

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### Roosevelt and Public Works.

Here are one or two items of news and views which, in various combinations, will constitute different frames of reference in which the Roosevelt plan can be profitably considered.

(a) President Roosevelt's new plan envisages large expenditure on public works. (The World's Press.)

(b) This new plan has been inspired by Mr. J. M. Keynes, if not fathered on Roosevelt by that gentleman, who generally endorses the principle of "public works." (*News Chronicle*, December 27.)

(c) There is "no limit" to the amount of credit which the banks can create provided that they all "keep in step." (Mr. J. M. Keynes.) The word "banks" in the context means *central* banks, so that the word "create" includes the meaning of expanding the basis (currency) on which the trading (joint stock) banks can create credit (cheque-money). The phrase "keeping in step" applies to national credit systems regarded as units of the international regiment of marchers.

(d) The British Government has sent a memorandum to the League of Nations, reaffirming their "repeated rejection of the idea that public works on a large scale can successfully combat unemployment." (*The Times*, January 11.)

(e) President Roosevelt's object is to combat unemployment. (His message to Congress.)

(f) On one fundamental political principle all central banks are united. (Postulate.)

(g) This principle may be formulated thus: That the course of prices must be left free to respond to the influences set up by new credit-issues—and/or—the expansion or contraction of credit-issues must be left free to respond to the influences set up by the course of prices. The validity claimed for this political principle is based on the implied assumption that the existing universal practice of accounting loan-

credit into retail prices is founded on a sound scientific principle.

(h) From "f" and "g" taken together and constituting the politico-technical axiom of wise statesmanship are derived the following rules of policy:—

1. That the political government should not interfere with credit policy in any respect at all.
2. That if it is driven to do so it should either regulate prices *alone*, or loan-credits *alone*: but *never the two together*.

The implied reason for this is that the political government (being, by assumption non-technical) must proceed by trial and error, and in order to do this without the risk of committing an irretrievable error it must either make its trial with loan-credit, and check up the error by watching the "natural consequences" indicated by the course of prices; or it must make the trial in price-regulation, and check up the error by watching the "natural consequences" indicated by the state of trade and the accompanying demand (or lack of it) by industry for loan-credit.

(i) The indicator in either case is the costing system. And precisely because it is the indicator there must be no interference with it. For since it is designed to pronounce on credit-regulation in terms of prices, or on price-regulation in terms of credit, it follows that if credit and prices are regulated together the terms in which it can pronounce on anything at all are rendered meaningless, and the forewarnings which might have been read from it will be overlooked until irreparable disaster overtakes the government and its people.

(j) The Social Credit analysis challenges this politico-technical complex of assumptions and implications. It exposes the faulty design of the indicator and thereby refutes the principle that economic policy should be so shaped as to undergo the test of its readings—let alone being conditioned by those readings—let alone being conditioned by those readings. Credit problems cannot be solved by price-regulation nor can price-problems be solved by credit-regulation.

but the credit-price problem, which apparently passes the wits of statesmanship to solve, can be solved by the Social-Credit principle of co-ordinated credit-price regulation. The prime and urgent duty of statesmanship to-day is to insist on the application of that principle.

Taking these items in various groupings, they suggest that the Bank of England does not propose to "keep in step" with the Federal Reserve Board, and, presumably, that neither will the central banks of the Empire, nor certain others whose policy is inspired from London. The Federal Reserve Board will find itself marching ahead of the international regiment. The question arises, will the Board be directly ordered sooner or later to fall back into the regiment, or will it be compelled to do so by the natural consequences of its present act? The difference is one of external political wire-pulling or internal economic disturbance. Both influences could, of course, work simultaneously.

It should be carefully noted that the Federal Reserve Board, in concurring and co-operating in Roosevelt's financial policy, may or may not approve of it. To concur in an act is only to be an accessory after the act. It is an evasion of responsibility affording a let-out if anything goes wrong. From this angle of reasoning it may be concluded that the Board does not approve. But that is of no immediate practical consequence. The Roosevelt plan is going forward. Besides that, the conditions under which it will succeed or fail are not governed by what is thought by American finance in New York, but by what is thought by international finance in Basle. Whatever the Federal Reserve Board may think regarding American repercussions to the plan, the Bank for International Settlements is thinking in terms of world repercussions to it. Every central bank is tethered to Basle; and the attitude of the Federal Reserve Board is one of tethered concurrence. It has been allowed more rope for co-operation with Roosevelt—it has been granted a dispensation to take part in an irregular experiment—but the rope holds, and it can be shortened—the dispensation determined—as soon as Basle sees fit to say the word; or, to put it more in accordance with bankers' methods of getting their own way, as soon as Basle has wire-pulled the international situation into a form in which Roosevelt will begin to feel his feet getting cold, and will be ready to listen to the tentative and submissive suggestion of the Federal Reserve Board that perhaps if he lets them mark time for a bit and wait for the international regiment of bankers to catch up with them, things would be much more warm and comfortable for all concerned.

Is such a thing likely to happen to the President? We hear that a theory has been advanced to the effect that Social Credit is his distant objective and that the present development of his plan is a step which he is consciously taking towards it. We see no evidence that this is anything more than a hopeful speculation. And if anybody pointing that way, the bankers have knowledge of it as well, and can prepare to defend their position. We can, of course, conceive circumstances in which the bankers' prepared defences would be of no avail. Postulate a closed credit-area self-sufficing in terms of natural resources (and America could be the first, because America is second), so that the people could conduct their

affairs without reference to the outside world; then it would be possible to finance public works, etc., on such a scale with loan-credits that any idea of discharging the resultant debt would become manifest to the meanest patron of the ballot-box. In the meantime prices would have soared to corresponding heights, whereupon the Government (on the hypothesis that they had the Social-Credit objective in view) might secure a mandate to regulate them. And one can imagine their succeeding, provided that the electorate did not withdraw their first mandate (credit-control) as the condition of granting the second (price-control). The Government would naturally meet with opposition from producers and investors who were making money out of the inflation, but could count on the potential support of that great majority of the electorate who found it difficult to make both ends meet on their earnings. In ordinary circumstances, as we all know, the will of the affluent few would override the will of the destitute many; but in the circumstances assumed here, where the Government controlled credit-creation, they could control avenues of publicity and at least prevent their being blocked up with the placards of the minority. Granted that the Federal Reserve Board (and banks generally) still enjoyed their present power to create credit on their own account, and could finance the presentation of the minority viewpoint in an election, at least there would be a fairly balanced presentation of both viewpoints. (After all, however profigate the Government on the one side and the banks on the other in financing campaigns, the amount of money usefully employable for such purposes is definitely limited.)

