wages and dividends to potential buyers of Lancashire's products. Apart from that, the defenders of the Co. of the Government could retort with the question:

Well. well; what do you want us to do about it? Buy back the exported machinery?" And they would at Mr. de Valore against those leaders as is levelled at Mr. de Valore against they were fuddled by at Mr. de Valera, namely, that they were fuddled by

Banks as Competitors of Industry.

No; the correct policy is to deliver a counter-attack, and to deliver it in the precise place where the attack came from. It could begin by asserting that the indict-offered to the from offered to it, embodies the interested opinions of a private to it, embodies the interested opinion with Lan-cashira enterprise which is in competition with Laneashire enterprise which is in competition with all other and not only with Lancashire but with all other brivate and not only with Lancashire but with all other brivate. private and not only with Lancashire but will a statement enterprises put together. This seems a wild statement of daily experistatement to make, because it is a matter of daily experience that once that to make, because it is a matter or dany called that the Bank of England and its Big Five satellites business of enterprise. business impartially with every kind of enterprise. hey can say with more or less truth that they lend oney to any enterprise which offers suitable security the loan; and they can urge that, as loan-issuers substitution, and they can urge that, as loan-issuers are substitutionally substitution. they subserve the interests of industry in general, their point and they can urge that, as loan-issuers and bepoint. But, besides being loan-issuers—and be-Point. But, besides being loan-issues of it they are loan-retirers: and it is in the timand they are loan-retirers: and it is in the technique of the retirement where the ctive competition with industry comes in. The ting enables them to intercept and collect money put circulation by industry; and the technique destroys evidence that they have collected it. The key prole term 'interception' and 'deception'

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portion of the collected it. The key prole term 'interception' and 'deception' and 'deception' and 'deception' and 'deception' and 'deception' and 'deception' and 'decepti interception "refers to the fact that to inty to collect as sales-revenue if it is to recover its in full in full is diverted into the hands of the bankers industry can get it in that way. The term refers to the fact that me hankers' reted is not recorded as revenue in the bankers' it is not recorded as revenue in the bankers' refers to the fact that the money so altiment of a bank-loan destroys a deposit " (Mr. kenn) of a bank-loan destroys a deposit " (Mr. It is not asserted that loan-retirements not cancel deposits as a matter of general The assertion is that, under existing rules of Intancy and conditions of industrial finance, despite and conditions of industrial finance, despite the full should not be irrevocably cancelled to the full of the loans repaid. The only circumstances by would be compared to the state of the loans repaid. would justify the practice of 100-per-cent, cancelwould be those in which the sum repaid to the wholly represented revenue derived from sales to consumers, and also represented the recovery of expended industrial costs to the same sum.

Primitive Finance v. Modern Industry.

Those circumstances do not exist. If they did it would mean that the quantitative rate at which concrete wealth was passing into the possession of consumers for private use was equal to the quantitative rate at which concrete wealth was being brought into existence. It would have meant, for example, that at the time when the factories in Lancashire were being built, the consuming public had somehow or other been able to buy the bricks and equipment, divide them up, and take them home in the same periods and in the same measure as the loan-credits employed to finance the building were being repaid to the banks. If that could have happened, the bankers' procedure in destroying the repaid money would have been perfectly correct. For the consumers would have made away with the factory; hence the banker could properly make away with the deposits. No wealth retained in industrytherefore no need to keep any money in circulation to

But for the very reason why 100-per-cent, cancellation would be correct in these hypothetical circumstances it is manifestly incorrect in the actual circumstances of modern capital development. And it is significant to notice that the banking hierarchy, who propose to retain this cancellation-procedure, are giving Lancashire advice which, if it is carried out, will tend to bring into actual existence a state of affairs much like the hypothetical circumstances just outlined. Lancashire, they say, must reduce costs. The method would be some form of rationalisation. Factories would be scrapped at the expense of shareholders and disemployed workmen in order to enable others to do more trade under their fixed overheads. Now such scrapped factories are, for all practical purposes, non-existent factories. The cottongentry and cotton-operatives who have lost their money in them may be considered as having bought them to take home-consumed them. Having no use for them, nor any means of dismantling them, nor any money left to acquire them even at rubbish-prices, they leave them where they are, and may think themselves fortunate that they are not requested by the bankers to pay storage-charges on them. They would be little worse off, looking back, if they had originally bought the bricks and looms to amuse the children, instead of "investing in "cotton-property" to earn an income. Thus the perpetuation of an obsolete system of credit-technique is stultifying the achievements of applied science and destroying their fruits before our eyes.

Cotton and Building.

The Lancashire Cotton Movement, as we are calling it, need not itself take the responsibility of engaging in technical arguments on credit-finance. Its leaders will not be competent to do it. But they are able to use their influence to provide openings for those who are. For instance, The Times's shrewdest stroke at the resentful cotton-interests was to remind them that their own paper, the Manchester Guardian (in the sense that it circulates in the distressed area) takes sides with the Government. The proper reply is for the leaders to invite that newspaper to give its reasons, and to undertake to publish criticisms of them. A united Lancashire Movement could reasonably ask for at least a page a week being given up to this subject. The existence of the Movement would be, in itself, sufficient assurance to the editor that the subject would be a live topic. There are several aspects of it that might be discussed. For example, the reason might be asked why and how the boom in the building industry started. Why should it be such an urgent matter to get everybody into a new house and not into a new shirt? The answers to the question would arouse the active interest, not only of cotton-interests, but of all industries which seek avenues for selling clothes and materials for making them. Did the building industry get on its feet by its own efforts? If not, how was the boom made possible? Was it by Royal and Ecclesiastical public denunciations of slums? Or was it the outcome of a private decision by bankers

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to finance housing schemes? The answer is not difficult to answer. The housing industry would not have commenced operations without an assurance that it would sell the houses, which means, since the prospective buyers have no money, that the price would be paid by building societies backed by insurance and banking interests. For our present purpose all three can be designated the Credit-Combine-for they are all interlocked. The procedure of the Combine can be illustrated in principle as follows. A building company borrow £4,000 from the Combine. With this they put up ten small houses in, say, three weeks, using part of the money to advertise the properties and exploit the home-consciousness created by the oratory of the Prince of Wales and the Bishops. The houses are priced at, say, £520 each. Directly the company get someone to sign a document undertaking to buy the house, they can go to the Combine and collect, say, £500. When all the houses are sold (and in lots of cases they are all booked before they are built) they clear a cool £1,000 after repaying the Combine, and have no interest in whether the buyer repays to the Combine the contracted price for the house. What has happened in principle is that the Combine have hired the builders for a fee of £1,000 to construct houses. This fee is virtually a subsidy. The builders incur no risk at all, and no responsibility further than that of supervising the construction. Therefore "Confidence" and "Enterprise" are manifest in the building trade. But they are there as a consequence of the subsidy, not as the cause of the recovery.

* Now Lancashire would be just as willing to show en-terprise on the same terms. But it is considered out of the question to let Lancashire have a subsidy. Lancashire is not asking for a subsidy in form, but is doing so in effect. For if any tariff is put on to protect Lancashire the British consumer of cotton goods will have to pay for it. That is the argument that the Government can use. But Lancashire is entitled to point out that the Government have imposed the same obligation on the public in respect of housing. For there is no difference between the ultimate incidence of the charge incurred by giving the building companies a profit and that of the charge that would be incurred by enabling Lancashire to raise prices. The charge in either case would have to be met out of the subsequent incomes of the community. (To students of the fundamentals of the credit question this line of criticism will appear superficial: but it would help, if publicly canvassed, to open up investigation of the deeper issues of which they

The Church and Unemployment.

