NOTES OF THE WEEK.

The Australian Election.

The success of the United Australian Party in the Commonwealth election caused a general advance in Australian Federal and State loans and in Australian bank shares. This was one of the outstanding features in yesterday's markets. (The Times, September 18.) That was to be expected. Whether a large number or a smaller number of bona fide private investors share the ownership of any stock, the price will fall or rise according to the selling or buying set in motion by the trend of political controversy as to the control or use of the property represented. In such a case it can be said that the voters' choice between candidates settles the price of the shares. But there are other circumstances in which the price of shares can settle the choice of the electors. And such circumstances existed in Australia previously to the election. Undoubtedly the holders of Australian Government loans and bank shares are chary banks and allied financial corporations who have been able to make the prices of these securities what they chose; their power of choice being limited only by the necessity for them to keep in step with their opposite numbers in other parts of the world. Whether they did anything of the sort on this occasion does not matter: the point is that they have power to do it. They can buy in stock, thus raising the market price, but also putting more money in circulation, which money, in theory, could constitute extra private demand on the same stock, with added advantage to existing private holders. When a bank buys securities it creates deposits (McKenna)—and when deposits are created, confidence is created. The same confidence can be destroyed by the opposite process. When the banker warns the statesman that he, the statesman, must not say or do anything to impair confidence, he simply means that the statesman must not offend the banker. The high-political doctrine that the

politician must not interfere with credit-policy is based on the well-understood fact that if he does so the credit-monopolists will interfere with political policy. They cannot stop the politician's mouth (at least in a democratic country), but they can burn his platform and attribute the conflagration to his inflammatory language.

Australian Election Figures.

The final figures of the voting in the elections for a new House of Representatives in Australia are as follows:—

United Australia Party ... 1,420,708
Federal Labour ... 869,628
Lang Labour ... 175,184
Country Party ... 364,913
Douglas Credit Party ... 374,984
Communist Party ... 41,100
Independents ... 27,625
Others ... 35,993

Company Promoters, Past and Present.

Tom Johnston's book, Financiers and the Nation, is reviewed in a special article by Francis Williams in the Daily Herald of September 11. As would be expected, Tom Johnston's "financiers" are not the creators and controllers of credit, but borrowers and manipulators of credit. They are such figures as the crime calendar as Kreuger, Hary, Whitaker Wright, Jabez Balfour, and so on. The reason is that in the cases of these men it is easy to exhibit in a dramatic form the mischief they did, and, what is more to the purpose of the Labour movement, to attribute it to profit-making and to the "profit-motive" behind it. So far as profit-making in itself is concerned, the normal annual surpluses of the banks, insurance companies, and other allied enterprises not engaged in "useful production" would make an impressive aggregate total covering the period during which the series of famous company-promoters made their entries, did their turns, and made their exits; but this evidence would not help the Labour cause much, because, in the first place, the profit is
accounted for and credited to the rightful owners, and in the second place it is largely carried to reserve instead of being distributed. Objection to the Labour movement, dependent as it is on the support of the trade unions, cannot impinge the principle of collecting money from people and investing it as "savings." Nor can it impinge improper motives to those who affirm that it is without throwing mad at trade-union executives and officials.

No, the thesis which Labour is interested to establish is that the profit-motive leads to gambling at high risks with other people’s money and ends up by losing it. Thus Tom Johnston adds the boom in steam-power investment in 1842-46 during which the "capital savings of the nation were swept into the clutches of plausible crooks, and the generation which ought to have benefited by the new power in wealth production was...suddenly engulfed in ruin, distress, and misery."

He illustrates this as follows: "Out of 243 steam companies formed with a capital of £392 millions only 23% with a capital of £48 millions survived."

Yes, and worse to come: "Government backing houses closed, and the Bank of England was about to shut its doors by the fortunate discovery of a bundle of notes that had been overlooked."