Now, if the Federal Reserve Board were intent on preventing the Government from getting this dual mandate it would use all its endeavours to persuade the impoverished majority of the electorate that the burden of the high prices which so hit them was the natural consequence of the Government's extravagant exercise of the credit-mandate first given them, and that unless this mandate were withdrawn or drastically restricted the exercise of the second would be futile. Inherent in this argument would be the unavowed insinuation: "Let us bankers regulate credit, and then you can let the Government regulate prices; but for goodness' sake don't let the Government do both." We do not propose to speculate upon which point of view would prevail, except to say that the Government would have a reasonable chance of winning.

Someone may ask: Why need the Government ask for a popular mandate? Why not proceed by decrees and penalties backed by the forces of the State? That of course might be done in the hypothetical circumstances. But in these circumstances there would be a factor tending to obviate such a drastic departure from the forms of democracy. It would be this, that the Federal Reserve Board, being (ex hypothesi) free from external influences, would have no strong incentive to oppose the Government, and in any case would have to relate the Government's policy exclusively to its expected domestic consequences—a much weaker debating ground than if they were able to raise the plea of "international complications" and suchlike matters.

So much, then, for the theoretical possibility of a Government's blundering through to Social Credit, purposely or otherwise. It depends antecedently on the

insulation of the country concerned from external contacts and influences. Now if, in actual fact, evidences could be observed that President Roosevelt was taking steps to insulate the United States from world trade, politics and jurisprudence, these would furnish some ground for pleasant theories about his ultimate intentions. But all the evidence points in the opposite direction. As fast as he falls out of step with the regiment of international bankers, so fast does he fall into step with the regiment of international statesmen. Listen to these headline-announcements:

"Japan Torpedoes Naval Agreement." (*News-Chronicle*, November 21.)

"Will America Join League? Mr. Roosevelt's Probable Terms. . . . Gradual Membership." (*News-Chronicle*, December 3.)

"New Revelations at U.S. Arms Inquiry." (*News-Chronicle*, December 6.)

"Mr. Roosevelt to Abolish War Profits—Legislation at Once." (*News-Chronicle*, December 13.)

—The report following stated that Mr. Bernard Baruch, among others, was conferring with the President on methods of "drawing the teeth of profiteers."

"Roosevelt's New Peace Drive—No Neutrality for U.S. Ships if War Comes." (*News-Chronicle*, December 17.)

"America to End Her Isolation—Joining the World Court." (*News-Chronicle*, January 10.)

"Old Age Pensions for U.S." (*News-Chronicle*, January 12.)

These items (all of them front-page "splashes") point more or less directly to a tuning-in of United States foreign policy with the world-key and an adaptation of the pattern of her internal reform to the British model. Most of them afford clear indications that the U.S. Government expects to become involved in external problems most of which would not matter to that Government if its conscious objective was to internalise the country's production and distribution on Social-Credit lines. The physical self-sufficiency of the United States is such that President Roosevelt could make the greatest of all contributions to the cause of World Peace, and eliminate all external interferences with his domestic policy, by commencing at once to call off the competition of U.S. manufacturers in the world markets. To do this he would have to adopt the Social-Credit principle of co-ordinating credit-expansion with price-regulation. If he does not consider it expedient to begin now he can give up the notion that his plan will make it expedient later on. For either this plan will cause inflation, or, if it does not, the inflation will be prevented by taxation of incomes. If it causes inflation it will aggravate external problems by stimulating exports, then more readily saleable because of the depreciation of the dollar. Other countries will have to reply by taxation or by currency-depreciation of their own. If the an internal spoken of prevents inflation it will bring about attends actual deflation. The Old Age Pension Scheme itemised above is a small deflationary cloud rising in the sky against the prevailing wind of Roosevelt's expansionist experiment. The move to "abolish" war-

profits is another; it will eventuate in the decision to tax munition-profits without waiting for war, and on the reasonable administrative ground that it is easier to do this than to fix fair prices beforehand. Munitions are, however, in a class to themselves—their production has to be maintained for reasons other than commercial: but in respect of production generally the regulation of prices by this method tends to drive enterprise out of the regulated trades into the unregulated—as was discovered even during the Great War when patriotism reigned supreme, eh what? The Government would gradually find themselves landed with the responsibility of running the taxed industries themselves, and upon this they would probably fall back upon a universal excess-profits duty on the English model, much to the joy of the bankers.

The mischief which is bound to accrue from this arises from the unsoundness of the fundamental principle involved, namely, the non-compensatory retirement of circulating production-credits. The policy takes effect in two alternative ways, either by taxing the buyer so that he shall not have the money to pay exorbitant profits, or letting him pay them and lifting them off the seller. The ultimate recipient of the proceeds in either case is the banker, and the invariable result of his receiving them is that money leaves circulation altogether, a large proportion of which has not gone into the hands of consumers or the cash-registers of the stores. The system may be described as one of concealed compulsory investment in which there is not only no compensatory dividend, but the capital is confiscated. Very well. In the absence of evidence that President Roosevelt has any idea of this snag it is useless to hope that his plan can lead on to the right solution of the economic problem. And readers of this journal who have noted the courteous and almost apologetic way in which *The Times* expresses its hesitations about the soundness of the President's policy will agree that in London banking circles there is complacent anticipation of his salutary disillusionment. Basle may sleep soundly o' nights.

