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NOTES OF THE WEEK.

The Pepper Crisis.

The following note on the crisis was held over from last week's issue owing to pressure on space.

The banks refused to come to the rescue, last week, of firms who had unsuccessfully tried to make a corner in white pepper. On the other hand they did come to the rescue of firms who had supplied pepper to the pool under contracts with the cornerers. This discrimination between guilty principals and innocent accessories will no doubt warm the hearts of honest people. It serves to show that the banks are something more than an effective Second Chamber, as the Dean of Winchester once remarked, and are an effective Supreme Court with powers of summary jurisdiction. It remains to be seen, however, what the effect of the judgment will be on the price of pepper to consumers. The cornerers are dead, but not the corner. There is a glut amounting to four years' requirements in this country, but will it be distributed? No; for that would break the "Mincing Lane market." The banks intervened to save that market—which is another way of saying that our pepper won't cost us less, or very little less. The glut is now virtually the property of the banks, and will be disposed of in such a way as to prevent losses to investors, and the consequential loss of confidence in the investment principle itself. So the penalty attaching to default is to be limited to the guilty and not visited on the innocent. Thus the affair will turn public attention away from the inherent instability of the investment system and mislead it into supposing that success or failure depends solely on the personal integrity and functional competence of managements. Fundamentally the cornering of commodities at the expense of the public is the result of the cornering of credit which belongs to the public.

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Later comments in some of the newspapers hint that some highly-placed financiers were assisting or encouraging the scheme. This is easily credible. Distinguishing the banking community as credit-controllers, and market-riggers as credit-operators, the controllers may be said to have a sort of two-way bet on the success of the corner, whereas the operators have a one-way bet. Its failure means the defeat, with monetary loss, of the operators' policy, but can easily leave unaffected the controllers' policy and monetary stability. The underlying reason is that the operators seek profits, whereas the controllers do not; and that the operators risk money to make money, whereas the controllers do not. In the present case the operators staked a particular block of credit to gain a profit out of a particular kind of commodity, namely, pepper. The gain, if it had been won, would have taken the form of an excess-price levy on consumers of pepper, and would have accrued in theory to investors in pepper. In practice, of course, this gain would not be wholly distributed as dividends to individuals, but, in a large measure, allocated to reserves. Such allocation might take the form of purchases of high-class securities—that is, securities of the sort that the credit-controllers hold and are in a position to sell. As Mr. McKenna has frequently stated, when banks sell securities, deposits are destroyed, and an act of deflation has been performed. In this way it will be seen that the operators would have functioned as the cats-paws of the controllers, whose purpose is not to make profits but to keep money scarce in the interests of their monopoly. The pepper corner would help to consolidate the money-corner. Readers will find it amusing to reflect that if the pepper-operators had brought off their coup the underwriters of the recently under-subscribed L.C.C. Loan (ultimately the banks) might have succeeded in unloading part of their unwanted holdings on to them.

* * *

But, someone may ask, could not the failure of the corner catch the controllers, if, as is hinted, they were taking part in the game? That might happen if the controllers went into the game with no greater knowledge of the factors deciding the result than did the operators. But this is never the case, as readers who understand the structure of the bankers' intelligence-service are well aware. And there are direct grounds for a strong presumption that it was not the case here. As one might say, the Fuggers knew more about pepper than the pepper-riggers knew about the Fuggers. For, according to a report in *The Observer*, the operators here proceeded to corner white pepper on the mistaken calculation that it came from a different plant than did black pepper. On the basis of that mistake they further calculated that since the public did not want black pepper, they need only corner the available supplies of the white in order to rake in their profit during the interval before new crops would be ready—by which time, they presumably calculated, they would have funds to absorb these also. Unfortunately for them both peppers were the product of one plant, and the preparation of white or black simply a matter of processing after picking. Behold, then, as soon as the "white" price began to rise the black pepper turned white and gate-crashed into the market to share in the hospitality innocently prepared by the operators.

* * *

Now, it is beyond belief that this gross misapprehension of fact was shared by the credit-controllers at any time. They must have foreseen what would happen. So, if the suggestion is true that they played any part in the game, it was with the opposite expectation and purpose in view to that of the operators who were risking their investors' capital, and, alas, the livelihood of their innocent clerical staffs who, to-day, are suddenly faced by destitution after services rendered, in some cases, over twenty years. What a ghastly reminder of the urgency of the Social Credit remedy.

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This affair will recall to many readers the cotton boom and collapse soon after the war. Whether bank finance was involved in the boom or not it is unquestionable that the bankers stood by and watched poor little cotton-operatives yield up their savings and even pledge their homes to participate in an era of prosperity which was, as a matter of fact, even then in process of compulsory liquidation by the bankers themselves. Neither they nor the Press (which will always take a hint from them) sounded a clear and persistent note of warning. No doubt they would plead that it is not their function or responsibility to intervene unless or until their intervention is sought; but since they hold themselves out to be responsible for maintaining a sound financial system, the ordinary observer is bound to conclude that the fleecing of small investors is consistent with the "soundness" of the system. And, of course, students of the credit system know that this is true, and why. They lay in stocks of laws for use as and when they wish to invoke them. Their orders always receive priority of delivery from our absent-minded Parliament. Conversely, they prevent the passing of laws which might be invoked against themselves. Thus, under the first head, they pounced promptly upon Mr. Harman when he started to issue "puffin" coins to his handful of subjects on Lundy Island. Plain-clothes detectives disguised as trippers went over from the mainland to verify evidence of the crime. At whose initiative? Certainly not the police at the Devon seaside resorts. No; the order came from London. Under the second head, it may be mentioned that no law exists which compels them to accept a customer's account if they wish not to. Hence they can effectually shut up a customer's business even if he has a large credit balance and is perfectly solvent. Again, they can break with impunity that age-long convention of "confidence between banker and client," as was shown a few years ago when a bank official revealed to a customer's employer that he (the customer) was having transactions with a bookmaker. The judge held that the official was acting within the limits of his duty; and the customer, who had lost his job as a result, lost his case as well.

* * *

We notice that the *News Chronicle* is asking: "Who Rigged the Pepper Market?" and that Mr. David Grenfell, M.P., proposes to ask in the House whether large numbers of shares in the firm of James and Shakspeare were not held by nominee companies formed by the banks, and did not represent investments by the banks themselves. Well, good luck to both of these inquirers, and if they dig up the record of the case that we have just mentioned they will be armed with a legal precedent for requiring the banks to commit a "breach of confidence" once more, and to much wider purpose from the point of view of the investing public. We recognise, of course, that the confidence between a bank and its own nominee-company must necessarily be of the most sacred nature—in fact the inner communion of the banker with himself; but it is just this kind of confidence which is too sacred to be kept secret, not to speak of the fact that the preservation of confidence inside means its destruction outside.