The Archbishop of York, Dr. Temple (see The Times, January 23, page 9), has issued a letter on unemployment. Unemployment, he says, is a "curse." much because of the physical hardship to which the out-of-work and his wife and children are exposed, but because of the moral inferiority that he feels in the reflection that society has no use for him. The problem being a moral one the remedy must be moral. Accordingly Dr. Temple advocates the following three things: (a) Keeping juveniles at school until fifteen or over; (b) providing "courses" (of training) for unemployed persons under eighteen; (c) Providing facilities for the use of unoccupied time by unemployed adults.

In brief, a system of " providing " something or other to keep people busy is to be devised as a subsidiary to the employment system. And what is provided must be something which restores to John Smith that sense of self-esteem which he loses when he loses his job in industry. That is to say, it must seem like a job-it must give him the feeling that he is carning his keep. The people who prescribe his tasks must seem like employers.

As a background to this moral programme the Archbishop's Statement accepted the proposition that un-

employment was going to be a permanent phenomenon It also expressed the sentiment that poverty amidst plenty was a fact which ought not to be, and was a challenge to the Church; not that the Church, as such had a remedy to suggest, nor in fact that it was the Church's function to deal with remedies.

* 100 The intention behind the proposed supervision of un employed persons' spare time may be quite sincere, but it is based upon a misapprehension. Further, the proposed system can be easily exploited in quarters where Social Credit is opposed. If supporters of Social Credit who are Churchmen care to lend their general support to the above programme they should nevertheless be on the watch lest the system of providing "courses" and "training" becomes a sort of re-employment system. It is hard to see here a least to get the system. It is hard to see how John Smith, if he is dominated by the urge to be useful to society, is to be satisfied unless in return to see the satisfied unless in return to see the satisfied unless in return to see the satisfied to see the satisfied unless in return to see the satisfied to see the unless in return for his keep he performs tasks which he is accustomed to regard as socially useful. suggest that, if he is dominated by this idea, his criterion of "use to society." of "use to society" would be that the service he contributed had tributed had a value measurable (not to say recoverable) in price. able) in price. Of course, not all recognised services to society are priced in a commercial sense (e.g., services in the Army, N in the Army, Navy, Police, etc.), but they are presumed to be worth paying for, and are paid for in taxes. Thus they are "respectable." The problem then, is to find John Smith some task outside industry (where he is superfluence) and presumably outside in (where he is superfluous) and presumably outside to public samples and presumably outside shall state to the samples of the sa public services (for the same reason) which shall still

flatter his touchy self-esteem.

But why? The straightforward way in which to pull him Smith John Smith on good terms with himself arises logically from the technical of the second state. from the technical facts which the Archbishop's Statement cites—vize the bird product ment cites—viz., the high capacity of machine production due to advantage the betion due to advances in scientific discovery since the beginning of the Industrial Parising of the Ind ginning of the Industrial Revolution, or, as a profound mind would area. mind would urge, since the beginning of the epoch man's conscious man's conscious enquiry into the laws of nature should be to tell him all about what is called A simple. Credit writings "the cultural inheritance. method of bringing this home to any individual in days is suggested by an analogy once used by George in *Progress and Poverty* when he was attacking Malthusianism. Malthusianism as a false theory for accounting poverty. He took the favourite contemporary ment, which ran like this: A man and his wife have two charahave two children. If both children ultimately ried there would be the second that the second second the second se ried there would be two couples. If each of these couples had two children and the children couples had two children, and these four children mately married there is the children. mately married, there would now be eight children, therefore eight from and so on. Having stated this case, he re-stated it in inverse sense, viz that inverse sense, viz.: that every person had two parel and each of these two and each of these two parents had two parents, on back to the on back to the beginning of time, when the number man's ancestors would be the company to the company than the company that the company than t man's ancestors would work out greater than the city of the world to hold them. He pointed out, reductio ad about 100 miles in over reductio ad absurdum, that the fallacy lay in overling the fact that the ing the fact that the genealogical structure Take point of intersection in the middle of a piece of lattice work and you can be seen a piece of lattice. work and you can trace lines back or forward in gent directions to itself const gent directions to infinity. Each line is itself constant intersected by other line. intersected by other lines; and all the points of tion, taken to the lines; and all the points of tion, taken together, represent the fact that the plying of numbers plying of numbers in progressions gives a false to the question of to the question of how many people contributed to descent of any person descent of any person alive or, on the other hand, the many people contributed of the other hand, the many people of the other hand, the many people do not be appeared to the other hand, the many people do not be appeared to the other hand, the other han how many people this person would be ancestor the distant future. the distant future. Every generation of people shall its ancestry and also it.

The bearing of this analogy applies to John and his use to society. Not only is he a co-shared general inheritance rightfully belonging

munity of which he is a member, but he is in his person bound to be in direct line of descent from some person or persons unknown who contributed in their time to the progress of science which has made this inheritance a fact. For example, take the unknown person who discovered fire, or him who first discovered the wheel, or the lever, and epochal achievements of that order. After that, consider the innumerable discoveries made during the succession of epochs opened up by these achievements. Then come to the present time and take your John Smith, and in imagination ascertain what his father did, his grand-father, or his great-grandfather, and so on; and sooner or later you must come upon a person to whom society owes tribute for a personal contribution to the world's capacity to produce wealth. In other words, contemporary society owes John Smith something in respect of his ancestor's benefaction. John Smith's absent-minded acceptance of the contrary idea is something to be cured, and not something to be called him new semithing to be called him new semithing to be perpetuated by prescribing him new services to society as the discharge of a debt which does

* It is irrelevant to say (even if the Statement were true) that the tasks prescribed can be pleasant, or even that they are identical with those which John Smith would perform by his own volition if left alone. The whole point is that the volume of the statement where the point is that the volume it to be in an illogical restriction. Point is that the prescription itself is an illogical restriction of personal initiative.

So far as we know, the Church has never pronounced against the pension paid to the descendents of Lord Nelson on the grounds that they were not performing services. ervices in return for this income. Therefore, seeing that every John Smith can trace his descent from a Lord Nelson," the same encouragement should be tendered him to hold his head up when he holds his hand out for his National Dividend.

The Archbishop declares that ninety-five per cent. of the Archbishop declares that ninety-nve per Labour-le unemployed are only too willing to work (Labour-Exchange). He seems to be Exchange officials' testimony cited). He seems to be atguing that, because of this, they will be ready to prove that, because of this, they will be ready to ove their willingness by performing prescribed tasks. the dear willingness by performing prescribes "more performance will equip them for life in a "more lasks will red society." Without knowing what the lasks will be we cannot make any comment except the general one that the experience of managed leisure does not seem bot seem an appropriate preparation for the free ex-bansion of individuality. We must wait to learn more but who is to manage the leisure, and how, and to

The Bishop of Durham's Lament.

While the Archbishop of York is diagnosing unemblowment as a moral problem, the Bishop of Durham is weaken it, together with other problems, to the weakening of the sense of individual responsibility hong our rulers. There were "not enough upright, dependent hdelig our rulers. There were "not enough are of the pendent, courageous individuals who can be trusted work to work the courageous individuals who can be civilised. work the highly complicated machine of civilised How far was it possible "to acquire the and masterful habit which made men willing to and masterful habit which made men the initia-tive pt responsibility, daring enough to take the initiaand brave enough to run great personal risks? Andrew's clue to the purport of the Bishop's lecture to the purport of the Bishop's lecture 2) lies in the side, which was "The Analysis of Leadership," and the state which was "The Analysis of Leadership," and the state which was "Appeared to be on only clue to the purport of the Bishop's lecture (St. brink of "moral bankruptcy." Here is the old, story once again—morals the prime cause, morals averyultimate effect, and morals, morals morals everybetween. There is not the ghost of a hint that and therefore it comes as an opportune justification

" run " society straight with a loose steering-wheel, or run it at all on a mixture of water and petrol. Why is ociety a "complicated machine"? Why should personal risk" be incurred by those who would society a work" it? What element in it calls for masterful treatment? The answer is that there is a mechanical defect in the money-system. If it is not corrected, the psychological conundrum will continue to resist all attempts to resolve it. And if the Church will insist on seeking causes in moral obliquity, then let her direct her efforts to the regeneration of the Money Monopolists.

