

# THE NEW AGE

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

No. 2200] NEW SERIES Vol. LVI. No. 2. THURSDAY, NOVEMBER 8, 1934. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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## NOTES OF THE WEEK.

### Liberty.

Readers will appreciate, in view of the controversy on the Sedition Bill last week, how opportune were our comments during the previous two weeks on the Butler-Smuts sublimation of the idea of "Liberty." We pointed out that the philosophy preached by these two authorities demanded a contraction of everyone's personal freedom as essential to the maintenance of corporate "freedom." The Sedition Bill implements this most effectively. It does not forbid you to use the liberty bequeathed to you: it merely plants observers round your house to see how you use it. When German air raids were signalled during the war every householder had to draw down his blinds. To-day the decree is reversed. With "aircraft in uniforms" hovering around, the safety of the Democratic State demands: Blinds Up!

"The price of liberty," we used to be told, "is eternal vigilance," but everybody took that warning to mean that the individual citizen should be on the alert against ramps on the part of constituted authority—that is to say, if there were any peeping-Tom business to be done it should take the form of his peeping in through the windows of bureaucracy, not of being peeped at by bureaucrats in his own home. How else could the admonition be reconciled with that other saying: "An Englishman's home is his castle"? The home of to-day is in process of becoming licensed premises where the police may enter at will to see that the company are behaving themselves. It is as if the right to live safely in your castle were made conditional on your keeping the drawbridge down and maintaining scaling-ladders *in situ*—a picture which illustrates what we have already suggested, namely, that public liberty appears to be founded on the invasion of private liberties. Lest liberty become license liberties are to be licensed.

It is a long established procedure on the part of the police to arrest a man on one charge while they gather

evidence to sustain another, keeping him in custody in the meantime. Raids under the proposed Sedition Bill will be a refinement of that procedure. They will facilitate the gathering of evidence, not only relevant to sedition, but to any other offence punishable at law. An episode of a year or two ago will illustrate what we mean. An ex-soldier, crippled in the war, turned his hand to making little pen-and-ink sketches of an obscene character, which he sold on the quiet for a few coppers. Satan found employment still for idle hands to do. Well, one of these sketches came into the hands of a working-man, who, meeting a friend on his way home across a public park, pulled it out of his waistcoat pocket and showed it to him. Nearby were two plain-clothes detectives, who, thinking that here was a case of passing betting-slips, arrested the man. On arrival at the police-station he was, as customary, invited to exhibit the contents of his pockets to prove that he had no betting-slips on him. He hadn't. But he had this sketch. The result was that he was charged, convicted, and imprisoned for being in possession of it. As for the sketch, though, like a bank-loan, it was retired from circulation, unlike a bank-loan it was not destroyed. At least, one may safely assume not; for there are still connoisseurs of art among the unpaid magistracy.

However, it will be seen that under the Sedition Bill quite a number of "accidental" discoveries could be made possible. Few things can be less difficult in these days than to construct a *prima facie* case for sedition. Older readers will call to mind our citing some banker as declaring that criticism of financial policy amounted to sedition. We allow that at the moment of writing the definition of sedition seems to have been narrowed down to intentions or attempts to create disaffection among the paid forces of law and order—so much so that the Attorney-General expressly said in the House that the Ulster leaders' raising of volunteers in Northern Ireland was not seditious because they did not attempt to tamper with the loyalty of the regular army.

November 3, p. 6, col. 6.) This seems to be a tacit assurance to the leaders of "shirt-movements" that they have nothing to worry about. But this assurance of immunity in one direction creates suspicions in another. Why ask for these disquieting powers merely to forestall the commission of a crime which would be detected within a few hours? What is the danger? Mutiny, we are told. But mutiny of what dimensions and in what period of time, considering the ridiculously small resources of the hypothetical seducers of the forces, the furtiveness with which they would be obliged to go to work, and the certainty that nine out of ten of the soldiers or sailors approached would report the incident immediately, not to speak of man-handling the offender on their own account? Of course if the Government believe that the temper of our armed forces is so near mutiny-point that only a few leaflets are wanted to bring about a general explosion, that is another matter; but it would open up the question of why it was that such a temper existed. It is agreed on all sides that the outbreak at Invergordon was not the work of outside incendiaries, but was a case of spontaneous combustion. The men found out that the so-called final cut in their pay was not the final cut, and that at the time it had been announced as such the authorities had already prepared to deduct the now celebrated "Baby's shilling." This deprivation was only the occasion of the mutiny, the cause being the deception exposed by its imposition. This fact trumps all hypotheses as to causes of mutinies; and until equally authentic facts with a contrary significance can be adduced we are entitled to suggest that evidences of seditious influences are best sought behind the shuttered windows of bureaucracy, and, ultimately, behind the armoured doors of the banking system.

#### Judge Tobin on Liberty.

"The only safeguard to our liberties and persons is openness." This sound dictum fell from the lips of Judge Tobin last week in the course of a weighty protest against the practice of the Milk Marketing Board of holding trials in secret. (A report of the proceedings will be found elsewhere in this issue.) On being told that this practice had been covered by Act of Parliament, he said: "I know that if I had been in Parliament there would have been some obstruction on my part before any voting for trial of the King's subjects in secret." Similarly, Lord Hewart has said, by implication, much the same thing, namely, that if he had been in Parliament there would have been some obstruction on his part before any voting for the reservation of issues from the jurisdiction of the King's judges. Both these legal authorities are at one in virtually arraigning Parliament for treachery to the Constitution. Circumstances alter cases—in other words, merits alter issues. Our Constitution has been an unwritten one precisely because no-one has been wise enough to foresee the scope and combinations of circumstances and merits which might affect the relations between the citizen and the laws to which he is subject. It has given the King's judges the opportunity to interpret and apply the letter of the law in the spirit of the public conscience. The unwritten margin for variations in "merits" has been the guarantee of justice to each separate individual who came within reach of the law. To-day the Constitution is still unwritten, but with a vital difference, that the unwritten, discretionary power has been assumed by the banking hierarchy and exercised in the spirit of "sound financial policy."

