

THE NEW AGE

INCORPORATING "CREDIT POWER."
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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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 electors' 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 loan and bank shares are chiefly banks and allied financial corporations who have been able to make the prices of those 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 not only 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	1,120,768
Federal Labour	860,628
Lang Labour	483,182
Country Party	364,913
Douglas Credit Party	132,584
Communist Party	41,200
Independents	27,625
Others	35,903

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 in the crime calendar as Kreuger, Hatry, 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 leaders 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. Obviously the Labour movement, dependent as it is on the support of the trade unions, cannot impugn the principle of collecting money from people and investing it as "savings." Nor can it impute improper motives to those who administer the principle without throwing mud 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 adduces the boom in steam-power speculation in 1824-26 during which

"the capital savings of the nation were swept into the clutches of plausible crooks, and the generation which ought to have benefited from the new powers in wealth production was . . . suddenly engulfed in ruin, distress, and misery."

He illustrates this as follows:

"Out of 624 steam companies formed with a capital of £379 millions only 283 with a capital of £48 millions survived. . . ."

Yes, and worse is to come:

"Seventy banking houses closed, and the Bank of England was only saved from having 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 it keeping Mr. Montagu Norman up all night. It may strike some readers that if a search-party had been organised to discover what had become of the £331 millions of "capital savings" that had been lost, they might have found another explanation of the "ruin, distress, and misery" than 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 successful conclusion. A company-promoter may assemble money and lose it, yet his losing it does not destroy it, but simply transfers it from one set of deposit accounts to another. He cannot, even if he would, direct or cause it to be *lost in transit*. Every departure of capital savings means an arrival of capital savings—or should. If not, well, you can blame him for the departure, but you cannot make him responsible for the non-arrival. He has no part or lot in the monetary transport arrangements known as the cheque-system, much less in the transport policy operating within the banking system. All he does is to load the money on the outward-bound truck; but if that truck is run up a concealed siding on the journey, well, that is somebody else's trick, not his. Conan Doyle wrote a story once in which a criminal diverted a train up a siding leading to a disused mine, and toppled it down the shaft. He then disconnected a few lengths of rail, leaving the main track 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 investment-system would be administered in New Zealand. But it has. It concerns the 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 methods adopted in the hope of putting a stop to them. *The Evening Star* (Dunedin) of August 9 devotes more than a page (of small type) to an account, with details, of disclosures made about this Combine. Some of the disclosures concern such familiar items as the procurement of office girls to be dummy directors, and the selling by one subsidiary company to another of low-value stock at high prices. An example of the latter is given in one of this newspaper's headlines: "£3,000 Shares Sold to Affiliated Concern for £288,000."

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 later, but must first explain what precipitated the commotion. It appears that some time ago a Commission was appointed by the Government (of course, at the instance of the Bank of New Zealand) to inquire generally into company-promotion methods in the dominion. In the course of their inquiry the Commission elicited information (some of which is printed in *The Evening Star*) and took the unusual course of presenting an interim report calling for immediate Government action. The action called for was not the setting in motion of the machinery of existing law, but the manufacturing of new machinery to an improved design. Apparently the "basic canons of investment" had not, up to then, been invested with the force of law. So the New Zealand Government were urgently pressed to make good the omission, or, at any rate, to legalise means by which observance of the aforesaid "canons" could eventually be enforced. The Government did so. "Emergency legislation," says *The Evening Star*, "was rushed through." On the night of August 8 the necessary Bill was passed unanimously by the House of Representatives after a three-hour debate. Meanwhile, the Legislative Council had been assembled and were sitting in another place, as the saying goes, ready to receive the measure instantly from the Lower House. When it arrived they put it through unaltered in one hour. Who shall say henceforth that the Parliamentary institution cannot raise a gallop equal to the strongest dictator—as *The Times* once reminded Sir Oswald Mosley and Sir Stafford Cripps when those two critics of our legislature were agitating their programmes of constitutional reform?

But there was a delay—a two-months canter before the sprint—for the interim report was presented on June 9. The reason is interesting. It is that the New Zealand Government, in order to make their projected legislation effective for its purpose, were obliged to arrange for similar legislation to be simultaneously passed by the Parliaments of New South Wales, Victoria, and South Australia, and for the Commonwealth Government to act likewise through the medium of an ordinance. And why this Nasmyth hammer? The answer is that the nut wouldn't keep still. The ramifications of Mr. M'Arthur's Combine, extending as they do through out the territories indicated, provided him with a choice of "better 'oles" whenever any one of them got too hot for occupation. He or his colleagues could remove their persons, and books and documents, from one to another; so that if they were to be captured there was nothing for it for the would-be captors to do but train their heavy artillery on to every hole at one and

the same time. As stated, the bringing up of the guns took two months. During that time the disclosures in the report were kept quiet, and were only released for debate within a few hours of the predetermined time for the enactment of the legislation.

The new Act authorises the immediate official investigation of the fifteen affiliated companies which constitute the Combine, and prohibits the destruction or the dispatch from New Zealand, of the records of these concerns. Inspectors are appointed; and on their adverse report on any company, that company can be wound up. The Act makes it an indictable offence, punishable by two years' imprisonment or a fine of £500, to destroy, alter, or remove the records or property of a company with the object of defeating the aims of the legislation. Presumably the other Governments mentioned have adopted the same provisions in their own legislation.

In the debate in the House of Representatives the Leader of the Opposition declared: "If the state of affairs disclosed is allowed to develop, anything in the nature of investment will become almost impossible." This pronouncement is linked up with the "basic canon" which we said we would examine just now. It runs like this: *That at no time should debenture capital exceed share capital.* Such, say the Commission in the 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 of New Zealand the paid-up share capital in October, 1933, totalled £30,000, but the debenture issue amounted to over sixteen times that figure—viz., £493,290. Of the ordinary capital of £24,400, J. W. S. M'Arthur and C. G. Alcorn hold £22,575, but they control debenture capital of nearly half-a-million. The company's assets are not charged by debentures of any series, and share capital is free of all liability in that respect. The debenture-holders have no right to appoint a trustee nor powers of audit. Whatever Mr. M'Arthur's character as a financier may turn out to be he has undoubtedly done a public service in exhibiting the nature and dimensions of the scope for ingenuity allowed by the investment-trust system. The Commission say that this system is a longstanding one of British origin, but that when "transferred to other countries" its principles 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 Commission refer to one instance where the funds of debenture holders have been applied to the purchase and renovation of a building which was not an "established concern" or a "proven enterprise." Elsewhere in the report it appears that the building in question was a private house used by people associated with some of the companies. Another item in the report concerns one of the affiliated companies, the Sterling Investments Co., which, the Commissioners say, appears to have been a "clearing house" for Mr. M'Arthur and the companies he controls. At a time when the paid-up capital of Sterling Investments was only £50 it lent several thousands to the Selwyn Company in liquidation.

