# THE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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# NOTES OF THE WEEK.

# Social Credit and the Services.

A certain ex-officer of the Royal Engineers is now in practice as an insurance broker. He advertises his service by means of leaflets which, presumably, he sends chiefly to " chiefly to "prospects" figuring in the Army List. His method of advertising is modelled on the pattern first adopted by advertising is modelled on the pattern first adopted by advertising is modelled on the pattern first adopted by advertising is modelled on the pattern first adopted by advertising is modelled on the pattern first adopted by the first advertising its consists. adopted by "Callisthenes" of Selfridge's: it consists in Dred by "Callisthenes" of Selfridge's: Prefacing his selling-talk with obiter dicta on past and contemporary events or topics of interest. In some cases his arrived events or topics of interest. cases his observations logically link up with his service, as, for an observations logically link up with his service, as, for example, in one leaflet where he tells how "young John Churchill, when presented with £5,000 by the buchess of Cleveland, bought an annuity of five hundred year well secured on landed property," thus is clear foundation of his fortunes. The moral here clear and appropriate: -Come thou to me and do ewise. likewise: I will sell you an annuity of £100 a year for at the It will sell you an annuity of £100 a year for thirty years of age; life at the Price of £1,820 if you are thirty years of age; or at £1,400 if you are thirty years of age; or at the price of £1,020 in at £1,400 if you are fifty.

So far, all right. But one of the series of leaflets is entitled "Social Credit" and consists in a string of assertion. assertions which are inaccurate as regards this subject and irrelations. The leaflet is a and irrelevant to that of insurance. The leaflet is a piece of gratuitous gossip on financial theory, at the end which the control of model and says, as it of which the author breaks off suddenly and says, as it were: V. the author breaks off suddenly and says, as it were: Yes, this is what's wrong with Social Credit, Well, the question whether Social Credit be wrong or the social Credit be hight the question whether Social Credit be wrong has nothing to do with either the propriety of his considerations on which his "prospects" would be constrained to buy it. Whatever may be the fundamental financial implications distributions of insurance of Social Credit insurance as a principle, advocates of Social Credit not wall. not walk round advising people to abandon insurduth as a practice; so there appears no reason why the can see that see that he might do so as a careful student of creditout such an assumption. but the internal evidence of his remarks rules

evidence he adduces under " a " is conspicuous for its irrelevancy, and the evidence that he might have adduced under "b" is conspicuous for its absence. The utmost that he proves by such evidence as he brings to the support of the first proposition is that the idea of putting more money into circulation is an old one. That is agreed. And any evidence that he could have brought to the support of the second proposition would have proved no more than that whenever more money has been put into circulation there has been an inflationary rise in prices. That, also, is agreed.

Right. Now let us illustrate the import of these conclusions by an analogy. We will outline the reasoning by reference to electricity. We may imagine some-one saying, (a) "The idea of increasing the pressure of current delivered by this power-station is an old one ", and (b) " Whenever the pressure has been increased it has always been accompanied by the blowing out of fuses in the factories served by the power-station. But would that fact exclude all possibility of increasing the pressure? It would under a certain condition, that condition being that the capacity of the wiring installations in the factories was insufficient to carry the current, and that there was no possibility of expanding this capacity. In that case this inexpansibility of capacity would be an insuperable obstacle standing between the process of generating power at one end and the process of absorbing it at the other. The ability to produce current would be checked by the inability to consume it.

Now the Social-Credit analysis and theorem announced by Major Douglas are essentially "new" because they are concerned with something that no previous investigator of the credit-system had ever noticed. That "something" is the origin and nature of the obstacle to the effective use of money. In the terms of the analogy, he takes for granted the power of the banking system to raise the pressure of the current (which is admitted even by orthodox authorities) and concentrates on the essential question: Is it true that the raising of the pressure must necessarily blow out the fuses of industry and hold up the production and distribution of His indictment is that Social Credit (a) is not new, needed goods and service? He answers that the needed goods and service? adjust the carrying-capacity of industry to any load of credit estimated to be necessary to run its machinery at its full efficiency.

At this point the parallel with electricity ceases to apply with exactitude. We can make it illustrate the point, however, if we suppose that somehow or other such a thing could happen as that no matter what pressure of current the power-station supplied the capacity of the factories to carry it safely were automatically insufficient. That, at any rate, is what is happening in industry. Its capacity to absorb new money and produce new goods is automatically nullified by the incapacity of its customers (the community as a whole) to get hold of new money to meet the new costs. The nullifying factor resides in the principle governing industrial costing. It has nothing to do with the quantity of money in use, but with the way in which its use is accounted in the books of the bankers and industrialists. "The core of the problem is Cost," as Major Douglas has declared.

The meaning of this dictum can only be fully understood by a systematic study of Major Douglas's Economic Democracy or his latest book, The Monopoly of Credit. But it may be apprehended by reference to correspondence which has recently been appearing in *The* Accountant, and from which we have selected, and now reproduce, two letters (from the issue of February 3) written by correspondents with professional experience of finance and accountancy. The content of these writers' contributions should establish a strong presumption in the mind of any disinterested stranger that Major Douglas's theorem discloses the root cause of the economic deadlock. We will first recite the theorem.

Theorem. "In any commercial undertaking payments may be divided into two groups. Group A. All payments made to individuals (wages, salaries and dividends). Group B. All payments made to other organisations (raw materials, bank charges, and other

"Now the rate of flow of purchasing power to indivi-duals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A + B. Since A will not purchase A + B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the description grouped under A."

Here follow the letters referred to. Nothing material is lost through our lifting them out of their context.

Sir,—The gist of Major Douglas's analysis is that all costs of production enter into price. All costs of production are not, even in the final analysis, available as income. Therefore total income disbursed in respect of the production of any given supply of goods is always less than the financial cost—or the minimum retail price—of those goods.

Let us start with a balanced system. Assume that at a given moment £100 represents total incomes, and that those incomes have been distributed in respect of the production of £100's worth of consumable goods. Since total incomes are not entirely spent upon personal consumption, assume that £10 out of the £100 is invested. That invested money will again be paid out as incomes through some other channel, so that there will be, as before, £100 of total incomes against £100's worth of consumable goods. But in addition there will now be a capital asset to the value of £10. The depreciation charge upon that capital asset will become a cost of production. Does anyone receive an income to meet that depreciation charge?

In short, invested money is available as consumers' income only once, but enters into consumers' prices more than once. The same principle would hold though capital final once. The same principle would note though capital production were financed by a bank credit loan in the first place, and then a public issue placed on the market and the money subscribed used to repay the bank loan.

Since depreciation charges accumulate through every stage, and every subsidiary stage, of production, and finally all flow into consumers' prices, it is clear that the sum of all the depreciation charges, accounted directly and indirectly into the costing of consumable goods, must form a substantial fraction of the price. It is idle to maintain that the depreciation charge is in effect a form of deferred spending, because it is not disputed that such is the case—when and if it can be collected. But if this analysis is sound it cannot be collected.

Further, since modern production is split up into many stages and is financed largely by bank credit loans, it may frequently be the case that the loan which financed an earlier stage of production has been recalled before the cycle of production has been completed and the consumable goods ready for sale. But costs equivalent to that earlier loan will be embodied in the price of the goods. Although further loans are issued they are issued their owners of further production and therefore generate their owners. their own appropriate costs of production. This is a difficult point to explain in words, but examination will show that on the average a complete cycle of production—from raw material to finished article—occupies a period of time greater than the life greater than the life of an average bank loan. Therefore, the industrial system creates costs quicker than it distributes incomes to liquidate those costs, in respect of any given supply of goods. It is conceded that the gap is at least partially closed by exports on credit and by fresh capital development.

It is unnecessary to refute the contention that Douglas's constructive proposals would cause inflation, as such a contention can be based only upon a misunderstanding of the analysis. of the analysis.

Yours faithfully, H. C. Munro.

Sir,—I have followed the controversy on the Dougla Proposals appearing in your columns with the keenest interest. The criticisms of Mr. Hamilton McIntyre's article reveal that the criticisms of Mr. Hamilton McIntyre's article reveal that the critics have been too hasty in attacking the social are 10. ing the social credit case before equipping themselves to do so. The following points should assist your readers in clarifying their social credit assist your readers. in clarifying their opinions:-

(1) The sole purpose of production is consumption (2) Modern productive processes are progressively eliminating the necessity for human toil in the conomic field. But, after all, the object of labour-saving machinery is to save labour. Orthodox economists to overlook this fact and assume that the object is to obtain a bookkeeping result by reducing costs.

(3) The sole purpose of an economic system is deliver goods and services to the entire community.

(4) The purpose of a monetary system should be the give effect to this and to provide a true record of which

give effect to this and to provide a true record of what is taking place in the fall. Money is merely a medium of exchange and distribution and in no sense can it be considered a commodity.

(5) The relationship to the money is merely a medium of exchange and distribution and in no sense can it be considered a commodity.

(i.e. goods and services and the means of adding productive system, price is mainly governed by cost. Industry if it tive system, price is mainly governed by cost, as a whole must recover all its costs of production, is to continue.