The unwritten guarantee of justice is now

an unwritten reservation of it—and the question of whether the rights of each separate citizen shall be upheld is a question of whether their recognition and fulfilment are compatible with private financial policy and administration. Justice with a limit of cost is tyranny. "Time is money," answer the bureaucrats; but they do not say what money is. "The law's delays are costly," so they plead in justification of their high-speed trials in camera; but they do not say what costs are. It is left for a handful of public-spirited citizens to expose the impostures carried on in the name of "money" and "cost." It is they, not the police, who need to have the power to go to a judge with a *prima facie* case for search-warrants—for the real fomentors of sedition are those who are now secretly engineering the new law for its prevention.

#### The Reform Ramp of 1832.

This reflection leads up to another view-point on the question of Liberty. We direct the reader's careful scrutiny of the passages quoted elsewhere from Graham Wallas's *Life of Francis Place* showing by what agency the public won the democratic privileges embodied in the Reform Act of 1832. It has always been popularly taught that the outdoor demonstrations of the common people were in themselves sufficient to intimidate the Duke of Wellington and his advisers, and the moral has been drawn that if enough people demand something simultaneously and insistently they will get it. It may be observed that to-day the indicated "insistency" does not mean coming out in the streets when you like, but going to the poll when the bankers like, and sitting quietly indoors between-whiles with your eyes shut and mouth open. Organisers of demonstrations are frowned on as persons with subversive intentions—and in any case there is the admitted fact that the exercise of the right of assembly tends to generate the wrong of disturbance. Additionally, those who dislike outdoor demonstrations can point out that in 1832 such demonstrations were allowable because they were largely participated in by voteless persons who had no other means of signifying their desires. But it would be nearer the truth if the influential inspirers of this kind of argument were frank enough to say that the demonstrators were 1832 were legitimate because the demonstrators were agitating only for the vote. As every student of real politics is aware to-day, extensions of the franchise have simply been steps in the dilution of pre-existing voting-power. It is not surprising to hear, as Francis Place naively puts it in his narrative, that the reformist leaders, like the Labour Party Executive who examined the Social Credit case, had the benefit of the assistance of the bankers. His innocent admiration of these gentry for selflessly prompting depositors to come and draw out their gold will cause amusement to the least instructed student of the credit question to-day. In truth, they were buying the control of the new voting power. It is true enough that their intended use of it coincided with the sentiments of the reformers up to a point, namely, to clip the claws of the landed monopolists of the franchise, but the ideas of the reformers as to who would be the reversionary legatees of the spoils of the conflict were not identical with those of their powerful allies who made the victory possible. These gentlemen took on the role of Wotan in *The Rheingold*, who recovered the Rheinmaidens' gold from the dwarf Alberich, who had stolen it, but found a better use for it than to re-turn it to them, hiring the two giants to build an abode for the gods and leaving Loge to tell the maidens

off for lamenting their loss and to advise them to seek consolation by "basking in the splendour of the Gods." Well, Wagner was a true prophet in this case, for it is evident in retrospect that the reformers in 1832 laid the foundation stone for the abode of the Bank-Gods at Basle. Yes, and the rest of the drama has been unfolding itself, until we are not far off the climax of *Götterdämmerung* when the Gods and their abode went up in flames in fulfilment of the curse on their deceit.

All doctrines contrary to established beliefs and conventions are potentially seditious, and it was to be expected that the Bill would rouse the Freethinkers and Secularists. The main object of the National Secular Society is as follows: "To promote the principle that human conduct should be based on natural knowledge, and not on supernatural belief; and that human welfare in this world is the proper end of all thought and action." Human welfare in this world is certainly the proper end of economic policy and activity; and the responsibilities of individuals in an economic system certainly should be based on physical facts, not financial figures. So the Social Credit Movement may be truly said to stand for the secularising of economic theory. We are all secularists in this sense—thoughtful men and women will not tolerate any law, whether proceeding from ecclesiastical, scientific or financial authority, which does violence to our common humanity. Poverty amidst self-evident scarcity we must perforce accept: but poverty amidst self-evident plenty we must perforce reject.

In *The Freethinker* of November 4 are the following comments on the Sedition Bill.

It may be recalled that a similar attempt to make legal the invasion of the home in the search for anti-war literature was made during the war. This was killed by the opposition of the House of Lords. But we have, so far as liberty is concerned, retrograded since the war, and have reached the stage at which numbers only shriek about freedom when it is their own freedom that is attacked. We are paving the way towards Fascism, which if it were adopted would, of course, be called by some other name, in order to gratify our public fondness for humbug.

But it is not too late to kill the Bill if prominent public men who have already protested against it proceeded to draw up a manifesto declaring that if the Bill becomes law they will continue their opposition, agitate for its repeal, and do their best to defy its operations, and deliberately break its provisions if necessary. They could resolve to undertake the full legal defence of every prosecution under the Act, and, still further, buy and keep any literature for which anyone is prosecuted, and circulate it so long as prosecutions occur under the Act. The attitude should be that taken up by the N.S.S. concerning the laws of blasphemy. They are bad laws, and whenever, and wherever, they are put into operation they must be fought, without regard to the character of the offence or the person who is charged with committing it. Unless something like this is done, the Government is likely to take a great deal of the present agitation at what, we are afraid, is its proper value. There are many who will agitate while the agitation is safe, but so soon as it means a question of sacrificing money, or status, or position, then the actual defiance of a bad law is left to some poor devil who has neither money nor position to lose.

If these remarks are read in conjunction with what has been said in the preceding "Notes" they will be seen to have a direct bearing on the problem of political action in the furtherance of the Social Credit objective. At one extreme we have the moderates who rely on the vote, and at the other the extremists who, so it is feared, may

rely on violence, or policies conducive to violence. *The Freethinker* is neither moderate nor extremist, but advocates something partaking of both attitudes: it seeks in principle to bring about the defeat of a bad law by making it expose its badness in actual administration. A court of law is in a large degree a little Parliament which tests the wisdom and justice of statute law in the process of shaping it into case law. It cannot of itself initiate the process—some citizen, or group of such, must provide it with the occasion.