We print the following passages from *The Evening Star's* account:—

Later in its report the Commission states that the

Daily Telegraph building, Sydney, seems to be the financial kernel of the whole group of M'Arthur financial companies, and the work of reconstruction is being pushed on rapidly.

"The financial scheme of all the companies seems to be a gamble on this speculation, the money of the innocent bondholders being committed to it."

To demonstrate what it terms intermeshing ownership and control through the holding of shares by one company in another, the Commission gives the names, constitution, and other details of the fifteen companies comprising the Investment Executive Trust of New Zealand and its associates, namely:

Sterling Investments Co.,
Investment Securities Association,
British National Investment Trust,
New Zealand Shareholders' Trust Ltd.,
Wynwood Investments Ltd.,
Pacific Exploration Co.,
Farms and Farmlets Ltd.
First Mortgage Freehold Security Co. of New Zealand,
Transport, Mutual, and General Insurance Co. Ltd.,
Southern British National Trust,
British National Trust,
V. B. M'Innes and Co.,
Alcorn, Trower, and Co.,
Financial Publications Ltd.

The phenomenon of financial manipulation in company-promotion practice may be said to be a symptom of financial manipulation in banking practice. In fact the promoter feeds the banker in the end, as we hinted in our allusion to "concealed sidings" earlier. The money that he loses, and the complex accounting-devices he adopts to conceal the loss, are a reflex of money prematurely retired by the banks, and the subtle accounting principles that they employ to conceal the gain. As every student of Social Credit knows, investment taken comprehensively is bound to be a losing game, no matter however honest and efficient the promoters and administrators of business enterprises may be. "I can assure you, madam," said the Chairman at the shareholders' meeting of a company in liquidation to a weeping woman who had been stripped of her savings, "that your money has been *honestly lost*." Older readers will remember the occasion and our comments a few years ago in these pages. It is not far from the truth to say of investors' money in general that insofar as it is dishonestly lost it is saved the fate of being honestly lost. The fact and the measure of the total loss remain the same, the only difference being that the rate of loss is slower under honest than under dishonest promoters. The fact that bankers' loan-retirement cycles are only a fraction of the duration of production-consumption cycles makes it technically imperative that industrial enterprises must recover their disbursements in the form of loans on their undistributed goods as well as in the form of purchases in the shops of goods ready for sale. Without investment industry would be unable to fulfil its contract to repay its borrowings from the banks at the stipulated times—and particularly when no time is stipulated and the money called in without notice. Under the existing system, if there were no voluntary investment there would have to be compulsory investment, taking the form of taxation at least equal to the net loss incurred by investors at present. Technically it would make no difference to the bankers which way it was done: they would get their money in on time—which is what their master canon of sound banking requires. But it would make a difference politically, because, under the system

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 cessation of private voluntary-investment losses would be hidden in the general expenses of running our nationalised industries.

Anything which happens to discredit the practice of voluntary investment is an embarrassment to the banks. And to avert 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 kind, 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 who sinks. This distinction is so well recognised that in spite of that sinking feeling which the ordinary shareholder experiences with so much frequency, he does not reproach the investment-system as a whole, but rather inclines to reproach himself for not being contented with the smaller performance of the safe investment and being tempted by the larger promises of the speculative. This frame of mind exactly suits the bankers' 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 suit their purpose to have promoters coming along undermining the stability and endangering the high reputation of debenture-investment. And this is additional to the consideration that they themselves invest in debentures, sometimes to hold and sometimes to sell again.

So it is not surprising that, assuming the allegations against Mr. M'Arthur to be well founded, the banking fraternity are making haste to nip his new technique in the bud. For he seems to be reversing the understanding that debenture-holders' interests shall be underwritten by unprotected ordinary-shareholders—and to be using money lent to him for the purpose of buying a horse, to bet on it instead, in the hope of buying it with his winnings.

The joke of it is that the pattern of the investment trust is the pattern of the banking system. Under the gold standard all money represented in the hands of holders is a mortgage debenture issued as a charge on a particular property called gold. This gold, to borrow the phraseology of the Commission, was "not charged by debentures of any series"—that is to say no particular numbers of notes, or signatures on cheques, gave 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 found out in August, 1914. Very well; and what Mr. M'Arthur is apparently suspected of doing is precisely the same thing—selling charges on property which won't go round if the holders all call at once. There are distinctions in method, but no difference in the principle. The object of the new legislation is to enable the bankers to search his vaults for his golden assets, if any, but omits to provide him with facilities for evading his obligations 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. Youth will be served.

And now, from another point of view, the discovery of Mr. M'Arthur came about most opportunely for the bankers; 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 bankers to insinuate that it was people like he, not themselves, who were the cause of the troubles. Again, taking a retrospective view, it is not unlikely that the disclosure—if not the setting up of the Commission—was related to the proposals which Major Douglas made to the Government Committee of Inquiry early this year. He said to them in effect: "Search the books and documents of the financial institutions." May it not have been that the heads of those institutions seized on the idea of a search to stampede the public into going down the pockets of company-promoters? To students it looks silly to impute to Mr. M'Arthur power of mischief comparable to that wielded by the bankers; but to the unsophisticated there is more cogency in evidence which they can understand on inspection than in evidence which calls for systematic study. And, from the point of view of politicians and other leaders of public opinion, there is much more *practicability* in the recommendation to help the bankers hunt M'Arthur than to help Douglas hunt the bankers. Never mind. Let the inquiry proceed. The more of them the better. Search parties always include stragglers and wanderers—and you never know that one of them won't trip over something that nobody's looking for.