(6) All incomes distributed to the community appear of costs and in the main represent indebtedness by the community to the banking system.

(7) £1,000 saved

(7) £1,000 saved means £1,000 of unliquidated further the point of saving. When utilised to finance £1,000 of further costs—thus the £1,000 has created £3,000 is redistributed, but creates £1,000 further costs—thus the £1,000 has created £3,000 is the £1,000 has c of further costs—thus, the £1,000 has created £3, costs which form a debt against the community ing liquidation. ing liquidation. In this manner, one unit of money of the passed through the manner, one unit of money that be passed through the productive system several to create several

(8) An extension of this illustration to the entire field of capital production, and related to the this inuscapable a progressive industrial system, reveals this inuscapable fact—a continuous growth of means—indebtedness, appels a progressive industrial system, reveals this inesting the fact—a continuous growth of money indebtedness by community in respect of costs attaching to production, without the distribution of the equivalent chasing power to liquidate its indebtedness. Costs ing to capital goods are costed into prices of consuming to capital goods are costed into prices of goods and services.

(9) This must result in a growing inability on for of the community to purchase goods and services of sumption, and a cumulative increase of the burde is issued in the feet of the burde in the feet of the burde. sumption, and a cumulative increase of the but is liquidated indebtedness. As the bulk of money in in the form of loans to the community, to liquidated indebtedness, for it cannot borrow itself out of debte indebtedness, for it cannot borrow itself out of the consequences in the economic field which

arise out of these features are, in fact, reflected most faithfully in the present world situation.

(10) If this inherent fault is to be remedied without a complete destruction of the fabric of the economic system, the monetary mechanism must be adjusted so that the relationship of prices and purchasing power enable the community to purchase its product.

(11) The technical mechanism to give effect to this presents no difficulty once these two facts are grasped:-(a) That a scientific regulation of prices can be effeced in such a manner that an increase in the quantity of money can be utilised to reduce prices to consumers. The possibility of inflationary results can thus be eliminated.

(b) That if the monetary system is to reflect facts it is logical to provide the community with increasing un-earned incomes, to supplement incomes distributed for work, as human labour is progressively displaced in the field of production. At present the money costs of the machine are carried into prices, but the money equivalent—or "wages" of the machine—is not distributed. distributed.

> Yours faithfully, L. DENIS BYRNE.

If anybody asserts that the theorem, and the reasoning of these two commentators on it, are "not new," let him cite any writer on finance-economics prior to Major Douglas who so much as thought of analysing the structure of costs or of investigating the accepted principle calculating them. And as for the assertion that Major Douglas's proposals involve an "inflationary rise in prices," which they are in prices," we reply that the analysis on which they are logically based discloses the cause of inflation in the past, shows that it could have been averted, and reveals how it how it can be averted in the future. His proposals embody the method of averting it. So if anyone asserts that they will be a second of the se that they will fail to do so, he must first dispose of the premises premises or the reasoning on which they are founded.

Consider what "inflation" implies in relation to the physics of economic activity. It implies that the rate of concern economic activity. of consumption outside the industrial system must remain constant no matter how much the rate of production inside may be increased. It is like saying that if the army authorities were in undisputed possession and control authorities were in undisputed possession and control of the manufacture (from first to last) of equipment and the manufacture (from first to last) of equipment and had access to all ment and rations for the troops, and had access to all the material. the materials, and were in command of all the labour, required required to double the quantity, it would be no use butting the work in hand, because there was no way which to work in hand, because there was no way to which the work in hand, because the extra stores. in which the troops could draw upon the extra stores. We would like to hear the general's remarks on the bar of the country of proposition! Any officer could devise a system of tallying up what was made, and of distributing orders on the store what was made, and of distributing orders on the store what was made. on the stores so that everything put in could be drawn out at the out at the same rate. It would be no problem at all, provided that the same authority who directed the work There would be no problem of cost, because whatever collective and the cost of so controlled the tallying and the issuance of orders. tollective number were to be set down as the cost of the store. stores, would be offset by the distribution of orders bearing fractions of that number. The counting would be based actions of that number. based on the ticket and counterfoil principle. Imagine pad of tickets and counterfoil principle.

on of tickets and counterfoils each of the denominaof £1. As this was used up the tickets would be ached from the counterfoils. The tickets would go to the from the counterfoils. The tickets would be authority of the work) and the uthority pending the completion of the work) and the unterfoils would be accumulated as records of cost, (since to would be accumulated as records of cost, price there would be no profit) the cost would be in beriod of charged. At any moment of time during the since there would be no profit) the cost would be the betiod of the production programme there would exist a detached fr counterfoil. tuched £1 ticket for every detached £1 counterfoil. as soon as equipment and rations were ready, they be as a equipment and rations were ready, they be distributed in exchange for tickets, and so kets ekets and counterfoils would come together again cancelled. Under such a system there would be thing as a hold-up in production or distribution; the Reater the production the greater the distribu-Notice again that although it is true that at any greater the production the greater the distribution only happen if, somehow or other, the in charge of the pads of tickets and counterfoils

got into a muddle either by losing detached tickets or by totalling detached counterfoils wrongly. But even so, the army authorities would not allow the fact that there were fewer tickets than counterfoils to prevent the distribution of any portion of the stores. tickets short? " they might exclaim, " and nobody holds them?-well, then, go and get a fresh pad, give out twenty new tickets, and destroy the corresponding counterfoils." And any practical commonsensible person would say the same. It will be recalled that Hans Sachs, on the evening of the riot in the city of Nuremburg, attributed it to the magic of St. John's Eve whereby the worthy masters, apprentices and people were spun in a vortex of violent disorder all because some lonely glow-worm couldn't find his mate! Very well; and one would be obliged to suppose the same sort of magic to be about if soldiers had to stand in bare feet round bulging boot-stores all because counterfoils had lost their mates.

Now Major Douglas's case is that a muddling of the money-cost system, as just illustrated here by reference to the losing of tickets, is taking place. Everywhere in the world physical need stands separated from physical abundance; and the immediate reason is admittedly that the collective cost of production towers above the collective money-resources of would-be consumers. The tickets of Income are snowed under by the counterfoils of Cost. Major Douglas claims to prove that these counterfoils of Cost, insofar as they exceed in amount the tickets of Income, are essentially counterfeits of Cost. A little reflection on the illustration we have been discussing will show that under the strict application of the ticket-counterfoil system the validity of a cost depends on the availability of the means of discharging t-whether it be an order on stores (as in the " army illustration) or a personal income. Conversely, under the same system, the existence of unspent money signifies the existence of an equivalent unrecovered cost. They are two aspects of the same thing, and the dimensions of the one must be the dimensions of the other in terms of any monetary unit. The mere fact that everybody recognises a cost as something which must be recovered (if business is to go on) proceeds from the assumption that its recovery is possible; and people who think about these matters think they can see a reason for this in the fact that costs waiting to be recovered can be wholly accounted for by payments of money out of industry to private individuals at different times in the past. And nothing seems more self-evident than the proposition that if you can prove that an unsold stock of goods costing £1,000, represents successive payments of, say, £100 a year in wages, salaries or dividends over a period of ten years, you have proved that £1,000 now exists somewhere or other with which some person or persons can buy the goods. It ought to be so; but it is not. And the disproof consists in the verifiable fact that the whole of the money (cash plus bank-deposits) possessed by private individuals throughout the world is only a fraction of the aggregated cost-value of the world's industrial plant, material and unsold commo-dities at any given time. Notice particularly that stocks, shares, bonds and securities in general do not supplement the money resources of the world; quite the opposite; they represent the ownership of something chargeable against those money-resources. For example, say that a firm A (representing industry generally) has £100 worth of costs to recover and there is only 180 available among its customers. Suppose ten of these own £2 worth of shares each in the firm, making £20. They cannot take their shares to the firm and get goods for them. And if they succeed in selling them, it must be to other customers of the firm, who will then have £20 less to spend. The total money available will remain f80, and the gap between costs and incomes would not

Notice again that although it is true that at any given

want to buy and have no use for (factories, plant, etc.) it is irrelevant to the argument. It would only be relevant to an inquiry into whether the excess of industrial costs over personal incomes is an evil or otherwise. The point here is not whether the excess matters, but how it happens. In terms of our illustration: how does it come about that there are a greater number of detached counterfoils than of detached tickets-more grass-widowers than grass-widows, so to speak?

The process cannot be described very well by reference to the illustration because it is bound up with factors which would not be present under military management, namely: unregulated pricing, voluntary and involuntary investment out of incomes, and, behind these, and causing them, the operation of a dual system of control in which the industrialists, masters and men alike, are in charge simply of the machinery of production, while the bankers are in charge of the machinery of money. The bankers run the money system for the opposite purpose to that for which industry exists. Whereas industry collectively exists to provide the community with the highest possible output of rations, industrial enterprises, considered severally, are obliged, as a condition of obtaining bank-loans (which in these days means as a condition of survival) to provide the lowest possible output of rations. That which everybody but the banking classes considers is the true purpose of industry the bankers declare to be an obstacle to industrial progress. The policy of the bankers compels industry to adopt accounting-principles which automatically cause a shortage of external purchasing-power. The correspondence we have published indicates the manner and extent to which those principles do so, and incidentally explains why their operation has been so long unsuspected.