Well may Williams say of Tom Johnston’s book that it provides "as much excitement as any thriller." We can imagine Mr. Montagu Norman up all night. It may even be that judges that a search-party was organised to discover what one of only 5 million shares of £312 millions of "capital savings" that had been lost, might have found another explanation of the "rain, distress, and misery" in the one hinted at: they might have found that the promoters of the companies in question were only one link in a chain of agencies through which the process of deflation was carried to a conclusion.

A company-promoter may assemble money and lose it, but his losing it does not destroy it, but simply transfers it from one of its real sources to another. He cannot, even if he would, make the cause of it "lost in transit." Every departure of capital from means may be an arrival of capital—knowledge of a more or different sort. If you can blame him for the loss, you cannot make him responsible for the non-arrival. He has no part or lot in the monetary transportation agencies known as the chequing banks, much less in the transport of capital operating within the banking system. All he does is to lend the money on the outward-bound truck; but if that truck is run up into a conductor sitting on the journey, well, that is somebody else’s trick too.

Conan Doyle wrote a story once in which a criminal directed a train up a siding leading to a disused mine, and then disordered its system by cutting the shaft. He then disconnected a few lengths of the main line as innocent-looking as before, and creating the impression among the railway officials that the train had vanished into thin air.

Company Promoting in New Zealand.

One would not readily have guessed that the next big shock to the mining world was administered in New Zealand. But it has. It concerns a well-known alleged operations of The Investment Executive Trust of New Zealand, of whom a gentleman called Mr. M’Arthur is the leading figure. There are two arresting features about it. One concerns the nature of his operations, and the other that of the legislative measures to stop them. The "Evening Star" (Dunedin) of August 9 devotes more than a page (of a small type) to an account, with details, of disclosures made about this Company. Some of the disclosures concern such familiar items as the penetration of office girls to be dummy directors, and the selling by one subsidiary company to another of low-value stock or other items at high prices. An example of the latter is given in July of this newspaper’s headlines: "£3,000 Shares Sold to Affiliated Company for £588,000."

But the outstanding features of the whole affair relate to the fundamentals of financial and political policy. Mr. M’Arthur is held to have "violated basic canons of investment."

We shall examine one of these canons first, what proportioned the commotion. It appears that some time ago a Commissioner was appointed by the Government (of course, at the instance of the Bank of New Zealand) to investigate generally into company-promotion matters in the island, and that the Commissioner had printed a booklet containing detailed information of what he disclosed in The Investment Executive Trust, and that he had made an appeal to the House of Representatives for a Bill to enable him to make public his findings.

In the debate in the House of Representatives the Leader of the Opposition declared: "If the state of affairs disclosed in this report is anything in the nature of the practice will become almost impossible."

In the course of the investigation the Commissioner linked up with the "basic canons" which we said would examine just now. It runs like this: "That on no account does debt capital exceed share capital."

Such, say the Commissioner in his report, is the rule in Britain. Mr. M’Arthur has evidently said goodbye to all that, for the report proceeds:

"In the case of the Investment Executive Trust the paid-up share capital in October, 1913, totalled £50,000; but these securities were not transferred to the ordinary shareholders."

The promoters of the companies say that it is a "capitalisation" of the "fair" or "liquidation," which has been rejected as misleading by the Commissioner of Trade, and that the "basic canons" have been "violated so as to make them a source of grave potential danger instead of an instrument of financial progress."

A second basic axiom is formulated in these terms: the avoidance of speculative securities. The Commissioner refers to one instance where the funds of debt capital were not transferred to the "building" which was not an "established concern". In the report the principle is thus stated: "Elsewhere in the report it appears that the building in question was a private house. And in another instance, with some of the companies, the Commissioner states, "The Sterling Investments Co., which the Director of Companies reports, has a "clearing house" at a time when the promoters say "capital is being transferred to the shareholders."

