THE

NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

The Budget.

The revenue surplus last year was £42 millions. Of this £3 millions was appropriated for payment to America and £8 millions for Sinking Fund, leaving a net surplus of £31 millions. This net surplus was appropriated for the reduction of outstanding Government debt.

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Note the past tense. The surplus had already been disposed of when Mr. Neville Chamberlain, last Tuesday, rose to recite the provisions of the new Budget. Omitting the £3 millions for America, the position is that the citizens of this country paid during the last financial year £39 millions more than was expended on services contemplated in the estimates for that year; and the whole sum was appropriated as above described.

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The popular Press, during the few weeks preceding the new Budget, spoke of this surplus as if it were a fund of money *out of which* the Chancellor was to grant relief—as if he were going to repay to taxpayers the overcharge which had been levied on them last year. Nothing of the sort. The overcharge had already been collared by the holders of Government debt.

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"Budget Week," as one newspaper acclaimed it, is really the "Bankers' Flag Week," with the one difference that you don't have to buy the little flags, you get them for nothing. And the reason is that they bear a slogan which every citizen is expected to wear on his person much as he might a red, black, green or other-coloured shirt or uniform. The slogan is something like this:—"Be done with Bleak Bygones!—Forward with Great Expectations!" And so everyone becomes a soldier in the political army of the Don't-Look-Back-shirt Movement, and falls in on foot behind the Chancellor on horseback, who leads a grand march past the Bank of England where the Financial Monarch of the Realm takes the salute.

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What are their "Great Expectations"?—to what star of hope are they to hitch their empty purses? It is the hope that they will be able to pay enough money to the Treasury in the current year to buy the relief now to be given them during the current year, and if possible to provide the Treasury with another surplus. If they fail—if next April there is a Budget deficit—then the present *gift* of relief will automatically and restrospectively become a *loan* of relief and will have to be repaid in the ensuing financial year. A Budget deficit is a taxpayers' surplus; but, whereas a Budget surplus does not go back to the overcharged taxpayers who provided it, a taxpayers' surplus has to go back to the Moneylenders who advanced it. It is only the undercharging of taxpayers that must be rectified afterwards. If overcharging, their duty is to "remember not past years," as Mr. Norman's favourite hymn puts it.

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To the average dupe of the dope-Press this reflection will sound superficial and nonsensical. This is to be expected. In the first place, as Emerson remarked, "nothing surprises like common-sense"; and in the second, the miseducation disseminated by newspapers and politicians makes the unfamiliarity of any idea and doctrine the criterion of its worthlessness in the judgment of the public. The unsophisticated Dubb Dynasty—whether represented by Lord Dubb, Sir Henry Dubb, Mr. Henry Dubb, or even the suspicious Comrade Dubb—all hold a picture of communal debts and deficits as representing out-of-pocket loans by private persons, and the liquidation of such debts and deficits as reflecting into-pocket repayments to those private persons. Comrade Dubb would quarrel with his more august namesakes as to whether the lenders should receive their money back ("They can afford to lose it," he might say) but even he, like the rest of the dynasty, assumes the existence of the aforesaid private persons and the private pockets, and is in fact obliged to in order to account for the phenomenon of debt. We concede that this is an easy delusion into which people can be led, because all money does appear to come out of private pockets.

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Most of our readers, particularly male readers, are familiar with certain types of light overcoats, the side pockets of which are so designed that the wearer can not only reach the overcoat pockets through the outer apertures, but can also reach past them to his trousers-pockets *through the same apertures*. The wearer of such an overcoat could therefore draw money out of the aperture without an observer being able to tell whether it came out of his overcoat-pocket or his trousers-pocket. If we suppose that the wearer kept his own earned money in his trousers-pocket, and borrowed money in his overcoat-pocket, then an observer who saw him draw money through the aperture and lend it to another person (or buy a Government bond with it) would not know whether the lent money was an original loan out of earnings or a proxy-loan out of borrowings. So far it would not matter much, because the observer could say that if it were a proxy-loan it would still be, or represent, an original loan out of the earnings of some person somewhere, and that the money repaying the loan would find its way back sooner or later into the trousers-pocket whence it originally came. In general terms, and picturing the lending-classes of the community as the man-in-the-overcoat (proxy-loans therefore being eliminated) then all the money coming out of the aperture would represent, to a hypothetical onlooker, money from the trousers-pocket where earnings were kept.

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Now this is what the Dubb dynasty would conclude about the £39 millions Budget surplus which has gone to the reduction of debt. They would say: "As the money that came out of the lenders' overcoat-pocket-apertures was taken from their trousers-pockets, then the money that goes back through the same apertures must be going back into their trousers-pockets." And such would be the case if the lending and borrowing transactions of a country were carried out with a definite collective amount of money in the personal ownership of the community.

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But directly the facts about bank-finance are realised the case is entirely different. Readers of this journal are only too familiar with the system on which the War Loans were financed, and they will understand what is meant when we say that the money raised by the Government came out of the overcoat-pockets of the lending classes without ever having been in their trousers-pockets. The slickness of the pocket-design deceived the eye; for as readers are also aware about the overcoats, it is possible for the wearer—or someone else—to slip things in and out of the overcoat-pockets from the inside, and therefore without their entering or departing through the external visible aperture. That is how the bankers worked the trick. They said to the lending-classes—the man-in-the-overcoat: "Here: we'll just slip this wad of new money into your overcoat-pocket from the inside. Nobody can see what we are doing. Now then, go along to where people are watching, and let them see you take the money out through the visible aperture, and lend it to the Chancellor of the Exchequer. Everybody will believe it comes out of your trousers-pocket." And that is what the lenders did. Since then, up to to-day, whenever money has been repaid to the man-in-the-overcoat, his friend the banker has been on the spot with hand again plunged inside the overcoat, this time to pick out of the pocket the repaid money which has entered through the external aperture. If the taxpayer who puts it there were to push it down in the pocket instead of simply dropping it through the aperture, he would find himself shaking the hand of a banker—if that sort of experience gives him a thrill.

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In August, 1914, there was about £900 millions of money in existence. By November, 1918, there was £2,000 millions. You will be substantially right to say that the difference of £1,100 millions was poked through the overcoat like Alice through the Looking Glass—and that may be why we have since been enjoying the marvellous experience of turning the corners of the corners of prosperadversity in the bankers' economic wonderland.

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The figure of £1,100 millions used in the above illustration does not, of course, measure the actual amount of new money lent by proxy as described. The actual amount was the sum of the Government's successive War Loans, namely about £6,000 millions. This figure registered new National Debt, which was (and is) repayable by the public. The £1,100 millions measured the balance (of the £6,000 millions) which had not been repaid to the banks. This means that the community had had and lost the handling of about £4,900 millions which had all returned to the banks by the end of the war, and were left thereafter with the handling of only the odd £1,100 millions *extra* money as against £6,000 millions of *extra* debt. It will be useful to quote here the figures of *all* money and *all* debt. When the war began the people of this country had a National Debt of about £700 millions, against which they had the handling of £900 millions of money. When the war ended they had a National Debt of about £7,000 millions, against which they had the handling of £2,000 millions. At 5 per cent. the annual debt-charge on the taxpayers in 1914 would have been about 4 per cent. of the money they were handling, while the same charge in 1918 would have been about 17 per cent. A good deal might be said about this, but for our present purpose it will be sufficient for us to point out what a relatively infinitesimal "relief" accrues to the public by the saving of interest effected by the reduction of debt carried out through the appropriation of the £39 million surplus wrung out of them in 1933-34. Recognition of this depends of course on knowledge of the Social Credit analysis. If, as is commonly supposed, the £39 millions had gone back to private investors to be handled again by them, then, seeing that these are part of the community, the community as a whole would have the same amount of money to handle as before with a lower debt-charge to meet in future. But that is not so. It is roughly true to say that the paying off of the £39 millions has left the public with that much less money to handle. The truth cannot be verified by reference to financial statistics. We know, for instance, that latterly the banks have put £300,000,000 extra money into circulation through their buying of securities and advancing of credits (for housing, etc.), and this would wipe out any statistical evidence of their having withdrawn £39,000,000 from circulation through over-taxation. The appropriation of this overcharge for debt-reduction has the same effect as if the Government had raised a forced loan during that year and had compelled every taxpayer to subscribe to it. That would be all very well for people who had a margin for investment, and to whom it was immaterial whether they received dividends from the Government or from private enterprise; but as for others, most of whom are scraping for pennies to pay their way day by day, it would be a ridiculous idea to suppose that they would see any benefit in paying down a pound to-day to get a shilling a year hence and every year afterwards. Very well, it is just as ridiculous to hold that a good thing has been done to the average taxpayer by overcharging him a pound to-day and letting him off a shilling next year. A pound in the hand is worth two in the bush. This forced-loan parallel may seem clumsy, because why, someone might say, should a Government borrow money to get out of debt? But there is a vast difference between a debtor who can force his creditors to wait his convenience as to repayment and one who has to pay up at any moment that they choose. Accordingly it would be a relief to any representative Government at any time to borrow from taxpayers to repay bankers in spite of the fact that the figure of the debt would remain unaltered. For the Government could then pursue its course without fear of sudden demands on its financial resources, and could shape its course according to the desires of the people rather than according to those of financiers.