We consider that the attempt to discredit Social Credit in the eyes of military officers is a significant and sinister portent. The Royal Standard connotes something vastly different from the Gold Standard; and the loyalty to the King of the vast mass of soldiers, sailors, and civilians alike is incompatible with subservience to alien financial policy or toleration of its consequences.

# The Treasury and the Bank.

The subjoined passages are extracted from The Treasury, a work by Sir Thomas L. Heath, Joint Permanent Secretary to the Treasury, 1913-1919. (Published by Putnam's, 1927.) They will be seen by readers to be excellent material for quotation in speeches or writings concerning the status, powers, and policy of the Bank of England. We thank a correspondent ("T. C. W.") for having found and transcribed them. The reference in the first quotation to the laying of the minutes of the proceedings of the Court of Directors before both Houses of Parliament deserves attention. We should like to hear some more about this; for we do not recollect any occasion on which it has been done. As for the rest of the quotation, it should interest the public to be shown that when Parliament authorises expenditure, the authorisation is subject to the veto of the Bank and is ineffective unless approved by the Bank. When the House of Commons votes money, apparently all it does is to present the "public services" who require it with a letter of introduction to Mr. Montagu Norman, who will then tell them if they can have it. It may be pointed out, too, that the salaries and conditions of employment of all civil servants (i.e., the officials who run the public services) are directly prescribed by the Treasury, which is the same thing as the Bank. So it will be seen that if the Bank of England were to announce to the House of Commons every year how much money might be spent, and for what objects, and if the terms of the announcement were held to constitute an enactment, a great deal of time now spent in debates and other empty formalities would be saved, and on the other hand a great deal of enlightenment would be vouchsafed the public on the real meaning of " democratic " government in its modernised form. Here follow the quotations:

Page 78. . . . Now an Act of 59 Geo. III., c. 76. requires that, whenever it is deemed necessary for the public service to make any application to the Bank of England for any advance authorised by Parliament, such application must be made in writing by the First Lord of the Treasury or the Chancellor of the Exchequer for the time being to the Governor and Deputy-Governor of the Bank to be laid before the Court of Directors of the Banks and to be add before the Court of Directors of the Bank; and a copy of all such applications made in each year together with a copy of the minutes of the proceedings of the Court of Directors on each such application and of the answer of the Court thereto has to be laid before both Houses of Parliament by the proper officer of the Bank. The practical effect is that the Chancellor has to write the chancellor of the Bank. has to write to the Governor and Deputy-Governor four times a year (towards the end of March, June, September, and December). and December) to ask them to move the Court of Directors to consent to advance during the ensuing quarter such amounts as may from time to time be required for the public service at such rates of interest as may be arranged. A second paragraph in each letter proposes generally that the advances shall be made either on the credit of Ways and Magne or a the control of the credit o and Means or on the security of Treasury Bills, according as may be arranged at the time of each advance, and that the precise amounts and the particular security shall be first agreed informally with the Bank and then notified officially to the Bank by Warrant over the signature of two Lords of the Treasury.

Lords of the Treasury.

Page 135. . . But, of course . . it is the duty of the Treasury to fight, always and in all cases, impartially, the Treasury to fight, always and in all cases, impartially, the Treasury and, even though beaten time after time for economy and, even though beaten time after (as it commonly is in these days), to come up smiling for the next bout. It has been the victim of many attacks, sometimes for attacks, sometimes from exalted persons, as witness the remarks of the late Lord Salisbury in the House of Lords on January 30, 10004 (L. January 30, 10004) (L. attacks, sometimes from exalted persons, as witness remarks of the late Lord Salisbury in the House of Lords remarks of the late Lord Salisbury in the House of Lords on January 30, 1900: "I say that the exercise of its the Treasury's) powers in governing every Department the Government is not for the public benefit. The the Government is not for the public benefit of the departments that the House of Commons obtained the departments that the House of Commons obtained in the time of the Stuart dynasty." The obvious prediction that the House of Lords in the first of any real string. It should be read with another remark by same master of irony. On February 5, 1805, Lord Welbys ame master of irony. On February 5, 1805, Lord Welbys ex-Permanent Secretary to the Treasury, moved the Speech. In complimenting him on his speech, ords in the House of Lords in answer to the Speech bury spoke of him as "a noble Lord whose words listened to with deep submission when we both occupied listened to with deep submission when we be applied to the seats at the Treasury."

seats at the Treasury."

The same sort of attacks will continue to be deliberate the Treasury may take comfort from the Treasury may take the the Treasury may take the Treasury may that "nothing should be done to detract from the ciency of the Treasury machine for controlling expenditure and effecting expenditure

"You must not say that," said a Judge a few weeks ago to a prisoner who had pleaded his hunger in excuse for theft. "No personal pleaded his hunger that the country of the for theft. "No person need starve in this country, the proposition that a man starving on lanuary I fast the proposition that a man starving of the proposition the proposition that a man starving on January results for a month if he is certain of a meal on Hampstonic gassed herself. The doctor and that the was in a continuous form.

gassed herself. The doctor said that she was in a dition of starvation when she died. The household sisted of her hunt to the household to the household sisted of her hunt to the household to t sisted of her husband, herself, one lodger and dependent children. On January 8 Mr. Hinckley was unemployed bad his books out down from was unemployed, had his benefit cut down from paid to 14s. 6d. Allowing for rent received and family out Mrs. Hinckley's job was to make a dults come of 21s. 6d. per week feed three adults and three children as well as paying for real and gas. children as well as paying for coal and gas.

Subsequently to the cut Mr. Hinckley had applied the every week for a reconsideration of his case, that details of the family budget. He was told but matter would come up for consideration of the matter would come up for consideration true. Ouite so. "In February." It was on January Hinckley began her fast for the children on a partial of the consideration in February. Let her feed upon that assurant in her heart. at her in February. Let her feed upon that assurant in her heart and be thought. in her heart and be thankful.

"My wife was a wonderful cook and housekeeper," Mr. Hinckley told a News-Chronicle reporter. Saturday night," he continued, "she went to look at the shops—looking was as far as she ever got." On January 29, just a few days previously, there was someone talking in a shop where talking is as far as anybody ever gets. It was Sir H. Betterton in the House of Commons. He was reminding the House that, although there was something to be said for raising the children's allowance from 2s. to 3s., a majority of the members had already "accepted the view that the Insurance Fund should be solvent and self-supporting." Do not press for the shilling now, he said in effect, but leave it to the Statutory Committee to consider in due course. This was the 21st day of Mrs. Hinckley's fast. The Statutory Committee would have to be guided by the "state of the Fund" when they went into it later on. Mrs. Hinckley was to die in fourteen days. By 200 votes to 104 the House decided to leave the matter to the Committee to consider according to the state of the Fund—later on. It was 11 p.m. and Mrs. Hinckley's children were tucked up in bed with Mrs. Hinckley's children were tucked up in Dea with Hinckley's twenty-first supper inside them. She might not have missed it so much had she been an old woman. But she was only thirty-three.

snabby because they have not the money with which to buy food and clothes, farmers (in some parts of the world should be burning be burning wheat and sowing less than half the cotton they used to sow used to sow in the cotton belt

Is it not strange that in Europe hundreds of thousands and or People have to drink sham coffee made out of straw fresh ceap flavouring because they cannot afford to buy they are business of the Brazil, where the coffee comes from they are business of the control of the contro they are burning coffee in the railway engines, and the Government of B. ernment of Brazil has given orders that no new coffee trees

must be planted for the next three years? Is it not queer that in Germany hundreds of thousands men and women are "tightening their belt" because have not enough money to buy the beef that used to me in from Demark come in from Denmark, while the other day in Denmark come in from Denmark, while the other day in Denmark because cows and bulls were killed and their carcases burned profit to Germany?

to Germany?

killed Holland a short while ago 100,000 baby pigs were away and burned. In Portugal they have poured the wine has been allowed. In Spain, in many orchards, fruit has been allowed. Rubber has been allowed to fall and rot under the trees. Rubber allowed to fall and rot under the East Indies, oozed from the trees in Malaya, in the Dutch East Indies, in South ind over from the trees in Malaya, in the Dutch East Indies, allowed South America, but the workmen have not been workers on Gather it. In the U.S.A. soldiers have driven not draw and merchants from the oilfields so that they shall cause up the oil from under the earth. Miles of sugar on the from the West Leties have wasted their sweetness. from the West Indies have wasted their sweetness the plantations, where no man has been allowed to pick Men. Productions, where no man has been allowed to please and the seas. Tons of dead fish have been thrown back into by fishermen who caught them."—(From The World). Quoted in The New Economics, 10/11/33.

First, a bank ought to be of a magnitude proportioned from the country it is in; which this bank is so from the country it is in; which this bank is so from, that it is no more to the whole than the least smith, that it is no more to the whole than the bank. From the it cash in Lombard Street is to the bank. From the it cash in Lombard Street is to the banks are conit comes to pass, that already more banks are conand I question not but banks in London will ere alle as frequent as lotteries. The consequence of which, a brobability, will be the diminishing their reputation, b rojects by Daniel Defoe.