* * *

If this matter is pursued it will rather cramp the style of Lord Rothermere who is shaping up to admonish credit-reformers in particular and the public in general to "let the banks alone." Speaking for ourselves we would do so willingly if they let other people alone, or if their relations with the public were under the unfettered control of the King's Government. But that is just where the trouble comes in about the banks: in one breath they claim to be an extension of the Government itself, and, in the next, to be private undertakings competing for a living on level terms with commercial enterprises generally under the limitations of laws proceeding from the wisdom of the Legislature. Take, for instance, the case of the Bill framed by Mr. Maxton providing for the nationalisation of the Bank of England some years ago. A committee upstairs ruled it out of order on the ground that Parliament could not legislate in respect of selected private undertakings. Yet, on the declaration of the *Financial Times*, this same private institution, representing the people "at the top" of the banking business, were (and still are) able to "destroy the whole fabric of Government finance" at their own will. Thus the unique powers of this private institution, which everyone will agree afford grounds for discriminatory legislation, is constitutionally immune from such legislation because it is a private institution! The inquiring or aggrieved citizen fares no better on these high matters when he listens in to Court proceedings. Either the rules of evidence exclude what he would like to know, or else political influences procure a settlement out of court just when the case begins to be interesting. "Let the banks alone!" We'd very much like to know how they can be interfered with.

The G.W.R.'s Dividend.

Mr. O. R. Hobson, City Editor of the *News Chronicle* (February 14) takes the G.W.R. directors to task because they have drawn on reserves to pay their dividend. Of £1,288,000 required to pay the declared 3 per cent. dividend for 1934, £870,000 has been brought into profits, £320,000 of this being "profits on the realisation of investments" and £550,000 being

transferred from the Contingencies Fund. Mr. Hobson feels that this departure from sound financial policy might be justified as an isolated emergency method, but points out that it has been going on since 1930, and that no less than £4,650,000 has been transferred from reserves to dividends during that period. He recognises the motive of the directors, which has been to maintain the rate of dividend at such a figure as will prevent the relegation of their prior securities from the Trustee Securities list to the nominally inferior Chancery list, but questions the ultimate advantage of this in view of the fact that these prior securities are supposed to be covered, both as to capital and interest, by the "resources" (reserves) now being "dissipated." It is, he says, almost a Gilbertian situation to see the prestige of the Company's debenture and preference stocks kept up by a device which lets their "real security" down. And, to complete the sad story, Mr. Hobson can see nothing in the latest traffic returns to suggest that the Company's earnings this year will be perceptibly greater than those of last year—which (as can be calculated from the above figures) were equivalent to a dividend of only about 1 per cent. or one-third of the dividend distributed. "Our absurd and anomalous Trustee Law" must bear part of the responsibility for this, he concludes, but all the same the policy is basically unsound.

* * *

All this is true enough in the frame of reference of classical theory, but it leaves out of sight the practical consequences of a rigid logical application of the theory. It is all very well to suggest that dividends on the ordinary stock for a given year should be kept within the earnings of that year, but when dividends come down into the region of 1 per cent. the ordinary investor is likely to begin to ask himself whether he wouldn't be better off if he put his money on deposit in a bank, or in the Post Office Savings Bank, or in War Savings Certificates, where at least his capital would be safe, and could be converted into money at short notice. It is true enough that existing shareholders cannot collectively act on this idea by selling out to go into something else without serious loss; but it could make them shy of taking further risks and undermine their confidence in industrial investments generally.

* * *

Of course private individual shareholders are not strong enough numerically to cause much disturbance, and even if they were they would be impotent by reason of the absence of co-ordination in the protection or advancement of their interests. But it must be remembered that every trade-unionist is an investor at one remove: the Trade Unions being, in one aspect, working-class investment-trusts. Years ago we tried to make trade-unionists take an interest in the investment policies of their societies, and in fact to realise the fundamental implication of the investment of their contributions, which is to give hostages to finance-capitalism for their tame behaviour in the event of wage-disputes. Perhaps we started before the time was ripe, for nothing happened; but there is little doubt that the gradual growth of public interest in high-financial theory and practice since that time will sooner or later infect trade-unionists with the spirit of healthy inquiry into their own affairs along the above lines. Supposing that this were to happen, and the executives had to face up to the fact that dividends on their members' holdings of securities were no greater than if they had kept their money intact, it would open up some interesting developments. A return of 1 per cent. for the giving of investment-hostages would be seen to be ridiculous in the light of the fact that they virtually reduced the trade-union movement to the necessity for borrowing from the "enemy" on his own terms in order to hold their own against his exactions. That is what the Miners' Federation had to do on one occasion, as Mr. Frank Hodges admitted ("We started the strike on an overdraft"). A little reflection on these confessedly speculative remarks will show that there are at least some reasons of high policy for giving holders of ordinary stocks a little bit of encouragement.

* * *

Then, from quite another point of view, if stocks in the Trustee list are knocked out because current earnings do not yield the minimum dividend prescribed by Law, this would legally compel persons and institutions functioning as Trustees to dispose of their holdings irrespective of the higher *real* security which Mr. Hobson says would be conferred on them by reason of the low dividend on the ordinary stock. So the "anomaly" and "absurdity" of the problem cut both ways.

* * *

But, on a wide survey, this arguing about the soundness or otherwise of dividend-rates is largely unreal, particularly as concerns railways. They are a national necessity, in peace, and twentyfold so in war. Shareholders or no shareholders, they have to be maintained and, so to speak, exercised in exactly the same sense in which our fleet is kept structurally efficient and sent on manœuvres. Railway directors are virtually auxiliary officials of the Admiralty and War Office, and have to frame their financial policies in accordance with State policy. And it need hardly be added that when canons of "sound finance" clash with the military security of the State they will have to be disregarded. After all, debenture-holders don't man the trenches—not to speak of the fact that for the most part they are not human beings at all but financial institutions merely measuring and marking, like Brer Rabbit, the activities of real men and doing it wrong into the bargain.

Machine Mathematics.

Professor Hartree, of Victoria University, Manchester, is installing there a machine which, it is said, is capable of solving the most abstruse and involved mathematical problems in a fraction of the time which they now occupy. In fact the machine is intended to deal with problems hitherto left untackled by reason of the number of mathematicians and the length of time which would be required—with risks of error hovering round the procedure and threatening the accuracy of the answer. An account appears in *The Morning Post* of February 14. It is not particularly informative as regards details of the design and function of the machine, but it indicates the kind of problems which it is expected will be solved; and to the ordinary reader interested in Social Credit an examination of the account might evoke the amusing reflection that at last we have that ideal, impartial (because inanimate) tribunal of "experts" who can pronounce upon the perennial, provocative A + B Theorem, and—in the good times to come—announce the all-important Price-Factor or Dividend. It is an alluring picture, anyhow, and should inspire the spirit of investigation among readers in the Manchester area. For it would appear that this machine can not only take care of integrations and differentiations in one frame of reference, but can check or modify its calculations and co-ordinations in conformity with the requirements of other frames of reference which happen to be relevant to the purpose of the final answer. Apparently it can see a problem instantaneously from a multiple of view-points: it can superimpose, so to speak, the worm's-eye view upon the bird's-eye view and get a bird-worm picture—in marked contrast to the famous Oozlem process where the bird swallows the worm, and then swallows itself in reverse, shrieking cries of derision at its baffled pursuers! So it would seem that this multiperceptive and multireflective mechanism ought to eat up such problems as rates-of-flow of costs and incomes just like having breakfast before it goes out for its day's work. Let us all hope so at any rate.