Wrexham Colliery Disaster.

This disaster is announced as the third largest in Great Britain in modern times. The *Evening News* of last Saturday tables the chief of them as follows:

Year	Place	Killed.
1905	Wattstown	120
1906	Wingate	223
1908	West Stanley	168
1910	Whitehaven	132
"	Ralton Pit	137
"	Bolton	120
1918	Podmore Hall	160
1922	Rotherham	86
1927	Cwm	52
1931	Doncaster	45
1934	Wrexham	102*

It will be noticed that, as frequently happens under the law of chance, the peak year both in number and dimensions of disasters, is followed by the longest interval before the next—namely, 1910-1918, eight years. Previously to 1910 they occurred at a frequency of under two years. Since 1918 they have occurred at longer, but diminishing, intervals—i.e., four years, five years, four years, three years.

No deduction can be drawn, of course, from these meagre statistical records, but it is suggestive that the eight-year period free from disasters included the four-year period of the war, when the intensity and urgency of demand on the collieries might have been expected to heighten risks by throwing an extra strain on those mine-workers exempted from military conscription. It may be illogical, but it is a pleasant thought—is it not—that when there is more money about there is less danger about. Mind you, we do not insist that there was any connection between the two; we do not ask you to believe that the miner with two pianos was protected in the mine by the doubled charm of music in his home: we only want you to reflect how jolly it would

*The official figure has since been returned as 260.

be if these cruel losses of life could be averted by the so simple process of creating more purchasing power.

And, indeed, there are reasons of a wider nature that justify your indulging this fancy. The nation's capacity to produce material wealth measures its capacity to preserve human life: as the one increases, so does the other. It is just a question of adapting and dividing available means to achieve a just balance of ends—the balance between providing things for man and preserving man for the enjoyment of the provided things. Supposing it were necessary, the people of this country would willingly tolerate a restriction of their enjoyment of life to afford protection to their fellows whose very hold on life was menaced by their daily occupation. But it is not necessary. The forces of applied science which filled the war-years with procured explosions can rid our peace-years of accidental explosions. Even the most austere moralist, who might argue that a limit to purchasing power is desirable to put a limit to extravagance and profligacy, will not have the temerity to preach that doctrine in disdain of the connection between a low wage-rate and a high death rate.

And look at these humble people whose character is thought to be endangered by affluence. For every man entrapped in that blazing mine there were two or three others ready to go down to their rescue at the peril of their own lives. And, to be just, men of the master-class and professional class as well as they. Men living on dividends, men living on wages—it was all the same thing when the hammer of disaster tapped the iron of their souls. Every one rang true. "God said: Let us make man in our own image." And, by God, He did. Let us add this, too; that when moralists acclaim the heroic virtues of the poor under the affliction of penury, they come dangerously near suggesting that there is moral sanction for pre-determining the calamities that fall upon underground workers. Speaking for ourselves, we have never been much exercised in our minds about whether the National Dividend should be distributed directly to those who *have not*, or prices regulated to benefit, immediately, only those who *have*. "Ain't got it, mate: but here's a fag," says a navy to an itinerant peddler of studs and bootlaces. Give that navy his price-rebate at the shops, and you'll see that peddler earn his dividend out of the proceeds. There is no doubt at all about it if you go round and use your eyes where these encounters take place. The fields of humanity are more than ripe for the harvest of purchasing power.

Making Work.

An Italian stonemason was convicted recently for defacing tombstones, in order, as he said, to create a demand for his services. The Court Jester of *The Times* (September 17), in commenting on this incident, points out that tombstones 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 prompted to quote the eminent industrialist, Mr. Raskob, who considers that trade is bad because things last too long. After this he pursues his bantering course to the conclusion that teachers and preachers ought to consider themselves lucky not to have aroused more censure than they have for inculcating thrift. "It takes two to make a deal," is one of his incidental observations, and the "man of few wants" is an im-

pediment to business. He offers mock-consolation to complaining producers, pointing out that although men have been working hard for the last 10,000 years, there is nothing to show for it. What is there in the world to-day "that was built or made before 1800?" A survey, he says, will show that on the whole "destruction or, to use a gentler term, replacement does in fact keep pace pretty well with creation." The moral 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 buck up or you will let posterity down.

The "Merits" of Social Credit.

The *Observer's* Sydney correspondent (in last Sunday's issue) thinks that the size of the "Douglas" poll in the election has made it morally certain that an inquiry will be held into Social Credit—that it will have now to be considered "on its merits." It has, he remarks, been treated by the Government's publicists merely as a "bad smell," and something to be "exorcised" by reciting portions of the Macmillan Report. If he reflects the intentions of the Government, it remains to be seen what the "merits" are which will be inquired into. There are three kinds: (a) the overpowering presumptive evidence in the realm of physics that the objective can be reached; (b) the attraction which that objective has for all sorts of people in all walks of life; and (c) the soundness (or otherwise) of the new financial technique for reaching the objective.

Dr. Earl Page, of the Country Party, pressed for an inquiry in his electoral programme, but it is said that his motive was to get an authoritative disclosure of the fallacies in the ideas voiced by the Scullin and Lang reformers of the financial system. So it is reasonable to suppose that if an inquiry is held it will be with the intention to use "c" as a wedge to divide "a" from "b"—to separate the sanction of the people's desire from the sanction of nature, by infusions of technical dialectics proceeding from an ostensibly neutral authority.