"Paris Concierges' Revolt."

"NO INFORMATION FOR TAX-COLLECTORS." "A ray of hope has dawned for income-tax payers of Paris, whose traditional immunity is more and more threatened by official inquisitions. The concierges' union has called upon its members to refuse in future to give information to the tax-collectors' inquiry agents about the circumstances of the tenants under their care. The motion passed by the union is as follows:-

"To protest against the indifference of the Government to-"To protest against the indifference of the Government to-wards those modest and diligent workers, the doorkeepers and concierges, the union calls upon the 80,000 concierges of the Paris area to refuse in future their assistance to the financial administration by declining to give information to the tax-collectors' agents who question them on the financial standing of their tenants for purposes of assessment.

"The motion was passed by acclamation. The comment of one Paris newspaper is 'Bravo, the concierges! Your turn, tax-collectors! From a rather different point of view, a well-known French politician, speaking of the financial

a well-known French politician, speaking of the financial crisis to an Englishman, recently said: 'You see, in your country, when a man cheats the tax-collector, you expel him from his club. In my country we stand him a champagne supper. Alors? "—Times, January 30, Paris Correspondent.

O'Duffy Wants Damages.

General O'Duffy has filed a claim on the Free State Government for compensation for illegal arrest and false imprisonment, and may bring an action for damages if a settlement is not reached otherwise. (Evening News.) This is exactly what was to be expected. O'Duffy is an unwitting tool in the hands of a bankers' Annuity Recovery Corporation. They encouraged him to go and challenge arrest at Westport in order to place the Government in the dilemma at Westport in order to place the Government in the dilemma of having to accept the challenge as it did or of condoning blueshirt recruitments and parades, and thereby alienating its own supporters. This new move is the same trick in another form.

Poultry in Australia.

"So serious has become the plight of poultry farmers through low prices of eggs that the Federal Government has been asked to subsidise export. The petition was made by the Egg Marketing Board of N.S.W. in an endeavour to stave off an absolute market debacle. Local prices are the *lowest for a quarter of a century, and are fully 2d, a dozen below the cost of production. Three-fourths of N.S.W. output is being exported, and shipments will easily be a record. Ruin confronts the majority of producers, and the small man is in danger of extinction. The Egg Board, which is receiving most of the eggs, claims that a surplus of 8,000 cases a week will exist next month."—The New Era, Sydney, 0-11-33-

The Norman Fortress.

The Norman Fortress.

"It will be easier for a criminal to pass through the eye of a needle than to break into the new Bank of England. The huge structure, situated in Threadneedle-street, in the very heart of the city, will for all practical purposes be the strongest fortress in the world when it is completed. Bombs strongest fortress in the world when it is completed. Bombs will not be able to harm it and high-explosive shells will be useless against its walls. It will be at least another three years, however, before the reconstruction, which began veras, however, before the reconstruction, which began in 1025, is completed. The work was calculated to take twelve years and cost approximately \$25,000,000. About half the work is finished, which includes the domestic part half the work is finished, which includes the domestic part of the bank. This work includes a wonderful kitchen, dining, library and other rooms for the staff. The kitchen Notes "we recently published on "pseudo-Uprightness cannot achieve natural impos-No ruler, even at "great personal risk," can library and other rooms for the staff. The kitchen

Towards Social Credit.

AN INTRODUCTORY ESSAY.

By W. T. Symons.

The Modern Social Dilemma. II.—Historical. We have seen that at every point the difficulty is financial and not physical-goods, transport, ability, labour; all are ample and indeed superabundant. Consequently it is necessary to observe the rise of the controlling system and its principle. "The Capitalist system " commenced with the breakdown of Feudalism. The rapid destruction of the medieval trading principle of The Just Price, and of sanctions by the Guilds against regraters, fore-stallers, and other anti-socially

disposed persons, could not be held when the middleman or merchant intervened between direct producer and direct consumer. The way was thus prepared for the substitution of price being "What it will fetch," with a minimum sufficient to cover all costs.

But with the use of mechanical power the financier became the dominant figure, since considerable time and expenditure began to occur between the commence-

ment and the end of industrial process.

The goldsmith had become banker; the banker had the monopoly of creating credit; credit was essential during the long process of production, to pay for material, plant, and labour. Hence by the time the industrial revolution was well under way the banker had become master of the situation. Nor was even the pretence long maintained that the banker only lent what was lodged with him by depositors. Clearly, and later admittedly, the money advanced by banks was of their own creation, and upon its repayment it did not go back into the pool of available money, but was duly and properly cancelled out of existence.

The cancellation of the money, however, left goods into which it had been accounted, without purchasingpower in the hands of the public sufficient to distribute them. So long as production was on the increase, and an expanding market overseas could be financed to buy the large part unsaleable at home, the essential difficulty remained obscure, because more money could be

created and lent by the banks.

With the permanent contraction of the overseas market (owing largely to the export of machinery whereby the former customers furnished their own requirements and even became competitors) and the decreasing distribution of income in the processes of production (owing to invention replacing men by mechanical power), the shortage of money has become the central difficulty; whilst even the postponement of deadlock by borrowing from the banks is reaching its term, owing to the mortgageable assets of the community being nearly exhausted as collateral for advances.

The system, therefore, is unable, within its own principles of creation and cancellation of money, to finance the distribution of the abundance which the concentration of monetary advances in Production has brought

For these reasons it appears necessary to consider the financial system associated with "Capitalism" as having run its course, and due for supersession as it previously superseded the medieval economy. It cannot implement Abundance, and it now operates in a very dangerous way by acting against the very momentum of productive power it served to promote. It is unbelievable that modern populations will submit to steady contraction in their access to the wealth they have created and could so easily increase.

The Modern Social Dilemma. III .- Principles of Change and Summary.

The principles of change which normal feeling, economic necessity and scientific advancement alike require, lie altogether outside the vexed arena of conflict between employers and employed, and can only be maugurated by introduction of a modification in financial mechanism, supplementing the existing creation and cancellation of advances by the banks

The withdrawals of credit, and cancellations of money, clearly coincide with the creation of material assets, bearing the repaid money as part of their prices. The material assets are proved public values, irrespective of their ownership, and therefore a proper basis for the issue by the State of money for their distribution to consumers, which it is not within the competence of the private financial system to provide. Indeed, the State credit for consumption has become an imperative necessity for maintenance not only of the economic structure but of the banks themselves.

This somewhat technical analysis of the needs of the moment is necessary because the modern problem is a technical one, and does not depend upon the personal dispositions of the persons operating the system at any given point—as labourers, employers, or bankers.

But the effect of the State monetising the accumulated payment of the state monetism lated powers of the people, as represented in the population and machine the people as represented in the population and machine the people as represented in the population and machine the people as represented in the population and machine the people as represented in the population and machine the people as represented in the population and machine the people as represented in the people tion and mechanical process of all kinds, would be revolutionary in its arrest of the present decline in personal security and well being the dansecurity and well-being, and in arrest, too, of the dangerous protection. gerous provocation to international conflict which in heres in the hopeless struggle for an increasing expert trade instead of and without an increasing home trade.