Agriculture and Finance.

I.

Six months have elapsed since I last wrote; the bank general meetings have come and gone without evincing the slightest trace of ability on the part of even one chairman to deal with the agricultural problem, so that the time is ripe for what counsel call a refresher. Now, the expression "all wealth is derived at first instance from the soil" in the hands of an ordinary economist becomes the merest jargon, but to a farmer it is a fundamental truth with which he is in daily contact. The man who cannot produce a loaf of bread lacks the basic knowledge upon which to base an economic theory. If a financial system has broken down it inevitably follows that agriculture is precipitated into ruin. More than one farmer remarked to me during the war that our system of financing the war was leading to certain bankruptcy, and in more than one market town in East Anglia farmers there in 1930 agreed among themselves that they must look out for the day when they would have to refuse to exchange their produce for anything but tangible wealth. Dr. Gustav Cassel, in his lecture at London University, said man has never bartered, but long before history commenced he has always had two things: the standard of value (oxen) and the means of payment (pieces of metal). Probably the learned professor was thinking of the exchange of shields in Iliad VI., which Pope with his great fund of poetic licence translates:—

> "For Diomed's brass arms, of mean device,
> For which nine oxen paid (a vulgar price),
> He gave his own, of gold divinely wrought,
> A hundred beeves the shining purchase bought."

If we turn to the recognised Greek text—the Walter Leaf edition—we find the literal translation is of the value of a hundred oxen and so on; and, according to Gladstone, that can easily be said to depict the customs of 5,000 years ago. Before leaving that so-called ancient period, we can mention Philip of Macedon (about 350 B.C.); he had a large and efficient standing army and was continually at war. At his sudden death his treasury contained enough specie to pay his army for three years, and a mercenary army of like size for a similar period; there was enough grain in the public granaries to feed both armies for three years, and enough arms in the armoury to arm both armies twice over. Even that pales when we know that agriculture was flourishing and the seaport towns prosperous. Instances of prosperity being a natural condition abound; Finlay mentions Cherson on the Crimean Bosporus that enjoyed unbounded prosperity for probably 3,000 years; and Scipio on his mission to Carthage witnessed such extraordinary prosperity there that he reported to the Senate that such prosperity was incompatible with Empire.

Still keeping in mind our "standard of value" and casting aside that ridiculous notion of the economists that differences arising in the course of foreign trade are met by shipping bar gold to balance the account, let us take the case of Australia with token figures, approximating near enough to actual fact. We send to Australia £10,000,000 of manufactured goods (clothing, etc.—end of season stocks at half price), and in return they send us wine, wool and mutton of the same value. There remains then £25,000,000 interest on debt (Midland Bank review figure), and other odds and ends of interest, making a total of, say, £35,000,000 to be sent here every year. Obviously, that cannot be done in gold because gold does not properly disappear, however deeply it may be buried in a bank vault; you must have something better, so wheat is used, and only £10,000,000 comes, leaving a permanent deficit of £25,000,000. Wheat has the necessary qualification of disappearing down people's throats, and the deficit arrived at is just the figure given by Professor Copland. Although farmers deal in goods and express their respective values in terms of gold, nevertheless, wheat is largely thought of as the standard. Our forefathers had a much better sense of the actual when they made tithe go up and down with the price of wheat. Our present-day farmer has it brought home to him when he now pays his labourer five times as much wages in wheat as pre-war, and now pays eight times as much for coal as pre-war. To him that is evidence that our financial system has broken down, that his own ploughman could manage better, and that our so-called financiers do not understand their business. By constructing an imaginary community exiled and obliged suddenly to trek into wild territory we can theorise, in that and a dozen other ways, to prove that farming being the most important and the most skilled of all industry the remainder cannot hope to even reach prosperity or hold on to it unless farming has the first consideration. Witness the bank meetings; even Mr. McKenna, after arguing that we might still expand our home trade, said that our main hope was to extend our exports so that we could import more foodstuffs in return. Witness Finance Acts, Tithe Acts, Agricultural Mortgage Corporations, Wheat Act, Marketing Boards, and the rest. A man with fifty acres and three or four cows might, by retailing the milk himself on a milk round, earn a small living, but woe betide the farmer with 500 acres selling to the Milk Board—he is faced with ruin. One little word of praise must be given here to Mr. Lloyd George, who was responsible for the Corn Production Act, fixing the price of English wheat at 60s. per quarter. Here was an attempt to rectify values: oats, barley, peas, beans, hay, and cattle would all have come into line with the dominant article; but the Bank of England, waking up to the fact that it would have cut the ground from under foreign "remittances," ordered the repeal of the Act.

V.I.90.

(To be continued.)

Notice.

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Discount or Dividend?

By A. B.

The question whether the Dividend is superior to the Discount as the method of distributing goods is bound to evoke different answers according to the contexts in which it can be raised. Two contexts were outlined last week; but there are several others in which different combinations of relevant factors come into the discussion. These are factors of time, circumstance and purpose.

The initial and overriding purpose to be achieved by Social Credit is a physical one—namely, that of distributing consumable products at the maximum rate allowed by the technical limits of productive capacity. It is not the function of the Social Credit technician to say how great productive capacity shall be, nor to decide whether the distribution shall be effected on an equitable basis as between man and man. These are matters of common sense and conscience to be resolved politically. To the Social Credit technician it *does not matter who gets the goods so long as they are all collectively cleared out of industry*. The Social Credit monetary-technique is, in itself, nothing other than an instrument of purpose: it enables the people to do, with the maximum efficiency, *whatever they may wish to do*. These two truths are matters of authoritative statement; and even if they were not, they are self-evident to everyone who understands the Social-Credit analysis of the bankers' "instrument," whose outstanding characteristic is that it *automatically frustrates the purpose* for which the community are using it and to which they innocently think it is conducive. The characteristic of the Social-Credit technique is that it does not frustrate, but fulfils, the community's purpose. To put the matter bluntly, Social Credit will subserve bad purposes just as it will good ones: it is something like the discovery of the process of fixing Nitrogen, a gas which can just as well subserve the purposes of war when combined in explosives as it can the purposes of peace when combined in fertilisers.

Again, knowledge of the technique of Social Credit does nothing to alter the desires and ideals which are comprehended in the community's purpose: nor, on the other hand, do the cleanest desires or highest ideals affect the non-moral adaptability of the Social Credit technique.