### "All But Alfred the King."

There is a popular tradition of belief that England has never been conquered ("or, if it was, it was so long ago as not to count, and, anyway, we, the English, are the conquerors"). That is partly why it is so hard to get them to feel conquered now; to believe that the present slavery to international finance, becoming more and more absolute before their eyes, exists at all. They may get so far as to believe it with their mind, but do they feel the indignation of a proud race in slavery? Not in the least, yet.

It is a pity there is no tradition of rebellion in this country which we, who are trying to effect an insurrection against the money power, could use. Scotland has the mention of the names of Wallace and Bruce it. The mention of the names of Wallace and Bruce call forth a strong emotional reaction in the average Scotsman which the average Englishman has never felt. Still, Scotland has identified her fortunes with those of England now; the indignation was resolved to a certain extent by the placing of the Stuarts on the English throne; and it would be difficult to raise Scotland now without raising England as well. Ireland is a land now without raising England as well. Ireland is a country with a long tradition of rebellion, but it has probably had enough vent to last this present generation. Still, it could be used if their leaders could direct it against the real enemy sufficiently skilfully.

England was all but conquered once—more than a thousand years ago—just at the time when the foundations of the English nation were being laid. The Anglo-Saxon Chronicle, as it tells of one inroad after another of the Danes, becomes dull in style—sombre, hopeless, apathetic—it might have been written at the present time. Then, with the coming of King Alfred, the style of the writing changes. There is a hope, a faith, a sparkle. Instead of a disheartened catalogue of events, it becomes a living story. People say Alfred had a hand in the writing of it himself; but it is more likely that he had been able to inspire the whole nation, and that the change in the general morale was reflected by the writers of the record.

The key-words of the situation are written larger than the rest—"ALL BUT ALFRED THE KING." Everyone else had given in to the invader. The story tells how he hid in Athelney marshes, and gathered gradually a band of followers, trained his men, and finally led them to victory. A reasonable person would have thought the case was hopeless—one man, hunted for his life—deserted, at one point, by every follower he had—but he refused to take the reasonable point of view. He had faith, determination and energy; and we all know how he won back Wessex, and half of Mercia as well; and how he went on from that to lay the foundation of British kingship, law and justice as we know them today. We, as Englishmen, probably owe more to this man than to anyone since, and it is really to him we owe our tradition of being unconquered. Yet we were very nearly—"All but Alfred the King."

It seems that these national heroes always arise at zero-hour, when the national spirit has gone right down. The days of Wallace were just the same—Scotland was a disheartened, apathetic nation, which had accepted defeat. A thousand years is a long time to go back to look for a tradition of rebellion; as it is a long time for a state of victory to continue. The England of Alfred has grown and developed till its civilisation has dominated most of the world. It still dominates, to all outward appearance, but there is a subtle change. The state of victory is over; we have accepted defeat. The last thing remains—for us to realise it consciously. Perhaps we are still stunned by the blow—perhaps that explains this strange apathy which one never would expect from this nation; or perhaps the victor complex has driven the acknowledgment of defeat down into the subconscious.

Maybe it is a good thing in some ways that we have reached zero-hour; have reached the point to begin again from. The British tradition, as inaugurated by King Alfred, has all but waned away. It is time to turn the hour-glass—to start a new age—that of Social Credit and the leisure state.

But we must first throw off the yoke of the conqueror. Nor is history bound to repeat itself; the new order of things will not follow inevitably, like the turn of the tide. Besides, even in the history of our race, many defeats have remained defeats; and Alfred could have done nothing if the rest of the nation had not rallied to him. The first few are encamped in Athelney marshes now. That is as far as the Anglo-Saxon Chronicle has got up to the present. It remains to be seen whether we—the English nation—can rise to the situation.

K. M. MILNES.

A postolic men must not only despise money, but they must also have it.—Cardinal Allen (1532-1594).

## What Will Remain?

By R. Laugier.

IX.

*It is a mistake to assert, as is so often heedlessly done, that the English have no system of aesthetics—no genuine philosophy of art—a serious mistake, implying reflections on our "commercial character" which amount to insult. We have a system; a definite, tangible, perfectly practical one; and it lies written in the weighty volumes of Smith's "Wealth of Nations," MacCulloch's "Commercial Dictionary," and De Morgan's "On the Differential Calculus." Art may not with us be "a revelation of the infinite," but it is a very positive branch of trade, and subject to all the fluctuations of market and fashion, in common with every other produce of refined civilisation.—George Henry Lewes.*

It is time to recapitulate one or two of the points we have touched upon, and to wind up these fragmentary notes. Finance, with Puritan aid, destroyed the Church that was a patron of the arts and a protector of the poor. A genuine aristocracy, based upon ideas of service, was also destroyed; and with this destruction went another protector of art and popular liberties; also with the despoiling of landed aristocracy, power was divorced from responsibility.

It has been a fashion with certain historians to represent the King as an isolated individual, surrounded by antagonistic aristocrats, and forced to be "democratic," because of his dependence on the people's aid against lords and barons. No doubt there is truth in this conception; but I think it is far from being the whole truth. That "patriot" King, that bluff King Hal, debased the currency to such an extent that it is said Elizabeth, in partly restoring it, threw out enough "slack" to pave roads. In the thirty-eight years of his reign Henry VIII. sent 72,000 men and women to the block and gallows. Scourge, rack, and branding-iron were in constant requisition; the stake was the regular penalty for "petty treason"; every village had its whipping post. Henry VIII. devastated Ireland, ruined her ancient culture, and began the ruin of English culture. It is interesting to note that the same people who ruined Ireland set about the ruin of England, and "clash of hatred" began between the two countries, as "clash of interests" was soon to begin between "capital" and "labour."