The raising of our own people from their poverticken conditions have a light stricken conditions by enabling them to enjoy a higher standard of living is the essential change, and the money system, being a small standard of living is the essential change, and the money system. system, being a purely artificial and highly ingenion matter of page. matter of paper and ink, can be changed or supplemented immediately an aroused public opinion demands if.

The material "backing" for such money as is needed already in any to backing "conis already in existence, and devices for applying sumer credit " can quickly be instituted in many in relief of particular to a summer credit is already in relief of particular to a summer credit in the summer cred in relief of prices of goods; in relief of taxation; in relief of prices of goods; in relief of taxation; the lief of payment of pensions and public services by those who happen to be employed. The accumulated real wealth of a modern resolution. wealth of a modern people is so great that the expression of a very small part sion of a very small part in money would suffice defray all public defray all public services without collecting the necessary funds from the sary funds from the personal incomes of the citizens which leaves the airs which leaves the difficulty untouched because it does not increase the aggregation increase the aggregate purchasing power of the people

(I) The existing social system has become entirely controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the creation and with Jacobs to the controlled by the private money monopoly creation and with Jacobs to the creation and th creation and withdrawal operated by the banks.

(2) The (2) The system served to intensify production of some conference of served to intensify production of served to intensity production of served to intensify production of served to intensity production of served to intensity production of served

does not contain within its design the possibility of serving to distribute the most design the possibility of serving to distribute the most design the possibility of serving to distribute the most design the possibility of serving the most design that the most design the possibility of serving the most design that the most design the possibility of serving the most design that the most design the possibility of serving the most design that the most design the possibility of serving the most design that the most design the possibility of serving the most design that the most design the most design that the most des ing to distribute the great abundance of goods is

(3) The money system now operates to cramp public enjoyment of the community's productivity the scope permitted the community's productivity. the scope permitted by the principles of its own vival, with exceedingly vival, with exceedingly dangerous consequences volving terrible. volving terrible distress to a great number of the population, and uncertainty tion, and uncertainty of livelihood to nearly all.

(1) The principle must be established that every man is an inheritor of vast wealth and power created in the labour and invention of the past. titled to share it quite apart from his personal contition to its continuance and extension to day.

(2) Not only is this the human truth, but it is conomic necessity the economic necessity that administrative mechanism established to give off established to give effect to it. For lack of such place sion the industrial sion the industrial plant of the country is being what the owners ruined the owners ruined, and the population degraded.

(3) No great political

(3) No great political changes are needed, since instrument, the same instrument—the money system—which selfcramp modern populations, can easily be used, simple expedient simple expedient of the State crediting the popul with its increases of capital wealth at the same the private financial incriming are obliged to the private financial institutions are obliged to them.

(4) The expression of the "Credit" in mone, regulated as to reach consumers—(a) in reduction prices of goods, (b) in payment of services hitherto.

by taxation, (c) in distribution of some form of "dividend " representing subsistence without first collecting the money from the public.

(5) By this means the principle could be established that the real wealth of a period would be made available in at least a minimum standard provision for all citizens, on the basis of economic fact no longer falsified by the policy of restriction necessitated by maintenance of the present financial monopoly as the sole source of money.

(6) The opinion is expressed that no other reform of any moment can be achieved until this economic and human truth is established in contravention of the persistent lie we suffer under, that we still live in a state

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Bankers and Premiers.

The following is an article by J. Niven which appeared in The Free Man of January 13.]

The Press has recently contained many tributes to Sir Robert Gibson, a Scot, who rose to become Chairman of the Commonwealth Bank Board of Australia. There are two good reasons why the Free Man should provide the hospitality of its columns for reference to this redoubtable person. The first is that his actions justify every single word which has appeared in these pages regarding the autocratic power and the grossly selfish outlook of the guardians of the interests of sound finance. The second is that here is a perfect example of the type and character which finds high commendation in the chronicles of modern Government. In The Scotsman of 5th inst, we are informed that Sir Robert

saw clearly the hard road which he believed the nation must tread to avert threatening disaster and to win back prosperity. He stood over the politicians with a whip to keep the keep them on that road, and drove back those who attempted to leave it. He lashed heads of Governments, assembled. assembled in conference, with scorn and invectives when they sought for an easier way. He confronted the Socialist Federal Federal Cabinet and defied it. He consigned the then Prime Minister (Mr. Scullin) to the nether regions in his own sanctum, and he was unfailing in encouragement and help for Premiers treading the thorny path of financial rectifus.

"Australian development has owed much to Scotsmen. Scottish pages in her short history are studded with Scottish names. To this Scotsman the debt of Australian is incapant. is incalculable, and the high qualities which he devoted to the service of his adopted country were typically Scottish.

Cranite determination, forthright speech, dour refusal to compromise on matters of principle, were among them.

When the economic storm struck Australia, the Left Wing majority of the recently elected Federal Socialist Government demanded currency inflation as an alternative to the second state of public expenditure othertive to the severe curtailment of public expenditure otherwise required. Sir Robert Gibson refused it, and maintained his refusal in the face of sustained pressure and abuse. He insisted on retrenchment in all Government programs. programmes as a condition of bank assistance, and kept on insisting in insisting till it was done.

In the course of an illuminating account of how this hath, Gibson, succeeded in securing his reappointment for severe servers antagouism of Mr. seven years, despite the known antagonism of Mr. Scullin and his party, we are informed that during an interview with Mr. Scullin "Sir Robert rose from his eat. If Clothes used to hang loosely on him. He had a lean brown face, grey hair, grey 'goatee' beard, and piercing stey eyes. trey eyes. He had a habit, when wishing to ram a statehent home, of thrusting his face within a few inches of e man to whom he was speaking and staring into his He did so now. Also, on such occasions, the the did so now. Also, on such occasional in his speech became markedly more pronounced.

Mr. Prime Minister,' he said, you will be do the door and started to walk out.

Mr. Scullin had to ask him to come back. When the interview was resumed Sir Robert Gibson told Mr. Scullin Mr. Prime Minister,' he said, ' you can go to hell,

flatly that he regarded his proposal as an insult. The Prime Minister expressed his regret, the banker then demanded an immediate decision one way or the other. and when he left the room his unconditional re-appointment for seven years had been arranged."

And so it followed that "as the depression increased, so did the clamour of the caucus for millions of printing press money. Ministers faced the position that without further bank help they would not have enough money to pay Civil Service salaries and old age pensions in full. Sir Robert Gibson was asked to meet the Cabinet. Mr. Scullin was in England at the time. The Cabinet itself was now divided, with the inflationists in control, and they demanded a big increase in the note issue

"You will not get the notes while I remain Bank chairman, and only three things can remove me,' he told them. 'One is my death, and I am going to live a few years yet. The second is my bankruptcy, and I am a rich man. The third is that I commit a crime, and it happens

that I, gentlemen, am an honest man.'
"Mr. Anstey was leading the inflationists. He was

an emotional man, and had a command of language.

" You will print the — notes,' he exploded.

" Not one — note,' was the equally vigorous reply. The notes were not printed."

Truly, as Mr. Baldwin said recently, we have a wonderfully "free and democratic constitution," and the Scottish terriers as well as the bulldogs of the British Empire are ever faithful to their master's voice.

Curing Consumption.

By B. J. Boothroyd.

Let us get down to fundamentals.

It has been said that the ultimate purpose of the financial system is the Elimination of the Consumer. Many earnest seekers after truth find it difficult to accept this. Thousands of letters reach me by every post asking, in effect, "Can this thing be?

Nevertheless, the studious mind should not find this impossible to understand. One cannot read the speeches of any great banker, statesman, or other expert without realising that the economic system itself, as well as the situations it creates, are the result of Cosmic forces.