#### French Political Crisis.

M. Doumergue wants to take away from the Senate their right to veto a proposed dissolution of the Chamber and an appeal to the electorate, and to reserve it for exercise by the Prime Minister with the assent of the President. His idea is to discipline the Deputies (who have been turning out Governments so frequently) by holding over their heads the threat of the expense of a new election when a Government is defeated. *The Times* (November 5) backs him up, pointing out that under the present practice it often happens that a Minister has hardly had time to get familiar with his job before he is replaced by another. We should put it another way and say that the bankers have hardly had time to break a new Minister in to their ways before they have to start all over again with another. *The Times* declares that this is bad for Democracy. We declare that it is exactly the opposite.

#### Liberalism and Liberty.

[Extracts from an address entitled "The Attack on Liberalism," delivered at Southampton, Long Island, on September 2, 1934, by Dr. Nicholas Murray Butler.]

"The exploitation of one man by his fellows is no part of liberty; it is a form of license. . . . Until the ideal of service dominates every form of human effort, including the profit motive itself, liberty will not be secure."

"Through the attempt permanently to balance production and consumption, nation by nation, liberty may easily be suffocated. There must be brought into existence a society of citizen-nations."

"Therefore, the true liberal is looking to international understanding, international co-operation, and international organisation as absolutely necessary if the world is to be saved from . . . collapse, and if liberty itself is to be protected against the vigorous attacks of compulsion in any of its forms, these attacks being everywhere greatly strengthened by doubts and difficulties that are local or national."

" . . . under the rule of true liberty each individual must have not only freedom of thought . . . speech . . . assembly and . . . worship, but free and open access to an opportunity to earn his livelihood."

"Even before the Great War . . . a prosperous world trade which had been slowly building through the centuries, was checked by protective and discriminating tariffs which had as their main purpose . . . the support of privileged and self-seeking groups and classes in the various nations."

"There is still another and very subtle mode of seeking to undermine liberty and liberalism, without in any wise either changing the form of our government or appearing to alter the foundations upon which it rests; that is, by the use of the taxing power in the interest not of the whole people, but of groups and sections. If there is to be a just and wise use of the taxing power and an equally wise and just expenditure of public funds, then those by whose authority the taxes are laid must themselves help to pay the tax and be made tax-conscious thereby. . . . This is why the income tax with a very low exemption, and the sales tax, are the ideal taxes in a democracy."

"If the power to tax be so used as to make savings by individuals impossible, society's power to progress will be destroyed."

"The liberal . . . will address himself through international conference and action towards bringing about . . . an international monetary unit by which the monetary units of the several nations will be measured in terms of an international standard, this to be defined in terms of gold and silver bullion. . . . The responsibility for the operation of such a . . . system, as well as its general administration, might best be placed in the hands of the Bank for International Settlements at Basle."

## Gold, History and Liberty.

Some time ago we commented at length on a book called *The Life of Francis Place*, written by Graham Wallas and published by George Allen and Unwin, Ltd., in 1921. We understand from the publishers that the book is still available (price 7s. 6d.) and, in order to emphasise its importance, now reproduce in full matter cited from it in a brochure circulated several years ago. This consists firstly of the preface to the book, and secondly of extracts from the eleventh chapter.

### THE PREFACE.

The true facts of that tremendous historical occurrence known as the passing of the Second Reform Act (1832) have been deliberately suppressed by successive Governments.

Standing orders have been given to the permanent officials in the Government Departments to take the utmost precautions by means of the Government Secret Service that none of the real facts connected with the passing of the Second Reform Act shall ever be published in any History or book of Historical Reference, whether the same is intended for schoolboys, university students, or professional historians.

This is confirmed by the fact that a long search through many Histories and Encyclopedias has failed to discover any mention whatever of the real events connected with the passing of the Second Reform Act; these, and the name of Francis Place, have been absolutely obliterated as far as all such chronicles are concerned.

A recent admission\* in Parliament also disclosed the fact there is actually a permanent Government official receiving a salary of £1,200 per annum and pension, known as "Historical Adviser," and whose miserable and degrading duty consists in advising the Government of the day how to evade and suppress historical truth in the interest of the professional politician, and to the terrible disadvantage of the rest of the people.

It is only due to the recent discovery of a number of papers belonging to the late Francis Place that this all-important information can be laid before the public.

Great Malvern,

August, 1921.

C. POWNALL.

### EXTRACTS FROM CHAPTER XI. "The Second Reform Campaign."

On Saturday, May 12 (1832), he (Place) wrote: "In the afternoon the Deputies from Birmingham, other Deputies, and several persons who were not Deputies, came to my house. They had been in various parts of the metropolis, had conversed with many people—merchants, bankers, traders, and Members of Parliament. All whom they had seen, as well as themselves, were greatly excited at the no longer doubted intelligence that the King had ordered the Duke of Wellington to form an administration. They observed that such was the dread of his probable conduct, and so strong the desire to prevent him doing mischief, that already his protest on the second reading of the Bill on May 7 was reprinted, placarded, and distributed, with a caution to the people against permitting the Duke to govern them. It was generally understood that the Duke would endeavour, and would probably succeed, in forming an administration of desperate men, and proceed at once to put down the people by force, cost whatever it

\* Mr. Cecil Harmsworth, Under-Secretary for Foreign Affairs (Luton, C.L.).—The Historical Adviser is Mr. J. W. Headlam-Morley. This gentleman, hitherto on the staff of the Educational Department, and a scholar of distinguished record, has for many years past made a special study of historical questions, and is the author of a considerable number of works of importance. The work of the Historical Adviser is necessarily confidential, and it would be in the public interest nor in accordance with precedent to discuss publicly the individual services of members of the permanent Civil Service establishment.

*The Times*, July 26, 1921.

might. No one present, however, doubted that the people would put down the Duke, and each was ready to do his best for that purpose. It was quite certain that the bulk of the people would rise en masse at the call of the Unions, and the Deputies now in London and other cities.

"It was now considered necessary that, as soon as it was ascertained that the Duke had formed an administration, all the Deputies, excepting three sent by the three principal places, should return home and put the people in opposition to the Government of the Duke, while the leading reformers in London should themselves remain as quiet as circumstances would permit, and promote two material purposes:—

- (1) Keeping the people from openly meeting the troops in battle, supposing the soldiers were willing to fight them;
- (2) To take care to have such demonstrations made as would prevent the soldiers being sent from London if it should turn out, as seemed next to impossible, that the mass of the people did not make these demonstrations themselves.