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But the British Government cannot do this. It owes too much to the bankers to get quit of them. And even if not, it would have to reveal to the public the fact that it wanted to get quit of them, and why—both of which disclosures would be (in the eyes of the bankers) breaches of the Official Secrets Act, or, shall we say, breaches of Privilege.

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Our hypothetical objector could here point out that the Government is not in any danger of being held up unexpectedly by its creditors—that holders of the National Debt cannot demand their principal back, and have to wait until definite statutory dates to receive interest. Agreed; but the hold-up comes from another quarter—from people who *can* demand their principal back, that is, the banks and financial institutions who provide the Ways and Means Advances and tender for the Treasury Bills which constitute what is called the "floating debt." How few people there are who know that the Government owes more money to the City, on short-term or no-term conditions than the total of the Budget estimates, and how few of those who do know have thought of the political implications of that situation, in which, as the *Financial Times* once said, a few men at the top are able to "destroy the whole fabric of Government finance" by stopping advances and otherwise calling in the floating debt. It is, for instance, through this power that they can (as they do) make the Government hand over Budget surpluses to reduce debt. They could swallow (and probably have done) the £39 millions that we have been discussing without noticing it, and without any of the public doing so either. The money has been "sunk without trace," as the Germans used to say.

The Building of Debt.

The process of building up the War Debt can be illustrated in principle by supposing that the £6,000 millions raised by the Government had been provided in, say, ten equal instalments of £600 millions, and at even intervals spread over the war-period. This would allow of the Government's expending one instalment before raising the next. If the first instalment was new money created by the banks then when the Government disbursed it there would be £600 millions more money in circulation. So, as an arithmetical proposition, there would be enough extra money about to provide the second instalment when the Government needed to raise it. In theory, therefore, the Government could have handled the same £600 millions ten times over. If so, on each circuit the War Debt would rise by £600 millions, while, during each circuit there would be no more than the £600 millions in circulation. If, at the end of the tenth circuit (the end of the war) the £600 millions was repaid to the banks the amount of money in circulation would fall back to what it was before the war started. That would mean that the source from which the Government had been raising money to finance new war-costs would now be dried up. It would also mean that the Government could no longer raise money to *repay existing war-costs;* that is, the War Debt. If a well has run dry it makes no difference what you want water for: the well remains dry even if you propose to pour back the water you draw up!

The Bank-Cost of the War.

Now, within the frame of reference here laid down, what would be the money-cost of the war? First consider the position of the banks on the one hand and the public on the other. The total amount of new money which they put out would be the £600 millions issued at the beginning of the war; and that would be the total cost of the war so far as the banks were concerned—a cost which the return of the £600 millions at the end would wipe out.

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Applying this to the actual situation at the end of the war, one feature in which it departs from the facts is that there was more money in circulation in 1918 than in 1914. Call the extra money £1,000 millions, then it could, in theory, have come about by the Government's having raised from the public, not £600 millions, but £500 millions at a time while disbursing £600 millions. To do that the Government would have to borrow a fresh £100 millions from the banks each time. In that case the banks' books would show loans to the sum of £600 millions, plus nine times £100 millions, namely, £1,500 millions, against which they would get back £500 millions at the end of the war. In that case the cost of the war to the banks would be the balance, namely £1,000 millions. As an arithmetical proposition it would be a *recoverable* cost, because the public would be handling extra money to the same sum. The *outstanding money-cost* of the war (as distinct from the *recorded costings* of the war amounting to £6,000 millions) would be £1,000 millions—and that would be the maximum sum which the banks could plausibly ask the Government to raise from the public, as well as being the maximum sum the public could pay in any case. The recorded additional debt of £5,000 millions would be no concern of theirs, for it would not be owing to them, it would be a debt of taxpayers due to other taxpayers outside the banking system altogether.

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Another feature in which the facts differ from the assumptions in the illustration is that the banks did not leave one initial loan out to be handled ten times over by the Government and the public; they recovered and re-lent the money themselves. They would lend £600 millions. The Government would spend it. It would then find its way back to the banks through taxes, excess profit duties, and re-investments of profits by contractors. Not all of it, but a great deal—in something like the proportion of £500 millions out of £600 millions, thus resulting in the outstanding £1,000 millions already described as being in circulation at the end of the tenth period. The net result, it will be seen, was the same as if the banks had lent only £100 millions at each juncture and had left every loan outstanding. Thus we again come to the £1,000 millions as the maximum possible money-cost of the war to the banks.

Public Ownership of Credit.

It should be noted that apart from the question of whether the money equivalent to this money-cost is recoverable, there is the question of whether it need be recovered, and who has the right to decide it. There is practically common agreement to-day that the new credits are the property of the public. Fundamentally loans of new credits by banks to the public (i.e., the Government) are loans to the public by the public; and this means that the costs built up on such loans are a debt due to the public by the public—a debt which the public could extinguish by transferring the asset and liability to an eternal suspense account and forgetting it.

Bank "Costs" and Industrial "Costings."

This would be recognised to be feasible as well as logical if the public considered as lenders consisted of the same persons considered as borrowers. Such has been the assumption in the foregoing analysis; and it is on this assumption that we arrive at the conclusion that the maximum war-cost cannot exceed the £1,000 millions added to circulation. But the public can only be considered as a unity to the extent that the £1,000 millions is out in circulation and is potentially divisible among them. They are not a unity as concerns the additional £5,000 millions. Whereas we can say that the public are a unity owing £1,000 millions as bankers' war-costs, we have to say that they are a duality in respect of the £5,000 millions representing industrial war-costings. Note the distinction here made between *costs* and *costings*—"costs" measure the total amount of bank-money returnable by the public as a whole: "costings" are the collective accounting record of prices (of war material, etc.) arising out of the transfers of the bank-money, and are returnable by one section of the public to another. "Costs" represent money being handled: "costings" do not. "Costings" represent, to use the term, an inflation of "cost." To put it another way, costings are records of disbursements with no recoverable money in circulation to offset them, and in that respect are analogous to such a thing as money in circulation without goods being on offer against it. So we can tabulate the new Debt created during the war as follows:

Costs	£1,000 millions.
Costings	£5,000 millions.
Total	£6,000 millions.

This gives a cost-inflation ratio of 1 : 6.

Costings-Debt the Inflation of Cost.

It can be assumed for the sake of argument that the £1,000 millions is the banks' own money which they are entitled to receive back. Whether this is so or not is of no consequence to the point which we now raise. It is this. If (omitting the thousands of millions) the issue of £1 by the banks creates a debt of £6, why should not the repayment of £1 to the banks extinguish the debt of £6? What is there in the gearing mechanism between bankers' costs and industrial costings (as defined) which explains why, when working backwards, it does not undo at equal rate or in equal measure that which it did when working forwards? If the £1 is paid back there remains a debt of £5. If such a thing had taken place at the end of the war the people of this country would have been left with the £900 millions of money which they had when the National Debt was £700 millions, but now having to support a National Debt of (£7,000 millions less the £1,100 millions paid off, namely) £5,900 millions—an addition of £5,200 millions to pre-war debt without any addition to pre-war money—£5,200 millions of "costings" inscribed on pieces of paper called bonds, and representing nothing more than the legal right of the holders to receive something that neither they themselves nor the rest of the public have got, namely, the money.