The Social-Credit engineer, to call him such, finishes his particular job as soon as he dumps products outside industry and clears the way for producing some more. He now functions, like everyone else, as an ordinary citizen in deciding how the dump shall be divided up. In other words the question of whether the Dividend or Discount is the superior method is one to be decided by the public.

This becomes plain directly you ask: Superior—*for what?* If the "what" is technical—getting the goods out into consumption—there is no superiority in either method: one is as efficient as the other. It is only when the "what" relates to political expediency, moral purpose, or agitational effectiveness that room for different conclusions is created. As examples; the publicity expert will ask: Can I sell the idea better if I couple it with the "Dividend," or if with the "Discount"? The administrator will ask: Can I work the "Discount" more easily than I can the "Dividend"? The humanitarian reformer will ask: Which method will better help the underdogs of society? The moralist will ask: Which method better safeguards the characters of the beneficiaries? And one must not forget the noble army of fad-foisters whose preferences for either method will be fixed by their fads.

"The time is coming," said someone to the writer recently, "when you Social Credit technicians will find that you are not the big noises that you think you are." Quite so; for the knowledge of the technician—let us call him the "A + B" man—is superfluous to the complex of considerations which now enter into the calculation of the public. He must climb down off his scientific pedestal and take his place and part in the general counsels on level terms with everybody else of comparable intelligence and experience. *As a technician* he is outside the controversy on: "Dividend versus Discount," although, as a human personality, he will probably take a definite side.

The frame of reference in which the merits of the Discount method were discussed last week covered the assumption that the circumstances were those in which the bankers might affect to capitulate to public pressure with the intention of double-crossing—in which case certain reasons were given why they might find the Dividend method the more suitable for that purpose. These reasons, of course, immediately become irrelevant if the assumption be rejected. So would they if another assumption then made be rejected, which was that the choice of method would be decided by the advice of permanent officialdom based on administrative technicalities. But this only serves to show the futility of arguing about the matter without first of all defining very strictly the circumstances in which comparisons are to be drawn. And that brings us face to face with another difficulty, which is that any such definitions must be highly speculative.

One thing, however, is certain, and that is the ultimate inevitability of the virtual supersession of the Wage by the Dividend under a Social Credit system. Theoretically there could be circumstances (admittedly fantastic) in which some oligarchy were able to reduce the productive capacity of the industrial system, pay high incomes to those employed in all sorts of capacity, discount prices, and then levy taxes to provide the rest of the population with the means of bare survival. If this were done on a scale that compelled those with incomes from industry to spend the whole balance after taxation on consumable goods, industry could dispose of the whole output and recover its costs—thus nominally satisfying the technical requirements of Social Credit finance by equating the totality of incomes with the totality of prices, but yet maintaining the steep graduation from comfort at the top to discomfort at the bottom which characterises the existing system.

As a practical possibility, such an outcome can be dismissed at once, but the hypothetical possibility is worth noting as illustrating the proposition that the Social-Credit technique is adaptable to wrong as well as to right purposes. It is an efficient handmaid to policy. Now, the reason why the hypothesis is fantastic is bound up with the reason why the Dividend is inevitable. It is this: that the consuming capacity of the individual, however rich, is definitely limited; so that if any hypothetical oligarchy tried to make the rich consume to the full value of their incomes, and the poor likewise, and yet to keep industry working at maximum capacity, they would have to reduce that capacity to a degree which would evoke derision from all sections of the public.

No. In this country there is a reserve of productive capacity, and the purpose of adopting Social Credit will be to call this into use. Since Social Credit achieves purpose, the reserve capacity will be used and the result *will be increased output. The distribution of that output (which is the second purpose)* will depend on calling in the many poor to eat, not the crumbs from the tables of the few rich, but the dishes which cannot possibly be wedged on to their tables. The required increase in total consumption will have to take place at the lower end of society—not because this appeals to the general sense of fairness, but because it is only there where the increase is physically possible. So, although it might occur that at the inauguration of Social Credit the Dividend did not accompany the Discount, it would inevitably follow it, if only by reason of the fact that the financial benefit of the Discount would accrue to masses of poor people who were in daily contact with non-beneficiaries (in many cases supporting them) and who would have a double incentive to press for the universal Dividend, not to speak of their possession of more money to back the pressure if they chose to use it for that purpose.

The majority of ordinary citizens, if asked which they would like better, Dividends or Discounts, would be disposed to answer: "*Whichever we can get quicker.*" The deciding factor is the urgency of the principle, not the equity of the method.

If, now, the high-pressure salesman comes along and says: "Here, I can sell the principle best under the 'Dividend' label" there is every reason to believe him. In Chiozza Money's *Riches and Poverty* (first published in 1905) he divided the people and their incomes as follows for the year 1904:—

Class.	Number in Class.	Collective Income.
Poor	38,000,000	£880,000,000
Comfortable	3,750,000	£245,000,000
Rich	1,250,000	£585,000,000

Again, dividing them and the wealth they accumulated, he gave the following figures:—

Class.	Number in Class.	Estates at death (collective value).
Poor and Very Poor...	685,500	£29,000,000
Rich and Very Rich	27,500	£257,000,000

However you look at these figures they clearly indicate that out of 100 mixed "prospects" ninety would "fall for" the Dividend. They would understand its meaning better, and they would feel the need of the higher proportionate improvement in their condition which it would give them. So the "Dividend" slogan is correct for general publicity purposes; and this has been recognised by all sections of the Social Credit Movement. It captures attention and arouses interest, thus fulfilling the first two requirements of efficient advertising. Two others, of course, come later, namely those of "inspiring confidence" and "inducing action." For our purposes the action must be sustained—and this implies that the confidence must be sustained.

At which point the "Social-Credit technicians," though not the big noises that they thought they were, will have to deal with the backwash of high-pressure salesmanship as best they can. Let us say that they will speak in the still small voice which was not in the fire and the earthquake of the "Electoral Campaign."

JAPANESE BEER.

German brewers are feeling acutely the increasing sale of Japanese beer in the world market, according to the annual report of the German Brewers' Association (says the British United Press). This report declares that the Japanese are selling bottled beer at a price at which the German brewers are not even able to buy their empty bottles.—(*Daily Herald*, February 6.)

A Few Words.

By R. Laugier.

The domination, in our social life, of the Puritan, the huckster, and the legally-supported thief, is revealed plainly enough in the history of our language. One sign is an increasing lack of definiteness in the use of words. When the hypocrite cannot contemplate his real motives and conduct; when the swindler frames a contract, they will employ language that avoids precision. Going deeper, when a whole society is impregnated with the ideas of Puritan-Business then language is transformed to suit the new order of society: what was formerly vile becomes admirable; things considered unbearable are now tolerated, and *vice versa*.