It is well known that the causes of Cosmic events are so incalculable that they may be termed accidental. Scientists to-day are busy telling us that the Earth itself was the result of an accident, and that the verdict upon mankind is "Accidental birth." Bearing this in mind, it should be easier to grasp the fact, here published for the first time, I think, that the process by which the Elimination of the Consumer came to be the object of the financial system was purely accidental.

Many years ago a very great banker read in the papers about the terrible ravages caused by something called "Consumption, the White Scourge." He concluded that it referred to the consumer. He had heard of tuberculosis, but thought it meant potato-blight. He did not connect the word " consumption " with any disease of the human body, but thought it must refer to some economic defect. He was predisposed to this interpretation, because, being a banker, he was interested solely in people who borrowed, and did not concern himself with people who only spent. He immediately saw that persons who only consumed products but never borrowed for production fulfilled no useful economic function, and he was therefore ready to believe that the consumer was nothing but an impediment to the smooth working of an otherwise perfect system, and must be regarded as a disease of the social order.

Being a banker, he therefore had a high sense of

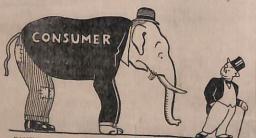
national responsibility. So at the next directors' meet-ing of the Bank of England he enunciated the primary object and principle of banking as the Elimination of

He pointed out that consumption was one of the greatest dangers to national stability, and that as the natural guardians of the nation's health, morality and what not it was their duty to see that the consumer was given every inducement to die out.

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Few of the bankers knew what a consumer was. Some didn't believe there was such a beast. They only knew that it was something to which no credit could be given, so they passed the resolution and called for lunch. Interesting-these little bits of banking history.

From this, all modern banking policy followed quite logically, based on the obvious intention of keeping money out of consumers' hands. It explains why money can be issued only for production but never for consumption, and why purchasing power is always kept short. Increased foreign lending is naturally the most important of all banking policies, because obviously the



BANKER (SEEING AN ELEPHANT FOR THE FIRST TIME):
"I DON'T BELIEVE THERE IS SUCH A BEAST."

best way of keeping money from the consumer is to send it out of the country before he can get hold of it.

Now, although the origin of this great principle was accidental, being due to a simple mistake, it was soon recognised by responsible people to be all for the best.

No serious student of politics will deny that the limitation of spending is the most effective way of keeping dangerous democratic tendencies in check, and that freedom of purchasing power is even more dangerous than freedom of speech, because people are more certain of what they want to buy than of what they want to say.

All good Fascists, as well as all others who realise that the mass of the people are incapable of controlling their own affairs, know that if once adequate purchasing power got into the hands of the consuming classes, immediately individual choice would become the directing force of national affairs and the whole structure of social life would be dictated by the taste and fancy of the common people. Hence the popularity, among would-be ruling classes, of such ideas as State Control of Production, as opposed to that of a National Dividend.

As I have always said, Douglas Social Credit must be suppressed, for it is nothing more or less than the Dictatorship of the Proletariat.

This principle is easily grasped if you cast your mind back to the days of your irresponsible childhood, when an adult would say, "If I gave you a penny, what



MAZEPPA'S RIDE (OR TIED TO A WILD ASS)

would you do with it?" You know that, however, truthful you may have been up till then, your career as a liar began from that moment. And why? Because you knew that your ideas of consumption were contrary to those of constituted authority, and that free choice of purchase was a challenge to authoritative opinion and sound principle.

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It is the same with the economic system. If anarchy, red ruin and the breaking of laws can be expressed in one sentence, it is, "Freedom to buy what you like.

There is a persistent rumour that bankers depend on the public having a bit of money somewhere. That is a mistake. The ideal system, which we are steadily approaching, is one in which money will simply pass from bank to producer and back again. Such few consumers as remain (for odd jobs) will have their food and clothing doled out to them in camps.

It must be remembered that the object of banking is not, after all, to issue money, but to control the nation. Actually, to a banker, spending is a fearful waste of

Green Shirts at Southampton.

Mr. John Hargrave was the speaker at a public meeting held at the Watts Hall on January 26. The meeting was under the wasterness. under the watts Hall on January 26. The meeting with the auspices of the Southampton Green Shirt sections, with whom with whom the Association co-operated in organising and stewarding

In addressing the audience of some 500 people, Mr. Har-grave commented upon the present economic situation, in which the majority of the population was in want, while it was possible, under a convenient of distribution, to it was possible, under a sane method of distribution to supply all that could be desired. After giving examples of the progressive rate of displacement of labour by machiner.

Mr. Hargrave briefly outlined the methods which would be employed under Section 2. employed under Social Credit for securing an adequate tribution of the great contribution of the tribution of the goods which science had made available.

Reviewing the goods which science had made available.

Reviewing the various political situations existent in the orld to-day, the same the same transfer of the same tra world to-day, the speaker expressed the belief that all indus-trialised countries are expressed the belief that all indusworld to-day, the speaker expressed the belief that all industrialised countries would very soon find themselves to the with so great a problem that it would be impossible to copy with it on any orthodox lines whatever. Having regard, therefore, to the pyramidal structure of society, individuals would be forced either to the right as represented by the present financial system on to the last and in support would be forced either to the right as represented by the present financial system, or to the left and in support of Social Credit, which would offer the only alternative to a state of complete chaos. It was pointed out that it was very definite duty of every Social Creditor to see when this point was reached that there would be no doubt whatever as to which course was chosen by the majority.

Mr. Hargrave dealt very ably indeed with numerous exacting questions which came mainly from the Communistic element of the audience, many of whom on leaving expressed

ement of the audience, many of whom on leaving expressed

their appreciation of our views.

During the evening the Southampton Green Shirts,

Gether it to the London Headquart gether with a detachment from the London Headquarters, attention in the town

Slums and Housing.

living in a dirty, unsightly house on the one hand and either rotten house on the other, in the one case with cream amount to eat and in the other with less, I would stay in the slums. That is the resisting of the workers and stay in the slums. That is the position of the workers of everyone elsa.

I suggest that until architects and others set the selves the task of investigating the mechanism by of which this position between the architect and property projects. is related to what I call an abstract financial proposition which, as a rule, they have no knowledge, all lation by architecture. lation by architects and resentment by the public regarding

what they get is entirely beside the point. (Geoffrey Mark in The Architectural Association Journal) January, 1934.)

Our Common Cultural Inheritance.

"Every ship that comes to America got its chart for Columbus. Every novel is a debtor to Homer. Every of a penter who shaves with a foreplane borrows the state of sciences—the contributions of men who have perished add their point of light to our sky. Engineer, an inastitute as he has any science, is a definer and nuap-maker of all titudes and longitudes of our condition.

These coathers on every hand enrich us."—Emerson.

The Irish Production-Census.

By H. Neville Roberts.

(Author of A Free State in Fetters and The Breaking of the Bonds)

We have in the Irish Free State a Statistical Survey Department of the Civil Service which is said to be one of the most efficient in the world. Some little time ago the Government ordered the Department to compile what has been called a "Census of Production." The term is somewhat misleading, for the statistics demanded include what is, in fact, a census of the income distributed among the community through wages and salaries, together with the price valuation of the goods produced. An initial instalment of these returns, covering five groups of industries, has just been published the first authoritative figures of the kind, as far as I am aware, to have been thus disclosed to the public. They are worse, which, of course, is to say better, than the most optimistic advocate of Social Credit would have been inclined to suggest seriously to an audience half-heartedly willing to be convinced against the "better judgment " handed down from an age of dearth that begat the vice of thrift.