Canadian Conditions.

Canadian Correspondent's LETTER.

LETTER.

Four provinces

FROM A CANADIAN CORNE.

LETTER.

bankrupt. The Federal Government is facing seal page of the conditions in Canada are bad. Four provinces bankrupt. The Federal Government is facing seal page. Relief in the capital city is costing twice as a last vear—\$80,000 for November last year moved seal page.

b to \$160,000 this year, and so on. The Government seal page of the capital city is costing twice as a condition of the capital city is costing the capital ci

# Words, Sounds, and Things.

Box: You mustn't pronounce "crumb" crumb but crum; the letter b is silent-like the letter t in " fancy."

Cox: But there isn't a letter t in " fancy."

Box: Just so. That's why it's silent.

This verbal fooling exhibits in a crude form the refined tricks of speech with which bankster apologists bewilder and deceive the public on the subject of monetary science and policy. Their ability to do this with success is the outcome of our educational policy under which, broadly speaking, there are two systems of teaching, the one for the few who are to be rulers, and the other for the many who are to be ruled. The few are trained to be conjurors, and the many to be deceived by the tricks. You may say, if you like, that the conjurors themselves, or many of them, are so trained as to be deceived by their own tricks. However, the main point is that the two systems are clearly differentiated, while, at the same time, they are complementary expressions of an underlying principle of Deception. We need not elaborate reasons why this must be so, for readers will appreciate that where, as in this country, an autocratic principle of Government is to be successfully imposed through democratic forms, deception is inevitable

The two systems overlap, of course. Everybody learns reading, writing, and arithmetic, for example. And rulers and ruled alike are taught the elements of various extras such as chemistry, physiology, etc. But at later stages education is split up into (a) a group of specialised trainings for various functional activities which are to be engaged in by the many under governmental direction and supervision; and (b) into another group of trainings proper to the functions of direction and supervision to be engaged in by the few. And it will be found that the trainings in group " a " do nothing to forewarn or equip the population, juvenile or adult, to see through political deception; while those in group "b" do a lot to facilitate the practice of decep-

The result can be described in the phrase: Blind leaders of the blind; or, more appropriately, by the phrase: The blindfolded led by the blinkered-for this allows a place for the high-financial oligarchy who, with seeing eyes, perform the operations of blindfolding the led and blinkering the leaders through the educational system. This may clarify our antithesis of a fortnight ago when we set Science against Pseudo-Science, Mechanism against Vitalism, Determinism against Volition, and so on. It was not our intention to do more than point out that the principle of Determinism is disregarded, or denied, or ruled out, in fields of inquiry where it operates, and that this is brought about by the banking oligarchy, who know that it operates, and how it operates, and who apply it for their own ends while at the same time teaching the people to ignore the fact and consequences of its operation. We have no concern with the theory of Determinism as an ultimate truth (or otherwise), but we assert that within the economic system it affords the explanation of the universal deadlock in all its manifestations, material or moral. We are not denying a place to "Free Will," but are relegating it to the one place to Free Will, but are relegantly it to the one place where it operates, which is among the banking oligarchy. Hence it may be said that the Social-Credit remedy will have the effect of extending the operation of "Free Will" throughout every field of activity constituting the economic system. The general distribution of "free credits" will in fact amount to the general

diffusion of "free will" among all classes in place of its present concentration in one class.

There are two extreme attitudes possible towards an unexplained phenomenon-to face up to it as a subject of investigation, or to kneel before it as an object of veneration. The first is characterised by the propensity to search for the cause of the phenomenon irrespective of where the search leads; and the second by the propensity either to avoid searching for the cause altogether, or else to invent a congenial hypothesis to account for it and to seek the cause only in the direction indicated by the hypothesis. The first will not tolerate a censorship of evidence: the second seeks to impose one. Both propensities exist in any given human personality, but in different degrees in different personalities. In some the first entirely dominates the second, and in others the second the first; and in the majority they are more or less in balance. The first extreme gives you your "Gradgrinds" and the second extreme your "Chadbands"—while the balanced intermediates give you your majority of more or less common-sensible types. (This, of course, presupposes that other propensities are equal, and the two under discussion are the only variable factors.)

Every little boy and girl, sang Gilbert and Sullivan, is born a little Liberal or else a little Conservative. And every newborn child has its own natural affinity for what may be termed physicism or psychism as a principle of thinking. Leaving extremes out of account, the new generation will have a collective affinity for psycho-physics as the guiding principle. And this would express itself in a balanced and orderly mode of thinking if the educational system through which all have to graduate were in the hands of supervisors whose policy it was to promote the free expansion of individuality. But this is not the case. The educational system is in the hands, in the last analysis, of Financial Authorities, and their educational policy is designed to turn out an autocracy of "psychsters" who shall govern by the consent of a democracy of "psychists." National philosophy, which is *Physics*, is insulated

from moral philosophy, which is Ethics; and the consequence is that economic phenomena, failing to respond to ethical treatment, are relegated to the domain of mental philosophy, which is Metaphysics.

Tabulate a list of the big figures in the world to whom the people are taught to listen—Dr. Nicholas Murray Butler, General Smuts, Professor Einstein, Dr. Eisler, and so forth-all dealers in morals or metaphysics or mixtures of the two; and all of them getting away with it because their myriads of dupes have been denied the proper training of their critical faculties, and access to fields of investigation where they could be fruitfully

It has been remarked several times in these pages that two subjects of teaching, namely (a) logic, and (b) phrenology, have been omitted from general curricula. Logic enables the student to detect false reasoning it is his protection against dialectical deception. Phrenology enables the student to understand his own mental potentialities, and those of others—it is his protection against the risk of self-deception as well as deception by others. This science is the nexus between physics and psychology. It is the foundation of psycho-physics. For that precise reason Finance objects to it, and trains psychsters whose public homilies perpetuate the idea. that no such nexus exists, and that physical law has no validity except in relation to inanimate matter.

Listen to this definition of phrenology as it appears in The Large Type Concise English Dictionary (Annandale): -

"PHRENOLOGY. A doctrine which professes to found a philosophy of the human mind upon a presumed knowledge of the functions of different portions of the human brain obtained by comparing their relative forms and magnitudes in different individuals with the propensities and intellectual powers which these individuals are found respectively to possess." (Our italies.)

Of the series of italicised words the first three combine to falsify the fact that phrenology is a science establishing the law of division of functions in the brain and the uniformity of the pattern of functional location. The word "human" suppresses the fact that the law and the uniformity apply equally to animals and birds, and thus dismisses a wealth of corroborative evidence of the truth of the science. The words "presumed," comparing," "different," "these individuals," combine to suggest that phrenological investigators have jumped to dubious conclusions from insufficient data. The truth is that Dr. Gall, the discoverer, collected data for twenty years before he opened his mouth about their meaning. And every phrenologist during the hundred years since has added to the data, Professor Severn alone has made 250,000 delineations of heads in his lifetime; so that the total number during the century must run into several millions. Phrenology exemplifies what is called inductive reasoning in its purest form, based on an imposing number of direct observations. Waite and Row, in their book, First Lessons in Logic, speaking of induction, refer to the universal half the universal half the universal half the universal half the control of the universal half the control of the universal half the control of t the universal belief that prussic acid is a deadly poison. How do we know that prussic acid is a deadly poison at How do we know this? It has only been tried on a vanishing for the vanishing fraction of humanity past and present, and yet we feel positive that any individual who takes in a given quantity will die. Why? Because the consequences of taking it have been identical in every observed case. We should emile if any layicographer served case. We should smile if some lexicographer referred to referred to our belief as "a doctrine which professes to found a stall to found a philosophy of the properties of prussic acid upon a presumation upon a presumed knowledge of the reactions thereto of the human area the human organism obtained by comparing its effects on different individuals." What then, shall we swallow some and seed to say that the swall we swall have swall be some and seed to say the swall we swall have swall be some and seed to say the swall we swall have swall be say that the swall we swall have swall be say that the say that the swall we swall have swall be say that the swall was swall be say that the swall was swall be say that the swall was swall be say that the swall be say that the swall was swall be say that the swall be say that the swall be say that the swall be swall be say that the swall be swall be say that the swall be swall be swall be swall be say that the swall be s low some and see?

Why, then, is phrenology ignored or only alluded to in a flippant tone? The reason is given in histories of the science, page 10. the science, namely, not that its conclusions were unsound, but that its sound, but that it was not good for people to accept them. Phrenology was considered "fatalistic, terministic," and "subversive of morals and gion." On this ground the Austrian Covernment to gion." On this ground the Austrian Government to bade Dr. Gall to bade Dr. Gall to write or lecture on it; and he had to emigrate to France in a lecture on it; and he per emigrate to France in order to continue his work. sonality was not to be investigated as a scientific problem, but to be reserved as a psychic mystery. ingly we witness to do a psychic mystery. ingly we witness to-day the research of the Psychiapocalypse," Freud, Jung, Adler, and Groddeck stewards of the magic of the Subconscious, whose stewards of the magic of the Subconscious, oracular pronouncements obliterate the knowledge patiently accumulated patiently accumulated on psycho-physical principles to research.