Thus a word commonly used to describe the modern business-man is *shrewd*. It now means "astute," "sagacious," critically "discriminating." Once it implied the deepest moral reprobation—as did the word *shrew*, applied to both sexes. In a sermon, published 1737, South says: "Is he *shrewd* and unjust in his dealings with others?" Commenting upon this changed usage Archbishop Trench writes: "The weakness of the world's moral indignation against evil causes a multitude of words which once conveyed intensest moral reprobation gradually to convey none at all, or it may be even praise." But I think a study of English will reveal the fact that there is little diminution of moral indignation where matters, other than commercial chicanery, are concerned. The Puritan is nothing if not morally indignant, and to rob him of this sturdy emotion would be to achieve the impossible, and produce something less than nothing. Where would a vice society be, if there were no "secret drinking," "gambling," and "petting"? Would you have a vice society attack Wall Street?

Once, as an editor, I wrote an advertisement for a newspaper serial, which I referred to as, "A story of love and passion, etc." From the secretary of my employer, one of the largest newspaper proprietors in the world, I received a letter informing me that the word *passionate* was indecent, and must not be used in pure newspapers, going as they did (with all their advertising interests) into the pure, sabbatarian homes of East Ham and Wigan.

Milton coined, and Tenyson used, the word *sensuous*, to describe a condition of mind, common to poets; but the word *sensual* had this beautiful meaning for centuries:

"Far as creation's ample range extends,
The scale of *sensual*, mental powers ascends."
Pope's *Essay On Man*.

Nowadays people employ the word "sensuous" when they mean "sensual," but funk the latter expression.

The decline of aristocratic conceptions is shown in the history of numerous words. Charity, in the alms-giving sense, becomes more and more prominent, as commercial "progress" sets in. Once *kindly* had no ethical significance, but was simply the adjective of "kind." The *kindly* fruits were "natural" fruits. Sir Thomas More in his *Richard, The Third*, tells us that Richard would murder his nephews to make himself a "*kindly* king," i.e., lineal heir.

In a similar way *Bounty*, like the French "bonté," only meant "goodness," in earlier days, when giving a "dole" was not king of the virtues. Also *generosity* was a matter of nobility, and aristrocratic breeding, which manifested itself in many ways besides that of "giving." (Incidentally "dole" and "deal" are the same word, and formerly there was no subaudition of dealing *scantily*, when dealing or doling.

Decay of agriculture, too. The word *manure* (manoeuvre), to "work with the hand." Tillage pre-

dominated in earlier periods, and where we would talk of a mine being "worked," or a tree being "cultivated," our ancestors would have used the word *manured*.

In almost every language the now despised poet was the authentic creator, and the true *maker*. Writing poetry and *making* were synonymous terms. But things *mechanical*, and the *mechanic* himself were once held in the same contempt as is poetry, to-day.

"Base dunghill villain, and *mechanical*."
Shakespeare, *Henry VI*.

The Puritan objected to this disparaging of things mechanical, and Whitlock (*Zootomia*) says: "It was never a good world, since employment was counted mechanic, and idleness gentility." Well, we have changed all that!

Before the money-lenders, Lombards, bankers, and farmers-general became the Authorities, and sat at the right hand of Jehovah, *usury* was generally condemned. But *usury* meant lending money, not merely lending money at inordinate interest. Harrison (in *Holinshed*) noted the weakening of a natural repugnance to lending five pounds in order to receive six or seven pounds in return. Speaking of this changed attitude, Archbishop Trench says: "When at length the common sense of men overcame this strange but deep-rooted prejudice, the word" [usury] "was too deeply stained with dishonour to be employed to express the lawful receiving of a measurable interest."

By the way, this "common-sense" of our plain, homely wisdom, comes from the metaphysicians, and once indicated far more subtle perceptions than it does to-day. As Business forges ahead ratiocination suffers.

From the Lombards—the first bankers and pawnbrokers—comes our word *lumber*. As their store-rooms become choked with citizens' goods (declining in "value" all the time) these stored pledges became *lumber*, in lumber rooms.

"They put up all the little plate they had in the *lumber*, which is pawning it, till the ships came."
Lady Murry, *Lives of George Baillie and of Lady Grisell Baillie*.

The word *bullion*, now connoting precious metals, was once equivalent to the French *billon*, defined as "toute matiere d'or ou d'argent décriée, et qui se trouve à plus bas titre que celui d'ordonnance." (Cf., "rolled gold," "German silver," and the high-sounding names given to adulterated goods—with the help of "scientists.")

Perish agriculture, poetry, art, ancient faith, aristocracy, leisure, contemplation, invention, scholarship, natural dignity, gentleness—and up with The Pawnbroker.

Publication of Criticisms.

A correspondent rightly raises a matter which we ought to have made clear in a note under "Answers to Correspondents" last week. It is this; that on any occasion when we should have admitted, for payment, letters or articles which otherwise we should not think worth while publishing, the fact that this was so would be clearly stated. It would defeat our own purpose not to make this plain.

One of our reminiscences will explain why. Years ago we were bombarded by a correspondent with long, rambling and (to us) largely unintelligible criticisms of the Social Credit Analysis. We did not print them. The author then started a campaign of protest against our "suppression of opinion," sending to people inside and outside the Movement duplicated copies of the correspondence, and insinuating that our censorship was exercised to prevent the "exposure" of Social-Credit "fallacies."

For us to have published them in the ordinary way without comment would have been tantamount to endorsing them as worth the study of our readers. To have added comments would have required prolonged elucidation of the meaning of the letters themselves. And another consequence would have been that other critics would have considered themselves entitled to join in the fun irrespective of their credentials or competence. Even supposing that we had had no better use for our space, it is doubtful whether the debating initiated in this manner would have served any useful purpose at all.

Deficiency of Purchasing Power —A New Angle.

Money—including, of course, financial credit—may be said to exist in two forms:—

(1) *Potential*, comprising all money which may not be spent in the purchase of consumable goods until it has first been used in production. This form includes any sums which are treated as "capital," and which, if spent, create a cost in the spender's accounts, to be recovered generally through the medium of price.

(2) *Kinetic*, the form of money which resides in the hands of a consumer, and which may be employed directly in the purchase of consumable goods. Its only sources are wages, salaries, and personal dividends (including certain rents).

Potential money, in being paid to individuals, *creates* a cost, but becomes kinetic in the process.

Potential money, in being paid to organisations, in respect of work done in the past, *transfers* a cost, but does not become kinetic.

Costs can only be *cancelled* by the expenditure of kinetic money upon consumable goods (apart, that is, from bankruptcies or the writing down of capital). From the point of view of cost-cancellation, therefore, potential money is non-existent. Further, since only kinetic money can be used in the purchase of consumable goods, only this form of money can directly cause inflation in the prices of those goods.

Bank loans—non-existent until created by the Bank—are the best example of potential money, but by no means the only one. There may be millions of pounds of "idle money," but, if it is regarded by the owners as "capital," it will not augment purchasing-power at all.