True Costs and Fraudulent Costings.

The general answer to the puzzle is simple. It is that when £1 in new credit is lent by the banks and disbursed by the borrower it creates a new cost on the one hand and adds to the public's stock of money on the other. But when the £1 is repaid to the banks it does not destroy the new cost, yet it diminishes the public's stock of money. In other words, the new "cost" remains as a new "costing." The banks' loan is a recoverable disbursement, for it provides the money to be recovered (per McKenna and other authorities). But the borrower's repayment is not a recoverable disbursement, for it destroys the money which he expects to recover. (Same authorities.) The honest cost is defrayed by the borrower, who thereby acquires the proprietorship of a fraudulent costing. These are extreme statements made for the purpose of clarifying the meaning of the transactions. They need qualification to this extent, that in so far as repayments of bank-loans represent the proceeds of sales to private consumers they do represent the destruction of costs. But the fact that a proportion of the money repaid to the banks comes from the sale of consumable articles is subordinate, in this context, to the fact that a proportion of the money does not, but proceeds from transactions between organisations within industry affecting products (machinery, buildings, etc.) which have not been sold to consumers.

Labour-Displacement and Cost-Inflation.

The measure of this second proportion cannot be stated with exactitude, but an idea of its dimensions in these days can be derived from observation of the rate at which machines are replacing men in all branches of economic enterprise. The shifting of the burden of labour from men to machines involves a shifting of wages from the purse of the man to the account of the machine, and a diversion of money from the consumption market to the machinery, etc., market (with the investment market behind it). Hence a less and less proportion of the money flowing into the banks as loan-repayments destroys costs, and a greater and greater proportion converts, as we say, true costs into fraudulent costings.

This process of man-displacement was necessarily speeded up during the war when the men were wanted in the army, and nobody need seek further to see why, at the end of the war, the total of war-costings should have raced so far ahead of the money-resources of the public.

Investments in War Loan.

We will next turn to inquire whether the problem created by the existence of these war-costings could have been avoided. The size of the problem can be measured by the fact that out of the total Budget revenue to be raised this year, namely, about £700 millions, no less than £224 millions, or nearly one-third, is needed for debt-service, or, as we may call it, for costings-service. If this service did not need to be provided for the Chancellor of the Exchequer could (if he chose to give such relief) abolish Income Tax altogether and have five millions left.

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We begin by pointing out that the people entitled to interest on War Debt are a section only of the public. Who these people are at the present time doesn't matter for the moment. The original rights to receive interest were acquired by purchase with new credits issued by the banks. The banks bought War Loan on their own account, and they lent money to a selected group of their clients for the same purpose. Since the banks' charge for the accommodation was less than the Government's rate of dividend, needless to say the aforesaid clients patronised the Loans good and strong. They made an income in return for the loan of their names. "Comrade Dubb," who is disposed to ask: "What's in a name?" might say that these people got something for nothing. So they did from their own point of view; but from the banks' point of view this name-lending was of the greatest value, for it enabled them to conceal the fact that they were financing the whole cost of the war.

False Costings and Worthless Bonds.

Now, every Dick, Tom, or Harry in the country would have been only too pleased to lend his name on these terms. But obviously the banks could not oblige them and preserve secrecy. The banks were looking for stalking-horses—people who talked little and thought less. There would have been no technical difficulty or breach of sound banking methods in letting everybody in, because the banks held the Government securities bought with the money they lent. A dustman could have "covered" his loan just as well as a duke. And now suppose that everybody had been allowed in, and that the first War-Loan had been £600 millions taken up by the public, say 20 million citizens, in the sum of £30 each. Leaving out of account other items of their incomes, it is clear that at a flat poundage-rate of tax each holder would have to pay to the Government exactly the same amount in taxation as he was entitled to receive in interest. Collectively they would be able to settle for the war by burning their War Bonds. As Mr. Gavin Simonds pointed out in the House of Lords on the final Appeal in the Waterlow case, a Promise to Pay made out by a person in his own favour "is of nothing worth"—and of what greater worth would be a War Bond in circumstances in which the holder had to pay the interest to himself? He would not have any use for it, nor would he be able to find a market for it. This conclusion falls into line with our previous remarks about costings, because if you assume these to be ultimately irrecoverable in principle you would expect to find titles to recover them ultimately unmarketable in principle. On the other hand, if such titles referred to "costs" (by definition implying the existence of money to offset them) you would expect them to be marketable. Coming to practical matters, taxation is so closely adjusted to the different capacities of persons to pay taxes that if the figures were available it would be seen that the people holding war-debt do pay their own interest through the Exchequer to a considerable extent.

Debt-Service and Debt-Sanctity.

But the bulk of holdings are not in the hands of people, who might, collectively and hypothetically, discover that their taxes on account of War Debt were practically equal to their incomes from holding it: they are in the hands of financial institutions who are not particularly concerned with what they make or lose in that way, but are deeply concerned to maintain the imposition of Debt-Service charges because this symbolises the assumed reality and recoverability of the mass of fraudulent costings now masquerading as War Debt. This motivation peeps through their policy—expressed through Government policy—of implacable hostility to States which repudiate debt, and of generous co-operation with those which acknowledge debt. Whether they pay or not is nothing; but whether they say: "We won't pay," or: "We can't pay" is everything. As an instance, when Mr. Lang, as Premier of New South Wales, suspended payments on account of State Debts to Britain, the bankers threw the Commonwealth into turmoil until the Federal Government restored the situation by accepting responsibility for Mr. Lang's obligations; and when that was done—when Mr. Lang's "I won't pay" was drowned beneath "United Australia's" strident declaration to the world: "We will pay," Mr. Thomas gets up in the House and lets Australia off paying a lot more money than she had agreed to pay on account of Mr. Lang. Australia made a profit on the double-deal. A statesman who publicly repudiates debt is assumed to be ready with a moral reason for his attitude. It may consist in pointing out the hardship on his countrymen, or unfairness about the size of the debt or the interest on it. Such reasoning leads nowhere in particular, and in itself does not embarrass the bankers. But the opening up of debates on debts from a moral standpoint might lead to investigations into the technical construction of debts, a danger from the bankers' point of view, because when that is pursued it reveals that most ostensible owners of debt are stalking-horses for bankers as described previously. Any statesman would feel that default was justified in respect of an onerous debt the repayment of which would benefit no one.

The Committee of Privileges.

The reference of Mr. Winston Churchill's allegations against Sir Samuel Hoare and Lord Derby in the House on April 16 to the Committee of Privileges will probably raise issues of particular interest to members of the Social Credit Movement. Those who wish to follow the matter up would be interested to read an article by Anthony Winn in the *Evening Standard* of April 19 (last edition, page 7). In that article he runs over the history of this Committee and explains some of its functions. Privileges are enjoyed by (a) both Houses of Parliament and (b) individual members of those Houses. The individual Ministers and members are protected in their persons, independence, and dignity. Specifically, they enjoy freedom of speech, access to the Royal person, and freedom from arrest during session. Mr. Winn mentions incidentally that the risk of arrest was practically eliminated by the enactment abolishing imprisonment for debt in 1869. He remarks, parenthetically, that although the present generation of parliamentarians may be "fools" they contain fewer "potential bankrupts." This *obiter dictum* may be worth following up one of these days.