"It was very clearly seen that if a much more open and general run for gold upon the Banks, the Bankers, and the Bank of England could be produced, the embarrassment of the Court and the Duke would be increased, and that if a general panic could be produced, the Duke would be at once defeated. To this purpose the attention of us all was turned, and many propositions were made to increase the demand for gold. Several suggestions were made, several hints were adopted and agreed to be put in train; but some measure which would operate extensively, and at once, was still desired, and this put us into a perplexity respecting the means of accomplishing this purpose. Among the persons present were two bankers, and although they were likely to be inconvenienced greatly and perhaps to be considerable losers, they entered very heartily into the business. There was a general conviction that if the Duke succeeded in forming an administration, that circumstance alone would produce a general panic, and almost instantaneously close all the Banks, and put a stop to the circulation of Bank of England notes, and compel the Bank to close its doors; and thus at once produce a revolution. The question, therefore, among us was, 'can we adopt means to cause such a run upon the Banks as may either intimidate the Duke, and induce him to give up the attempt to form an administration and coerce the people, or prevent him having the means of aggression if he persists in his attempt?'

"It was thought we might succeed in one, and if in the first, prevent the second, and consequently the revolution, though much deplored, was no longer feared. While the discussion was going on, some one said, 'we ought to have a placard announcing the consequences of permitting the Duke to form an administration and attempting to govern the country, to call upon the people to take care of themselves by collecting all the hard money they could, and keeping it, by drawing it from Savings Banks, from Bankers, and from the Bank of England.' This was caught at, and Mr. Parkes set himself to work to draw up a placard. Among the words he wrote were these, 'We must stop the Duke.' These words struck me as containing nearly the whole that was necessary to be said. I therefore took a large sheet of paper and wrote thus:—

### TO STOP THE DUKE GO FOR GOLD.

I held up the paper, and all at once said: 'That will do: no more words are necessary.' Money was put upon the table, and in less than four hours bill-stickers were at work, posting the bills. The printer undertook to work all night, and to despatch at four o'clock on the next (Sunday) morning six bill-stickers, each attended by a trustworthy person to help him, and see that all the bills were stuck in every part of London. Other persons were engaged to distribute them in public-houses and in shops, wherever the people would engage to put them up, to send them to the environs

of London by the carriers' carts, and thus cause as general as possible a display at once."

"Parcels were sent off by the evening coaches, and by the morning coaches of the next day, to a great many places in England and Scotland, and with some of these parcels a note was also sent, requesting the people to reprint them as posting-bills and as hand-bills."

On Monday (May 14) the *Evening Standard* accused Grote of having originated these placards. He wrote to the papers indignantly denying any approval of the move, and privately to Place, prophesying that it would set all the commercial interest against reform. . . . So far the preparations had been carried on in daily expectation of the appointment of a Wellington administration. But expressions of anxiety appeared on Monday (May 14) in the Tory papers, and on Tuesday the King again sent for Lord Grey. Place first heard of the event from Hobhouse, and at once wrote again to Grote: "Here is the answer to your note of yesterday. Just at the time when the *Standard* published your letter containing your — what? — oh! arguments to prove that 'Go for Gold' was no go at all, in came a great man, who, seeing the placard on my table, pointed to it, and exclaimed, 'That is the settler; that has finished it.'† This he said without hesitation before a gentleman whom he had never before seen. When the gentleman was gone, he told me that the placard and some other such matter had worked out the reformation. Earl Grey was gone to the King"‡ . . . Next day, Friday (May 18) eleven days since the division in the Lords, and nine days since the acceptance of Grey's resignation, came the final crisis. . . .

The crisis was come; both Houses of Parliament were filled with Members, and with as many strangers as could obtain admission. An immense concourse of people was assembled outside the Houses, and everybody waited the expected announcements with the utmost anxiety. It was fearfully apprehended that the Duke would be appointed; all confidence in the patriotism of the King had subsided, and the worst consequences were anticipated. The Deputies from the towns in various parts of the kingdom had made preparations for their departure, and the evening papers had their forms standing ready to insert the announcements in the Houses of Parliament in second editions, to be forwarded by the mails and coaches to every part of the United Kingdom. In a state of indescribable apprehension and terror, Earl Grey in the Lords, and Lord Althorp in the Commons, announced the exhilarating fact that Ministers, having secured the means to pass the Reform Bills without mutilation, would continue in office. . . .

"On the next morning I was informed that the King determined to appoint Earl Grey in consequence of the following circumstance: At about two o'clock a gentleman came to Earl Grey privately. He was commissioned by the Bank Directors to inform him that if nothing was settled in time to be forwarded to the country by the mails, they generally give notice to withdraw their deposits, and convert the amount into cash. That this being known, other persons would also demand gold for paper, and that the run upon the banks would, in a few days, compel them to close their doors. That Earl Grey requested this gentleman to proceed to the Duke of Wellington and make the communication to him. He did so, and the Duke having immediately made a similar communication to the King, Earl Grey

\* See *Morning Post*, May 15, 1832. "A large placard posted about the town yesterday gave the following pithy advice, 'To stop the Duke, call for gold.'"

† Note by Place in the Letter Book, "Sir John Hobhouse."

‡ See John Francis, "History of the Bank of England," Vol. ii., p. 67. "For a week the Corporation sustained a run upon its specie which was reduced to £4,919,000. In one day £307,000 were paid. It soon became very questionable whether the run for gold would not drain every banker in the kingdom, and the writing on the wall spoke to those having authority with a power far exceeding the most brilliant oratory. Lord Lyndhurst found it impossible to form a ministry; and Earl Grey was recalled."

was restored to office with the power he desired. This information was given me by a confidential person of a Cabinet Minister, with an injunction by him that I was not to use his name."

On Sunday morning, May 20, Place sat down and wrote his reflections on the memorable eleven days.