Mr. R. MacNair Wilson, in *Monarchy Or Money Power*, would apparently make a case for the Kings, and his representatives, as opponents of money. To me this is not at all clear; nor does it seem to me that Mr. Wilson shows his sovereigns as capable of protecting the people against Money, even if they would do so. Where a Napoleon failed, a Stuart, Bourbon, or any other "divinity" will surely fail. But, as a fact, it is my belief that for several centuries no politically powerful personage or group have concerned themselves in the least with the poor. The people were, and are, there to be plundered. However stupid, however ill-directed "class-hatred" may be, it is not only a natural attitude with the spirited poor, it is an inevitable attitude. The English middle-classes are guilty not of bold attack upon the poor, but of apathetic *connivance* in attacks on the poor. The most characteristic thing about the "gentleman" is the frequency and publicity with which he washes—like Pilate.

Before the rise of the Puritan many Christian artists had presented life, in its aspects of sorrow, with tender

beauty. The Puritan and stoic stripped life of beauty, and in place of sublime grief gave us horrible pictures of voluntary torment. With the Puritan the way is prepared for conceptions of life as a dreary penance for sins never committed. The English mind abandons the Greeks, who produced a culture, to hero-worship that nation of soldiers, law-givers, and brilliant plumbers, the civilised Romans. Soon we have the deliberately anti-cultural public school, with its confused and ridiculous notions: monastic principles of semi-starvation—for growing-boys; continual flagellation of the unruly by "seniors," masters and prefects; bullying, which makes the small boy "manly," and the big boy who twists tiny wrists; military drilling "quads" and camps, and compulsory playing-fields, "harden" the boy, and teach the young idea how to shoot. Only one imitation of the Greeks is common—homosexuality. No deeper grave, for the potential artist, exists than that dug by Arnold of Rugby and his earnest like. The battle of aristocratic intelligence was lost on the playing-fields of Eton. And when no aristocracy exists, there is only Money to revere.

The marvel is, not that modern artists have failed to rouse the people against Finance: the wonder is that there have been any artists at all. But even Finance cannot prevent the artist fanatic being born; and even modern "education" can only partly frustrate.

On the whole an extraordinary number of literary artists have protested directly against the hideous dogmas of Puritanism and Business. Even artists who have expressed thoughts that seemed, or could be made to seem, to favour the Business conceptions of life as ugliness and pain, even such authors will nearly always be found, in some other context, declaring the exact opposite.

Thus Spinoza, who in some ways taught resignation and obedience to authority, nevertheless says:—

*Pleasure is man's transition from a less state of perfection to a greater. . . . Pain is man's transition from a greater state of perfection to a lesser. Also: A man is free when his nature, being consistent and unified, is able to express itself clearly in his thought and work. Freedom to do mightily in the old sense of this word, it means faculty to do mightily and to do well; and this virtue implies or constitutes happiness.*

As a general rule, the further the artist gets away from Puritanism, the nearer he gets to the Pagan Greek, and to an intimate love of Nature; the less he is of prophet and reformer, the more valuable is likely to be the artist's message. The Puritan in Ibsen made him say: *It is the very mark of the spirit of rebellion to crave for happiness in this life. What right have we human beings to happiness? We have simply to do our duty.* Again we have the inevitable contradiction between Puritan words and conduct, for an Ibsen could not avoid the spirit of rebellion.

When the artist liberates himself from the creed of duty, rewards and punishments, he becomes as those described by Walter Bagehot:—

*They may not have heard the saying that, "the beautiful is higher than the good, for it includes the good." But when they do hear it, it comes upon them as a revelation of their instinctive creed, of the guidance under which they have been living all their lives. They are pure because it is ugly to be impure, innocent because it is out of taste to be otherwise. These are the men whom it is hardest to make Christian for the simple reason Paganism is sufficient for them.*

Nevertheless, real emancipation is difficult. Some of the modern "Pagans" make a cult of "purity," in such a manner as to bring them very close to orthodox Puritanism. Other artists certainly revolt from Puritan standards, only to produce a kind of Naughty School of art. The Naughty School—in the mind of the public, at least—seems to have begun, in England, with Byron. It is not suggested that Byron was a poseur, or that he was not a great poet: it is suggested that carriages blocked the street of Byron's publisher, and thousands of copies of *Manfred* were sold in one day because its author was "the wicked lord."

Swinburne was very much the charmingly naughty boy; and his essays on Shakespeare reveal the gulf that yawns between the man of the Renaissance and "Algeron of Putney." Wilde, Beardsley, Dowson, etc., were all very consciously naughty, with their "decadent" velvet coats; their poppies, hasheesh, and drinks in cabmen's shelters. Beardsley repented sincerely, and Wilde, insincerely; but the essential truth about this "naughtiness" is that it can only create an effect when there is a stupid and Puritanical public. If Wilde remarked to ancient Greek, Elizabethan, or modern cultured Jesuit, "*The only way to overcome a temptation is to yield to it*" (or words to that effect), the really cultured men, of Athens, the Renaissance, the order of Loyola, would merely smile, as at a naughty boy. There must be a good bourgeoisie to *épater* before there can be a "Naughty 'Nineties."

The Naughty School is a long way from the poise and serenity of amoral strength: there is an enormous gulf between characteristic ancient and modern Pagan; as there is between Whitman and Dowson, Havelock Ellis and Pater. The Pagan scarcely ever thinks of man's infirmities; both "sinner" and Puritan hardly do anything else. Nevertheless the Naughty 'Nineties was a period during which genuine artists forced the English to think of art and consider art standards.

If the 'Nineties did not evoke joy, at least they were "gay." And they might have been gayer, if the people had backed the artists instead of scoffing or persecuting. (Cf. Holbrook Jackson's *The Nineteen Hundreds*.) The people did not back Morris, but bought cheap factory stuff and "refused all substitutes." The Puritan-trained mob yelled in the streets at the condemned Wilde: but the revenge on Wilde, the trial of Wilde, was a defeat for good taste and sense, as the trial of Whistler was a victory, for such values, against the Puritan. (The real trial was not Whistler v. Ruskin, but steadfast artist against artist gone Puritanically astray.)