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Even from these few hints readers who understand the real politics of finance will have no difficulty in seeing who are the present beneficiaries of the institution once set up to protect Parliament and its members from external autocratic interference. Like most other institutions, it began by fulfilling what was an obviously healthy function, and now persists after the occasions for its exercise have disappeared, or, to be accurate, are popularly supposed to have disappeared. From the point of view of the Social Credit analysis one might almost say that interferences with the prerogatives of representative government, which once occurred only at long intervals, are to-day in continuous operation. For example, anybody who will consider in this context the public threat made by the *Financial Times* to Mr. Lloyd George about what would happen to any Government who interfered with the policy of the bankers will say that here was an occasion when any of His Majesty's Ministers might well have invoked the Committee of Privileges to go into the case with a view to calling the Editor of that journal before the Bar of the House to explain and justify the warning he published. Mr. Winn makes a strong point of the incident when Charles I. arrived with "a posse of Court swashbucklers at his back" to batter at the doors of Parliament; but was this different in principle from the threat to institute a financial blockade of Government administration (virtually the destruction of all government) by a posse of swashbucklers from the Court of the Bank of England? Again, and generally, what is the difference between the action of any Minister of State who might tamper with evidence on which legislation was ultimately to be based, and the slipping of unintelligible measures past an absent-minded Parliament in the manner so ably described by Lord Hewart in his book *The New Despotism?*

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Against the background of such abuses of the Constitution as these are seen to be by instructed observers the issue now being fought out before the Committee of Privileges is a storm in a teacup; and the shorter the time given up to it the better. Whether the proceedings will have any value at all depends mainly upon the amount of publicity which will be given to them. If there is a full account there is a chance that certain things may be argued, and rules laid down, which will afford material for useful investigation and comment. It is a widely held view among those members of the Social Credit Movement who are concentrating their minds more on the problem of pressing Social Credit into operation as a working policy than that of enrolling new converts to the Social Credit theories, that as an alternative to the pressure of mass agitation which tends towards what is called "taking the law into your own hands," the possibility of using the machinery of the law to trip the bankers up is the most fruitful line of exploration. The power to set that machinery in motion does not reside, so far as we can see, in any person or body avowedly supporting Social Credit, but the power to take advantage of the invocation of the law by others may there reside. And the prospects are all the more intriguing when the law invoked dates back to the times when our legislators, whatever their sins, were more awake to the meaning of what they were doing, and quicker to defend their title to do it, than are the apologies for statesmen who infest public life to-day. The name of the title of Mr. McNair Wilson's famous book prompts the reflection that those who set up an institution to lock the Monarchy out of Parliament were not expecting it to let the Money Power in; and it is possible that historical research in the right quarters might discover material bearing on precautions taken to prevent the Committee of Privileges of those days from abusing its function. If so it might be of importance to publish. There arises in this connection another reflection. It is that before you hand the keys of the fortress to someone with orders to keep enemies locked out you had better make sure that they haven't already got in. Parliament appears to have been in time in respect of Charles I. Of course, in one sense it was not, but in that sense it could not have been; nobody could have foreseen the rise of the Money Power, much less its insidious technique of becoming a despot in the guise of a serf. One feature of that technique lies in its suppression of facts or the distortion of their meaning; so we should be more than absent-minded if we did not nudge ourselves into expectancy now that the principle of "the truth, the whole truth, and nothing but the truth" with regard to evidence relevant to High Politics is to be invoked before a High Constitutional tribunal.

"The Times," Money and Peace.

Correspondents who have sent us copies of letters which they have addressed to *The Times* on monetary policy are thanked for doing so. As the correspondence is apparently still proceeding we do not propose at present to deal with letters, published or not, relating to the series. Later on it may be thought desirable to publish a general review of the correspondence, with, perhaps, critical comments on various points raised in it. We note that Mr. Arthur Kitson got a good letter in on April 17. Within the limits of its terms of reference it is a helpful contribution, as was only to be expected from such an old and consistent critic of gold-standard policy. In the meantime we notice that the correspondence on causes has been overshadowed by another on effects. On April 12 *The Times* staged a letter entitled "The Next War." signed by "A Middle-Aged Woman," in which she entered a protest against the matter-of-course way in which people are beginning to refer to "the next war," and alluded to the dangers of this psychological attitude. Needless to say this splodge of jam was soon covered with uplift-insects of all breeds. General Higgins, of the Salvation Army, was the first to alight on it—and then others, all of them thoroughly enjoying themselves. The original letter revealed, what is only too prevalent nowadays, an unconscious belief in imitative magic. If the medicine-men and the tribesmen will only squeak "Peace," there will be no war! We happen to remember the situation in Europe during the Boer War when public opinion was at white heat all over the Continent for a policy of military intervention in favour of the Dutch Republic. All "good Europeans" roared for war. But the magic did not work. There wasn't any war? And why? Because John Bull had done a deal with the Chancelleries of Europe before he started out to capture the gold-mines. It was a war of bankers, by bankers, for bankers. To-day the whole issue of peace or war depends upon whether the industrialised nations succeed or fail in doing a mutual deal over markets. Their success or failure depends on whether they attempt the task with the limited discretion allowed them by the laws of "sound finance." If they do, there will be war. The one hope of peace depends on their abrogating those laws. And so the correspondence on monetary policy in *The Times* tends to forward peace, while the correspondence on peace tends to hinder it! The moralists won't see that peace depends upon implementation of a technical character—upon the doing of something which in itself is neither "good" nor "evil." They don't want to. They cannot stomach the idea that moral effects can proceed from material causes, and often get really spiteful with you if you persist in pointing this out.

The Blackshirt Demonstration.

Sir Oswald Mosley must now be taken, we suppose, as a serious bidder for power. He was once associated with John Strachey in the circulation of a book called *Revolution by Reason*. He seems now to be preaching Reason by Revolution; for what he said at the Albert Hall involved the assumption that if you attain power in the name of an ideal the means of implementing it will be added to you. The power he seeks stops short at administrative changes.

Major Douglas's Return.

Major Douglas will leave New York by the "Olympic" on April 27, and is due to reach Southampton on May 4. It is not known whether he will come up to Waterloo from the boat or stay in Southampton for the week-end. We hope to have further information in time for our next issue, but since this cannot be in our readers' hands until Tuesday evening, May 1 (in London), or Wednesday morning, May 2 (elsewhere), readers interested in getting early information are advised to keep in touch with the Social Credit Secretariat (Tel., Temple Bar 4154).

Japan's Exports.

[Reprinted from *The New Economics*, Australia.]

"Japan has achieved 100 per cent. inflation and more of the yen with little increase in local prices, so that the worker is paying no more for his living, while the manufacturer selling to foreign markets receives double the yen value for goods still produced at the yen scale of wages and thereby undercutting foreign competitors."

With the above headlines and introductory note, the *Herald*, of February 17, published an article from its Tokio special correspondent on industrial conditions in Japan. The writer says that despite the "inflation" of the yen, prices are surprisingly low. A "suit, made to order, probably of Australian wool and likely to last for four years," costs 28 yen, equal to about £2 2s. in Australian money at present rate of exchange. "A Japanese tea set, for five people, costs about 1s. 7d.; a tricycle for a child, 3s. 2d.; a pure silk necktie, 2s. 4d.; and for 50 sen, about 8½d., can be had such things as six cakes of soap, three towels, a pocket book, a woman's silk collar, or a fountain pen."

He concludes the article with these significant remarks:—

> Japan has achieved the feat of allowing the yen to become grossly inflated—its value to-day is less than half of two years ago—without permitting local prices to rise to any considerable extent. The worker to-day, in spite of a 10 per cent. rise in wages last July, is getting, in actual money value on foreign exchanges, less than half his earnings in 1931. Yet, provided he does not want to buy imported clothes, he is paying no more for his living.
>
> On the other hand, the manufacturer, selling to foreign markets, receives double the yen value for goods still produced at the yen scale of wages. And if wages comprise, say, 40 per cent. of the production costs—in some cases, such as cotton goods, the figure is 60 per cent.—half of that amount may be deducted from the price of the exported article, thereby undercutting foreign competitors to a degree impossible in another country.
>
> But economists, both foreigners resident in Japan and leading Japanese themselves, are doubtful as to how long this position will last. Japan may yet be forced to rely only on her claimed efficiency of organisation and definitely lower cost of labour.
>
> And labour, if internal prices rise, may not prove so docile as many would like to believe.