A. Consider a new productive enterprise, financed initially by bank loan. Potential money is converted into kinetic—costs thereby created. The bank loan is repaid by an issue of shares to the public. Kinetic money is reconverted to the potential state, without cancelling costs, since depreciation and replacement charges have still to be made.

But since potential money cannot again become kinetic without creating a cost, and only kinetic money can cancel costs, a body of costs has become irrecoverable, even though, in the nature of things, these costs may not reach consumers' markets for months or years.

B. Consider the case of a firm charging prices in excess of cost, the resulting profit being placed to reserve. The reserve becomes potential money. Kinetic money has been reconverted, but only part of it has been used to cancel costs. Result as in A.

C. Suppose that, in view of a large increase in the Floating Debt, the Government issues a Funding Loan. The money which when orginially borrowed, and spent, became kinetic and created "costs" to be recovered through taxation, is now collected again and turned back into the potential form. The Funding Loan can, therefore, never be repaid except by fresh borrowing.

Social Credit provides the only remedy by creating kinetic money without new costs. But the important point to note is that, directly it is spent on consumable goods, whether or not it goes to repay a bank loan, this new money becomes potential, and hence cannot accumulate as excess consumer-money leading to inflation. The Just Price formula sees to it that the correct amount is issued, while the mechanism described above accounts for its retirement.

G. F. L.

The Way of a Cost.

The late Mr. J. Adamson's article on "Gaitskell on A + B" has once more raised the question of the gap between costs and incomes. Must the gap be an ever-widening one, under any or all conditions, because A + B is necessarily always greater than A?

It will, I think, be apparent to anyone who studies Mr. Adamson's reply that he deliberately kept within the frame of reference set by Mr. Gaitskell. What he did was to take Mr. Gaitskell's diagram, re-draft it, and then demonstrate that a shortage of purchasing power must follow under existing conventions of loan and cost accountancy.

But Mr. Adamson was perfectly well aware that the whole problem could not be dealt with finally within the frame of reference selected. In the course of his reply, he says, ". . . I would not agree that the diagram is a correct representation of facts, since farming, spinning, weaving, wholesale and retail have 'on cost' and 'establishment charges' which would be added to their production costs."

Now, if these overheads consist only of direct payments to other firms for material and services and of the regular cost of simply maintaining plant in a fixed condition, and if there is no improvement in process or increase in stocks, then we shall have the "perfectly steady state of self-repeating movement," such as Major Douglas has briefly outlined on p. 24 of "The New and The Old Economics."

Under such conditions there will be, as Mr. Adamson's diagram shows, a steady flow of incomes equating with a steady flow of costs of final products, *provided always* that the mass of B costs on industrial markets behind consumers' markets is never reduced, and that the loans which are the financial reflections of these B costs are allowed to remain permanently outstanding.

Let us put this in another form, still using A + B symbols. Considering any single industrial firm, if A represents the rate at which it is distributing incomes, then A + B is the rate at which it is *generating* costs. But this firm is *cancelling* costs at a rate represented by B, because all its payments to other firms cancel the costs of those other firms to the amount of the payments. And every industrial concern is doing this simultaneously.

Consequently, the rate of *increase* of industrial costs is represented by (A + B)—B = A = rate of distributing incomes, *provided*—and herein lies the snag—provided that B costs consist simply of direct payments to other organisations for goods or services. If charges are allocated which are not direct payments in this sense, then the equation is upset.

Consider the question of an increase in capital equipment; not merely new equipment replacing old plant of the same value, and financed from Reserve funds accumulated from depreciation charges allocated over a long period, but new and improved capital equipment over and above this. Suppose the construction of such plant to be financed by a bank loan to an engineering firm, E, which sells it to a manufacturing firm, M. How will M pay for it?

The more orthodox way is by the issue of additional share capital. This means that M will sell paper scrip to consumers in return for money savings out of incomes, and will use the money to make a B payment to Firm E which will cancel E's A + B costs, the money being extinguished in repayment of the loan.

Now the costs of this new plant have been defrayed; consumers, in their capacity of investors, have paid for it and the money so spent has been cancelled. Nevertheless, Firm M will consider themselves entitled, and even constrained, to recover this amount from other consumers (via the next one or more firms in the chain of producers) in small doses over a period of years depending on the estimated life of the new plant, just the same as if they had obtained the money to buy the new plant from an issue of new credit; and their subsequent B costs will include these additional charges.

So the rate of increase of costs, so far as M is concerned, is now, not A, but (A + rate of allocation of depreciation charges), vis-a-vis a rate of distribution of incomes represented only by A. And, at once, a gap appears and continues to widen, for consumers are now being charged a second time for one lot of capital goods.

So long as this process is general, and it *is* general wherever industry is expanding and developing normally, an ever widening gap must arise between incomes and total costs. There are only two methods by which total costs can be reduced relatively to incomes; one is by the export of costs outside the industrial organisation in question without equivalent import, and the other is by the slaughter procedure of bankruptcies, forced sales under cost and the writing down of shareholders' capital. Both these methods tend to close the gap. But, if exports are to equal imports, and industry as a whole is to develop and remain solvent, it is inevitable that total costs must accumulate, and the gap must continue to widen.

However, the way of a cost is not the way of an income. The latter is short and direct from industry to consumer; the former may be a long and tortuous passage through the industrial organisation before the cost finally reaches its goal, the consumers' market; and its rate of flow may vary considerably. If the flow of certain costs is retarded, whilst the flow of incomes is maintained, the rate at which costs reach consumers' markets is reduced relatively to that of incomes, and the gap *at this point* will tend to close, although widening behind it. If, for instance, producers manufacture for stock, as sometimes occurs during boom periods, the retardation of the flow of their costs will produce this effect.

In Mr. Adamson's diagram we see all the costs moving along with regularity and without accumulation, so that any particular costs which are being generated at the rate of £× per week will, later on, appear on consumers' markets at the rate of £× per week. But the real world of industry is not quite like that picture, and the principal divergence from it occurs in connection with capital production.

Reverting to our engineering firm, E, who sold new plant to firm M, assume now that firm M does not obtain the money wherewith to pay E out of the incomes of investors, but that it is new money. (As a matter of fact, during boom periods, a large proportion of new undertakings are not financed from genuine savings out of income, they are financed more or less indirectly from bank loans. The throwing open of the subscription lists to the public is, to a large extent, just a smoke-screen for "operators.")

Assume, further, that the plant is constructed in four months at a total cost of £10,000, out of which the labour costs of Firm E are £4,000, or approximately £250 a week. And, lastly, that the plant is estimated to last for ten years, so that Firm M take over a total cost of £10,000 and proceed to recover it at the rate of approximately £20 per week.

Then we have this situation. In respect of every such plant turned out by E, income distribution is at the rate of £250 per week, but the flow of full costs is retarded by M and only sent along toward consumers' markets at the rate of £20 per week.