The artists of the 'Nineties were right in their insistence upon style; for it is by his style that an author lives, and he who thinks his thoughts original is merely lacking in erudition. But Wilde, Dowson, Beardsley erred when they substituted phrase-mongering for style; and when they consciously posed, instead of maintaining intellectual integrity.

Yet they did well, and every force in the land—save that of their genius—was against them. It is easy to criticise Wilde as a "minor artist," but many of his epigrams contain truths badly needed to-day; and in *The Importance of Being Earnest*, he brought back the tradition of that aristocratic, amoral, sensual, satirical comedy of manners which can be made a most telling weapon against Despotism.

The real creed of the hedonistic philosopher was expressed some seventy years before the snobbish Wilde.

by that aristocrat and Hellenist, Walter Savage Landor:—

*To render idleness sweet and sacred, the heart must have a little garden of its own, with its umbrage and fountains and perennial flowers—a careless company! Sleep is called sacred as well as sweet by Homer; and idleness is but a step from it. The idleness of the wise and virtuous should be both, it being the repose and refreshment necessary for past exertions and for future; it punishes the bad man, it rewards the good; the deities enjoy and Epicurus praises it. We should never seek amusement in the foibles of another, never in coarse language, never in low thoughts. When the mind loses its feeling for elegance, it grows corrupt and grovelling, and seeks in the crowd what ought to be found at home.*

I may easily be wrong, but I have always imagined a resemblance in style—and so in mental outlook—between Landor and Richard Jefferies. Both had a rare love of nature, and in this connection we recall Landor, throwing his coat out of the window, and then remembering, with horror, the crushed flowers below. Richard Jefferies saw through the cant of Business and the trickery of artificially created poverty. Landor saw through militarism and the powers behind militarism, and he prophesied the destruction of both by free peoples:—

*Can you wonder at seeing, as you must ere long, a confederacy of free countries, formed for the apprehension or extinction of whoever pays, disciplines, or directs, under whatsoever title, those tremendous masses of human kind which consume the whole produce of their native land in depopulating another?*

(To be continued.)

### Forthcoming Meetings.

**Green Shirt Movement For Social Credit.**  
National Headquarters: 44, Little Britain, London, E.C.1.  
Wednesday, January 30, 8 p.m.—Lecture by Edgar J. Saxon, Editor of *Health and Life*, "Why I Stand for Social Credit."

**Birmingham Douglas Social Credit Group.**  
January 23.—The Common-sense of Social Credit.—L. D. Byrne, Esq.  
February 13.—Resistances to Social Credit Propaganda.—P. R. Mason, Esq.

**Cardiff Social Credit Association.**  
Until further notice, discussions and debates will be held every Tuesday, at 7.30 p.m., at the Angel Hotel, Cardiff. All are invited. Collection.

**London Social Credit Club.**  
Blewcoat Room, Caxton-street, S.W.  
January 18, 7.45 p.m.—"The Shortage of Purchasing Power," by Mr. C. Marshall Hattersley, author of *This Age of Plenty*.  
January 25, 7.45 p.m.—"Foreign Trade and Social Credit," by Mr. Ewart Purves.  
Friday Nights, 6—11 p.m.—Social Credit Literature Stall and Library.

**Glasgow Douglas Social Credit Association.**  
Public Meeting in the Religious Rooms, 200, Buchanan-street, Glasgow, on Wednesday, January 23, at 7.45. Speaker: Mr. A. H. MacIntyre, C.A. Subject: "Money, the Modern Monster."

**Green Shirt Movement for Social Credit.**  
(Wood Green Section.)  
Thursday, January 24, 8.0 p.m., at St. Peter's Hall, Frobisher-road, Hornsey, N.8. Public Meeting to be addressed by John Hargrave, National Leader. Nearest Stations: Hornsey (L.N.E.R.) one minute; Turnpike Lane (Piccadilly Tube) five minutes.

**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 A + B Theorem.

The A + B Theorem can be stated as follows.

The money expended by any business organisation can be divided into two categories, namely "A," payments to individuals, which are then personal incomes (i.e., wages, salaries, profits, and dividends), and "B," all other payments, which then become revenue to other business organisations (including rates and taxes—the municipalities and the Government ranking as business organisations).

The payments A and B, added together, are the total costs of the organisation, and these costs are total prices. The payments "A" alone are less than the total payments, that is, total personal incomes are less than total prices.

Describing the employees, shareholders and proprietors of such an organisation the associates, we can formulate the following conclusion: that the associates receive less money from the organisation than that which it must collect to recover its costs.

What is true of this organisation is true of every other. So, in any period of time costs are incurred by industry in excess of the incomes extracted from it by its associates, that is, by the population. Since the income of the population is not sufficient to defray all costs, industry must either get the balance of the money from another source, or become insolvent. Such other source exists only in the banking system where money is manufactured.

That is the Theorem in substance. Two questions arise.

Is it true?

If so, does it matter?

As to its truth, nobody can deny that every firm every week incurs charges additional to the wages and other incomes it pays out. A simultaneous audit of their books taken separately at the beginning and the end of every week would show this in respect of each set of books, and therefore in respect of all the books put together.

The real controversy turns on whether this matters—whether, somehow or other, industry's prices and consumers' incomes don't square up in the long run, or whether even if not, this need cause a hold-up of production inside industry and personal poverty outside.

On the right answer depends a practical political issue overriding every other in magnitude and urgency; and it is this: Whether industry can put its own house in order by its own efforts under the rules of finance and the laws supporting or embodying them, or whether it is necessary to make the banks lend a hand under such new rules as are found to be appropriate for that end. The first question is:

*What is fouling the nest?*

and the answer to it is the answer to the question:—

*Who must clean it?*

### What are Costs?

At the outset it should be noticed that what is true about particular costs is not necessarily true of a general cost consisting of all of them added together. If we consider all industries as members of one Combine we cannot add together the separate purchases of, say, raw materials, etc., by each of them separately and then say that the total represents costs to the Combine. When any two members do business of this sort one of them pays money and incurs a cost, but the other receives money and recovers a cost. The two

would cancel out in the Combine's pooled accounts, and would leave the Combine's costs exactly the same after as before the transaction took place.