There is a suggestion between the lines of the cablegram that the Social Credit poll was due not so much to any merits inherent in the new policy as to the merits attributed to it because of the neglect by the Government to go through the form of giving a reasoned answer. The Correspondent alludes to the fact that Social Credit candidates did not fare so well in elections for the Senate as did those who stood for the Lower House; and the intention behind this allusion may have been to suggest that when Social Credit is considered in a more judicial spirit than that which pervades the "popular" electoral campaigns, its arguments and promises betray themselves as fallacious and illusory. If so, that would indicate the necessity, from the point of view of opponents of Social Credit, for the Australian people to be given a course of technical instruction in order to sharpen their critical faculties. The question arises: Have the small body of true Social-Credit advocates enough influence to get the public to back their own innate wisdom against the "findings" of technical functionaries? There is a saying that where there's a will there's a way. But before a person can will anything he must have the heart to will. Now the Social-Credit analysis has this unique dynamic quality, that it has given man the heart to claim his heritage. Not that it can instruct every man intellectually as to how it

will be got for him, but that it can create and fortify in him the conviction that there is a way to get it. A reflection arising from this is that whereas the advocate of Social Credit cannot simplify its inner technique, though he tries to, the advocate of orthodoxy dare not simplify it, and takes good care not to try. In time the evidential significance of this antithesis of mood and method among the technical protagonists of the old and the new economics must impress itself on the least instructed man of common sense. Therein lies the hope for us all.

Sexual Reform.

We are asked to give notice of the syllabus of lectures of the World League for Sexual Reform, which can be obtained from the Secretary, 127, Harley Street, W.1. The lectures take place monthly at the Essex Hall, Essex Street, Strand, at 8 o'clock. Two only strike us as being likely to interest readers of THE NEW AGE, namely, "Sexual Problems in Legal Practice" (November 7), and "Unconscious Sexual Factors in Politics" (January 16, 1935). The aims of the League need no description except that they appear to cover every aspect of sex. We might confess that we do not fancy the child begotten with "deliberation" and a "due sense of responsibility"—we should be frightened of our lives that it would be born with spectacles on. We recall the case of a daughter of a well-known newspaper proprietor who died in childbirth. During the period of her pregnancy she occupied herself by writing theses on economics addressed to her unborn baby. There is no moral: only an uncomfortable feeling that some moods are irreconcilable with healthy procreation. Generally speaking, it may be safely said that the timing of births by the pass-book won't work.

The Australian Election.

There are certain features in the Federal election that are worthy of attention. The first is that the Douglas Credit group, which put up candidates in thirty-eight constituencies and polled 160,000 votes, has created something like consternation in political circles. This is certainly a noteworthy achievement, but the Douglas poll represents less than a quarter of the alleged Douglas supporters, and less than 5 per cent. of the electorate. More important is that the Douglas preferences went to Labour chiefly. Where the Douglas Credit ran Senate candidates, its poll was substantially lower.

The Douglas preferences largely went to Labour because both the Labour parties have flirted with Douglasism, whereas the Lyons Government regarded it as economic fetish, and gave it about the same attention as an unpleasant odour, occasionally exorcising it by quoting the Macmillan Committee's Report. It will get attention now in the form of a public inquiry into its merits or demerits. The next outstanding feature is the revival of the Lang Party in this State. The Lang Party's direct vote was 85,000 larger than at the State election in 1932, and as it practically wiped out the Federal Party, this State will next year annex the Federal Labour vote which, in 1932, went to Stevens. To sum up, Langism is by no means declining, and aims now at control of all Australian Labour, even though Federal Labour is the second largest party and has 30 per cent. more votes. This State's election next year will be vastly interesting in view of these developments.—Sydney Correspondent in the *Observer*, September 23.

NOTICE.

All communications requiring the Editor's attention should be addressed directly to him as follows:

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

The True Cost of Living.

DIET v. TOLERATION.

Our contributor "R. R." once told how, when agents for chemical fertilisers first came round the West Countryside, a certain farmer made a test of them one against another, and all of them together against the old lime and animal dung. He divided up a field chess-board fashion, manuring each square differently, and then sowing the whole with the same grass seed. When the grass came up he turned in a flock of sheep to see which square they grazed first. So marked was their preference for the old-style 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 noses detected some distinction in quality which no chemical analysis could have revealed; and the farmer rightly hesitated to allow the higher quantity-yields and the greater labour-saving promised by the agents of the chemical manures to outweigh the consideration that the sheep knew best what was best for them, and that what was best for them was best in the long run for everybody concerned—producer and consumer alike.

In a fundamental sense a person eating meat is eating fertiliser at two removes. The manure is the diet of the grass, the grass that of the animal, and the animal that of the man. The chemical difference between one fertiliser and another will, of course, be attenuated to an infinitesimal degree in these sub-dietary processes, but no-one who keeps abreast of scientific research will scoff at the theory that there is difference in the end, and that that difference may have manifest results. For instance, the writer of a leading article in *The Times* of September 14, discussing the researches of Dr. Harriette Chick and others in Vienna, remarks on the connection established between sunlight and food. Fresh food, he calls "Sunlight food"; and one may thus speak of people eating sunlight. He alludes to vitamins as constituting, so to speak, the quality of "freshness." And since some of them can be heated to high temperatures without losing their virtue, the way is opened for creating freshness through chemical combinations. Yet at the end of his remarks he says:

"Food charged artificially with vitamins is not, apparently, 'just as good' as natural food. There exists some further essential substance about which Nature alone possesses the secret."

Quite so; and that essential substance, though present in almost a vanished quantity can evoke measurable reactions in the human organism. Students of homeopathy will see the principle of the "infinitesimal dose" paralleled here, where the dilution of the mother-tincture is attended by a corresponding increase in the potency of the curative element. In this case Nature provides the fertilising mother-tincture in the soil, and "potentizes" it by "breaking it down" to that degree of nothingness where anything may happen. "You people would laugh to hear a doctor say: 'You must not take the dose too weak or it will be too strong for you'—but in homeopathy this admonition has a scientific sanction. A distant parallel to this is provided by the tested fact that alcoholic liquor is potentized to a remarkable degree if drunk through a straw. So much so that, according to "R. R." landlords would furnish customers trying the experiment, as they often did in practical jokes on their innocent friends.

So much for the chain-theory of dietary influence for

good or evil. But there is a circumstance which tends to arrest the manifestation of evil results. It is the capacity of the animal organism to tolerate obnoxious elements in nutriment. Take those sheep in the field. They would have eaten the less fancied grasses if the most-fancied grass had not been provided. And, of course, that is what the descendants of that flock were obliged to do when the farmers were later driven by artificial finance to use artificial fertilisers. Needs must when the devil drives. The grass tolerated the new manure, the sheep tolerated the new grass, and in the end the man tolerated the new mutton. No doubt the Prodigal Son in the parable would, in time, have tolerated the husks that the swine were eating. And, for all one can tell, mankind might be trained to tolerate wood-chips and chalk instead of potato-crisps and salt if a long enough period were allowed for the adaptation. For there is no limit to the marvels of science or to the marvels of ingenuity that can be used in exploitation thereof.