"Here let us hope the turmoil will end. We were within a moment of general rebellion, and had it been possible for the Duke of Wellington to have formed an administration, the King and the people would have been at issue. It would have been soon decided, but the mischief to property, especially to the great landowners and fund-holders, and personally to immense numbers, would have been terrible indeed. Yet upon the coolest calculation it would have been by far less terrible than that which must have resulted from a submission to the Duke of Wellington and the army.

"I always doubted the courage of the people, as well as the judgment to do, at the right time, the thing which might be most requisite to produce the greatest amount of good on any great emergency. There had, however, been no means at any time of judging correctly on this subject, the people never in any case having acted for themselves, but always as the tools of some party for party purposes, even when national good was the result of this use which was made of them. This was indeed the first time they ever combined of their own free will for a really national purpose, and this it is which marks the era as of more importance than of any former proceeding."

## Forthcoming Meetings.

### Green Shirt Movement For Social Credit.

National Headquarters: 44, Little Britain, London, E.C.1.  
Wednesday, November 14, 8 p.m.—Lecture by John Hargrave, the Founder and Leader of the Green Shirts, "Social Credit and Class-Conflict."

Tuesday, November 20, 2.30-10 p.m.—By Special Request. Second Exhibition of The Great Log—An Illuminated Record of the Foundation and Development of Kibbo Kift and the Green Shirt Movement for Social Credit.

### Birmingham Douglas Social Credit Group.

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

November 28.—The Meaning of Democracy.—G. Hickling, Esq.

December 7.—ADDRESS BY MAJOR DOUGLAS IN THE TOWN HALL. CHAIRMAN, THE DEAN OF CANTERBURY.

December 12.—The Social aspect of the National Dividend.—T. F. Evans, Esq.

January 9.—Subject to be announced.—Dr. J. E. Purves.

January 23.—The Common-sense of Social Credit.—L. D. Byrne, Esq.

February 13.—Resistances to Social Credit Propaganda.—P. R. Mason, Esq.

### London Social Credit Club.

Blewcoat Room, Caxton Street, S.W.1.

Nov. 9, 7.45 p.m.—The Meaning of Social Credit, by Mr. H. Best.

Nov. 16, 7.45 p.m.—Class Distinctions in a Social Credit State, by Mrs. Hattersley, Vice-President of West Riding Social Credit Association.

Nov. 23, 7.45 p.m.—Foreign Trade and Social Credit, by Mr. Ewart Purves.

Nov. 30, 7.45 p.m.—What is this Social Credit? by Mr. A. L. Gibson, F.C.A., of Sheffield.

Visitors are Welcome.

Friday nights, 5-11 p.m., Social Credit Library and Literature Stall.

### Manchester.

Manchester Douglas Social Credit Association.—At the Milton Hall, Deansgate, Manchester, on November 13, 7.15 p.m. "Social Credit: The Way to Prosperity." Address by Mr. A. H. Blackman.

### The New Age Club.

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

## Banking and Industry.

By A. W. Joseph, M.A., B.Sc., A.I.A.

[A Paper recently submitted to and discussed by the Birmingham Actuarial Society.]

### II.

It may be pointed out that when the Banks create money by making loans and buying securities, not only do they make themselves liable to pay more cash than there is in existence, but simultaneously the public becomes liable to pay them more cash than there is in existence—another unsound consequence of banking policy. In times of bad trade this may result in certain sections of the public being brought completely under their control. Taking the public as a whole it is possible to balance the Banks' liabilities to the public against the public's liabilities to the Banks. The distinguishing feature of a Bank reserve is that there is no corresponding liability of the Banks to set off against the indebtedness of the public to the Banks.

It will be noted also when considering whether banking policy is in accord with the public interest that there is an upper limit to the amount of money that can be allowed to be in existence, dependent on the technical ingenuity of the Banks in economising in the use of actual cash and not related at all to the legitimate needs of industry.

Let us now consider how money is distributed in industry and the resulting costs which are set up. The orthodox standpoint has been put by Mr. J. A. Hobson in "Rationalisation and Unemployment," p. 17, from which I quote as follows:—

"Let me make these statements clearer. As the processes of converting raw materials into finished goods, whether for human consumption or for utilisation in production, are carried on in the business world, money is concurrently distributed (at various intervals, from daily wages to half-yearly dividends) to the persons who apply their labour, ability, land, capital, in the different productive processes, or as profit. These payments proceed *pari passu* with the productive processes, and, as wages, interest, salaries, rents, or profits, constitute the costs or expenses of production, on the one hand, and 'income' of the recipients on the other. If, as I urge, it is convenient to include profit among these expenses, the whole set of payments amounts to the selling price. So regarding it, we may say that this selling price has been paid away in the various expenses of production. Those who have received these payments in their money incomes possess the wherewithal to buy all the product, alike the consumable part of it and the capital goods that constitute the other part."

The argument is very plausible, but, as I shall show, it is much too superficial and ignores certain considerations whose omission completely upsets the conclusions which have been drawn. The questions with which we are concerned may be looked at from two different points of view, both of which lead to the same result when all the factors are taken into account. There is the usual method of examining payments made and costs accumulated in the price of each separate article, and hence by addition for all the articles produced; and there is the flow method set out by Major C. H. Douglas (author of *Social Credit* and other works), which involves examining the flow of purchasing power distributed and costs accumulated in each period of time for each separate article, and hence by addition for all the businesses in the industry.

Regarding matters from the usual stand-

point, i.e., examining payments made and costs accumulated for each separate article the main factors which have been ignored in Mr. Hobson's arguments may be considered under the three headings:—Saving not involving the creation of fresh capital equipment, saving involving the creation of fresh capital equipment, and the Time Factor.