And upon reflection this will be seen to be true of every transaction by every member involving its "B" costs as defined. But it is quite otherwise with the "A" costs of the members, for these record money that has passed out of the possession of the members individually and also of the Combine as a whole—the money has gone right outside to the public.

The Combine has no B costs at all. At this point a critic can say: Very well, then; why take pains to point out that members' total costs are A + B, and are greater than incomes A, if the pooling of the B costs makes them disappear?

But the proposition embodied in this statement, namely, B = 0, is only true of the Combine. The A + B Theorem is concerned with an actually experienced state of affairs in which every firm is obliged simultaneously, week by week, to charge something on account of its own B costs. Now, disregarding the transactions that they have only with each other, and confining attention to those who have direct dealings with the public, these latter firms are, week by week, actually getting money out of the public on account of their own B costs. Never mind what the proportion or amount is (although it may be pointed out that as materials progress from firm to firm on their way to the consumption market, the B costs are continuously accumulating and are at their highest when the goods come into the hands of the retailers), but grasp firmly the crucial fact that the public do actually yield up some of their income in payment of B costs, without, of course, being let off from paying A costs.

[Reflection on these statements will show that B costs constitute a tax on consumption levied by retailers on behalf of wholesalers, manufacturers and other members of the industrial Combine; and these, in turn, so it would appear at this point, pool the money in the coffers of the Combine.]

Now relate this to the statement that in the pooled accounts of the Combine all B costs cancel out. That means that the Combine need not charge anything to the public for any B costs at all, but only A costs. You have the curious result that certain members of the Combine are severally collecting money from the public which the Combine as a whole would not need to collect.

For, remember, this Combine represents industry as a whole and deals with the public as a whole—there is no industry outside nor any people. The Combine primarily gets its material and power directly from natural resources, and gets them for nothing. Therefore, the Combine has no B expenditure at all. Its sole expenditure consists of payments to people for converting these free resources into utilities—that is, A expenditure.

It cannot recover more than its A expenditure in the long run, and could only do so in any chosen period on condition that it had recovered less in some previous period. The money recoverable from the public is the money distributed to them—that, and no more. But what it could do which would be equivalent to the charging of B costs would be to deliver only a part of its stores of utilities in return for all of the public's money. As an illustration, the public (as associates of the Combine) might earn £1,000 making goods costing that figure; and if they (as customers) got half the goods for the £1,000, then the principle of making a B charge

would have been applied, but taking the form of *withheld goods* instead of a *monetary surcharge* (which, as we have seen, would be an impossibility). But in these circumstances the withheld goods would be seen to be the public's property which ought not, nor could, be subsequently charged for in money. The Combine's accountants might authorise the free issue to the public of dividend warrants having the same validity as money, and these could be accepted and cancelled against delivery of the withheld goods. Only in some such manner could the earlier B charge be rectified.

Since the term "goods" here signifies production in all forms and stages of conversion, it will be seen that the Combine would be obliged to withhold the unfinished part of them (because the public would not want to buy it), but if the public paid in all their money in buying the other part, the above principle of free distribution would still be necessary. The only difference would be that the public would receive money earned for finishing off the withheld goods as well as dividend warrants representing their value beforehand. The new earnings would pay the new A costs, and the dividend warrants would rectify the previous virtual imposition of B charges as explained.

### Conclusion.

Now this analysis, on account of its brevity, must leave many questions unanswered; but it does at least bring out one major fact which establishes the antecedent probability that the present costing system is defective. It is that a body of costs which are seen to be invalid and irrecoverable when pooled in a combined set of accounts covering industry as a whole, appear to become valid and recoverable when split up into little pools in separated sets of accounts kept by individual firms. Is it possible to conceive that the mere subdivision of accounting can turn an invalid and irrecoverable Big Cost into a host of valid and recoverable Little Costs?—that the irrecoverable whole can be recovered if charged for in small enough parts?

We're not afraid of the Big B Cost, the Big B Cost. But let it be divided into the Small B Costs, the Small B Costs—then watch out! Why? Where's the magic? Is our economic system real or is it a Disney screen comedy?

JOHN GRIMM.

## Panto. In Miniature.

We have received a letter from Mr. Andrew Bonella in which he expresses himself in enthusiastic terms about a pantomimic burlesque composed by certain London members of the Greenshirt Movement. He was invited to witness a private try-out of the production recently. The authors have named it *Jack the Beanspiller*. Mr. Bonella writes:

The lyrics are extremely witty, looking at things from the Social Credit point of view, without incurring the reproach of "shop"—particularly the one about the ogre, who is cleverly made up as Montagu Norman, and explains that he's "not really an ogre at all." The tunes are good, too, and the tiny stage was used to extraordinary good effect; while the whole atmosphere . . . was cheerfully intimate. I expected to see a good show, but found it far better written and produced than any show of the kind that I have ever witnessed. In short, it's a winner.

On this recommendation, coupled with other items of description, we should think that members of the Social Credit Movement, especially in London, might well consider whether this show could not be given a chance before the public in a modest way. We don't know, but presume that the words and music are available for inspection by anyone who feels interested in experiment.



and orgiastic performance of the ever popular "Dances Polovtsiennes" of Borodin.

#### Piatigorsky, Wigmore, December 19.

As a 'cellist Mr. Piatigorsky is not quite a Casals, but that he is both an artist and virtuoso was made amply apparent at this recital. His programme included a charming Sonata by Henry Eccles, an extremely tedious one by Beethoven (Op. 69), and a rather naive but attractive specimen by Weber (No. 5 in A major). All these were played with the phrasing and feeling of a thorough musician, after which Mr. Piatigorsky gave with great gusto a "Rhapsodia Italiana" dedicated to himself by the Italian contemporary composer, Mainardi. This very voluble effort seemed to be designed as a sort of endurance test for both 'cellist and 'cello, and on several occasions I felt apprehensive for the fate of the instrument; however, both escaped unscathed, much to the enjoyment and amusement of the audience.