Psycho-analytic research may issue one day in some seful discovery or useful discovery or other, but whatever the discovery may be it is support may be it is superfluous to the knowledge necessary to deal with the uncontrol to the knowledge which has deal with the urgent concrete problems which humanity at the present time. Its superfluity make it a diluent of it a diluent of existing knowledge and the cause by new distraction of thought. We used to be taught the Church that God and the Devil, Heaven and four were external to use The Church that God and the Devil, Heaven and four the Devil that were external to us. The psycho-analysts place all four inside us. They inside us. The psycho-analysts place and the bevil, campbe inside us. They've gone one better than the who taught the doct one better than the doct one better the doct one bett who taught the doctrine of Divine Immanence, and have merged with it the doctrine of Diabolical Immanence.

We are all the doctrine of Diabolical Immanence. ence. We are asked to conceive our personalities the cockpit of ghosts at war. No wonder that cle "human factor"—that allegedly ment in economic salvation is "incalculable". ment in economic salvation, is "incalculable

All who support Social Credit as a business protion, and who mean business about it, will do ponder the implication ponder the implications of the bias in educational per to which we have reference to which we have referred. We all have our preference for side-lines of thinking and teaching, and there is harm in the fact, but it is our duty to see that, as a sure of an objective, we do not not see side-tracked suers of an objective, we do not get side-tracked side-lines.

Obituary.

FEBRUARY 15, 1934

It is our mournful duty to record the loss of yet one more supporter of Social Credit in the person of Mr. A. E. Kennard, who died at his home at Raynes Park on February 5. He achieved fame as a bonesetter, and accounts of his life in the Press contain records of several of his notable successes in operations on both rich and poor sufferers. Some readers may recall the queues of poor patients which at one time used to form up outside the City Temple when he was demonstrating his skill there. Mr. Kennard was too busy to give time to political work of any kind, but up to two years ago he was accustomed to turn up at THE NEW AGE Dinner, there to renew personal contacts with his friends in the Movement, and to hear Major Douglas's views on contemporary events and tendencies in relation to the Social-Credit Theorem. He was to have been a doctor, but at the age of nineteen "circumstances forced him" to leave the Star to leave college and "earn his own living," as the Star Puts it. "Circumstances"—a blessedly vague term, isn't it? Let us rather say the "crocked bones" of the conomic structure. He became an apprentice in a Newport shipyard. In a short time he was so successful in tract. in treating accident cases at this yard that the proprietors built him a surgery on the premises. He came to London in 1920 and practised in Park-crescent. To readers of 1920 and practised in Park-crescent. readers of this journal it will seem quite natural that this man, whose principle of surgery was that of mani-pulation pulation, not multilation, should have paid his tribute to the many multilation, should have paid his tribute to the manipulative principle of economic surgery which distinguishes Major Douglas's proposals from all other social remains the distinguishes of th social remedies. And now it is left to us to hand him our garland of remembrance and say him our farewell.

Sleep; and if life was bitter to thee, pardon, If sweet, give thanks; thou hast no more to live; And to give thanks is good; and to forgive.

Depreciation.

some critics as to whether Depreciation is a cost or simply and to whether Depreciation is a cost or simply an appropriation of Profits to Reserve.

For example Mr. Hawtrey says, "... If he (a producer) has got to the control of the control o

has fexample Mr. Hawtrey says, "... If he ta produce got to include the provision for depreciation in his costs it is costs it is because he has got to spend something some time. He has got to spend sometime. The depreciation has got to replace his worn out plant. The depreciation is not in respect of what he has spent, it is respect of replacement in the future. . . . . (My

anind when, discussing factories purchased out of profits, he says, "The country has increased its permanent is by The country has increased its permanent of which has been by one factory, the cost of which has been ated by the factory, the cost of which has been quidated by those who want a permanent asset. No cost remains unmet; the investors do not want to ell the factory or they would not have bought it." The implication being, of course, that any charge included but not a cost for Depreciation is really a profit or reserve but not a cost.

In addition to these "E.63," a recent contributor to The addition to these "E.63," a recent contributor to the NEW Age, did not appear to be too happy with the Department of the points in his excellent leth Depreciation, for at different points in his excellent article his action, for at different points (Depreciation). tiole pereciation, for at different points in his exemention he applied the word to (i.) Past Costs (Depreciation), (ii.) (ii.) Past Costs (Depreciation), (ii.) (ii.) (ii.) (ii.) (ii.) (ii.) (ii.) current upkeep (MAINTENANCE), and provision for future replacement (Renewals or Rement Reserve).

is probable that the difficulty springs from the fact most commercial men these days have some knowthe principles of Book-keeping and unle Book-Reeping arms of le Ent e-Entry Book-keeping.

ht Accountancy, dealing as it does with the trans-ons of individual businesses, has to make use of rules though necessary for the purpose of compiling hrate comparative statements, are altogether miswhen employed to give a true picture of nomic happenings.

An example may illustrate our meaning.

The X.Y. Company, having built a factory costing £7,000, and having installed machinery and equipment costing £25,000, produces goods during its first twelve months in respect of which the financial outlay is £150,000. Its sales (including profit) total £170,000, and it holds stock-in-trade (at cost) of £10,000. The conventional accounts would record something like the

Trading a	nd Profit	and Loss	Account.	
Dr.	£	Cr.		to
To Purchases,				
Wages, Repairs,		., Stock	on hand	10,000
etc., etc	150,000			
To Depreciation —				
Machinery	2,500			
To Depreciation —				
Buildings	350			
Profit				
-			-	-
£	180,000		£	180,000

Now let us consider what essentials are required to prepare accounts representing the bare facts.

In the first place we shall assume that money settlements were effected in respect of all transactions. Moreover, moral questions relating to the origin of the Capital of the undertaking will not concern us. Costs are costs no matter whether paid out of money raised by theft, profiteering or simply bank loans.

True accounts for the period will therefore show:

Cash Outlays. Dr. 5,000 do. Equipment 25,000 do. Production 150,000	Cash Income. Cr. £  By SALES
do. Production 150,000	£182,000

It will be seen that whereas in conventional accounting the X.Y. Company has already managed to show a profit of £27,125, in actual fact it has still to make £12,000 more profit before it will clear its costs.

We need not wait to listen to the complaint that assets in the form of a factory, equipment, and stock in trade, are still available. Money and assets are not interchangeable terms as most commercial people know to their cost.

Because of this we may say that the only reason for manufacturers not attempting to recover all financial outlays in the first cycle of production is that they know the price can't be paid. No question of conscience

Other things being equal the manufacturer to get the Sales is the one able to carry forward the greatest proportion of costs to the future.

Depreciation is one of those costs, but cost it is.

# The New Zealand Reserve Bank Bill.

Captain Rushworth, speaking at the hurried debate on the Bill, tried his utmost to obtain an official statement as to who asked for this Reserve Bank Bill. No satisfactory answer was forthcoming. The Chairman of the Bank of New Zealand, in his annual address, said: "The Reserve Bank Bill is being put through at the dictation of London financiers." it was high treason to remove the control of the monetary system from the constitutional authorities of King and Parliament and to present it to a group of private

Captain Rushworth informed an astonished House individuals. that the principal reason for calling the World Economic Conference last year was to bring into existence an international monetary system based on gold and controlled by irresponsible directors from the Bank of

International Settlements at Basle. He went on to say how the Conference was upset by a split in the upper regions of high finance: "Mr. (Barney) Baruch, representing the latter group (Bleichroder-Mendelssohn), made a dramatic move. Mr. Baruch was able to influence President Roosevelt at the psychological moment, and he refused to march to the tune arranged by the Rothschild group, and so torpedoed the whole show."

The Captain charged the Government with failing

lamentably in their duty to the people of the Dominion in not having instituted a full and open enquiry first, despite the request for such from all over the Dominion. He said. "The Government is entirely responsible for the destitution, despair, and poverty in the Dominion, and it can only get rid of that responsibility by holding a full and open enquiry. I think the Government should have held that enquiry before the passing of this Bill.'

Commenting on the serious outlook for New Zealand in particular and the world in general, he said: " In my opinion, the condition in the Pacific to-day is comparable with the position in Europe in 1912. War is not at the moment absolutely inevitable, but it is getting jolly

# Strenuousness, Not Efficiency.

Dr. Leslie Burgin, M.P., Parliamentary Secretary to the Board of Trade, speaking at Norwich in the Government's propaganda campaign, on January 23 (Eastern Daily Press

As for ways in which Britain's export trade had been increased, plain barter was not encouraged. The more one simplified the trading transaction, the more did one eliminate the middle man, the broker, the banker, the enumate the initial man, the broker, the banker, the insurance agent, and the shipper. The British were a great trading race, not consisting merely of producers and consumers, but consisting enormously of people concerned with distribution. There were twelve and a half million insured people in our land and two million of them did not produce and did not merely consume, but distributed other people's goods. One in six of the total of our population who earned less than £5 a week were engaged in distributing somebody else's merchandise. The number of people in the distributive trades had increased by 50 per cent in the last few years. It was a very significant trend which had to be watched and might conceivably have to be stopped. At any rate barter, the mere exchange of coffee from Brazil for steel from England, would not be wise for British trade because it produced the minimum number of transactions. Most international trade was triangular and resulted in a vastly greater number of people being engaged.