There might not be "ill-health" in the conventional sense; but there would be a declension in the norm of "health" itself. It would happen imperceptibly. And what is health, after all? To medical officers to-day it is any condition of the body which does not require professional attention. If the whole population were to get sick every morning, morning sickness would cease to be regarded as an ailment, but would be a component part of the norm of health. You are only "unwell" when you "get" something which others haven't got. So the maintenance of health in a general statistical sense is a question of adjusting human toleration to the debasement of food and environment. And, to borrow the language of Mr. J. M. Keynes, there is no limit to which the norm of health cannot be contracted provided that "tolerance," and the occasion for it, keep in step.

"Bad Teeth a Menace to Health," says the headline to a report of a conference of dental-aid charitable institutions. (*Times*, September 21.) Why not: "Bad Health a Menace to Teeth"? The conditions attendant on defects in teeth are described as the "cause," for no other reason, apparently, than that prior causation is too complicated to describe by a single medical designation. There is a coherent chain of causation stretching from artificial manure at one end to artificial teeth at the other. To de-nature the soil may set influences at work which will de-nature the human being. And if only this and other processes of de-naturing keep in step and march slowly, there will be an appearance of maintained health—but the "health" of a Robot-in-the-making rather than of a man made in God's image.

Bearing on this a contributor to THE NEW AGE opportunely provides us with an extract from Richard Jeffries' writings—one which readers will see matches in insight the passage we quoted from that writer on September 13 under the title of "A Social Credit Victorian." This time it is out of his book, *Amaryllis At The Fair*, first published in 1887. (Duckworth. Price 3s. 6d.)

That day they had a leg of mutton—a special occasion—a joint to be looked on reverently. Mr. Iden had walked into the town to choose it himself some days previously, and brought it home on foot in a flag basket. The butcher would have sent it, and if not, there were men on the farm who could have fetched it, but it was much too important to be left to a second person. No one could do it right but Iden himself. There was a good deal of reason in this

personal care of the meat, for it is a certain fact that unless you do look 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 household expenses reach thousands yearly, and yet they rarely 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 if it is the least bit white it is sure to be poor; the grain was short, and ate like bread and butter, firm, and yet almost crumbling to the touch; it was full of juicy red gravy, and cut pleasantly, the knife went through it nicely; you can tell good meat directly you touch it with the knife. It was cooked to a turn, and had been done at a wood fire on a hearth; no oven taste, no taint of coal gas or carbon; the pure flame of wood had browned it. Such emanations as there may be from burning logs are odorous of the woodland, of the sunshine, of the fields and fresh air; the wood simply gives out as it burns the sweetness it has imbibed through its leaves from the atmosphere which floats above grass and flowers. Essences of this order, if they do penetrate the fibres of the meat, add to its flavour a delicate aroma. Grass-fed meat, cooked at a wood fire for me.

Wonderful it is that wealthy people can endure to have their meat cooked over coal or in a shut-up iron 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 them, "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 bread—far, 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 30s. a quarter, a price which is in itself one of the most wonderful things of the age. The finest bread ought to be cheap. . . .

By Flamma's side there 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 gaseous, alkaline, chalybeate liquor; better by far than Kissingen, Homburg, Vichy; better by far than mud baths and hot springs. There is no medicine in nature, or made by man, like good ale. He who drinks ale is strong.

The bitter principle of the aromatic hops went to his nervous system, to the much-suffering liver, to the clogged and weary organs, bracing and stimulating, urging on, vitalising anew. The spirit drawn from the joyous barley warmed his heart; a cordial grown on the sunny hill-side, watered with dew and sweet rain, coloured by the light, a liquor of sunshine, potable 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 in it an alchemic power analysis cannot define. The chemist analyses, and he finds of ten parts, there are this and there are that, and the residue is a "volatile principle," for which all the dictionaries of science have no explanation. "Volatile Principle"—there it is, there is the secret. That is the life of the thing; by no possible means can you obtain that

volatile principle—that alchemic force—except contained in genuine old ale. Only it must be genuine, and it must be old; such as Iden brewed.

Yes, and if that typical Mr. Iden could be brought to life to-day, and set to feed on the things now masquerading under the honourable names recorded here, we wonder how far his alimentary system would be able to make up the distance in toleration of the obnoxious which separates the present generation from his. That is the test. The question is not: Do I keep well on this dietary? but it is: "Would my forefathers keep well on it?" We spoke of the Prodigal Son just now, and it is a curious thing that whereas in the parable there was the fixed assumption that pigs' food was unfit for man, to-day certain things deemed fit for man are despised by pigs. Bread, for example: it is a tested fact that they often refuse to eat it—they are *not* "fain to fill their bellies with the husks" proceeding from high-speed machine-bakeries such as were described by us last week.

Speaking of speed introduces another factor affecting health in general, and teeth in particular. That is mastication—hurried mastication or non-mastication. The quick-lunch counter means a gobbled meal: and the things on it designed for bolting without discomfort. Again, the bun and milk in the tea-shop make a *smooth filling* for the little lady—especially if it's a cream-bun. Do we not want the Leisure State if only to bring us back the boon of timeless eating? And, what is more important, leisure to select and to prepare things meet for man in a way meet for digestion and nourishment. A watched pot never boils, they say: but what's in an unwatched pot usually spoils. The gift of *Time* will, in itself be a gift of *Money*, in the profound sense of enabling us to improve, by careful preparation, those things which our money buys for us. In that sense, the greater the *hurry* the higher the *price*.

Forthcoming Meetings.

The Green Shirt Movement for Social Credit.
National Headquarters: 44, Little Britain, London, E.C.1.
Wednesday, September 26, 8 p.m. "Problems of Propagandists." (Questions invited.)