### Saving Not Involving the Creation of Fresh Capital Equipment.

It will be agreed that the orthodox argument cited above does not make provision for the distribution of more money than is sufficient to balance the costs of goods coming on the market. If, therefore, some of the money distributed is saved, whether by a private person or by a company, there must be a deficiency of purchasing power. This fact will not be denied if saving takes the form of hoarding money or leaving money unused on deposit at the bank. But it applies equally well if we "invest" our savings by buying securities. If we purchase the securities from the Banks (not necessarily direct) the money paid to the Banks is immediately cancelled and is no longer available for buying goods. (On the liability side of the Banks' accounts, deposit and current accounts are reduced by the sum paid, and on the assets side investments are reduced.) If the investment is effected by buying securities from another member of the public and if the second member uses the money he has obtained for purchasing goods then of course this transaction has not decreased purchasing power. The second member of the public has, however, spent past savings, and it is undeniable that the spending of past savings will neutralise the effects of present saving. But in normal times the amount of present saving largely exceeds the amount of spent past savings. For the effects of a lack of money are so serious both to an individual or to a corporation that there is a continual urge by the Government, insurance companies, and other parties to impress on the public the traditional virtues of hard work and thrift. In times of deep depression, when money is scarce, the tendency to save may be overcome, although what usually happens is not that past savings get spent, but that they are destroyed by the depreciation in value of the security in which the saving has been invested. Taken as a whole, the net increase in saving, particularly in the form of company reserves, and the losses due to writing off or writing down of share values, are big factors in causing a deficiency of purchasing power.

The above argument is not intended to give the impression that it is wrong to save. Indeed, in a world where money is scarce, the provident man or company has a huge advantage over the one who has not saved. All it is intended to prove is that under present conditions saving causes a deficiency of purchasing power.

### Saving involving the creation of fresh capital equipment. (The double circuit.)

The simplest way to study what occurs in the process of using savings for fresh capital expansion is to examine a sequence of operations in detail. Suppose a manufacturer, without any resources of his own, starts a business by borrowing, say, £10,000 from the Banks. He builds a factory, and in so doing distributes £10,000 to contractors. He must repay the Banks the £10,000, and therefore must include it as an overhead cost in the prices of the articles which he produces. Now ignoring the fact that the original £10,000 was distributed at one time, and

must be collected from the public in the prices of articles at another time (which point will be dealt with later), we may say that the public has possession of the money wherewith to meet the overhead costs. Suppose the manufacturer's business prospers, and not only is he able to collect his necessary overheads, but he is able to accumulate a reserve of, say, £5,000. By so doing he has collected from the public £5,000 more than he has distributed. So far this is an example by a business of saving not involving the creation of fresh capital equipment. But suppose the manufacturer decides to use his £5,000 for expansion. He builds an extension to his factory costing £5,000, and in so doing distributes this amount to contractors. Now he is all square as regards money distributed to the public. But having built a factory at a cost of £5,000 he will, according to normal accounting methods, charge in the price of the goods manufactured by the second factory overheads sufficient to bring him in £5,000. These costs have never been distributed and, therefore, sooner or later, the costs of his articles will exceed the money in purchaser's hands. The £5,000 has run a double circuit. It was included in the price of the original articles in order that the £5,000 reserve should be formed, and it is also included in the second batch of articles. But it was only distributed once when the second factory was built. Or, alternatively, the matter may be looked at from the following point of view. The extension to the factory is a new physical increase of wealth, but the amount of money available has not increased. Had the manufacturer approached the Banks when he wanted to build his extension and borrowed £5,000 he would have distributed £5,000 new money to the public. But instead, he accumulated a reserve and tried to make an existing £5,000 suffice to meet the costs he set up by building the extension.

It might be objected that the manufacturer is under no necessity to include the cost of the extension in the price of the goods manufactured by this new factory. This is perfectly true, and the manufacturer could have written down the value of his factory extension to nil as soon as it was erected, in which case he need not collect the cost of the extension in the prices of his goods. Such a procedure, however, is contrary to accepted accountancy practice, is opposed to common sense, and is in essence extremely deflationary. It is also contrary to the accounting methods which the manufacturer would be forced to use if he had built the factory by borrowing from the Banks. The full import of this latter statement will be appreciated if the factor of competition is considered. Suppose a competing manufacturer Y, without private resources, builds a factory, in the same way that X did when the Banks. He borrows, let us say, £5,000, which he distributes to contractors, and therefore he is bound to collect the £5,000 in the prices of goods. X is not bound to do so. X and Y between them are trying to collect £10,000 from a public which has only received Y's £5,000. X could, of course, undersell Y, but the more likely thing to occur would be for X to collect £2,500 from the public and Y a further £2,500. X would thus have been forced to write down the value of his factory extension to £2,500, and Y would be £2,500 in debt to the Banks, i.e., would still be trying to obtain £2,500 from the public in order to get himself out of debt. Thus the double circuit has formed an excess of costs

over purchasing power which excess might have originally been rendered harmless if the original manufacturer had adopted the spartan procedure of writing down his extension of capital to zero. But in the hurly-burly of competitive trade some of the deficiency is made absolute because some manufacturers are forced into debt to the Banks, while other manufacturers are compelled to write down their capital and so subsidise the public.

When one is forced to write off capital in this way one is said, in banking parlance, to be putting one's house in order, and this method is one of the Banks' traditional means of overcoming a slump. The method, it must be admitted, is of some success in its primary object of reducing the disparity between costs and purchasing power, but it is questionable whether the resulting dislocation and stagnation of trade followed by the crop of bankruptcies caused by such drastic deflation are not worse than the disease it is intended to cure. That such a method should be put forward as the only sound way of overcoming an admitted disparity between costs and purchasing power is a result of the view that it is unsound if not impossible to distribute new purchasing power in any other way than through the banking system as loans to producers.

### The Time Factor.

In the preceding arguments costs and purchasing power have been considered without relation to the time at which the costs come on the market as prices and purchasing power is distributed as wages, salaries, and dividends. But this question of time is all-important.

The disparity in time between costs and purchasing power as regards separate articles may be divided up into three stages. First stage: Before the goods come on the market money distributed is in excess of prices. The proportion of money and the period of time over which it is distributed in advance depend on the article produced and on the conditions of industry. Thus if human labour is being displaced by machines the amount of money distributed when the machines are made may be larger than that distributed at the time when the goods themselves are being made. Second stage: When the goods come on the market costs exceed money distributed. Third stage: Later on (according to the orthodox theory, i.e., excluding the considerations of saving and the double circuit referred to earlier) the difference between costs and purchasing power is made up by dividends. This distribution may not be completed until many years after the goods have been sold, and usually at least a year will elapse before dividends are declared. Thus even granting the orthodox assumption that "some time or other" money distributed may be sufficient to meet the costs of articles produced, it could only be pure chance if at any given moment the amount of purchasing power in the hands of the public were exactly equal to the costs of the articles on the market.