Here, then, are the newly-published figures, which are for the years 1929 and 1931, and cover the whole of the Irish Free State.

	1 10	929	1931	
Group of Industries.	Value of Output	Wages and Salaries	Value of Output	Wages and Salaries
Mines and Quarries Printing Bookles Publishing	199,412	128,933	209,903	122,069
Papermaling & Engraving	1,794.007	850,163	1,883,867	900,339
Fertilized Stationers	174,007	59,724	213,677	68,125
Broad and Paints	731,841	151,167	602,856	155,705
Bread, Biscuits and Flour, Confectionery	4,714,969	1,140,170	4,077,931	1,151,837
TOTALS	7,614,236	2,330,157	6,988,234	2,398,675

It may be assumed that the "Value of Output figures are assessed in wholesale prices, and it should be paid assessed in wholesale prices, and it should be noted that profits or dividends are omitted from the figures under "Wages and Salaries." With the exception of "Wages and Salaries." tion of these minor discrepancies, which are on opposite of these minor discrepancies, which are on oppositions of the account and may come very near to cancelling each other out, the "Value of Output" is the price demanded from the community and the "Wages and Salaries" of the community and the "Wages" of the wag Salaries "figure is the purchasing power distributed to the community in respect of the productive activities of this community in respect of the productive activities of this comprehensive group of industries in the years 1929

The Meaning of the A + B Theorem.

By A. F. W.

Using Major Douglas's introduction and definitions. The only channel through which purchasing power aches reaches consumers is an A payment.

But, an A payment cannot be made without adding its value to the total of costs chargeable against purchasing ing power.

his purchasing power is spent it cancels some portion of this Purchasing power is spent it cancels some po-ent yal, total of costs. But not necessarily its equivalent value. The difference may be used as Capital within industry or to repay a bank loan.

Purchasing power may be saved as capital by

These two processes operate to such an extent that there is a processes operate to such an extent that is virtually no carry-over of purchasing power, while is virtually no carry-over of purchasing progressing is a huge carry-over of costs against work-in-

An A payment adds its equivalent to current costs and refore can do nothing to reduce this carry-over of

onsequently the total value of the carry-over of costs must eventually the total value of the carry-over than A payment. bayments in new production if the whole product (old ad new) is to be purchased.

Not all at once: But as the finished products come on the market. The purchase of these products will be made partly by the current A payments for new production; and provision need only be made for the balance; i.e., the amount by which the costs of the products coming on the market exceed the current A payments in new production.

In other words, we require a fund of potential purchasing power to be carried forward against the accumulation of costs carried forward, and to be released as required without the creation of new costs.

The Films.

"Fraternally Yours," Metro-Goldwyn-Mayer Produc-tion. Directed by William A. Seiter. Empire.

"Song of the Plough." Sound City Production. Directed by John Baxter. Empire.

Laurel and Hardy rank with Chaplin among the few ilm actors who should never be allowed to talk on the screen; their miming needs no spoken word. Chaplin, to his honour, has resisted the temptation; Laurel and Hardy honour, has resisted the temptation; Laurel and Hardy have been compelled to talk, although their producers have for some time been wise enough to give them scenarios that are not "one hundred per cent, all-talking." The art of these two comedians belongs to the period of the old Keystone "silent shorts," and they have never been so successful in their full-length pictures as in two or three-reel. cessful in their full-length pictures as in two or three-reel films. Partly, that may be due to a lack of writers and directors capable of constructing a farce that will hold the attention for an hour or more, but another reason is that the best Laurel and Hardy films are built up round a single, slender incident or idea. Their full-length pictures overwork the idea, which is artificially padded out to regulation length, with the regulation that the secondary with the casual that they had the spontagety, or length, with the result that they lack the spontaneity, or

length, with the result that they lack the spontaneity, or seeming spontaneity, that is both the characteristic and the virtue of the best Laurel and Hardy.

"Fraternally Yours" is no exception. Its plot could have made a twenty or thirty minutes' entertainment, but it has been stretched almost to breaking point in the attempt to spin it out to sixty-five minutes. There is a certain amount of mild satire—much of which must necessarily be lost on the average English audience—at the expense of such unconsciously funny institutions as the Elss, Kiwanis, and Knights of Pythias, which take themselves so much more seriously than our Royal and Ancient Order of Buffaloes. (Can you imagine the Corporation of the City of London, complete with Lord Mayor, turning out in full regalia to give a civic welcome to the R.A.O.B.?) Charley Chase gives an amusing study of an offensively merry and bright "Son of the Desert," whose ideas of humour consist of offering cigarettes out of trick cases, and squirting water oright Son of the Desert, whose ideas of numour consist of offering cigarettes out of trick cases, and squirting water in the faces of his friends when he asks them to admire his buttonhole, also of the trick order. There is material for excellent fooling in these simple jokes, but "Fraternally Norwall did not give me a single good hells length."

Yours "did not give me a single good belly laugh.
"Song of the Plough "—an English production—signally
fails to live up to its title. It starts with the theme that although bread is necessary to man, the British farmer is authough bread is necessary to man, the botts armer is unable to make either wheat-growing or stock-raising pay (ribald references at the Press Show to "Beaverbrook and the Daily Express). Here is the germ of an excellent and the Daily Express). Here is the germ of an excellent plot, but it is, unfortunately, overlain by a sub-plot dealing with the unsuccessful machinations of a villainous commission agent to "nobble" a dog entered for a sheep trial. However, we are at the end again jerked back to the plight

of farming.

The film is in some respects an incredibly amateurish and institute and mercy. affair, but it is also good in spots, and justice and mercy alike dictate the verdiet that the whole is greater than the parts. As a panorama of the English countryside, it might have been admirable if there were less of the country fair and the country pub. (I have a sufficient acquaintance with the second institution to know that if three habitues got up the second institution to know that if three habitues got up the second institution to know that if three habitues got up to succession and obliged the company with several verses of a song, they would either be requested to "put a sock in it," or the landlord would draw their attention to the fact that he did not possess a licence for music and damcing.) that he did not possess a licence for music and damcing.) Actually, no one has successfully put the English pub, either town or country, on the screen; the similitude has got on to celluloid, but not the spirit.

That failure to catch the spirit or reproduce the atmosphere characterises the whole of "Song of the Plough." Sphere characterises the whole of "Song of the Plough." The film would have been more successful in this respect if the producers had relied less on professional players, which was also the defect of the same studio's "Doss House." Perhaps an even more serious fault is that there has been

no attempt at either constructive editing or cutting, with the result that we have a succession of animated photographs -many of real beauty, and not a film. But with all its shortcomings, I salute "Song of the Plough" as an endeavour to put something of rural England on the screen (even if it is a Cockney's countryside), instead of giving us yet another musical comedy or mother-in-law and bedroom

One priceless line of dialogue must be quoted. When the villainous Saxby offers Farmer Freeland fifty pounds, which he badly needs, for his dog, Freeland, after nearly accepting, spurns (mot juste) the cash and utters the superb anti-climax, "I would rather see my dog dead, AND MY-SELF IN THE COUNTY COURT."

Postscript.

Among forthcoming general releases, I recommend "Dinner at Eight." Other releases in the near future include "Voltaire," "Service," and "The Private Life of Henry VIII.," all of which are to be shown at Tussaud's. This theatre has also booked "The Girl from Maxim's," the new English film that opened at Leicester-square on Friday last, which I hope to review next week.

DAVID OCKHAM.