No industry the world over required help more than

Lord Elmley, M.P., followed this with a speech on the merits of decreasing imports of bacon, canned fruit, and meat—a curious method of helping the objects of his ally's affection, however acceptable to his farmer constituents.

# Meeting Report.

Mr. A. L. Gibson, F.C.A., of Sheffield, visited St. Helens, Mr. A. E. Gibson, P.C.A., of Sheffield, visited St. Helens, Lancs., for a week-end campaign on February 4 and 5. On Saturday evening he addressed a public meeting, on Sunday morning he lectured at the Adult School, and in the evening he gave an address at the Unitarian Church. The meetings were well attended, and the numerous questions which followed each address gave yet one more indication of the rapidly growing interest in Social Credit and understanding of its principles and proposals, which are so marked in Lan-

# FORTHCOMING MEETINGS. Glasgow.

Douglas Social Credit Association.—A series of lectures has been arranged from now until the end of May to be delivered at 100, Bath Street, Glasgow, each Tuesday evening

Green Shirt Movement. Meeting at 160, Bath Street, Monday, February 19, at 8 p.m.

# The Bulwark Breed.

By B. J. Boothroyd.

It was made quite clear, in the recent speeches of the banks' chairmen, that the only department of human activity that matters is the banking system, and that its welfare is independent of that of everything else.

Other things may be pleasant—even desirable: food, clothing, shelter, education, literature, art, and so forth. But none of these things is really essential; they are only to be sought in so far as the getting of them does not interfere with the normal conduct of the bank-

These hymns of praise to themselves, in which the bankers annually indulge at general meetings and places where they sing, all have the same chorus, the burden



Why worry? The wall remains unshaken to its foundations

of which is that it doesn't matter what happens to any thing else so leave intact. thing else so long as the banking system remains intact
Many people

Many people are prevented from realising the beauty of the banking system by an obstinate belief—one might almost call it a supervision of the banking system by an obstinate belief—one might almost call it a supervision of the banking system is a supervision of the banking system remains the beauty of the banking system remains the banking system is a supervision of the banking system by an obstinate belief on the banking system by t almost call it a superstition—that the banks are Many posed to be of some practical use to other people. even go so far as to assert that the banks ought to serve trade.

This common error causes a great deal of misunder standing. It gives rise, for example, to the aiming at complaint that the banks do not seem to be aiming at anything in particular

This is, of course, true. But they are not supposed by anything in particular. to. One might as well complain that a primrose the river's brim has no formulated policy.
opinion it was of the banks that the poet was thinking when he wrote, "As rich and purposeless as is the rose, thy simple doom is to be beautiful." thy simple doom is to be beautiful."

It is not a bank's purpose to be anything but itself, at the bankers are and the bankers are continually reminding us of the When Mr. Norman said that he did not see the outside the tunnel he are the continually reminding us of the tunnel he are the second that he did not see the outside the tunnel he are the second remarks the second remarks that was outside the second remarks the secon the tunnel, he was only saying that what was on the tunnel didn't matter. What did matter was that he did matter was the tunnel, and for the simple and enficient reason that he tunnel didn't matter. What did matter was the tunnel, and for the simple and sufficient reason that he and his bank were in the sufficient reason that he

Again, Mr. Colin Campbell, chairman of an National Provincial Bank, said the other day that tempts to look into the future are much more than usual "and that the future are much more financial than usual" and that the future are much more financial. than usual," and that "the future trend of financial conditions must peen

conditions must necessarily be obscure.

Here Mr. Campbell was only reminding us that the obscurity so fan the large obscurity so fan the large of t obscurity, so far from being a disadvantage, is actually a necessity. This obscurity of the meaning and purpose of banking is a primary condition of the system; and many system. of banking is a primary condition of the system. ago Mr. Walter Lippmann, referring to the Conference, said, "A world conference on dealing with a subject which is obscure to the which is obscure to the which is obscure to problem. expert. The world is attempting to solve a problem.

This

This was not, if I interpret it correctly, a complaint one to understand banking, because its aim and purpose if any, are no concern of application, and that our duty if any, are no concern of anybody's, and that our

is simply to do what bankers tell us, and not ask any questions, because nobody would know the answer if

FEBRUARY 15, 1934

This complete independence of banking from all other functions of society was emphasised in the bankers' speeches. They all called attention to the strength of British banking and compared it with the weakness of everything else. For example, the Hon. Rupert Beckett, chairman of Westminster Bank, said,

Throughout all the years of economic depression . . the British banks have stood with their foundations

That is the point to note: everything else may fall to pieces, but the banks remain firm as ever. And it is our faith in the immovable stability of the banks that has enabled us time and again to pass confidently through the storm and struggle of economic depression into the calm haven of the soup beyond.

When Mr. Norman said that "the dogs bark, but the caravan passes on," he was underestimating the Bank's stability. It is too firm and unshaken to pass on; it stays put. While the petty turmoil of our economic structure. struggle swirls round its base like a dog-fight at the foot of of Mont Blanc, the British Banking System lifts its head to the to the stars, aloof and serene, and broods upon the eternal verities, or possibily upon its lunch.

Then let us, friends, as we pass into the workhouse, pause a moment and contemplate this strength. Thus might the might the captain of the sinking ship gain comfort, while he drowns, from the knowledge that the rock he struck was immovable; thus might the motorist, running into the wall the wall, raise his battered head from the ruins of his car and raise his battered head from the ruins of his car and cheerfully observe, "Why worry? The wall remains unshaken!

So one and all we thank Sir Rupert Beckett for his kind words. No such consoling thought has ever been uttered in the patient. "You're uttered since the doctor said to the patient, "You're



"The British banking system a bulwark."
—Mr. Colin Campbell.

dying all right, but never mind—your disease is stronger han ever and remains unshaken to its foundations. Nevertheless, independent and remote though it is, a banking of the banking of th banking system has after all a function. I'd missed Mr. Campbell says:

The verdict of history will be that Britain's banking system was a bulwark in the days of economic crisis."

Bullwark is the word. Let not carping critics ask doubtless enurs? "The same verdict of history will countless enurs?" The same verdict of history will be the same verdict of publies what?" The same verdict of misco, and othing the four control of the same verdict of misco, and and othing the same verdict of misco, and and othing the same verdict of misco, and same verdict of misco, thing, from which the banks have defended us. History has more time than I have.

But while we await this verdict, let us not forget that are safe we await this verdict, let us not forget that are safe behind our Bulwark. With the banking tem to behind our Bulwark. stem to defend us, we can snap our fingers at the ister threat of overwhelming abundance that has hung

Let us remember that although there is a conspiracy the part of the productive system to make us fat, it banks of the productive system to make us fat, it Banks of the productive system to make as Annexs of the Bulwark Breed that keep Old England

Rankers' Weather Forecast for Australia. en anti-cycloan is approaching rapidly from the All umbrellas out on loan should be recalled

# A + B.

[From New Democracy (New York), January 1, 1934.]

The lay mind may resent the formula 2mr as expressing the measure of the circumference of a circle, 3.1416 times twice the radius. We may be unable to follow the proof of the universality of the relationship in question, but it will be found by measurement that in all circles the circumference is just 3.1416 times the diameter. It would be foolish for a contractor to try to ignore that fact of which the formula is merely a concise expression.

The A + B Theorem is just like that. As stated by Major Douglas it is not static but dynamic. It deals with the rate of flow of purchasing power and the rate of flow of prices. Of this dynamic whole we as individuals actually see only a cross-section. But this does not invalidate the truth of the general statement. On the other hand what is demonstrated inductively in general, we verify by experience in particluar. Thus we may not be able or willing to follow the proof that under the present system purchasing power must be insufficient to buy the output of industry, but the fact that it is insufficient sticks out like a sore thumb. So true is this that it has been observed that the actual facts of experience act as if they were in the pay of Douglas theorists. Just as nobody has ever found a triangle the angles of which did not total up exactly to two right angles, so there has never been a time under our present industrial-financial system when the community was in a position to buy the products of industry as a whole. We can make what we want, but we cannot buy what we make. We all feel it.

# The Films.

"Tugboat Annie." Metro-Goldwyn-Mayer Production. Directed by Mervyn le Roy. General release.

Marie Dressler and Wallace Beery revert here to their
"Min and Bill" partnership. That the later picture is not
so successful is due to two characteristics; the attempt to
build up deliberately what can be achieved only by sponbuild up deliberately what can be achieved only by spon-taneity and a certain freshness of treatment, and really bad editing and cutting. The latter defect—unusual for Holly-wood—completely destroys the rhythm; the film alternates between sequences that end abruptly before reaching their proper climax, and others (as at the opening) that are held for the lang. Those people to whom the word " montfar too long. Those people to whom the word "montage" is a signal for horse laughter should study "Tugboat

age "is a signal for horse laughter should study "Tugboat Annie" as a noteworthy instance of the extent to which a film that might have been an outstanding production has been marred by the lack of constructive editing.