Mr. M’Arthur, and the companies he controls, are accused of "violating the canons" which in the same year it had lost £5 and lent several thousands to the "Solway Company in liquidation.""
of the analysed Budget, the purpose of the new taxation would be revealed. It could be concealed, however, supposing we got saddled with a Labour Government empowered to take over and administer the "means of production," for then the required taxation necessary to make good the expense of private voluntary-investment loss-subsidies would be hidden in the general expenses of running our nationalised industries.

Anything which happens to disrupt the practice of voluntary investment is an embarrassment to the banks. And to aver that they have, over a long period, brought about a division of the investment system into two branches—the "debenture" branch and the "ordinary" branch. The first they call, in so many words, the "safe" and the second the speculative kind.

And, generally speaking, both answer in practice to their designations. When anything goes wrong it is the debenture-holder who floats and the ordinary-shareholder sinks. This distinction is so well recognised that in spite of the feeling, almost the universal feeling, that the ordinary-shareholder experiences with so much frequency, he does not reproach the investment-system as a whole, but rather he places the blame upon the system for not being contented with the limited interest, which, it would seem, is the chief object of the speculator. It is the more to the disadvantage of the debenture-holder that what he is invested with is not the same as that invested in the ordinary "safe" branch, and it is this which is the cause of that other feeling: the speculative. This frame of mind exactly suits the banker's purpose, which is to get everybody to believe that he is morally responsible for the financial troubles that beset him. For this very reason it does not put his purpose to have promoters coming along undermining the stability and endangering the high reputation of debenture-borrowers and this is additional to the consideration that they themselves are in debt to debentures, sometimes to hold and sometimes to sell again.

The joke of it is that the pattern of the investment trust is the pattern of the investment-system. Under the gold standard all money represents exchange values, and all the bonds of holders is a mortgage debenture issued as a charge on a particular property, say a gold mine. This gold, to borrow the phraseology of "The Bondage," was "not charged by debentures of any sort"—that is, say no particular numbers of notes, or signatures on cheques, give any holders of such a prior claim on the gold, it was the property of all holders without exception; nominally, of course, as we all know, in August, 1924, Very well, and what Mr. A. M. Arthur is apparently suspected of is precisely the same thing—selling charges on property which won't go round if the holders all call at ones. There are advantages, of course, but nothing new in the principle. The object of the new legislation is to enable the bankers to search his vaults for gold whether, if any, but only to permit him with facilities for evading the tax by the simple device of distributing picture-postcards of the subjects of the mortgage. That is a prerogative reserved for the youngest of the professions. You'll be served.

And now, from another point of view, the discovery of Mr. M. Arthur came about more opportunity for the banks; for it will be noticed that the disclosure and dramatic legislative countermeasures took place just five weeks before Australia was to vote on monetary policy. It enabled the banks to insinuate that it was in the interests of people like him, not themselves, who were the cause of the troubles. Again, taking a retrospective view it is not unlikely that the disclosure—if not the whole purpose—is not of the advice and guidance available means to achieve a dividend balance between providing things for men and preserving the hum of life as the once ignores, does the other. The moral effect of this is a trifle ambiguous. It might be construed to mean that however hard you work and however much you make, it won't be too much in the long run—that you must not work too hard, or the profit will be too little. This is the sort of thing that has been done.

Wrexham Colliery Disaster.

This disaster is announced as the third largest in Great Britain in modern times. The "Engineering News" for last Saturday states the chief of them as follows:

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It will be noticed that the frequency happens against a "black law," that the peak year both in number and death-rate of disasters, is followed by the next eight years, before the next—namely, 1928, and yet again, but this time at a frequency that has been reduced by a factor of two, and as the years go on the number of those killed, and the frequency of deaths, diminishes, intervals—four years, five years, four years, three years.