Bearing in mind that the cost of the plant has not, in this case, been abstracted from consumers' incomes by investment, it will be seen that, so long as this process can be continued, for every £20 per week by which the gap is widened, £250 per week are poured in to close it, so that a deficiency of incomes on consumers' markets can soon be turned into a surplus—with all the accompanying phenomena of a trade boom.

But this retardation of the rate of flow of costs means a banking up of costs at the point or points of retardation behind consumers' markets. Physically, this banking up is represented by capital assets—buildings, plant, machinery, etc. Financially, it is reflected by an increase in debt to the money monopoly, whether that debt be industrial, municipal, or governmental.

So long, therefore, as new industrial undertakings, public works, etc., can be put in hand sufficiently fast, so long will the gap between incomes and costs on consumers' markets be kept closed up at the expense of a piling up of costs and debt behind. Obviously, this process cannot continue very long; as soon as bankers reach their "safe" limiting ratio of bank-loans to bank-cash, they will call a halt to the whole business, and the true gap which always exists between incomes and *total* costs will begin to show up on consumers' markets.

There is yet a further consideration. Every improvement in process and advance in mechanisation means that labour costs form a smaller and smaller proportion of the total costs of any given operation, while, as obsolescence overtakes machinery more and more rapidly, depreciation charges must form a larger and larger proportion of the machine costs. So that the contribution of Firm E toward closing the gap will continuously diminish relatively to the contribution of Firm M toward widening it, and the procedure outlined above must be regarded as progressively less effective considered as a gap-closing mechanism.

In conclusion it should be noted that the foregoing argument is quite independent of the question of profit-making. If the Socialist ideal were realised, and all businesses incorporated under the State, the gap would still exist, and develop, unless Great Britain, Ltd.—a Firm with no direct B payments—adopted a different method of cost-accounting in respect of machine charges. Indeed, nothing would demonstrate the existence of the gap more rapidly or more conclusively than "Socialism in Our Time."

A. W. COLEMAN.

Mr. Gaitskell and "A + B."

We have received from Mr. Hugh Gaitskell an article in which he examines the thesis and diagram put forward by the late Mr. Adamson and reprinted by us a few weeks ago. It appears that he did not see the original article in circumstances which enabled him to study it, owing to his absence from this country. The article now submitted, he tells us, was at the point of completion at the time when Mr. Adamson's sudden death occurred, and upon hearing this tragic news he decided, for understandable reasons, to delay the submission of his criticisms. We intend to publish them, but in order to cut out repetitions and possible initial cross-purposes we have sent him a batch of copies of THE NEW AGE of recent dates containing articles on Mr. Adamson's thesis which he has now acknowledged and undertaken to study. These may incline him to delete certain passages in his article or to add new ones; in any case the article when eventually published will be in the form that he chooses.

The Theatre.

"Viceroy Sarah." By Norman Ginsbury. Whitehall.

The struggle for power between Sarah, first Duchess of Marlborough, and her poor relation, Abigail Masham, née Hill, is one of the minor dramas of English history, and Mr. Ginsbury has shaped it into quite an interesting, if too episodic, play. The first act opens with the Duchess at the height of her influence over Queen Anne, while the Duke has just won the battle of Blenheim, and Abigail has only recently come to court. In the last, we see both Duke and Duchess dismissed from office and retiring into private life. The intrigues which have brought about such a spectacular change are neatly sketched in, though some historians might argue that Harley is unfairly treated. It was surely possible for an honest man to believe that the Duke was carrying on the war with France longer than suited England's interests. Again, the Duke's extraordinary request to be made Commander-in-Chief for life gave colour to the popular view that he was planning a dictatorship, and so far as I remember Mr. Ginsbury makes no reference to this fatal blunder. Still, political issues must be simplified for the theatre, and better history might have made a worse play. Mr. Robert Rendel played Marlborough as a bluff soldier, rather than the charming courtier who was as great in diplomacy as in war. This is no reflection on the actor, whose performance was perfectly good for what it was, but who should no more have been cast for this part than George Arliss for the Duke of Wellington. I can offer no such charitable explanation of Miss Irene Vanbrugh's poor success as the Duchess. On the second night, at any rate, she was still fumbling for her lines, and her long tirades were delivered without rhyme or reason. At best she merely portrayed a managing and temperamental woman, and Viceroy Sarah must have been something more than that. Miss Olga Lindo's Abigail was excellent, and so full of malicious power that one knew immediately that she was bound to win hands down. Poor Queen Anne, who has been dead so long, came to life in Miss Barbara Everest—a stupid, conscientious, pliable, obstinate, gouty old woman, who was a queen, for all her many weaknesses. Mr. George S. Wray, as Godolphin, made distinguished use of unexciting material, and among the smaller parts, Miss Nell Carter and Mr. Philip Cunningham stood out as Mrs. Danvers and the Colonel Parke who brought the news of Blenheim.

ANDREW BONELLA.

WESTERN AUSTRALIA'S SECESSION PETITION.

The Joint Committee of Peers and M.P.s appointed to inquire into this Petition will include Lord Reading (chairman), Mr. Amery, Mr. George Lambert, and Mr. William Lunn.—(*News Chronicle*, February 14.)

The Films.

"The Firebird." Warner Brothers' Production. Directed by William Dieterle. Regal.

Very good melodrama, admirably edited, and the best kind of crime thriller, since the spectator is kept guessing the identity of the murderer. Well acted, notably by Verree Teasdale, Aubrey Smith, Lionel Atwill, and Anita Louise, but Ricardo Cortez smiles too toothishly. The film is very good entertainment. Scriabine's music is tactfully introduced.

"The Sacred Flame." First National Production. Date of showing not yet fixed.

Save for Bernard Shaw (whose plays are completely unsuited to the screen) and the authors of the Aldwych farces, our film producers seem unaware of the existence of distinguished contemporary native writers. Hence it is left to America to acknowledge Somerset Maugham, who has become the laureate of Hollywood. First National have made a reasonably entertaining adaptation of "The Sacred Flame," which in one respect betters the original; while the dialogue is mainly Maugham's, some of the author's more stilted prose is mercifully eliminated. Stella is not made to say, "Wild and fantastic notions pass through my mind, and one is more incredible than the other," or "How cruel death is," or "The dumb misery in his eyes broke my heart." Nor does Nurse Wayland deliver herself of the mouthful, "It is only by overcoming temptation that we strengthen our souls." Hollywood is, in fact, to be congratulated on eliminating all the penny novelette elements.

But Hollywood has also emasculated the play, and the trail of a mealy-mouthed censorship is all over the film. The kernel of "The Sacred Flame" is that Stella is with child by Maurice, and that the mother, who knows, and realises how the knowledge would affect Colin, gives him an overdose of chloralin. In the film, we have no hint of the real relationship between Stella and Maurice; Stella is not with child; and Colin commits suicide by taking an overdose of his sleeping-draught. Presumably, the producers had in mind the censorship on both sides of the Atlantic, but it is a reflection on Mr. Maugham that he consistently allows his plots to be so aborted.