Perhaps the best of the final group was a delicate "Sicilienne" of Paradis (1759-1824) which Mr. Piatigorsky played to perfection, but an Etude of Scriabine and the well-known Gopak of Moussorgsky did not take on an additional lustre in their new medium. The pianist was Mr. Ivor Newton who rendered valuable service at all times.

CLINTON GRAY-FISK.

### The Films.

"Dames." Directed by Ray Enright. Regal.

The director and Busby Berkeley—who arranged the elaborate dances—have between them made another typical American "musical," with plenty of legs. "Dames" is overlaid with production numbers, which have by now begun to pall, since Hollywood has exhausted its imagination in this direction, and its most elaborate and thickly populated scenes lack the verve of the much simpler sequences in such English films as "Evergreen." But "Dames" scores with an amusing story and admirable acting, especially that of Joan Blondell and Hugh Herbert. Miss Blondell has now graduated to the rank of really intelligent character actress, and Mr. Herbert—looking marvellous like our Mr. Baldwin—is a comedian with a brand of humour as dry as a vintage port, of whom the screen sees far too little. Altogether, an entertaining show.

DAVID OCKHAM.

### Reviews.

**Health and Life.** By Edgard J. Saxon (C. W. Daniel and Co., 46, Bernard Street, London, W.C.1; 6d. net).

The December issue of this journal contains an obituary notice of A. R. Orage, and the editorial notes have Social Credit for their subject. Also there is a quotation from THE NEW AGE of November 8 past with reference to the threat to civil liberty. Mr. Saxon is to be congratulated on his mention of this journal in view of the fact that the boycott has now spread beyond the bankers' sphere of influence.

E. P.

"The Street of Shadows." By Elizabeth Coxhead. (Cassell's. 7s. 6d. net.)

Although the story, which would make a good film scenario, is rounded off rather too neatly for reality, Miss Coxhead, who obviously draws on first-hand experience, has written one of the few really readable and intelligent novels of cinema life. This is not yet another book about Hollywood; Wardour Street, a Berlin studio, and an outdoor "location" in the Tyrol make up the background, and film fans should have fun in penetrating the aliases of players, directors, and personages in the trade.

Miss Coxhead—who, incidentally, gives a remarkably good description of the cutting and editing of a film—has no illusions concerning cinema players, producers, critics, and audiences. Of one of her characters she remarks that "No one in the Trade had a mind more slavishly imitative, less daring, less inspired, and therefore he did well. Whatever hope of success came from America, Harry could reproduce it on a small, practical and inexpensive scale. . . . He made,

he said, for the British market, and he catered for British taste. Hardly anyone grinned at the statement." In those four sentences, you have an epitome of almost the whole history of English film production until a few years ago.

The British "part-presser" is neatly described; he was an inferior replica of the American variety, but he did at least realise, as his successors—the actor-managers and chartered accountants do not—that a film is not a photographic copy of a stage play. That, however, does not worry the generality of audiences. As Miss Coxhead's heroine remarks, "it must be hard to find things to talk about if you never see any films." And, she I might add, any film is better than none, either to see or to talk about.

DAVID OCKHAM.

### The Theatre.

"The Fathen of Lies." By Kenneth Horne. Royalty.

This innocent study in diabolism is advertised as a Mystical Comedy Drama, but this is misleading: it is no more mystical than Maskelyne and Devant, and the comedy is pretty elementary; in short, whatever virtues the play possesses are dramatic. The idea is not bad at all: the Devil is idly conjured, in a quiet country house, to appear at once in whatever shape he pleases, and turns up unexpectedly, disguised as the former head of the family, who ran away with a barmaid twenty years before, and was reported drowned soon after. It is a small job for the Devil, of course, though a not unamusing one, to convert a happily united family into a number of wretched people who are all at one another's throats. David, who was about to finish his first novel and marry his cousin Mary, debauches the housemaid while the dust settles on his typewriter. His sister June, a good little girl in a blue and flouncy dress, with no thought beyond her cello, turns drug-fiend and seduces the family doctor into procuring her illicit dope. Mrs. Bedford, whom we took for a cheerful invalid with a tiresome but not malicious sense of humour, develops a shocking temper and uses her control of the purse-strings to harry the entire household. The pious Aunt Kate takes to drink, and her daughter Mary—she alone is comparatively immune to the diabolical infection—becomes the least bit lazy, and is blinded for life by the fury of the injured housemaid. The only check on the general decadence is Mary's unselfish love of David, and it is her wit that finally masters the powers of darkness. Mr. Sam Livesey is damnably good as the Devil; his entrance is most impressive, and you might swear you could see the hairy, crooked leg under the brown plus-fours. Without Mr. Livesey the evening would be a dull one, except for those of Miss Muriel Aked's admirers who can enjoy seeing her over-play the tipsy old lady. Miss Winifred Shutter endeavours to show that farce is not the only medium she can work in, but alas, her peculiarly dry and staccato manner will not let her play a long emotional part with much conviction. Miss Mavis Clair, as the vindictive housemaid, has the most dramatic scene in the piece, and does it ample justice.

ANDREW BONELLA.

### LETTERS TO THE EDITOR.

#### SOCIAL CREDIT AND THE FAMILY.

Sir,—This "man-woman business" is unpleasant, says Mr. J. G., so let's hold hands and contemplate women Family. It is so grim and dreary to associate woman with unpleasantness; let's pretend the man-woman business is serene and happy, if we take care of the Family. But, dreadful as it is, the man-woman business is the one that has to be tackled. It exists as a bugbear in the minds of more than half the population, so, however unpleasant, we must face it and strip it of the humbug that enfolds it.