The only reasonable explanation of this state of affairs would seem to be that Social Credit in some form is in operation in Japan. It will be noticed that the "inflation" referred to is an inflation, or, more correctly, a depreciation, of the *exchange* value of the yen. Normally this condition is accompanied by a rise in internal prices, but that is not so in this case. No wonder the "economists" are puzzled about it. Now Japan's objective in selling her goods in foreign markets is to build up credits to enable her to buy raw materials for industries, and to buy equipment for war purposes. Assuming, therefore, her statesmen have a knowledge of Social Credit technique, and in view of the fierce competition for international trade, it is natural that they would use that knowledge to enable their manufacturers to undersell others; and for that purpose there is perhaps no better way of adapting the technique than through a variable rate of exchange. Australia is already assisting her primary producers by manipulating the exchange rate, to the extent that whatever price is received overseas for exports, it is enhanced 25 per cent. on account of the exchange premium. But in this case money equal to the premium is collected from the Australian people generally, through taxation and prices, which in effect transfers money from the community as a whole to one section of it, and in no way brings about a general improvement.

But now suppose that Japan, while allowing her exporters to obtain the benefit of the inflated exchange rate of the yen, so operates her financial system as to make it unnecessary to extract money from her people. Suppose she creates new money for the purpose. And, let us further assume, in order that her manufacturers as importers of raw materials shall not suffer from an unfavourable exchange rate, she agrees to let them have foreign credits at par. The result of this practice would be to make the basis of costs in Japanese manufacture the *internal level of costs*—and that a low one—while the market outside would yield a relatively high level of prices. It therefore needs no great imagination to see how, if this is Japan's policy, she is able to undersell competitors outside her borders and still maintain low prices inside.

The amount of money needed as the "price assistance" would be roughly the difference between the par value of the yen and the ruling rate of exchange. The exchange rate is doubtless being controlled by Japan to that end, and is the measure of the extent to which it is deemed advisable to assist industry from time to time. We might almost imagine this exchange rate to be an inversion of Major Douglas's idea of a variable price discount to consumers. The provision of the money by Japan would be merely a matter of credit-accountancy, and, as we know from the Social Credit analysis, the money would be used in liquidating the B costs of industry. This is why the "inflation" has not affected prices, because no sooner would the money be created than it would be cancelled in repaying an industrial loan. It is probable also, as a safeguard against the possibility of prices rising, that manufacturers are granted financial assistance only on condition that prices are kept low. We may be sure that if the Japs know one part of Social Credit they know the lot.

A + B.

By H. Warren.

I.

Some time ago, it must perhaps be three years, I contributed a series of numbered propositions about a man on an island picking cocoanuts and using money.

It was shortly after I had first become acquainted with Major Douglas's discovery about "A + B."

I was then unable, though I wished to do it, to introduce a ladder. I am now for the first time able to do it.

The man on the island represents industry as a whole (what is true of one factory is true of every factory: factories as one mass show the same gap; incomes, prices).

Very well: one producing concern (one man); one period; one amount of money (his capital) ladder produced; money distributed, price equals money.

Next period. Same man, same money, cocoanuts picked with aid of ladder; same money distributed; cost of cocoanuts equals double the money (to pay for ladder).

Instead of ladder, it can be a raw-material.

Two periods; one concern; one capital, paying first for production of raw-material, second for conversion into finished article. Two costs, one capital.

If there is only one organisation, we cannot have payments to another, as, if there is only one, there are not two.

So we have got to think of an outside. How can we do it? The outside in this case is the previous period; it is "outside" the present time. The cost (B payment) was incurred outside the present time.

II.

Supposing there is no "other" organisation, then how can we think of payments being made outside the factory, to settle external costs?

If there is only one factory, Great Britain, Limited, then there is no outside factory.

Nevertheless, we can in the following way think of two producing concerns, without regarding one concern as split up into departments.

The one factory active on Tuesday and incurring A payments, has outside it, the self-same factory working on the previous Monday producing raw-material for use on the following day.

In a sense it is a different factory. It is different in that it is not doing the same thing; its life, so to speak, is a different one; re-incarnated after a period of sleep.

So in this way we can think of two producing concerns, namely, the same concern producing raw-material one day and finished articles the next.

The factory working on Monday can be regarded as an "other" organisation to itself working on Tuesday the following day.

Monday's produce coming in on Tuesday as raw-material will carry a cost, to which will be added Tuesday's cost of conversion into finished article, flour into bread for instance.

If the same capital is used for each activity the capital will be used twice over, and the cost of the bread will be twice the money.

This is a vague way of solving the question as to why B payments are not available with the A to buy the finished article. The price is twice the money distributed.

At the end of Monday the price of the flour will be equal to the capital distributed.

At the end of the next day Tuesday the price of the bread will be twice the money distributed, namely, the figure representing the money used for grinding, plus the same figure representing the same money afterwards used for baking. Two operations, two costs, one lot of money, the same lot used twice over.

III.

A very clear idea:—

A capital, money.
A producing concern.
A period of time.
One producing concern, with capital, working in one period of time.
Producing a raw-material, not a finished article.
The money is distributed to the members of the concern, and is attached to the produce as its price.
The next succeeding period of time, the same concern, the same capital, producing the finished article.

The money distributed, and attached to the article.

Price double the money.
One concern.
One capital.
One period.
The same concern.
The same capital.
The next or second period.
The first period produces raw material.
The second period converts it into the finished article.
The capital is the price of the raw material.
The same capital is the price of the work done in the second period.
Two periods, two stages, two costs, one capital.

IV.

Splitting up Great Britain, Limited, into departments is not different in idea from regarding the mass of factories as a multiplicity.

One mass is the same idea as one man. Time when thought of as extended backwards and forwards becomes regarded as one period.

Time when thought of as a series of limited periods becomes regarded as a multiplicity.

One Great Britain, Limited, thought of as performing in succession a series of separate activities, using the same money for each separate activity in series production would seem to be a clear way of visualising Major Douglas's page 30 remark in his "Monopoly of Credit" that ". . . we are in a position to take a more generalised view of the defect in the price system which is concerned with the double circuit of money in industry, and which has become known as the A + B theorem."

Revolution and Art.

By Kaikhosru Sorabji.

[This article consists of an extract from Mr. Sorabji's contribution under "Music." We publish it separately, and under the above title, for reasons which will be obvious to readers.—ED.]

A book of "Rachmaninoff's Recollections" told to (so we are informed) Oskar von Riesemann (Allen and Unwin, 10s. 6d.) is designed rather to appeal to the layman than to the student, profound music-lover or the musician, as the musical portion of the book, or that part which deals with Rachmaninoff's very fine and significant creative work, is inadequate, from a musician's or student's point of view. The facts and adventures of the great artist's life are interestingly and attractively told, largely, one understands, in his own words. A fine serious, rather sombre personality, perfectly expressed in his darkly and richly coloured music, is what emerges therefrom.

As a complete refutation of the long-lived superstition that an artist is likely to fare any better under "the dictatorship of the proletariat" than under the present dictatorship of the International Bankers and their toadies, lickspittles and hangers-on, that is to say, 99 per cent. of the population, Labourite, Capitalist, or what not, Rachmaninoff's treatment at the hands of the Soviet authorities is instructive. And as a sample of the insane lengths of fanaticism to which creed-besotment will drive its victims, the remarks of the Moscow "Pravda" after a performance, with immense success, by the way, of Rachmaninoff's choral work, "The Bells," would be hard to beat. Religious persecution, even at its most insane and intolerant, never dreamed of the lengths to which, as a matter of settled policy, both the authorities in Soviet Russia and in Hitlerist Germany are prepared to go. It has now been decided to ban *all* Rachmaninoff's works throughout the U.S.S.R. because the composer, for the best of reasons, is not precisely enamoured of the political system represented by the said U.S.S.R.!!

From Russians, who are peculiarly subject to attacks of communal insanity, this sort of thing is not as surprising as it would otherwise be, horrible enough manifestation though it is. But that Germany should have caught the complaint, and with all the devastating thoroughness and humourlessness for which the Germans are the continual laughing stock of the better-balanced peoples of Europe, is profoundly sinister, more especially when it is remembered that the infection has already spread to Austria. Even so, the Soviet is not so insane and wholly irrational as the Hitlerites. The former merely ban those who differ from their political doctrines. The latter base their ban *primarily* upon racial and religious grounds, exalting as a sacro-sanct body of dogma, a farrago of twaddle that flies in the face of the ascertained and established facts of history and science, even push their intellectual cardsharping to the point of claiming as their prophet the one man who, as Mr. John Beevers has so convincingly shown, would have loathed, execrated and denounced everything for which they stand.