No deduction can be drawn, of course, from mere statistical records, but it is suggestive of the general trend in time that the intensity of explosion on the colliery might have been strained to such a degree that hazards were thrown by an unexpected strain on to heighten risks by throwing an unexpected strain on to heighten risks by throwing an unexpected strain on to heighten risks by throwing an unexpected strain on to heighten risks by throwing an unexpected strain on to heighten risks by throwing an unexpected strain on. It may be that this is the chief reason for the increase in the number of deaths. There is no doubt, however, that if you go round and use your eyes where those disasters take place, the fields of chipping power are more likely to be more likely to be more likely to be more likely to be more likely to be more likely to be.

Making Work.

An English stonemason was convicted recently for defacing ancient monuments, in order, as he said, to create a demand for his work. The Court Jester of The Times, in his column (September 17), points out that tombs last too long, that if they were made, say, of soap or something like that, there would be plenty of work for engravers of epitaphs. He is critical to the question of the infallible industrialists, Mr. Black, who considers that trade is bad because things last too long. After this he pursues his bantering course on the conclusion that the labourers and the makers of monuments should be better off if they were made. This is a trifle ambiguous. It might be construed to mean that however hard you work and however much you make, it won't be too much in the long run—that you must not work too hard, or the profit will be too little. This is the sort of thing that has been done.
The True Cost of Living:

DIET v. TOLERATION.

Our contributor "R.R." once told how, when aged for chemical fertilisers first came round the West Countryside, a certain farmer made a test of them against another, and all of them together against the old time-lime and animal dung. He divided up a field chisel-board fashion, marring each square differently, and then sowing the whole with the same grass seed. While the grass came up he turned it in a flock of sheep to see which square they grazed first. Food was what their preference for food product that when they had cropped it close to the ground they still tried to crop it closer despite the fact that new-style grass was standing inches high all round them. Their nutrition analyses pick some distinction in which no chemical analysis could have revealed; that is, the farmer rightly expected, to allow the higher quality yields and the greater labour saving promised by the agents of the chemical manures alone. We have no means of weighing the cost of this expenditure, for the sheep are to be kept, GCX; it was important to us to have a standard of comparison.

In a fundamental sense a person eating meat is eating his fertiliser at two removes. The manure of the diet is the diet of the grass, the grass that the action of the animal in the soil that the feeding action of the manure between the grass and the farmer will of course be changed after six months is a subtle principle that no-one who keeps abreast of scientific research will not have before his eyes. It is at the theory that there is difference in the end. For instance, the difference may have no practical results. The question of the maintenance of health in a general sense is a question of adjusting human toleration to the degrading of food and environment. And, to borrow the language of Mr. M. Keynes, there is no limit to the implications of this process of degrading provisions of people, which is why the food estate and more in the long run for everybody concerned, including the producer of meat, and to its advantage a delicate art. Grass-fed meat, cooked at a wood fire for me.

Wonderful it is that wealthy people can endure to have their most cooked over a slow fire on a spit box where it kills itself with its own steam, which ought to escape.

Mr. Iden himself had grown the potatoes that were placed before him. [We have previously been told that, when planting these, "had he been planting his own children he could not have been more careful.""

They were white, floury, without a drop of water in the whole dish of them. They were equal to the finest of India, far superior to the bread with which the immense City of London permits itself to be poisoned. (It is not much better, for it destroys the digestion.) This, too, with wheat at 60s. a quarter, a price, it used to be in itself one of the most of the age. The finest bread ought to be cheap...

By Flamma's side stood a great mug of the Goliath ale, and between his lips there was a long churchwarden pipe. The Goliath ale was his mineral water; his gourmand, alkaline chalybeate liquor; better by far than milk, wine and sweet rain water, coloured by the light, a liqueur of sunshine, possible sunbeam. Age mingling hops and barley in that just and equitable proportion, no cunning of hand, no science can achieve, gave to it the vigour of years, the full manhood of strength.