It is sometimes asked how is it that if there is a continually increasing difference between costs and purchasing power, the economic system has not broken down completely long ago. The first reason is that the Banks apply the cure of deflation, i.e., they force companies to write down perfectly good assets to book values below their reasonable real values. The second is that by purchasing securities the Banks give the additional purchasing power (a point that you

with later in more detail). The third reason is the discovery of foreign markets. Goods and their associated price values are exported so that the total of price values in the home market is reduced. The fourth, and a very important reason, is the time factor. For the money created by the Banks and distributed in advance on those final goods which have not yet come on the market may be, and in boom periods always is, sufficient to cover with perhaps a handsome margin the fundamental disparity between costs and purchasing power. But those retailers who are fortunate enough to have goods available for sale at such a time, immediately take advantage of the boom conditions reigning to raise their prices to absorb the superabundance of money, thus causing inflation. Such boom conditions can only be temporary because later on when the goods in respect of which money has been distributed in advance come on the market, purchasing power will be deficient unless a new crop of capital goods are put into course of production, and additional money is put into circulation. In fact, even under the orthodox view of costs and purchasing power, it is necessary for the continued working of the economic system that there should be enough goods in the first stage to balance those in the second stage. When the factors of saving and the double circuit are taken into account, it is clear that fresh capital goods must be produced in geometrical ratio to keep the economic system working.

It will be seen from the above exhaustive analysis that the usual argument is by no means straightforward. Major Douglas has, however, discovered a shorter analysis which cuts through many of the difficulties, and this analysis is known as the A + B Theorem. The essential difference between Major Douglas's treatment and the usual arguments is that costs and purchasing power are considered as a flow through the productive system.

We can divide factories into those making consumable goods and those producing either capital equipment or goods which are incomplete. Let  $A_1 + B_1$  be the costs in a period of time of articles produced by factories making consumable goods divided up into  $A_1$  costs which refer to money paid to individuals by means of salaries, wages, dividends, etc., and  $B_1$  costs which refer to money paid to other institutions. Let  $A_2, B_2$  be the corresponding costs of factories producing capital equipment. The money distributed to individuals is  $A_1 + A_2$  and the cost of the final consumable goods is  $A_1 + B_1$ . If money in the hands of the public is to be equal to the costs of consumable articles produced then  $A_1 + A_2 = A_1 + B_1$ , and therefore  $A_2 = B_1$ . Now modern science has brought us to the stage where machines are more and more taking the place of human labour in producing goods, i.e.,  $A_1$  is becoming less important relatively to  $B_1$  and  $A_2$  less important relatively to  $B_2$ .

In symbols if  $\frac{B_1}{A_1} = k_1$  and  $\frac{B_2}{A_2} = k_2$ , both  $k_1$  and  $k_2$  are increasing. Since  $A_2 = B_1$  this means that  $\frac{A_2 + B_2}{A_1 + B_1} = \frac{(1+k_2)A_2}{(1+k_1)A_1} = \frac{1+k_2}{1+k_1}$  which is increasing. Thus

$\frac{A_1 + B_1}{(1+\frac{1}{k_1})B_1} = \frac{1+\frac{1}{k_1}}{1+\frac{1}{k_2}}$  in order that the economic system should keep working it is essential that capital goods should be produced in an increasing quantity relatively to consumable goods. As soon as the ratio of capital goods to consumable slackens, costs exceed money distributed, i.e., consumer is unable to purchase the consumable goods remaining on the market.

(To be continued.)

## The Point of the Pen.

By R. Laugier.

### No. 19.—SERVANTS OF POSTERITY.

I am always mildly surprised when I observe a man of talent—as, for example, Samuel Butler—protesting that he is content to write for "posterity." To be frank, in the case of the author of *Erewhon*, I really think our genius protests too much; I fancy he is saying, in effect, "My fools of contemporaries can't appreciate me, but others will." His talk of posterity, in fact, is more a gesture of contempt for his own age than one indicating particular faith in later generations.

Why should a man write for posterity? An orator might as reasonably address an empty hall. It is not merely a question of: "What has posterity done for me?"—it is a matter of art and artists, and these go deeper than any mere matter of personal interests, of exchange and mart.

In the first place it may be as well to examine the word "Posterity." It is indefinite. It has the same kind of vagueness as has the phrase "the public" in the mouths of journalists. There is not a public, there are many publics. Similarly there is not a "posterity," there are many: there are, for example, the posterior epochs that rejected Shakespeare, and those that acclaimed him. It was not only the Puritans who banished the Elizabethan dramatists; Voltaire, as a "classicist," described Shakespeare as "a drunken madman." No contemporary of Victor Hugo or Goethe could possibly have made such a criticism.

So, when the man of genius proclaims that he is deliberately producing for another age (whilst writing of the one in which he lives) we may be fairly certain that he is lying; and we may guess that he does so from pride and pain, and speaks not out of a contented mind.

The man of talent is not likely to have more faith in the next age than he has in his own. Why should he? If anyone knows the stupidity, prejudice, and apathy of his fellow-creatures it is the poet: why should these creatures throw off their innate indifference in one decade more than another? Because the critics tell them to do so? But perhaps the critics won't; or perhaps the public will ignore the critics. I think it was Walter Bagehot who asserted, "Foreign literary opinion is reassuring to the cultured mind. Foreign literary opinion is a gamble; it depends upon all kinds of accidents, such as good or bad adaptation. (A Baudelaire "puts over" a Poe in France, because the Frenchman's mind happens to be strangely akin to that of the American.) If you asked the average continental reader to name the first three English authors, he would certainly put Shakespeare first; he would probably put Byron second—and Oscar Wilde would very likely come in third. Our mystical poets would be "no-where," because untranslatable. Wilde's place, in France at least, would be largely due to the fact that he was a martyr, condemned by "English hypocrisy."