Gramophone Notes

The Gramophone Company deserves the highest praise for its enterprise in presenting an almost complete recording of "Der Rosenkavalier" in hirteen double-sided records, H.M.V. DB. 2000-72. This opera was a great success when it was produced at Covent Garden just before the war, and its popularity has increased steadily ever since. Undoubtedly it is a masterpiece from many points of view, and probably no two creative artists have collaborated more successfully than did Richard Strauss and Hugo von Hofmannsthal. Strauss himself was thoroughly conscious of the subtleties with which the whole work abounds, and he insisted on having for the first performance artists who were not merely first-class singers, but also first-class actors. This recording would be remarkable if only for the strength of the cast. The parts of the Feldmarschallin, Octavian and Sophie are taken by Lotte Lehmann, Maria Olszewska, and Elizabeth Schumann respectively, while Richard Mayr sings the Baron Ochs. The lesser parts are all taken by artists of distinction, and the Vienna Philharmonic Orchestra is directed by Robert Heger.

It would be beyond the scope of this review to deal with the performance of each singer in detail. As a whole, the recording is good beyond belief, but there are certain points which demand special mention. Parts 23 and 24 (DB. 2071) contain the beautiful trio just before the final curtain. Here it is sung with consummate artistry by Lehmann, Olszewska and Schumann. If it is here that Lehmann is heard to the best advantage, Elizabeth Schumann is at her incomparable best in the next record (DB. 2072) in her final duer with Octavian. The freshness of her voice is wonderfully caught by the record, and if I could have only two records of the whole thirteen these would be the two. Richard of the whole thirteen these would be the two. Richard Mayr's rendering of the Baron also calls for special praise; nor is this surprising, for if it had been possible Strauss would have cast him for the part at the first performance. Through all his performance it is impossible to be unlent Viennese nobleman who has reached middle life and is still unable to resist a perticoat to the very life. Perhaps still unable to resist a petticoat to the very life. Perhaps of the scene between the Baron Ochs and Octavian as "Mariandel" in the inn. The orchestral part of the performance leaves nothing to be desired, and the orchestra is at its best on DB. 2068, side 17, in the presto jugato introduction to the third act. Although this is played at an amazing pace, and notwithstanding its extreme complexity, it is played with the rarest rhythmic precision and delicacy.

Another recording which is nothing but delight is on H.M.V., DB, 1909-2002. Here is Lalo's "Symphonie Espagnole," played by Yehudi Menuhin and the Orchestre Espagnole," played by render menuin and the Orchestre Symphonique de Paris. Lalo led the orchestra at the Paris Opéra for many years, and therefore he had a nice appreciation of the potentialities of the violin. This work is a concerto or a suite rather than a symphony, and it is a series of quite vivid pictures with a decided Spanish tang. I like best the Andante and the Rondo, which form the last two best the Anaante and the Robact. When form the last two movements. In the Andante the soloist has most to do, and the way in which Menuhin contrasts the two melodies which form its thematic basis would be sufficient earnest of his genius. The tango rhythm of the Rondo is irresistible, and for sheer unadulterated gaiety this last record. DB, 2002, is hard to beat

Cortot is at his best in a recording of the Chopin "Fantasie in F Minor," H.M.V. DB. 2031-2. Although there is a certain steady undercurrent in this work, there is also much waywardness and passion, and Cortot's performance keeps before the listener both these characteristics. piano tone is excellent, and the last side is devoted to a spirited rendering of the irrepressible Chopin Tarantelle.

The best single vocal record of the month is Moussorgski's Song of the Flea," sung by Lawrence Tibbett (H.M.V., DB. 1945). As everybody knows, Moussorgski was the bastard son of a Russian prince who, as a Government clerk, bitterly resented the favours which the Prime Minister lavished upon his friends. The song is a satire on detested Minister—the flea who went to court—and Mr. Tibbett has made a very fine record indeed. How effective are his bursts of sardonic merriment as he unfolds his tale, and how bitter his irony and resentment!

H.M.V., DB. 2093 is the best record of Richard Crooks which I have heard for some time—a quite restrained, and almost sublimated impression being achieved of the lovely "Dream" from Massenet's "Manon." H.M.V., DB. 2073 as a recreated record of Caruso singing "The Lost Chord and "Ombra mai fu." I am afraid I am very tired of the Sullivan, and I feet the Headal in the many so, good as Sullivan, and I feel the Handel is by no means so good as the recently published. the recently published record by Gigli. I do not care for the organ accompaniment, and I have heard Caruso records which I have like the

The London Philharmonic Orchestra, under John Barbirolli, has made some effective records, H.M.V., C. 2619-20 of Tschaikowski's Ballet Suite, "The Swan Lake, but the rendering of Quilter's "A Children's Overture" seems a little too subdued little too subdued.

I hope to review the Columbia list and the rest of the anuary H.M.V. records next week. January H.M.V. records next week.

Music.

B.B.C. Concerts of British Music, Queen's Hall, January 5, 8, 10, 12 (continued).

The fourth concert contained a number of good things that are not yet too familiar. Goossens' "Sinfonietta is a bigger and stronger work than its title suggests and contains original ideas expressed with masterly effect, from should be heard more often, but Boughton's two song far "The Immortal Hour" on the other hand, are heard and should be heard more often, but Boughton's two songs from "The Immortal Hour," on the other hand, are heard and too often: they are commonplace for the most part, the "The Faery Song," with its harp accompaniment, is limit, surely, of preciousness. It is built on the pentagonic scale, a device whereby almost appear I imagine, could be a surely of the surely almost appear. scale, a device whereby almost anyone, I imagine, could produce a tune that will remain fixed in the memory sort of melody "plugging." Vaughan Williams (in my opinion) Campi," for viola, chorus, and orchestra, is, in my opinion that composer at his composer at his composer at his composer. that composer at his best, and is written with a sureness of expression that is larger works. expression that is lacking in some of his larger works, music is in six sections, each prefaced by a quotation were the Song of Solomon, which sets the mood; this, however is not of much importance, and it is in the highly or with use of the viola, chorus singing with lips closed or remore. use of the viola, chorus singing with lips closed or will vowel sounds, and the orchestra that the work's significant lies. It was perfectly and the configurations and configurations are suggested to the configuration of the configuration o lies. It was performed with conscientiousness and considerable competence by the conscientiousness and conscientiousness and conscientiousness and conscientiousness and conscientiousness. siderable competence by the orchestra and chorus, and course, with the utmost sympathy by Mr. Tertis.

Bax's Symplomy 1.

Bax's Symphony No. 4 is too big a work to write of in detail here. It will probably be the most popular develed symphonies, for it is of a far more joyous, It is a dazzling and accessible nature than the others.

Work, and one hardly knows what to admire most melodic traordinary power of invention in all departments, in most of harmony. traordinary power of invention in all departments, in me harmony, rhythm harmony, rhythm, orchestration, and the fine sense state to concentrate more attention on Bax's symphototter more attention on Bax's symphototter more attention on Bax's symp inside out. The orchestra in this were at their best, even the safe Dr. Boult rose to the occasion.

Dale's "Romance" for viola and orchestra dated to some, but for puriod in the control of the dated in the control of the control o dated to some, but for wiola and orchestra may and the viola writing was expressed to perfection after incomparable Mr. Tertis. One hopes that Mr. Dale, this too prolonged silence, will give us some more of thing.

The more

sort of thing.

The songs of Roland Bocquet, who lives in Dresden but is unknown in England, were not very adventurous wife displayed a distinct lyrical talent and an ability to the piano. They were sung wather Mr. Parry Jones, though the first song seemed to, is a low for him. Berners's "Fantaiste Espagnole is a light of the piano were sung to be a low for him. Berners's "Fantaiste Espagnole is a light of the piano were sung to be a light of the piano were sung to be a light of the piano. They were sung to be a light of the piano.

into English music of which no one else appears to be capable-in some respects, a sort of English Ravel.