This lengthy parenthesis, takes me, I am quite aware, far outside my proper province. I was impelled thereto, merely in order to combat a pathetic, and totally unfounded superstition, and to show that under *any* sort of really "modern" political system of the correctly "revolutionary" sort, the artist is every whit as badly off as he is at present, even worse. He is, as things are *chez nous* left alone, even if it be only to starve. In Germany, no matter what his eminence, gifts, international reputation, the mere fact that he has in his veins non-Aryan blood (a phrase, that, as Professor Gordon Childe showed in his letter to *The Times* quoted in THE NEW AGE about a year and a half ago, has no ethnological meaning at all) is, under the present régime, sufficient excuse for him to be forcibly deprived of all opportunity for the public practice of his art, and for his means of livelihood—if that be any sort of public post—to be taken from him.

One of these unfortunates, hounded out of his country and employments, so it appears, earned our gratitude last night (April 16) at the Queen's Hall by playing the First Mahler Symphony. This was Dr. Heinz Unger, who made his first appearance in England conducting the L.P.O. I am not satisfied, however, that Dr. Unger is anything more than one of those sound workmen, uninspired journeymen, whom Germany produces, whether "Aryan" *echt Deutsch* or not—in such quite desolating profusion. All Mahler's works, including this symphony are so scrupulously and carefully marked, as Mr. Newman pointed out was also the case with Elgar's, that to add or subtract therefrom is to upset the balance of the whole, and even to caricature the intended effect. This I found Dr. Unger doing too often last night. For instance, where Mahler has quite specifically indicated a gradual transition, to indulge in a sudden one, seems to me a rather gross piece of editing; and, further, to allow your tympanist, sure indication, this, of the second-rate conductor, to swamp and blur all the finer lines of the orchestral mesh, is a dodge with which we are all too well familiar from our own gentry over here . . . purveyors of *le faux brillant*. And the simplicity of spirit of the First Symphony is made merely ridiculous by "Expressive" portentousness, underlinings of all the points that anyone with a modicum of musical intelligence, even in Germany, ought to be able to see without floodlighting them!

The pianist, Franz Osborn, played the Beethoven Fourth Piano Concerto, a work that has always seemed to me to be the Master's worst and most tiresome. It was a neat gentlemanly performance, well turned, well phrased, well shaped, and that left one utterly bored. There was altogether an excess of *le jeu perlé*; the treatment was too Mendelssohnish, too Hummelish by half.

The concluding item of the programme, "Till Eulenspiegel," of Strauss, was the best performance of the programme, but somewhat too rushed for the manifestly insufficient rehearsal. The orchestral playing as a whole was definitely poor, not clean, and altogether too scratchy.

Music.

Three interesting batches of records have come along this month, being the April publications of the respective companies, from H.M.V., Parlophone, and Decca.

The H.M.V. batch is particularly interesting in that it includes three of the Brandenburg Concerti, Nos. 1, 2, and 4, recorded by the Chamber Orchestra of the Ecole Normale of Paris, and conducted by no less a person than Cortôt, whose fame and greatness as a pianist is apt to make people forget that he is a very distinguished conductor, who was one of the principal Bayreuth conductors under Frau Cosima, and was responsible for the first entire and complete production of "Der Ring des Niebelungen" in Paris. There is no doubt at all of the great pianist's fine quality as a conductor. All that taut, nervous, lively energy, that force, never becoming forced emphasis nor stridency, that are so conspicuous in his playing, are evident in his conducting of these Concerti, and they are everywhere hall-marked with his quality. Superbly clean, crisp, with a wonderful springy limber rhythm, but none of that mechanised pianola business that some of our wholesale Bach-providers deem to be the one and only way of playing Bach, and beautifully drawn phrasing. The slow movements (such a trap these in Bach, a trap into which the Berlin Philharmonic and their conductor, Alois Melichar, who have also recorded the first of these Concerti for Decca-Polydor, fall headlong into) are played with a delicious sobriety, restraint and discretion, that mark the conducting of an artist of impeccable taste and masterly distinction of style. I personally do not either expect nor wish to hear finer Bach conducting than this. The playing is of a very high order, and particularly noticeable is the magnificent clarity and quality of the wood-wind playing, as one would expect from French players, who are *facile principes* in this branch of orchestra playing, possessing a technique and style that even Strauss himself has recognised as unapproachable. Every strand is clear, clean, and firmly drawn, and the whole is a beautiful fine texture of sound. Particularly to be noticed is the very fine firm playing of the continuo upon, presumably from its sonorous tone, one of the incomparable Pleyel harpsichords, which can be plainly followed throughout the works. The records are of astonishing sonority, and I am tempted to suspect a trifle over-recording, as the volume of this chamber body is considerably greater than that of the Berlin Philharmonic as playing the same work on a record for Decca already alluded to. There is no hesitation in my mind as to which is the finer playing, deducting, as far as one can, the conductor's share in the proceedings. The Frenchmen win every time, and conspicuously, both in quality, fineness, precision, and cleanness.

A record of the incomparable Toti dal Monte, the first, I believe, for a long time, at least since her terrible accident a year or two ago, when she was dangerously injured in a motor smash, is a reassuring indication that she is as much her old self as ever she was, and that her art has not suffered one iota. The record is of the "Ah fors'è lui," and, on the reverse, the duet from the third act of "Rigoletto" with Montesanto. Beautiful singing, exquisite phrasing, and lovely vocal quality mark this record, as far as Dal Monte is concerned, and demonstrate once again that she has no equal among living singers of the present generation.

A fine piece of playing by Mark Hambourg of the charming "Auf Flügel des Gesangs" should not be missed, but the recording is not at all good. The piano tone is very twangy and banjo-y, and it is difficult to realise in places that the instrument playing is supposed to be a piano. Piano recording still seems to be in a very uncertain state, that records as unsatisfactorily as this, from the point of view of fidelity to tone, can still be produced. And, lest it be thought that it is the instrument upon which the records are played, it must be remembered that mine is one of Mr. E. M. Ginn's wonderful Senior Expert machines, one upon which records sound as well as is gramophonically possible, and show to the best advantage.

KAIKHOSRU SORABJI.

Reviews.

Modern Knowledge and Old Beliefs. By Vivian Phelps. (Watts. 1s.)

This is by way of epilogue to the same author's "The Churches and Modern Thought." While I am in sympathy with his crusade against superstition, I wonder how much good is done nowadays by what he calls "militant rationalism." People are apt to distrust any writing in which personal animus is so apparent; Gibbon's irony has its desired effect, but Mr. Phelps's sarcasm recoils upon himself. The weakest point in the book is his complete misunderstanding of Mysticism, which is, of course, the only rational thing in Christianity; he should have confined his attacks to such dogmas as those of the Virgin Birth, the Resurrection, and the Atonement. But after all, the most deadly attacks on the Churches are made quite indirectly by such books as Breasted's "The Dawn of Conscience," E. O. James's "Christian Myth and Ritual," and Elliott Smith's "Human History," which simply cut the ground from under their feet.

M. J.

"The Rise and Fall of the Gold Standard." By Sir Charles Morgan-Webb. George Allen and Unwin, Ltd. 5s.

It would be interesting to know whether the author, who was at one time chairman of the Rangoon Development Trust, would ever have written a book along these lines if he had had a few talks with the Professor of Economics at Rangoon University (Professor Mackay), who is a well-known Douglas advocate.

"Have you ever seen a Dream Walking?" . . . Here is a book about the Gold Standard, whose Foreword says "there ain't no sich standard," so the author, after devoting eight chapters to various standards, which are shown not to be standards, gives a chapter on "Hoarding," followed by "Stabilisation" with the subtitle, "The word that wrecked the Conference" (of course, it did); then after a chapter describing "The Fall of the Gold Standard" (I wonder did the dream have a bump when it fell), the author proposes a Sterling-Dollar Standard, which, of course, is only possible with "stabilisation," the very thing that "wrecked the Conference."