On the whole then, whilst faith in posterity—judging wisely, in the end, would appear fairly sound, it is by no means certain that the ages who come after a great genius will not willingly let that artist die. If we examine the "lucky finds" of scholars and critics (in "twopenny boxes," etc.) we may conclude that these discoveries and restorations to an appreciative world were so very lucky indeed that they might never have happened at all. There will be no such thing as a

"mute" Milton—but is an "inglorious" one inconceivable? Was it quite impossible that Chatterton should be overlooked for ever? The MSS. found in various dustbins, all down a street, by almost the only man who could have known what they were; the ancient parchment, containing a poem, and made into a badminton racquet which happened to be wielded by a scholarly critic—such finds are lucky indeed!

We may say that genius must "win through"—but we cannot know. As Heine said, of our knowledge as to the pain caused by blowing one's brains out, there are "no official returns" on such matters.

The time factor enters into this question. There would be less dispute about Shakespeare and his MSS. if the Puritans had not closed the theatres. If certain work is neglected for two or three generations, why cannot it be ignored for ever—or lost irrevocably.

Blind faith in Posterity is akin to the comfortable English doctrine concerning poets: "Keep on knocking 'em down, and, if they get up often enough, they have the right stuff in 'em." Even a poet of genius may be knocked down, once and for all. Sir Arthur Quiller-Couch, answering this crude notion of the well-fed Philistine, simply produced a list of English poets and pointed out that nearly all were wealthy men. The artist must have leisure. English working-classes—about 97 per cent. of the population—once produced a poor 7 per cent. of British genius; then, when Mr. Havelock Ellis published his book on the subject, the figures had fallen to 3 per cent. The bulk of British genius came from the parsons. A clergyman with a decent competence, a charming old vicarage, a good library—what better environment for a youth of talent?

What Posterity gets from the man of talent living today, depends largely upon the economic conditions prevailing now and then. If the "working classes" go on as they're going now; and the parsons lose vicarages and libraries, there may be a "shifting of power." Entering publishers, agents, and managers had better have a look round the concentration camps of the unemployed: there may be salvage for posterity. In any case the notion that our contemporaries are always foolish, but the "mature judgment" of Posterity is ever wise, appears to me unduly sanguine. Posterity can be an ass.

## The Films.

**Dr. Monica.** Directed by William Keighley. Regal. You can more or less guess the plot from the title, and the fact that the title role is played by Kay Francis—who is quite surprisingly good. But Miss Francis cannot quicken this stale tale of adultery, with a "happy ending" that is ridiculous even when judged by screen standards. The film, which would obviously never have been made but for "Men in White," is stolen by Verree Teasdale. As the husband of Monica and the lover of Mary, Warren William displays about as much emotion as a spent match.

DAVID OCKHAM.

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20, Rectory Road,  
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## Milk Marketing Board.

### JUDGE'S CONDEMNATION.

Mr. D. J. Fountaine, solicitor, appeared for the board on a claim against Mr. S. E. Butler, dairy farmer, Horns Farm, Eversley, Hants, for £10, a penalty imposed "pursuant to the milk marketing scheme statutory rules and orders."

He said that Mr. Butler was required to send information about sales of milk by retail. He did not reply. The board held an inquiry and he was given an opportunity of appearing before the board. He did not appear and did not make a return.

Judge Sir Alfred Tobin—Have the public a right to go and hear the trial?

Mr. Fountaine.—No.

Judge Sir Alfred Tobin—Am I to understand that certain of the King's subjects can be fined by some kind of tribunal, sitting in a room to which the public are not allowed admission?—That is so.

Judge Tobin—It seems contrary to our law. I thought that the essence of English justice was openness. If the Act says these things can be done in secret I am bound by the Act of Parliament. Can you show me the Act of Parliament? I know that if I had been in Parliament there would have been some obstruction on my part before any voting for trial of the King's subjects in secret.

Mr. Fountaine—The Act is the Agricultural Milk Marketing Act.

Judge Tobin—What are the sections allowing secrecy?—The Act approves the milk marketing scheme.

Judge Tobin—Since I made some observations the other day about trials in secret I have been inundated by letters, some wise and moderate, others unwise and immoderate, all denouncing trials in secret, and prima facie I agree with that.

Mr. Fountaine—I don't say that the Minister has ordered trials in secret.

Judge Tobin—Then they ought to be in public. I denounce trials in secret unless ordered by some Act of Parliament or Minister with authority to do so, and then I must bow.

Mr. Fountaine.—As far as I am aware, no members of the public applied to be admitted.

Judge Tobin—In time of war spies have to be tried in secret, but that is under special powers. Why does the Milk Marketing Board prevent me going in where a friend may have to be tried and a penalty imposed?

"The only safeguard to our liberties and persons is openness," he added. "Cases may be tried in camera when the details are filthy, but that is in a different category.

"To force an honest farmer to be tried in England for a certain amount in private, against that I rebel. Is there a single provision which suggests it may be done in secret?"

Mr. Fountaine—In fact, there is no provision requiring it to be done in public. No member of the public was refused admission on this occasion.

Judge Tobin—That is not the point. They were not admitted. You tell me they would not be allowed in if they went and knocked at the door.

Judgment was given for the defendant, with costs.

## Publications Received.

**Tithe—Its Origin, Nature and Destination. Is the Present Tithe Law Just?**

Published by the Liberation Society, Livingstone House, Broadway, S.W.1. Four-page leaflets: obtainable at 2s. 6d. per hundred from the Secretary.

**The Case for Union.**—"A Reply to the Case of the State of Western Australia" [for secession]. Issued with the authority of the Government of the Commonwealth of Australia. (L. F. Johnston, Government Printer, Canberra, 128 pp. No price stated.)

**Race and Politics.**

**The Destruction of India.** ("Political and Economic Planning.") P.E.P. ("Political and Economic Planning," 39, Craven, Issued by the Imperial Fascist League, 39, Craven, W.C.1. Price 2d. each. These pamphlets treat subjects indicated from a pronounced anti-Jewish standpoint.)



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Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C.1, England (Telephone: Chancery 8470), and printed for him by THE ASSOCIATED PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4, England (Telephone: Central 3701).