I EBRUARY 8, 1934

The next concert was conducted by Sir Landon Ronald, which was an improvement. One hopes he has not gone into semi-retirement, for he is one of our best conductors, at any rate in music with which he is in sympathy. McEwen's Prelude I was unfortunately unable to hear, but the work of the evening was the Elgar Symphony No. 1, of which Sir Landon is an authoritative exponent, and it was given a most creditable rendering by all concerned. It contains some of the composer's finest thoughts, but one feels that some of the first movement goes on rather longer than is really necessary. Bridge's "Rhapsody Phantasm for piano and orchestra is notable for some ingeniously devised passages for the solo instrument, and these received their full due at the hands of Miss Kathleen Long, but the work as a whole is too grim, forbidding, and altogether repellent to be taken up in the repertory. This is what one feels at the feel of the repertory of the repertor of the repertory of the repertor of the reperto repetient to be taken up in the repertory. This is marked to be taken up in the repertory. This is marked to be taken up in the repetitory. This is marked to be taken up in the repetitory any—may modify this view. Whether Mr. Bridge really must be taken up in the repetitory. must produce music such as this, or whether he has gone modern in the general swim, I am not prepared to say. At all events, he is an accomplished writer for all mediums, and anything of his compels attention, if not admiration. William Wallace's symphonic poem, "Villon," is effective episodically, but too long as a whole. It is, I suppose, an achievement considering its period pear the beginning of achievement considering its period, near the beginning of the century. The first performance of Armstrong Gibbs's "Love Talker," conducted by the composer and sung by the "Immortal Hour" mood can be set forth with far greater potency. greater potency by a composer who adds technical command to his other qualities. But in any case Mr. Gibbs's powers are of a far more discounting than those of Boughton, are of a far more distinguished order than those of Boughton, and on this occasion I felt that he had admirably caught the poignants. poignancy of Ethne Carbery's poem. Miss Brunskill contributed her share with remarkable insight and purity of diction. diction, and the proceedings ended with Howell's charming "Puck's Minuet" and "Procession," which latter fore-shadows the notorious "Bolero." CLINTON GRAY-FISK.

The Theatre.

for England by Cecil Madden. Produced by Henry Oscar. Westminster.

Nestminster.

The title does not seem strikingly appropriate here; it may be hard work for a woman to continue being in love, even if she take a lover instead of a husband, but that is a generality rather than a the formal processing the prospenses. The play is an erality rather than a matter of horoscopes. The play is an agreeable agreeable trifle, with a very competent cast, including Joyce Barbour, Colin Keith-Johnston, Dorothy Hyson, and to the liking of the William to the liking of her audiences, and that "trooper," Barbara Gott, is excellent as a comic lodging-house keeper. Thank heaven the street of the street are not afraid to beaven, we have still a few actresses who are not afraid to unrefayned.'

"The Rivals," By Richard Brinsley Sheridan. Produced

Sydney Carroll, who reviews films when he is not man-"Mey Carroll, who reviews films when he is not making theatres, evidently succumbed to the film trade's an inportant of superlatives when he announced this revival as not making parts, and the superlative of the fourteen speaking parts, and making parts, and making parts, and making parts and making parts. not all star production. Of the fourteen speaking parts, claim ore than half, at the most liberal computation, can barn to be plant to the pla claim to be played by stars. And an all-star production is hardly one singly one played by stars. And an all-star production one in which the acting of two of the three principles women characters is below even the standards of histone the Characters is below even the Standard in himself. Lady Tree is superb as Mrs. Malaprop—Sheridan the famous lines—but Leslie Wareing's Lydia Languish is pretty characters. pretty chocolate-box, and as Julia Melville Joyce Carey aims on a flat and monotonous note as though she were schoolgirl at a prize-giving reciting by rote words of hich she had not mastered the meaning, and in which she not vastly interested. On the other hand, the men are teellent, save for a certain tendency to staginess, against hick Mr. Holloway should have guarded; Sheridan delich Mr. Holloway should have guarded; Sheridan delich Mr. Holloway should have guarded; Sheridan delich at light touch. Mention should particularly be made in the many should be a similar touch. Wention should particularly be made in the many should be a similar touch the same and the many should be a similar touch the many should be a similar to the many should be last an impersonation of unusual vitality. If the Misses ey and Wareing came up to the standard of the male perormers, this would be a completely enjoyable production-

The Embassy.

Cheard too late for mention last week that the run of sturdius at Home," which actually did not finish until last light day, had been extended beyond the customary fortisht. Its place was taken on Monday by "The Quitter,"

which is described as by Guy Paxton, Edward V. Hoile, and Gordon Hoile, "in association with G. Stafford Dickens," What fun the co-authors and associates should have in reckoning up their respective share of the royalties.

LETTERS TO THE EDITOR.

GREEN SHIRTS AND CREDIT TECHNIQUE.

Sir,-Mr. R. S. J. Rands, in your issue of November 30. 1933, took exception to the first of the three Green Shirt

"That the power of credit issue and withdrawal be taken from the Bank of England and vested in the National Credit

Our very brief reply (New Age, December 7, 1933) showed that we expected other comments might be forthcoming, and we refrained from saying more at that time.

The word power is, in our opinion, the key-word. We have no desire to interfere with the function of the banks as a National Book-keeping Organisation, such as they would automatically become in a Social Credit State, but the power of credit issue and withdrawal could not be exercised

Mr. B. C. Best (New Age, February 1) asks: "Do the Green Shirts not agree that the banks should continue to grant Producer credit, provided there is national control of Consumer credit?"

In reply, we agree that this function could, and if possible should, be carried out through the present banking system, on condition that the power of credit issue and withdrawal is vested in a National Credit Authority operating the three principles of Social Credit as defined by Major

1. That the cash credits of the population shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in this 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.

2. 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.

3. That the distribution of cash credits to individuals shall be progressively less dependent upon employment. 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.

"National control of Consumer credit" is too wide a

term. The nation's credit must be controlled-or, rather, released for use-in a particular way. It must be national released for use—in a particular way. At must be manual control of credit-power by the application of the Douglas Social Credit technique, and we consider that this control will have to be exercised by a National Credit Authority or National Credit Office.

or National Credit Office.

Since 1925 we have given the closest attention to this question, and we must ask Mr. Rands and Mr. Best to believe that we have not arrived at the above conclusion to the control of the co without very careful consideration. JOHN HARGRAVE.

Green Shirt Headquarters. BANKS AND NEW CAPITAL.

Sir,—It is hard to believe that Mr. Baker is serious when he argues that as factories purchased out of profits are acquired, not for resale, but for the production of goods, cost of building is not a cost to be recovered. Presumably machinery, etc., should be treated in like manner.

It is true that the equivalent will be one consequence of the introduction of Social Credit, but I was under the impression that Mr. Baker and his critics were discussing points of variance regarding the analysis of the present economic system, and not schemes for the future.

I am unemployed and cannot afford the cost of Mr. Baker's "Control of Prices," but, having re-read the quotations from that book, together with the various correspondence appearing over his name, I should not be conscious of ence appearing over his name, I should not any obligation to the author if a free copy were sent to me. any obligation to the author if a free copy were sent to me.

FORTHCOMING MEETINGS. Birmingham

Birmingham D.S.C. Group. O. F. Troutman, Esq., B.Com., will speak on "Loopholes in Social Credit," February 14, 6.30 p.m., Queens College, Paradise-street.

Walthamstow

On February 14, at 8.0 p.m. at Walthamstow, E.17.
Capt. T. H. Story is to give an introductory talk on Social
Credit to the local Branch of the League of Nations' Union in the Trinity Congregational Church rooms,

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The Social Credit Movement.

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

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