There was it in an alchemical process cannot any

The lattice, and he finds of ten parts, there are this and these and the others. A list which is a capitalisation, which is all the dictionaries of science have no explanation. a Voluble Principle--there it is, there is the secret. That is the life of the thing; by any means possible you can obtain the personal care of the meat, for it is a certain fact that, unless you do it after such things yourself, and that persistently, too, you never get it first-rate. For this cause people in grand villas scarcely ever have anything worth eating on their tables. Their house-hold expenses reach thousands yearly, and yet they merely have anything eatable, and their dinner-tables can never show meat, vegetables, or fruit equal to Mr. Iden's. The meat was dark brown, as mutton should be, for it is the least bit while it is sure to be poor; the grain was short, and ate like bread and butter; but, above all, it was very delicious, for the flesh was full of juicy red gravy, and cut pleasantly, the knife went through it nicely; you could tell good meat directly you touch it with the knife. It was cooked at a wood fire for me.
The Time Snag In Prices.

When you receive wages for making goods you cannot buy any of those particular goods, but must buy goods made previously. That is because you have to spend your money long before the new goods can be finished for sale. Your present wages buy old goods from industry's store, and your present work puts new goods inside that store.

Industry's store resembles an automatic machine with its pile of packets, those at the top not being needed until those beneath have been taken out. Now put in at the top and drawn down to the bottom. No money is put in at the top. You have to work to produce a new packet for the machine and you get for it. So you will not mind which packet you get out, you work your money in the slot and take the bottom one. If you had just made work, in course of time, the drawer.

There is then an unwritten law of selling goods, which says as follows: The price of an article is all it will sell. How this came about is the question of most importance in connection with this law, as will be seen. Let us extend the statement thus: The price of goods on sale now is all that is left of wages. And then what is it that the buyer has to spend now? And what is it that the buyer has to spend now? And what is the money he gets for making goods rather than the goods. For the moment that these goods are made, the money he gets is really the price of the goods now. So the statement can be amended thus: The price of goods on sale now is equal to the cost of new goods being made now.

Next let us set down another law of selling. It is as follows: Price may be anything above Cost. This is self-evident as a universal law of sales, which is all the same in particular sale. Now for the final version of the statement will be: The price of old goods on sale now is equal to the cost of new goods being made now.

Something Worth Seeing.

When, some little time ago, I was told that the Green Shirts had an illuminated MS. book, setting forth the history of the movement from the beginning to the present time, and that this "tome" was of such exquisite workmanship as to be not unworthy compared to the eighth-century Irish Book of Kells, I was interested but skeptical about this latter claim. As a working designer myself, I know how this easy it is to be swept away by enthusiasm, and in the glow of delight at finding anything in the way of modern craftsmanship worth looking at, to use extravagant phrases about it. However, since the first hearing of this manuscript, I have been privileged to see it. Miss K. M. Milnes, who has worked on this book for the past seven years, was good enough to let me have a look at it—only the word I can think of that describes what I felt.

At the best, I expected a careful piece of illumination and lettering all two obviously to be upon the study of Old English manuscripts: meticulous "copying" in fact. What a sunburst of joy broke into one's heart and mind as Miss Milnes turned the pages! And, whether she likes it or not, I must describe her, because the description suits her. This Great Log, or "Kilog," as it is called, of the Green Shirt Movement is a vivid projection of herself as a vital personality. She would be called, I think, a "vivacious" young woman. In fact, she might easily be called a "vivacious" young woman. She is, in fact, a young woman who is very conscious of her work. She has brought into her work some strong threads of the Scandinavian outlook and psychological set-up, and yet there is none of that art-country quality, that "British" quality, which is to me the creative impulse. Whatever is here of the past and of Norse feeling has come out of her naturally.