The outstanding feature of this picture is the really superboutdoor photography, which, incidentally, demonstrates how much Hollywood has learnt from Russia in camera work. The two principal players "feed" each other perwork. The two principal players "feed each other perfectly, but the picture again shows the superiority of Walfeetly, but the picture again shows the superiority of walfeetly but the picture again shows the superiority of walfeetly on stereotyped mannerisms; Mr. Beery is an actor much on stereotyped mannerisms; Mr. Beery is an actor who can command the whole scale of comedy, high serious who can command the whole scale of comedy, high serious who can pathos, and can get far more under the skin of who can command the whole scale of comedy, high serious-ness, and pathos, and can get far more under the skin of the part than Miss Dressler, who always impersonates herself. To see Mr. Beery discover the alcoholic virtues of hair tonic and then get most beautifully and engagingly drunk on it, is enough to make a teetotaller demand the rigid censorship of toilet preparations.

# Broadway and Hollywood,

Broadway and Hollywood.

Eric M. Knight, film critic of the "Philadelphia Public Ledger," tells us in the current "Film Quarterly" that Hollywood no more depicts the real United States than Elstree portrays England. The fact has not altogether Estree portrays England. The fact has not altogether escaped notice on this side of the Atlantic, but Mr. Knight escaped notice on this side of the Atlantic, but Mr. Knight escaped in when he says: "Of all the great outpouring of rubs it in when he says: "Of all the great outpouring of truth in its warped outlook. You see only cardboard of truth in its warped outlook. You see only cardboard conventions distorted with grease-paint outlooks; crooked conventions distorted with grease-paint outlooks; crooked cops, blatant gunnolls, sentimental detectives, face-shapping cops, blatant gunnolls, sentimental detectives, face-shapping tough guys, saccharine-sentimented vaudeville heroes, wisetough guys, saccharine-sentimented vaudeville heroes, wise tough guys, saccharine-sentimented vaudeville neroes, wise-cracking gold-diggers, impudent youths, gorgeously-gowned shopgirls. . The music you get in Hollywood films is almost purely Russian-Jewish. . The 'Mammy' cater-wauling that springs from Jewish matriarch-worship.

There is not a phase of the 'programme' film that manages to clutch at truth beyond that wise-crackery of the Broadway hanger-on which must, to you, seem typical American

That preoccupation with Broadway lies at the root of much that is shoddy, insincere, and synthetic in the American And yet curiously enough-a fact not mentioned by Mr. Knight-Hollywood and the Hays organisation that controls it really imagine they are "selling" the United States to the world.

# Telling The World.

" Catherine the Great" went into the programme at the Leicester Square on Friday. As the attempt to elicit from five different people at the United Artists office whether, and if so when, a Press show was to be held, failed to procure any information-and what's a publicity department for, anyhow-the film must go unreviewed by me.

# Unconscious Humour Department.

"The 'Ontario Intelligencer' heartily recommends readers to see "Heads We Go" and adds: 'It is one of those light comedy dramas which have made British films famous."—British International publicity.

DAVID OCKHAM.

# Music.

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

On paper, the sixth concert was the most interesting, but the three first performances did not quite come up to expectations. Delius's "Fantastic Dance" is, naturally, a remarkable effort in view of the circumstances of its composition, but its fault is in its length. It is not, as are too many works, too long, but too short. The hand of the master is apparent, but he should have submitted his engaging theme to greater development-the climax is reached almost before we know it. Ireland's "Legend" for pianoforte and orchestra is disappointing, after the Concerto. He here reverts to his grim, gruff, acidulated Concerto. He here reverts to ms grim, grun, acidulated attitude which, I venture to say, ill becomes him, and does not sound too convincing. This work is also on the short side, and its material in itself is not very striking; the vicious circle round one note in the first theme is an instance of this. The pianoforte writing, moreover, does not afford much opportunity, for the soloist, though Miss Helen Perkin made the most of what there was. Nevertheless, anything of Mr. Ireland is the result of hard thinking, albeit Patrick Hadley's Symphonic Ballad, "The Trees so High," for chorus, baritone, and orchestra, revealed a keen sense of choral effect, but four movements written round a simple folk tune seemed rather too much of a good thing. In any event, I am quite sure that the work is too long, but Mr. Hadley has definitely something to say, and his own pro-Hadley has definitely something to say, and his own pronounced method of saying it, and much may be expected of him. Moeran's Rhapsody No. 2 is well worth hearing, but it contains far too much Delius and too little independent on acquaintance, and the work which overshadowed everything else in the programmy was Walken's "Palaboration." on acquaintance, and the work which overshadowed every-thing else in the programme was Walton's "Belshazzar's Feast" for chorus, baritone, and orchestra. So much has been written about this work that one need only add that throughout the slightest slackening of inventive power crehestral and choral recourse are such that these can be orchestral and choral resource are such that there can be no doubt that Walton is far and away ahead of all the younger British composers. Mr. Roy Henderson's work in this and in the "Ballad" could not have been bettered. could not have been bettered. The festival has certainly proved my contention that we have a stronger team of contemporary composers in England than elsewhere, but the programmes were not nearly as representative as they might have been. There was too much of the Kensington Gore element to the unjust exclusion of far worthier names. Cyril Scott should have had one of his larger orchestral works done; York Bowen should have played one of his concertos—his neglect, as I pointed out in previous article, is shameful—Grainger, Gardiner, Rowley, Rubbra, German, and Warlock are also names that immediately occur to one. But there is one composer whose omission from all B.B.C. programmes is quite astounding: I refer to Kaikhosru Sorabji. Probably he would detest being described as a "British composer," but the fact remains that he is technically British, and lives in this country; even if this were not so, however, it would still be the artistic duty of the B.B.C. to perform his works, for they are regarded by those who know to be the foremost work of our time. He has received the highest praise from Busoni, Delius, Tovey,

Heseltine, and from many on the Continent, but this, of course, means nothing to the Portland Place Pundits. So far, he has broadcast one pianoforte piece, several years ago this drew letters of appreciation from all over the country including one from Delius, but all to no avail. It is clear from this and other cases that the production of new must by the B.B.C. has little or nothing to do with artistic merit, per se, but is dependent upon toadying to, or being "in" with the Inner Circle," and this, it goes without saying is the saying, is the last thing that would enter Sorabji's head. do not see how any unbiassed person can deny, after studying his scores, that the music of Sorabji is characterised by force, originality, breadth, and nobility of conception that simply transcends everything else that is now being written The barrier to its performance is its immense technical and musical difficulties, and as the B.B.C. are obviously in better position than anyone else to provide the necessary number of rehearsals, it is equally obviously their bounded artistic description. artistic duty to present this music to the public. If the did so, however, it would necessarily involve the smashing of a few favourite idols: Stravinsky-Hindemith Prokofel and Co, would be shown up as the poor pygmies that they are.

These forms of the poor pygmies that they are.

These few words one does not expect to have any effect, but one hopes that persistent exposure may eventually awaken our pundits' musical conscience—assuming that between them they can manage to produce one.

British Symphony Orchestra, Palladium, January 7. This orchestra is composed entirely of unemployed profesional musicings. sional musicians, and although it would not be fair to compare them with pare them with more favourably established units, it may be said without exaggeration that they gave on this occasion very creditable. very creditable performances of such tests as Humperdiacks "Hänsel and Gretel" Overture, Dvorak's "New World Symphony," and the accompaniments to Beethoven of Missier Planoforte Concerts, and the land of Missier Indianal Research Pianoforte Concerto, under the capable direction of Charles Hamb Charles Hambourg. Clearly, they should do useful work outlying subuch. outlying suburbs, and in decentralising music generally. H. Mr. Mark Hambourg's playing, the less said the better could have been seen to be suburble to the seen could have been a great artist, but for reasons best known to himself, he elected to himself, he elected to play the fool, with the result that he cannot complain if musicians refuse to take him seriously.

CLINTON GRAY. FISE.

"The Importance of Being Earnest," By Oscal

This production is noteworthy as being the first of Wilde plays to be given at the Old Vic. Charles Laughton is Canon Chasuble, Roger Livesey plays John Worthing flow George Curzon, Algernan Monoradi Athene Seyler, as George Curzon, Algernon Moncrieff. Athene Seyler, Robson, Ursula II Robson, Ursula Jeans, and Elsa Lanchester are cast Lady Bracknell, Gwendolen Fairfax, Cecily Cardew, Miss Prism reproducts. Miss Prism respectively. Playgoers, whose memory cathern back for appare them back far enough, may be interested to compare

"First Episode." By Terence Rattigan and Heimann. Produced by Muriel Pratt. Comedy.

Otherwise, not-class for the produced by Muriel Pract. Otherwise, not-clean fun among undergraduates, om scene room scene, a drunken young man being sick his in a slop-pail, into which the audience expects expectorate—and a young woman, described payer of the part. Appeint if not editing. player of the part. Amusing, if not edifying. Man among a Hoffe, William Fox, and Patrick Waddington the among a weeklent. among a cast that is, with one exception, excellent champagne is by Vve. George Goulet and Cie, and cigarettes by the inevitable Abdulla, without West End play is complete.