Wednesday, October 3, 2.30-10 p.m. Exhibition of The Great Log—an Illuminated Record of the Foundation and Development of Kibbo Kift and the Green Shirt Movement.

Wednesday, October 10, 8 p.m. Lecture by John Hargrave, Founder and Leader of the Green Shirts. "Making Your Dreams Come True." A lecture on Green Shirt Methods of Agitational Propaganda.

Saturday, October 20, 3 to 11 p.m. Green Shirt Bazaar. Speakers: Lady Clare Annesley and John Hargrave. Refreshments. Kift Theatre, Dancing.

The London Social Credit Club.

A members' meeting will be held at the Blewcoat Room, Caxton-street, S.W., on Thursday, October 4, 1934, at 7.45 p.m. Speaker: Major Douglas. Subject: "The Limitations of Propaganda." Chairman: Mr. Ewart Purvis. Members may invite one guest. Admission cards are obtainable from Mrs. Best, Bromley Hill Court, Bromley, Kent. The club will also hold a public meeting at the same place on Friday, October 5. Subject: "Christianity and Social Credit." Speaker: Mr. P. J. Hand.

Birmingham Douglas Social Credit Group.

October 10.—Inflation and the Dividend.—E. W. Harrison, Esq.

October 24.—The Machine and the Dividend.—C. Kenrick, Esq.

November 14.—Before Social Credit and After.—J. G. Milne, Esq.

The New Age Club.

[Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 305, High Holborn, W.C. (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.]

The Time Snag In Prices.

When you receive wages for making goods you cannot buy any of those particular goods, but must buy goods bought 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 into that store.

Industry's store resembles an automatic machine with its pile of packets, those at the top not being accessible until those beneath have been taken out. The packets are put in at the top and drawn out at the bottom. Now supposing you imagine your work to produce a new packet for the machine and you get 6d. for it, you would not mind which packet you got out: you would put your money in the slot and take the bottom one. The one you had just made would, *in course of time*, reach the drawer.

But the industrial machine does not work like that. There is an unwritten law of selling goods, which runs as follows: *The price of an article is all it will fetch.* Now the question of *time* is most important in connection with this law, as will be seen. Let us extend the statement thus:

The price of old goods on sale *now* is all that the buyer has to spend *now*.

And what is it that the buyer has to spend now? It is the money he gets for making goods now. Assuming for the moment that these goods are made entirely by hand, the money he gets is the cost of the goods made now. So the statement can be amended thus:

The price of old 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 this: *below Cost.* This is self-evident as a universal operative law (breaches of it can only happen in particular cases and for short periods). So the final version of the statement will be:

The price of old goods on sale *now* is equal to the future minimum price of new goods being made *now*.

Now this statement is true *irrespective of the quantity of goods on sale now or the quantity being made in the future.* The importance of this will be made clear by reference to the automatic machine. It is as if the price of the bottom packet were to be made equal to the cost of new packets added to the top of the pile whatever number that might be. It would mean that supposing you made four new ones and got two shillings for them that would be the price to be paid for the sixpenny ones in the drawer.

Now if that happened, you would have to look at the matter in two ways. Firstly, you would recognise the owing to the time-element mentioned above, you would not expect to get more old goods just because you were making more still of new goods. What you do expect doesn't alter what you've done in the past: what you made you made, and there is no more to get than is ready—in this case, the single packet. Secondly, you would be bound to ask yourself what would happen when the four new packets reached the bottom of the pile. You would know that you had paid 2s. for sixpenny ones, and you would want to know how you were going to get back the 1s. 6d. overcharge. And not only that, you would

charge, but repetitions of it, depending on how many times you had to draw from the machine before the four packets in question came down to the drawer. Would four packets drop into the drawer? If so at what price? Well, the second question is easily answered, namely 2s., because Price must not be below Cost. As to the first, it cannot be answered conveniently in terms of the automatic machine. But the immediate point is that even if you get your four packets you are paying the full cost of them despite the fact that you had been paying more than the cost of the previous single packets. You will feel that there's a twist somewhere—and that something unpleasant may reveal it sooner or later.

Of course you can explain away the difficulty if you assume that somebody else owns the machine, for then you can say that he has made excess profits, and you have no claim to get any back either in cash or in discounts off current prices. And if you regard the machine as industry as a whole and yourself as the community as a whole you can say that the overcharges on the old packets which you have put into the machine as a customer you have taken out again as a producer—i.e., that the overcharges are represented by money in your pocket, so that you cannot expect to pay less than the full cost of the new packets.

But neither of these pictures is true to fact. Each assumes that the money in use is *indestructible*. It is not.

Once realise that money can be destroyed by someone who is neither a producer nor consumer—someone, or some institution which is not part of the community and above the community's control, and you will see that it is possible for a whole community—even if they owned industry in equal shares—to become unable to pay the cost of new production through having spent their money on old production. For example if when you draw your 2s. on, say, Friday, and pay it into the machine for a 6d. packet made on the previous Monday, and someone extracts the 1s. 6d. from the machine and destroys it, then when Friday's four packets arrive at the foot of the pile, costing 2s., you would have only 6d. (or *might* have—as will be explained later) and could get only one packet instead of the four which you ought to be able to buy. In general terms, it would be possible for a whole community to be short of the money necessary to buy all that they had made provided they counted up the cost according to the ordinary rule, which says that every penny paid out in income at any time for the making of goods must be recovered from the public when the goods are ready for sale.

Now it is this rule which Social-Credit advocates say is at the bottom of all our troubles. The reason why is because the community are being deprived of income (which is destroyed) before the time has arrived for them to get the goods for which they receive those incomes—because they are obliged to spend all their money as they receive it—and because, as pointed out, all the money received *now* fixes the price of something made previously. The cost of the new is the price of the old, quite irrespective of the fact that the *quantity* of the new may be four times that of the old. Leaving money-calculations out for the moment, it is that you surrender your claim on Friday's four packets at the top of the pile in exchange for the one packet made on Monday.