With the nice reserve of a gentleman, Mr. J. G. calls the words "marriage market" a "horrible name," and says there is an "element of cold calculation" in the love affairs of life, "where instinct should reign." Would that the word "element" were accurate measure! "And to the extent to which this may be producing its effect, to that extent it is becoming true that marriages are no

longer made in heaven, but in the Board-room of the Central Bank."

Bless his simple heart and blind eyes! Marriages always have been made by banking accounts of one sort or another: heaven is only the "element" for those lucky enough to achieve a streak of it. And that is the age-old basis of the Family we are asked to consider!

It is quite impossible, except as sheer conjecture, to forecast the effect of the National Dividend on the founding and maintenance of the Family until we can see what women will decide to do about the Family when they are free from the economic coercion, and its consequent clutter of race-wrecking humbug, which has ever determined women's attitude to all life. We know of no Family but the cave-man's hierarchy, which has existed since the dawn of history, and the Family of the Social Credit State will certainly not be a perpetuation of that.

But there are still Social Creditors who confuse the public mind by quoting the National Dividend as at so much "per family." In a popular paper, a few weeks ago, a Social Creditor, refuting the Socialist complaint against the Duke of Kent's increased allowance on his marriage, did actually say that there was enough National Credit to do likewise by all men and make them an extra allowance when they took a wife to keep.

There are other Social Creditors who still see the Social Credit State with the old habit of orthodox feminism, as one wherein women will achieve the "rights," the "justice," due to them as workers in a working community. But Douglas is most lucid where he scouts such misapprehension. "Justice" implies judgment. What is one man's justice is another man's crime. In a co-operative commonwealth, where the community creates its wealth, creates its money, and issues both to the community, the suggestion that the community asks "justice" of itself is absurd. Social Credit is not a reward system. It is, simply, an essential to the maintenance and progress of a modern economic democracy, and, as such, the issue of the National Dividend partakes no more of justice or generosity than drinking water to maintain life.

That the Douglas scheme is the first ever suggested in the world's history to admit that woman shall be considered an independent economic unit is the Great Revelation as far as women are concerned—but to drop the valuable status of an impersonal recipient of the National Dividend as a unit in an absolute democracy in order to ask for "justice" or to be merely part of the Family is dangerous, not only to the women's case, but to the men's also.

Further, there are several other monetary reform schemes (easily confusable in the public mind with Social Credit) which specifically refuse to admit the personal dividend, and insist upon the Family as the unit.

What the Family could and might become rests in the future. At present we must keep the issue clear from the prevalent blinkered bedazzlement—common amongst most decent men—which pretends that the romantic illusions of the Banker's board-room has it—heaven is the merest element. National Dividends for Women is the slogan—and their effect upon the future of the Family would fill a volume.

Believing ardently that the first object of woman's existence is to please man, I tender every possible soothing thought to Mr. J. G. and his sympathisers. But somebody must get the job done, and if men continue to pretend that the "woman-business," because it is unpleasant, can be relegated to the background of the Family, we shall be waiting for Social Credit in the next hundred years.

GLADYS F. BING.

#### THE GOD-DRUNKEN MAN.

Sir,—In reply to M. J., may I be permitted to say that I am in agreement with much that he affirms in his admirable article. May I also point out that I have not yet finished

my article, and have not concluded my remarks upon Spinoza.

R. LAUGIER.

#### THE ADAMSON DIAGRAM

Sir,—As one who has read every technical Social Credit article in THE NEW AGE since 1919, but who is nevertheless what one might call a disciple of Gaitskell-Durbin, may I say why Mr. Adamson's extended chart convinces me of a deficiency of purchasing power no more than any other effort?

He suggests that "at the end of period T.1. analysis of all costs are made." He proceeds to point out that at that time "the retailer's expenditure is 1,000, and he can collect from consumers 1,000, so that his expenditure will balance his income."

Mr. Adamson then proceeds to say that the other four people concerned in the series-production have stock to the extent of 2,000. All this is quite true.

But the amount of A payments up to that point, as shown by the diagram itself, have totalled 3,000. In the period E there are five payments of 200 which can pay for the retailer; in period D a total of 800; in period E 600; in B 400; and in A 200. In respect of goods costed at £3,000, the same amount of money has appeared as A payments.

J. A. FRANKLIN.

[This has been dealt with in later articles.—ED.]

#### Social Credit Press Directory.

##### Great Britain.

Attack, 44, Little Britain, London, E.C.1. 1d. Organ of the Green Shirt Movement. Published monthly.

The Challenger (Incorporating The Green Shirt Review). 22, Cavendish Street, Keighley. (1d. quarterly.)

The New Age, 70, High Holborn, London, W.C.1. (7d. weekly.)

The New English Weekly, 38, Cursitor Street, London, E.C.4. (6d.)

Prosperity, St. Peter's Vicarage, Paynes Lane, Coventry. (2d. monthly.)

Social Credit, 9, Regent Square, London, W.C.1. (2d. weekly.)

##### Overseas.

Alberta Social Credit Chronicle, 500, 8th Avenue West, Calgary, Alberta, Canada. Weekly, 5 cents. (This journal appears to be the organ of Mr. William Aberhart, who is referred to in it as "founder of the Alberta Social Credit System.")

Farming First, P.O. Box 1056, Auckland, New Zealand. (6d. monthly.)

The Douglas Review, Box 782, Station F., Toronto, Ontario, Canada. (No price.)

The New Economics, 20, Queen Street, Melbourne, Australia. (3d. fortnightly.)

The New Era, 9-13, Bligh Street, Sydney, Australia. (2d. fortnightly.)

New Democracy, 55, Fifth Avenue, New York. (10 cents fortnightly.)

The Social Credit Bulletin, P.O. Box 5919, Johannesburg, South Africa. (Typescript. No price mentioned.)

The Social Justice Advocate. The Signal Publishing Co., Edson, Alberta, Canada. (10 cents, or \$1 per annum.)

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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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Editor pro tem, ARTHUR BRENTON.

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4. Information as to societies and organisations advocating Social Credit or other principles of financial reform. Date of formation: objects: officers: structure: fees, etc., etc.

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