"The Quitter," By Guy Paxton, Edward V. Staffe and Gordon Hoile, in association with C. Dickens. Produced by Sinclair Hill. Four Authors in Search of a Play, so to speak.

This is a typical example of the contemporary The influence of the cinema is obvious, and so is that the quartette of authors—"I have never seen together," said Poullulars—"I have never seen together," said Poullulars—"I have never seen together." together," said Ronald Adam in taking a call on night—have yet a good deal to learn in the craft. The theatre has room for the talented especially as so many of the professional dramateur's more professional than talented, but the amateur's usually requires professional supervision for a That it so often does not get it accounts for a "The Court of the professional supervision for a That it so often does not get it accounts for a "The Court of the professional supervision for a pro

"The Quitter" would make a good film, and have made a better play but for the palpable about its ending. The sentimental gangster—admirably

by Ben Welden, who dominates the production-procures the escape of his sister and her husband, the latter being threatened with death. His double-crossing is discovered, and as he refuses to disclose the whereabouts of the "quitter," he is threatened with death by machine-gun the moment he leaves the house. He leaves; machine-gun staccato off stage; "it is a far, far better thing."

FEBRUARY 15, 1934

Now this climax, to use an appropriate Americanism, is pure hokum. The sentimental gangster could have dropped a message out of the window, shouted out of the window to attract attention, communicated his plight to the people in the upper flat, or stayed where he was for a few hours to think over his next move. No, my dear Watson—let alone Wallace—you may devise a thriller for the stage or screen screen and let the audience discover its glaring improbabilities after they have left the theatre, but don't allow them to pick large holes while they are actually in their

Incidentally, if it was considered necessary to make most of the cast endeavour to speak with an American accentan attempt in which Eve Gray failed monumentally—why allow Cecil Ramage the accents of Eton and Oxford?

As an entertainment for the not unduly critical, "The Quitter " is to be recommended. Bagnall Harris's settings are excellent; here is a sound craftsman who invariably obtains the maximum of effect with the least means. His skyscraper silhouette is admirable.

VERNON SOMMERFIELD.

# Reviews.

My Garden. An Intimate Magazine for Garden Lovers. Edited by Theo. A. Stephens. One Shilling. (Monthly.)
In his "Very Personal Foreword" to the first number of
My Garden," the editor confesses that this, his new
enture. """ the editor confesses that the do nublic," but, "y Garden," the editor confesses that this, ms but wenture, "will obviously appeal to a well-to-do public," but, all the same, the ill-to-do public who constitute the majority of garden. gardeners—those heroic souls who are doing their week-ends and bank holidays to convert a barren patch sour soil covered with builder's refuse into a thing of ocauty and a joy for the years to come—will find much in instruct.

For gardeners are a great Freemasonry in which there humble have been great freemasonry in Which there For gardeners are a great Freemason, are humble novices as well as Past Grand Masters—but they are all brethren. Moreover, good Master John Short-Welwyn, bave this in common with Lord Horder and his handles Hampshire Carden at Ashford Chace: they are allowed the state of the st permitted to see the result of their handiwork, and can Joice as the artist rejoices in the growing masterpiece, so save it artist rejoices in the growing masterpiece, save their souls from the deadly alrophy born of dreary routine in mine, mill and office. Even if the Garden y routine in mine, mill and office. Even it of a bed spread it serves its purpose; which is, to qualify the members of members in the salect company bedspread it serves its purpose; when her for membership of that select company

Who carry music in their heart

Through dusky lane and wrangling mart. For there is always Saturday afternoon and Sunday to the orward salways Saturday afternoon and Sunday to ook forward to, beside the long summer evenings and the bestific vision tollidays. Finally, to crown all these is the best vision tollidays. Finally, to crown all these is the best vision tollidays.

vision of "retiring" to a cottage in the country, te the locust has done his damndest, where there will have scope to the scope to the scope that the scope to scope for the rock garden and herbaceous border dreams and where perchance he may walk with God cool of the evening-but alas, how rarely the dream

w the communion of gardeners has a latent political ficance communion of gardeners has a latent poor of Garden which may not have dawned on the editor of or on any of his talented contributors, with Tay, is billed as the star turn, although Lady Neish will be a steep the star turn, although Lady Neish will be a steep the base of the star turn. thy solled as the star turn, although Lady Neish and the house of a far and the star turn, although Lady Neish and the house of the story of house a state of the story of house of a far and to grant start of the start of the story of house a bit of grants laid down "at a start of a far and the start of Lady Neish avows that "it was, of course, absurd to say I desin avows that "it was, or course, a lifetime to make a garden, because it lifetime to make a garden, and then you have only gun, but to make a garden, and then you have only gun, but to make a garden, and then you have only gun, but to make a garden, and then you have to make a garden, and then you have to make a garden, and then you have to make a garden with the same to be supported to the same to be supp edine to make a garden, and then you have a cat-walk in about a

all, the dear lady did, and how she did it, and what the was liter lady did, and how she did it, and what had read for keys to look for yourself.

return to our political muttons. If we are to look with reasonable certainty to that " revival of the

glories of the countryside and the stately homes of England" for which the soul of Mr. Courtney Page yearns; if the shady Italian pergolas, the prim Dutch gardens, the pleached alleys, the yew hedges and velvety lawns of the rich are to survive the troubled times ahead their owners must learn that their continued existence is bound up with the fate of the back gardens of the poor. The same financial frost threatens them both. Therefore, in addition to articles on dogs, pests and garden aprons, the editor would be well advised to spare a page for a few reflections on the necessary antecedents and essential concomitants of successful gardening. (The author of "Cry Havoc" knows all about it and would do the job very well.)

The long and the short of it is this: To create and enjoy

a garden worthy of the name demands ample leisure and an garden worthy of the name demands ample lesure and an income with a reasonable margin, plus complete economic security, and long years of peace. Not only do these conditions not prevail in anything like adequate measure to-day, but such stability as we do enjoy is at best but a precarious equilibrium which may be upset at any moment -and when that happens, farewell to the glory of the peer's pleasance and the modest beauty of Master Shortpence's back garden-also to " My Garden."

## LETTERS TO THE EDITOR. GREEN-SHIRT POLICY.

Sir,—I am relieved to see that Mr. John Hargraves agrees that in a Social Credit State the banks could and should continue to grant Producer credit, provided the power credit issue and withdrawal is vested in a National Credit

authority.

Many Social creditors will be relieved to know that there is general agreement on this important point, for the state-ment that a National Credit Office would, in a Social Credit State, take the place of banks in granting loans to manufacturers has caused much unnecessary opposition.

Thanking the Green Shirts for their careful consideration

R. S. I. RANDS. of this matter, I am, etc.,

"THE ECONOMIST."

Sir,—I should like to draw your readers' attention to an article, headed "Seven Cardinal Fallacies," in *The Economist*" of January 20.

# WILL DYSON WRITES

# ARTIST AMONG THE BANKERS

- · Seldom have the pundits of orthodoxy been more magnificently and even lyrically insulted. It is clear that Mr. Dyson spat in his hands, seized a pen and let fly at the bankers with a grin of delight.' New English Weekly.
- His pen is a weapon hardly less deadly than the cartoonist pencil which he usually wields.' Francis Williams in the Daily Herald.
- . Mr. Dyson shows himself to be a writer of real power in this book. He is the most fertile in ideas of any cartoonist who ever lived, and here ideas are thrown out in profusion on every page.' New Britain.
- Every decent man will respect Mr. Dyson for this book.' Beverley Nichols in the Week-End Review.
- . An extraordinarily effective "debunking" of the financial gods of our day.' Reynolds's News.
- . No one can read this book without being deeply attracted by the personality it expresses
  ... The volume would be worth while possessing were it only for the superb cartoons with which it is adorned. Manchester Guardian.

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"The British Treasury has an easy way of putting the law right if it is held by the Courts to be wrong. Two years ago in the Finance Bill there was an innocent clause which the House of Commons passed with hardly any discussion, but behind which there was an interesting piece of history. A man receiving a gratuity of £300 a year from his late employers denied that he was receiving a pension and employers denied that he was receiving a pension and declined to pay income tax on it. An action was entered by the Treasury, and it lost its case in every Court up to the House of Lords. Then came the innocent paragraph in the Finance Bill, and the law was straightened out as the Treasury desired. The American action in relation to the Astor Trust Fund is a matter of big money, and the American law machine seems to be working with its usual slowness. Nearly three and a half million pounds is the amount involved, the point being whether the creation of this trust fund did not evade the payment of inheritance tax. Under protest the demand was met, and then the tax. Under protest the demand was met, and then the Court decided against the Treasury. Now the higher Court has reversed the judgment. What next? Why not consult our Treasury?"—The Courier (Dundee?), January 10, 1933. (The headline is our own.-Ed.)

# The Calory Standard.

The British Medical Association says that 3,400 calories The British Medical Association says that 3,400 calories in food daily are the bare minimum to afford adequate nutrition. The Ministry of Health say that 3,000 are enough. The B.M.A. compute that on their standard a man can be fed for 5s. 10d. per week. The Ministry's standard would work out to about 5s. 2d.—(News-Chronicle, Lanuary 5).

# Notice.

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