Notice, the rule is not wrong *in itself*, but it produces a wrong result because of the lapse of time which affords opportunity for money to be destroyed before it can buy the things which it *belongs to*. The rule would work out

all right, as you can see, if everything you made during Friday could be ready for sale on Friday before you had parted with your 2s. 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 2s. for 6d. packets you are slowed down to making one packet and getting only 6d. For you must remember that if you add four to the pile and draw only one out the pile is getting higher, and when the pile gets a certain height it is called a glut, and when there's a glut production is slowed down and men are put on part-time and part-wages. If you reflect on this you will see that your being overcharged on one day causes you to be short-paid on some following day. The two-shillings-worth arrives at the drawer just when your wages are reduced to 6d.

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 development of their movement from the early days of the Kibbo Kift to the present time, and that this "tome" was of such exquisite workmanship as to be not unworthily compared to the eighth-century Irish *Book of Kells*, I was interested, but somewhat sceptical about this latter claim. As a working designer myself, I know how 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 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 "private view," and I was "staggered"—the only word I can think of that describes what I felt.

At the best, I expected a careful piece of illumination and lettering all too obviously based upon the study of the art of early scribes and rubricators; 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 work she has done (and is still doing) on this Great Log, or *Kinlog*, 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 "pure Nord"; in fact, she might easily pass as a Norwegian peasant-girl. Consciously or unconsciously she has brought into her work some strong thread woven of the Scandinavian outlook and psychological set-up; and yet there is none of that art-student-cribbing-ideas-in-the-British-Museum that is death to the creative impulse. Whatever is here of the past and of Norse feeling has come out of her naturally.

The book is, roughly, 22 inches by 16 inches, is over 6 inches thick, and contains 600 pages bound by hand in pigskin. The cover has an all-over symbolical design made and carried out by John Hargrave, the founder and leader of the Movement.

On November 20, 1927, *Kinlog* was placed upon an oak lectern 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

ceremony she undertook to carry out the work of Kinlog 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 a wealth of original decorative designing, so rich in inventive detail and illumination that the eye feasts and gloats upon initials that unfold and gleam like strange and lovely flowers, marginals that spring out of intricate traceries as figures, signs, animals, trees, machines, stars, forces, powers, that troop down the page to an ordered "dance" of form and colour, and troop back again in strapwork-rhythm. Then, suddenly, a full-page decoration breaks the text! Instead of a gem, a jewel, a bright flying fancy here and there—as one might light upon a few luscious blackberries in the hedgerow—we walk straight into the quickening dream. It is music done into shape and clothed in colour. We are through the long-barrow at last and out the other side, where the trees sing, where you meet yourself as you would have been, where the charwoman is Mayday queen and doesn't know it, where all the pompous fools have been turned into cut-glass toadstools and sprays of frozen laughter. . . .

Here is Beowulf, here is Wayland Smith, and here's Tom Hickerthrift, the wheelwright-giant of East Anglia—and surely that queer totemic animal sniffing the tip of its own tail must be Sir Otto Niemeyer? The White Horse drinks from the dewpond below the Long Man of Wilmington, while power-producing dynamos sing Robin Hood to sleep with a druid-drone from Stonehenge. And through it all—unfurling the banners floting, embroidering the dismal factories, enheartening and energising the little bands of Green Shirts—runs a developing theme. Turn another page, and here is the Idea of Social Credit dawning on the world . . . vivid, clear, brightly detailed. It is like looking down, down into the limpid underwater-world at the bottom of a slowly flowing stream. Everything is seen clearly, but—we cannot (yet) plunge in and live! Looking at the pages of *Kinlog* we forget for a moment that we are "fish out of water," gasping and flopping and dying on the banks. So here we are, awakened from the quickening dream of Is, and Was, and Will Be, and I am asking Miss Milnes (how silly it sounds to be calling her "Miss" Milnes when in the dream she appeared as a Blue Falcon—and I remember calling her "Blue Falcon" without thinking it at all out-of-the-ordinary!)—here I am asking her what colours she uses. "Water-colours," she explained, "as pure as can be obtained, and only those colours have been used that the makers guarantee as being permanent; for example, vermilion, emerald green, azure cobalt, ultramarine, azo yellow."

"And these initial letters?" I asked.

"Burnished gold leaf on raised work of gesso."

"The interlacing patterns—the 'strapwork'—that you have introduced here and there: are they copied from old manuscripts?"

"No, I have used them because I liked them, and because they seemed to fit in with the life and work of a Movement that springs out of the British tradition. But they would look quite wrong if they were copied from any of the old manuscripts, or even if the old manuscripts were consciously referred to."

"You've enjoyed every moment spent on this self-imposed seven years' task?"

"Yes!"

"How did you decide upon the style of decoration?"

"Well, like the style of the words in the text, it seems

to join with and enkindle the spirit of the people of Britain in its continuity of past and present. That is to say, the past continues to influence the present, and the present reshapes and reinterprets the material given by the past. This is the secret of our technique in every thing—whether cultural or political—and it works."

"What are these queer-looking letters that appear sometimes in your designs?"

"The designs are explained or supplemented where necessary throughout the book in futhorc runes."

"Will you be undertaking a second spell of seven years' work on this Great Log?"

"Yes, I hope so."

"What do the Green Shirts think of it?"

"They are enormously proud of it. Whether they have five, or ten, or more years' 'service-bars' on their sleeves, or whether they are new recruits of only a few weeks' standing, they all look upon *Kinlog* as a living part of the Movement—of themselves (if you know what I mean?). That's one reason why I enjoy inscribing the history of the Movement. It isn't just an illuminated manuscript with no rhyme or reason. I couldn't stand that—I couldn't be bothered with anything that was some sort of arty-crafty 'stunt.' This is the official record of the development of the Green Shirt Movement from the time of the foundation of The Kindred, called the Kibbo Kift, up to the present day; and, as such, it is a 'living' thing."

"Are you one of the original members of The Kindred?" I asked.

"Yes. I enrolled on June 15, 1923."

"That was before the Movement took up the work of Social Credit propaganda?"

"Yes, but we were groping in the right direction—and that is why, when we came across the work of Major Douglas, we knew it was right."

"Is all that recorded in *Kinlog*?" I had not had time to read through it.

"Yes, everything is recorded exactly as it happened."

"How do you manage to remember details—dates and times and places?"

"We have always kept exact records from the very beginning, and, therefore, I have been able to refer to them."