The book is, roughly, 24 inches by 16 inches, is over 6 inches thick, and contains 30 pages bound by hand in high-quality linen. The cover has an all-over symbolic design made and carried out by John Hargrave, the designer and leader of the Movement. On the cover a "kilog" was placed upon an oak leaflet in the midst of a birchwood near King's Langley, and, surrounded by a group of Green Shirts and Green Shirt Leaders, Miss Milnes opened the book and inscribed the first initial letter. By this simple act all right, as you can see, if everything you made during Friday could be ready for sale on Friday before you had passed your 6d. But because this is impossible the rule won't work, and will have to be altered accordingly. This is not by any means the whole of the Social-Credit story, but it is the most important part. Another part hangs on to it, and has to do with what happens to you when, after paying 6d., you are slowed down to make one packet and get only 6d. For you must remember that if you add four to this figure you have the single packets of pigs, and that if you have the 28s. you get no more than either in cash or in discount.
ceremony she undertook to carry out the work of Kinalog Scriptor for the period of seven years.

The first seven years' work is now nearly completed, and the record written up to page 72. Almost every page contains examples of original decorative design, amongst which are: initials on initial pages, a border for each of the main sections, and decorative devices for the margins.

The designs are executed by the author himself, and are intended to convey an impression of the life and time in which they were written.

The subsequent pages are filled with copies of older manuscripts, and the author has endeavored to reproduce the style of the original as closely as possible.

The work is now being published in parts, and the first volume will be issued later this year.

September 27, 1934

THE NEW AGE

The Point of the Pen.

By R. Laugier.

No. 13.—THE STUMBILNGS OF DEMOCRACY.

We are not only "all Socialists," to-day, we are also all "economists"—every man his own expert. There's the rub! Economics is not a science, but a disease. Men talk about their economies as they talk about their ailments; when those organs do not function happily.

I have said their economies—there are more brands than the Heineken ever imagined. And here is the cause of the up-to-now failure of Democracy. It has presented far too many remedies for a single disease; and, intellectually, it has failed to develop a philosophy of its own.

When we consider how universal, among all the people who count mentally and spiritually, has been the desire for a democratic freedom, then we must admit that, having these admirable souls badly bungled, the world would have been safer for their religion.

The trouble with a great many sincere democrats was this: instead of saying, "I want to see the people set free, and when they are free, they will be able to choose between the systems of government offered," they said rather, "The people are always right, unless they choose my system." So, at the outset, they destroyed freedom by denying liberty of choice. They quarrelled amongst themselves, and produced their little dogmas, their anachisms and heterodoxies; consequently, divided among themselves, they merely bewildered the masses, and failed to assert a will to freedom.

The old democratic teachers, with their ignorance of many things, differed as the clocks of London.

"They might be useful in a man, essentially democratic, to heroic

Social Credit is essentially the artist's creed; it recognizes individual and collective aspirations; it brings the artist from his mournful and unpromising isolation and isolation

and to-day enduring can be achieved without the consent of the masses, and no reform will be instituted without the consent of the people.

In the immediate past, the hope of cultured, creative man to liberate himself from the futile despotism of commercial Man, and this can only be done through the passionate

LETTERS TO THE EDITOR.

"A SLIP IN TIME."

Sir,—I should like to enter a protest against your contributor's wholesale condemnation of Social Credit. I myself am a Social Creditor—my name is Mr. Sellos—including the operation of mind necessary for the acquisition of Social Credit.

Very few, I think, deny the sincerity of purpose, temperamentally though it may have proved, and, at least, be shown to be a disease.

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G. F. LEWALD.

"THE NEW ART OF LOVE."

Sir,—In N.E.'s review of my book, The New Art of Love, he suggests that the author's ideas tend to be confused with the current ideas of Social Credit.

I do not wish to argue the merits of Social Credit, but to draw attention to the fact that the author's ideas, in the main, are based on sound principles, and that they are also in accordance with the current ideas of Social Credit.

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G. F. LEWALD.
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- Social Credit in Summary (1st ed.).
- The Key to World Politics (1st ed.).
- Through Consumption to Prosperity (2nd ed.).
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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 creating the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This, of course, cannot be done by the orthodox method accompanying the reduction of the community to a condition of perpetual scarcity, and compelling them face to face with the alternatives of widespread unemployment of men and machines, or, at present, of international complications arising from the struggle for foreign markets.

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

**SUBSCRIPTION RATES.**

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