The author is writing of a dream because, apparently, he is in a state of somnolence. He does not appear conscious of the fact that "currency," as the public understands the word, is "very small beer" in the business of the world, and that Bank Created Credit is the vital Factor. When there are three banking systems able to write up Dollars, Pounds, and Francs in the currency of their respective countries as they choose, it is likely to wreck anything.

Have not various scientists pointed out that, if a discovery were made of a cheap method of making synthetic gold, it would upset the debits and credits of the world quite a lot? Does not the same argument apply to the Price Index standard? Why should not prices be allowed to fall when commodities are cheaper to produce? Anyone with money to spend does not want to see prices rise; only the producer or manufacturer does, in order that he may recover his costs, and a reasonable amount of profit, which, under the Douglas proposals, could be done with a falling market.

There is another aspect of a fall in prices. It gives the holder of money real interest, inasmuch as his money will buy more by waiting, without any fictitious figures being written up to his credit, which, by the way, may buy less owing to rising prices brought about by the present lunatic policy of restricting output.

The author speaks of his "unlimited indebtedness" to Mr. John Maynard Keynes, who, you will recollect, proves in his fundamental formula that we can sell all our bananas (consumable goods) at a stable price level, provided we are prepared to expend all our borrowed profits on planting more banana trees (capital goods). In other words, to sell the goods under Sir Charles's scheme our position with the Banks would also have to be that of "unlimited indebtedness." No, Sir Charles had better ring an alarm in his Financial Belfry, to wake himself up.

B. C.

Character and Personality. (An International Quarterly for Psychodiagnostics and Allied Studies.) (March, 1934.) (George Allen and Unwin. 7s. 6d. per annum.)

I am glad to be able to report an improvement in the present number of this periodical as compared to the previous one. The articles are all good, with the exception, perhaps, of the one on the "endocrinology" of Dickens, by H. B. Fantham (McGill University), which is rather loose and unconvincing. Robert Saudek (the editor) provides interesting examples of practically identical handwriting in a series of identical twins, papers on the pictorial and musical aptitude of very young children are contributed by E. Seeman (Duke Univ.) and W. Platt (London) respectively, while V. E. Fisher (New York Univ.) gives an experimental study of moods under hypnosis. The principal article is contributed by I. P. Pavlov (Leningrad), and deals with conditioned reflexes in hypnotised dogs. In the "News and Notes" at the end of the magazine there is an interesting account of McDougall's and Rhine's experiment with rats in a tank to prove the Lamarckian thesis of the hereditary transmission of acquired traits.

N. M.

Financial Freedom Federation.

Dublin.

A series of lectures will be held on the dates given below. The lectures, which shall not last longer than one hour and a half, will commence precisely at five minutes past eight. Attendance is, therefore, respectfully requested at not later than eight o'clock. A charge of sixpence per person will be made for each lecture. The lectures will be held in the Clubroom, Red Bank Restaurant, D'Olier Street.

Questions shall be handed in written form to the Chairman, and shall be dealt with by the Lecturer at the conclusion of his lecture. The meetings shall not be prolonged beyond 10.30 p.m.

No. 2.—*The Development of the Money System.* April 27. The further development of the money system during the Industrial Era. Development of New Continents. Demonetisation of Silver. Chance discoveries of Gold. Booms and slumps. Lecturer: Mr. D. Walsh. Chairman: Mr. T. Kennedy.

No. 3.—*Modern Aspects of the Money Problem.* May 4. Post-War Banking, The Macmillan Report. Debts, National and Commercial. Price Values. Technocracy. Lecturer: Mr. T. Kennedy. Chairman: E. Hickson.

Forthcoming Meetings.

Glasgow.

Tuesday, May 1, 160, Bath Street, at 8 o'clock. Speaker: W. J. Campbell. Subject: Facts of Social Credit.

London.

John Hargrave, National Leader of the Green Shirt Movement for Social Credit, will speak at a public meeting to be held at 8 p.m. on Friday, May 4, 1934, at the Assembly Rooms, 242, High Road, Wood Green, N.22 (adjoining King's Arms Hotel and one hundred yards from Wood Green Underground Station).

Stockton-on-Tees.

The Stockton D.S.C. Group meets at Morgan's Café, High Street, Stockton, every Tuesday evening, at 7.30. Hon. Sec.: Charles Heath, 4, Allendale Road, Grange Estate, Stockton-on-Tees.

Birmingham via Beachy Head.

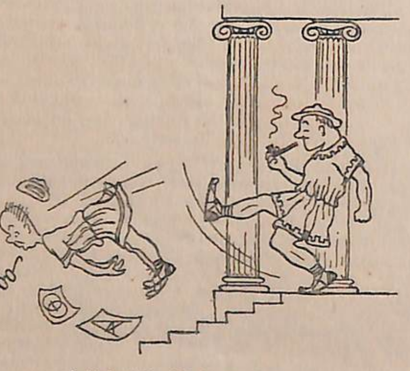
By B. I. Boothroyd.

"A straight line," said Euclid to me once, as we were eating peanuts on the steps of the Erechtheum, "is the shortest distance between two points."

"What of it?" I said.

"Well, don't you care?" he asked.

I told him I did not care. I said that in my experience the shortest distance was always the least interesting, except when you were going to meet a girl or get a drink. I said I had no use for speed-maniacs who took no interest



I kicked Euclid down the steps.

in the scenery, and only wished to end their journey as soon as possible. They lacked the art of living, I said.

"But I am only stating a fact," Euclid complained.

I stamped on his face. "Facts," I said, "are important only when they are needed for use, and nobody needs that one because everybody has already proved it by practical experience." Only a dull-witted fool like himself, I added, who saw life in two dimensions, would trouble to drag it up.

I said it was hypocritical to pretend he was only stating a fact when he knew he was laying down a principle which moralists would offer to innocent people as an objective. Future generations, I said, would hold up a straight line as the correct path through life, and make a sin of those deviations and meanderings from which alone wisdom and art were derived. And, so saying, I kicked him down the steps and went home to tea.

Do not think I was unnecessarily harsh with the man. Euclid had practically no feelings; he liked being kicked because it meant that someone was taking notice of him. Next day, therefore, he approached me again.

"I've got one you'll like better," he said. "A circle is a plane figure, bounded by a single curved line, called its circumference, any point in which is equally distant from a certain point within it, called the centre. I thought of it last night while Alcibiades was swinging me round his head by one foot."

I said that was certainly better, but still offered very little choice of direction. I told him that if he wanted to prove himself anything but a fool and a bore, he could define a line which went the longest possible distance between two points.

Preferring to remain a bore, he never did. It was therefore left to later economists and politicians to find the longest possible distance between two points—namely, producer and consumer.

Remarkable success has met their efforts. First, we have the export trade. This is a method of distributing goods to the home consumer by sending them out of the country first. It is based on the principle—"See Your Own Country Last." Some of this wealth comes back fairly soon in other and generally inferior forms; but a great deal of it never comes back. I suppose it wanders about indefinitely, looking for the longest way to the consumer. Hence, I believe, the legend of the Flying Dutchman. But, instead of writing it down "Lost at Sea," we register it as "Favourable Balance of Trade."

The travels of production are so devious that naturally it often meets the consumer by accident. Otherwise nobody would ever have anything to eat. But generally they miss, like ships that pass in the night and don't notice each other in passing.

Another suggestion for keeping the consumer waiting is the I.L.P. method of Social Revolution and Workers' Control. I think they choose this way because practically nobody wants a revolution, and because the other classes are nearer to control than the workers, who may therefore be expected to take the longest time reaching it.

Then we have the method of Internationalism, supported with equal enthusiasm by Socialists and bankers. It is based on the idea that nothing can be done until everybody else does it.

The latest version of this was uttered recently by a member of the Shop Assistants' Union, who said that to stop the lowering of British standards by Japanese competition, we must "encourage the Japanese workers to improve their standards."

This method of bringing prosperity to Britain by way of the Japanese workers is one of the most devious routes that has yet been mapped out. I have sent the pathfinder a silver-mounted bun.

The origin of these attempts to find the Longest Way Round is debatable. It may be due to the natural inclination toward circumambulation expressed in Mr. Chesterton's poem about the Reeling English Road. It is true that the routes followed by production to meet the consumer seem to be modelled on "the night we went to Birmingham by way of Beachy Head."