"Is the Movement making headway?"

"Yes, steadily."

"And you believe you are bound to succeed?"

"Absolutely."

"A kind of unshakable faith?"

"Quite unshakable."

"What gives you that faith?"

"Willing discipline, under direct leadership, towards a logical objective." The reply came pat.

"That," I said, with a smile, "sounded rather like a stereotyped answer."

"It was—yes. But it is the correct answer."

As I came away from this interview (still "staggered" by what I had seen) it dawned upon me that perhaps the reason why the Great Log of the Green Shirts is unique, throbbing with energy, a vital piece of work, is because of that unshakable faith; a faith which seemed to me, as unshakable as that of those old clerks "whose work may still be seen in early manuscripts" whose work may still be seen in early manuscripts.

I was told that Miss Milnes will exhibit *Kinlog* in my quarters, 44, Little Britain, E.C.1, and will explain by page, to those assembled.

The opportunity of seeing this work should not be missed by anyone who delights in beautiful craftsmanship. Here, without question, is something worth seeing.

The Point of the Pen.

By R. Laugier.

No. 13.—THE STUMLINGS 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 economics as they talk about their sluggish livers, when those organs do not function happily.

I have said *their* economics—there are more brands than Mr. Heinz 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 made far too many false divisions in its ideology. When we consider how universal, among all the people who count mentally and spiritually, has been the idea of democratic freedom, then we must admit that, had not these admirable souls sadly bungled, the world would now be safe 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 cannot be free unless they choose my system." So, at the outset, they destroyed freedom by denying liberty of choice. They quarrelled among themselves; they produced their little dogmas, their schisms and hatreds: consequently, divided among themselves, they merely bewildered the masses, and failed to arouse a will to freedom.

The old democratic teachers, with their ignorance of money, "differed as the clocks of London." They might be mystics or materialists; individualists or eclectics; Fourierists, Communists, Proudhonians, Single-Taxers, Bi-metallists, Republicans, Monarchists, etc., etc., etc.

A Carlyle would view history as fundamentally nothing more than the biography of great men, the scheme of life being just to throw up this hinterland of genius, which would modify its age and pass on. This view—which caused a man, essentially democratic, to hero-worship Frederick—was denied by such historians as Buckle, who saw man as the creature of physical environment. Carlyle's weakness was to separate the individual from society and isolate him as though he were a "specimen" in a bottle. Buckle's philosophy led him to assume that progress was automatic, and merely a matter of time: God might not be in His Heaven, but all was right with the world. (Buckle was also, consciously or unconsciously, unscrupulous in demonstrating his conception of "progress.") The dangerously false division between individual and community—bred often by solitude inducing intellectual arrogance in men of talent—was detected by Mazzini, as regards the French Socialists, St. Simon, Babeuf, Proudhon. Mazzini wrote: "It would seem that it is not given to the French to understand that the individual and society are equally sacred and indestructible, and that it is the discovery of a method of reuniting and harmonising these two things which is the aim of every effort of the present time."

Divergence of ideas and policy. . . . There were Socialists who thought that men with empty bellies could "educate" themselves, in the spare time left from a "sixteen hour day." There were Socialists who were "in the Government"; and there were Utopians who had in every Government the same kind of pathetic faith that some English tourists display towards any

Paris restaurant. There were violent and non-violent reformers. There were those who would destroy monopolies in the name of the individual, and there were those who welcomed the growth of monopolies in the name of the "State"—because, of course, the time would come when the "State" would "take over" all monopolies. But, alas! the last State has been worse than the first.

One might go on enumerating the differences between democratic thinkers, but it will be more profitable to note where they agreed, and still agree. All democrats have faith in social amelioration, and consequently in progress—in their fellow-men. It is not, I think, impossible to indicate, in an extremely plausible manner, that there has been such a thing as "progress": at the same time no one can "prove" it; and so the act of faith among democrats borders upon the sublime.

There should be, to-day, further common articles of faith among ameliorists, and these are they: The common man is fundamentally decent, and the poor, when uncorrupted by lies, are the salt of the earth. These people are good material to work upon, and the sole material at our disposal. To-day, nothing enduring can be achieved without the consent of the masses, and no reform will be instituted without quickening and directing the will of the masses. In the immediate present the sole hope of cultured, creative man is to liberate himself from the furtive despotism of Parasitic Man; and this can only be done through the passionate will of the people.

Social Credit is essentially the artist's creed: it reconciles individual and collective aspirations: it brings the artist from his mournful and unsplendid isolation and places him once more among a people who may dare to be joyous. Give us Social Credit, and we may once more build a cathedral of Chartres and produce a lyrical drama.

LETTERS TO THE EDITOR.

"A SLIP IN TIME."

Sir,—I should like to enter a protest against your contributor's wholehearted condemnation of Mr. Sells.

I myself owe much to that same Mr. Sells—including the openness of mind necessary for the absorption of Social Credit. Few, I think, would deny his sincerity of purpose, remunerative though it may have proved, and, at least, he has an objective. In the particular work to which Mr. Howard obviously refers, the objective is shown to be by no means wholly unworthy.

"The Labour, Riches, and Wellbeing of the Human Race" is no bad survey of human affairs, even for a Social Creditor, while in "The Outline of Future Events" (which gives, I fear, a picture as possible as Social Credit) Major Douglas is recognised as of profound importance in having first brought to light the meaning and potentialities of Real Credit.

This is not to say that I now agree in the least with Mr. Sells's proposed methods—but have not most of us, before understanding Social Credit, favoured some inferior "remedy" merely because we have recognised the horror of existing conditions?

G. F. LEWELLYN.

"THE NEW ART OF LOVE."

Sir,—In N.M.'s review of my book, *The New Art of Love*, he suggests that a more simple terminology would have been an improvement. I am in whole-hearted agreement. But, unfortunately, over the head of the author who elects to deal with sexual topics in general, and the technique of coitus in particular, there dangles the sword of censorship. For some queer reason, which has its amusing side, any printed reference to the sex act in a terminology which the man in the street himself uses every day in the week, is promptly dubbed pornography.

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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, of course, cannot be done by the orthodox method of 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.

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