My own opinion, however, is that these economic rules are based on sound medical practice. If a man has been starved, you give him food gradually. The emergence of modern abundance has been too sudden, and the intention of the Longest Way Round is to delay its distribution as long as possible, and so save the consumer from indigestion.

The longest route between producer and consumer yet invented is that followed by the Government. According to *The Times*, "the Government's task was to restore solvency to every branch of the national finances." And as their way of making the nation's finances solvent is to make the nation's industries insolvent, consumers and producers are brought together only by way of starvation, death, and reincarnation. Which is almost as long a route as the Socialist Revolution.

The banking system—the object of which is to restrain money as long as possible from reaching people's pockets—is based on the laws of electricity. That is why money is called currency. As you know, it is only the wider, external circuit of an electric current that does the work—operates the machinery and all that. If money went straight to people's pockets instead of being sent round via the pro-

Like ships that pass in the night.

ducer, or if you gave your own people money to buy their own goods before selling them to the foreigner first, you would get a financial short circuit, which would blow the fuse out of the Bank of England.

I trust I have convinced you that these economic laws are not haphazard nor accidental, but are carefully thought out. It makes it easier to know that, I think.

Tell it to the milkman, next time he calls with his bill.

To-day's Thought.

You may be wise in your study in the morning, and gay in company at a tavern in the evening.—S. Johnson.

Of all the cant acclaimed none is rottener than the pretence that poverty ennobles character.—L. Merrick.

THE "NEW AGE" CLUB.

History.

For the past seven years Mr. Arthur Brenton, the Editor of THE NEW AGE, has been holding informal, open meetings with supporters of that journal. These meetings have been held without intermission on three evenings every week, namely, Tuesday, Wednesday, and Friday, for the whole of this period.

Purpose.

The purpose of establishing these contacts has been to afford everyone the opportunity of raising matters of interest to him, whether concerning the technical or political aspects of the Social Credit Theorem, or Social Credit activities, including the policy and conduct of THE NEW AGE. These facts have been known to all the active leaders and workers in the London area, and, on occasions, groups of them have visited the Club expressly to expound their views on the policy of THE NEW AGE. This facility remains open.

Procedure.

Mr. Brenton has been in attendance on those evenings from 6 p.m. to 9 p.m. His associates and visitors have been free to come in on any evening they like, at what time they like, and for as short or long a time as they like. On the rare occasions when he has been absent, at least one of his associates has made a point of attending for the whole time.

The effect of this unbroken continuity has been that supporters living at long distances (some of them in Canada, South America, Australia) have known where to come when happening to be in London; and have been able to rely on meeting at least one kindred spirit without giving notice of his arrival. One case is worth recording, namely, that of an overseas clergyman who turns up at intervals of twelve months in the same unheralded, matter-of-course, hullo-how-are-you? manner as if he lived next door and had seen his friends the previous night.

Headquarters.

The headquarters of the Club are at the Lincoln's Inn Restaurant, 305, High Holborn, W.C.2—a few yards west of Chancery Lane on the south side of High Holborn, and opposite the First Avenue Hotel. (Members who have not been there lately will please note that the Restaurant has been re-conditioned and altered, and that the Club meets in a new room opened downstairs.)

New Policy.

It is now thought desirable to give wider publicity to the existence of the Club, and to fix Wednesday evening as the official meeting-night (although anyone will still be welcome on either of the other nights). This is because THE NEW AGE reaches London subscribers at latest on Wednesday mornings—which gives them time to consider its contents before the meeting.

Basis of Membership.

Members are assumed to be in agreement with the following propositions.

1. That the primary necessity for the Social Credit Movement is a Social Credit Press Service.

2. That the policy and conduct of any Social Credit Press organ should be a matter of Personal Responsibility vested in the editor, and not one of Limited Liability vested in a committee.

3. That the function fulfilled by THE NEW AGE is sufficiently important in itself, and is sufficiently distinct from that fulfilled by any other Social-Credit organ, to justify its separate existence.

Membership of the "New Age" Club does not bind anyone to the view that the present editor of THE NEW AGE is the best man for the job: in fact, one of the reasons for now advertising the Club is to make known the editor's easy accessibility to critics who have hitherto been unaware of it, and his readiness to justify his policy to any *bona-fide* supporter of Major Douglas's principles who accepts the three propositions formulated above.

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

LETTERS TO THE EDITOR.

ADAMSON ON GAITSKELL.

Sir,—I have just been reading Mr. Gaitskell's analysis of the Douglas Analysis in Chapter VIII. of G. D. H. Cole's "What Everybody Wants to Know About Money," and this has brought up in my mind two thoughts. The first, that I am surprised that apparently more interest was not aroused by the extremely clever refutation of Mr. Gaitskell by J. Adamson in the NEW AGE of December 28; and, secondly, that Mr. Gaitskell, if he saw it and was not convinced of the error of his ways by it, has not sought an opportunity to reply.

After reading the article, I think Mr. Adamson had an easy task to refute what was said; but nevertheless, in refuting it, I consider that he demonstrated the A + B theorem in quite the most lucid and simple manner that I at any rate have ever met. And I feel that both his article and the elaboration of E. F. M. Durbin's chart employed by Mr. Gaitskell should be recommended to all Social Creditors who seek to demonstrate the deficiency of purchasing-power in public to any audience, unacquainted, as I am, with higher mathematics.

Mr. Gaitskell, who, as far as I can gather, agrees that the only source from which production costs can be liquidated is the combined wages, salaries, and dividends paid out in the process of production, admits in a note on page 356 that "it is of course true that consumers' incomes are not sufficient to buy semi-manufactures and raw materials; but that does not mean that these articles will not be bought." Which statement simply invalidates all that he has previously said; for he must admit that in any one accounting-period firms individually and Industry as a whole must have recovered all their costs to be solvent. If that is so, from where, as Mr. Adamson asks in his article, do the manufacturers of intermediate products recover theirs, if the public on his own showing hasn't the money? Major Douglas's answer is, of course, from that same under-fortified public, in the prices of consumable goods.

Mr. Gaitskell would probably avoid this question by asking another. I imagine him asking, But how then *are* they all recovered if the discrepancy between prices and incomes is as huge as Douglas seeks to prove? The answer to that one being (if we are to allow him to get away without a reply to our own question): from the wages, etc., paid out in capital production. And since industries must at least "make" their running expenses if they are to keep running at all, this leaves the whole of capital expenditure as a permanent and unrepayable debt on the part of Industry as a whole (in other words, the community) to the Banking System, to whom all new credits and all investments are ultimately due.

May I take this opportunity to thank Mr. Adamson for his article, and to urge it most strongly on all demonstrators of the relative rate-of-flow of prices and purchasing-power? Not only Mr. Adamson, but Mr. Gaitskell as the provoker of it, has put all Social Creditors under an obligation.

NORMAN WEBB.

FOLKESTONE GROUP.

Dear Sir,—The Folkestone Group has elected the undersigned as secretary. Should there be any of your readers in this vicinity not in touch with the group perhaps they will communicate with me.

We are endeavouring to arrange meetings through local organisations. On Sunday the 29th inst. the writer will address the Brotherhood on the "Nation's Credit."

G. M. STEWART.

4, Stoddart Road, Cheriton, Folkestone.

"POVERTY AMIDST PLENTY."

Dear Sir,—In case your attention has not been drawn to the fact—of interest to Social Credit advocates—I beg to inform you that the London Chamber of Commerce (1-3, Oxford Court, Cannon Street, E.C.4), has issued a reprint of the letter to the "Times" of April 4 on the subject of Poverty amidst Plenty (under the signature of Sir Geoffrey Clarke and others). This is accompanied by a reprint of the "Times" leading article of the same date, and a reprint of "A Case Against Gold," from the "Times" of April 9. Attached is a note requesting the reprints to be passed on to friends, so as to make the Chamber's views on the matter widely known.

I regret that I have not a copy to forward to you, but doubtless you could obtain one from the Chamber.

M. D. MUNRO-MACKENZIE.

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The Social Credit Movement.

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

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

SUBSCRIPTION RATES.

The Subscription Rates for "The New Age," to any address in Great Britain or abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

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