Incidentally, the Tabrets become the Trents, although the exotic Liconda, admirably played by Aubrey Smith, has undergone no sea change.

DAVID OCKHAM.

Review.

Character and Personality.—An International Quarterly for Psychodiagnostics and Allied Studies. Vol. 3, Number 2. December, 1934. (George Allen & Unwin, Ltd., Museum-street, London. Price, 2s.)

There is a mine of information to be found in this Quarterly, as will be observed by all those who will dig deep enough into the "bowels of the earth," as it were, through the study of the "Pits," whether they may be considered "gold mines" or "coal mines."

These "Pits," named under the contents of the Issue as "Telepathy and Clairvoyance in the Normal and Trance States of a Medium" (J. B. Rhine, Duke University); "Sleep, Hypnosis, and Mediumistic Trance" (William Brown, Oxford University); "On the Nature of Spearman's General Factor" (William McDougall, Duke University); "Personalysis: A Study in Method" (A. A. Roback, Cambridge, Mass.).

Other searchers may be able to find "Diamonds" in "Book Reviews" Mine Centre.

The research work in regard to Telepathy and Clairvoyance has undoubtedly been of great importance purely from a scientific point of view. Refutations can only be made by those ignorant of the results of careful investigations that have been and are now being made by competent "mine-experts."

Hypnosis and mediumistic trance is being subjected to scientific investigation by members of the medical profession, and Doctor William Brown is one of the foremost in his efforts to probe into the mysteries of this phase of human nature. Hypnotism and Mediumship are dangerous "playthings" in the hands of the ignorant, therefore the scientific investigation from as many aspects as possible is very welcome in relation to the Science of Psychology.

Professor McDougall's essay, "On the Nature of Spearman's General Factor," is not so much an elucidation of the theory as an attempt to go much deeper than the mere measuring of a person's mental or psycho-physical, or intellective energy. Does the exact amount of energy a person has matter when it is suggested that it is a variable quantity?

Professor McDougall comes to the vital point when he asserts, "The general factor (known as G) which is revealed and measured in effective mental testing is, not merely the quantity of energy available to the individual testee under the conditions of testing; it is rather the *power of the individual to concentrate his available energy upon the task in hand.*"

Professor McDougall also states, "That we cannot at present explain such concentration of energy is no ground for denying its occurrence, or for shutting our eyes to the evidences of it." Surely the regulated control of this energy is conducted by the Self of each human being! True Psychology is the Science of this Self—the I Am, and the deeper one delves into this aspect of what some philosophers call Life, the more will one learn of the latent power in each human being. It seems that we are all in "Cages" that do not go down into the "Mine," through some default in the "Psychological Workings."

Thus we are led to the study of "Personalysis: a Study in Method," by A. A. Roback, who likens it to "A Species of Human Parsing," and the Personalysis Chart annexed to the magazine is exceptionally interesting.

There are fifty columns under six divisions, to name one division only, "Observable Defects, Anomalies, Idiosyncrasies, etc." But it is surprising to find the heading of one column shown as "Economic money-minded." In reference to this "state of mind" we read on page 156—"When we decide that an individual is money-minded, we accord him a narrow range to begin with and place him somewhere in that circumscribed sphere. We are not rating him so much on his money-mindedness as on his value elan."

The differentiation in reference to "money-mindedness" must become a formidable task for the psychologist, and one is inclined to assert that the disposition of character revealed in those "money-minded" people may be created psychologically, but the most important question is what is the root cause of a person becoming money-minded? And here it would be well to definitely state that the modern state of so-called civilisation in an economic sense is the central cause. The dominant factor is Fear—fear of poverty through lack adequate purchasing power. This state of money-mindedness has been and is an evolutionary process, and all scientific psychologists will endeavour to ascertain how this "psychological evil" can be eradicated from the mind of the patient. This money-mindedness is a glorification of greed and its effects on the formation of a Personalysis Diagnosis must inevitably be very subtle.

Taking into consideration the idea that "money-greed" is solely created by the well-known fact of economic life, viz.: that more and more individuals are being called upon to exist on the false basis of our economic life which ever creates poverty amidst plenty, one is inclined to ask, "Why the scientific psychologist does not endeavour to probe into the actual cause of the 'mental monstrosities' he is called upon to diagnose?" As a flight in imagination, the psychologists can be asked, "What an efficient Personalysis Chart could be drawn up when the fear of poverty has been eliminated by the actual operation of the philosophy of Social-Credit Democratic Idealism?"

AGLA.

LETTERS TO THE EDITOR.

EASTBOURNE GROUP.

Sir,—Will everyone who is interested in the formation of a Social Credit Group for Eastbourne please write to me immediately?

BERTRAM C. JONES.

"Kenwood," Willingdon-road, Eastbourne.

FASCISM AND SOCIAL CREDIT.

Sir,—The difference between Mr. T. H. Story and myself does not at this stage appear to be very wide. He believes that industry is already capable of supplying our every need without seeking fresh man power. I maintain that if our potential demand were to be made effective all our idle men would be absorbed into productive industry. The thing to be done is to put the matter to the test by equating purchasing power to productive capacity and this will have to wait for fulfilment until Fascism is returned to power to deal with the vested interests and the banks.

Incidentally science does stimulate human needs. It is not to be supposed that the Elizabethans hankered after the possession of wireless sets.

A. K. CHESTERTON,
For the British Union of Fascists.

Sir,—I should like to ask Mr. Chesterton if he intends to reply to my letter which appeared in the NEW AGE of 6th December, 1934.

CHAS. RUSSELL.

[In that letter Mr. Russell asked for references to any literature issued by the British Union of Fascists "showing how and upon what basis sufficient money will be *created* in the Corporate State of Fascism."—ED.]

Sir,—Let us keep the sequence clear:—

1. We used the term "Planned Poverty" in reference to Fascist economic policy.

2. Mr. A. K. Chesterton (for the British Union of Fascists) protested against it, and said it was "a ludicrous statement."

3. We set forth facts, and quoted Fascist authorities, showing that Fascist economic policy has resulted in Planned Poverty.

4. Mr. Chesterton asked:—

"What other title is there to a share in the common wealth except WORK?" (*Our capitals.*)

Mr. Chesterton maintained that: "The interest of the State is the interest of the totality of its individuals."

5. We pointed out that:—

In a modern industrialised community the mere fact of being a member of such a community is a proper title to a share in the common wealth.

We explained that:—

The interest of the State, as such, is to remain in power whatever happens; while the interest of the individual is economic freedom and security.

We asked Mr. Chesterton three questions regarding the use of Work (hand-labour) and Machinery during a decade of Fascist experiment in Italy (see our letter of Dec. 20, 1934).

6. Mr. Chesterton, from December 20 to this day, has made *no attempt to reply to these three questions.*

7. We set forth certain statistical facts and figures regarding Planned Poverty in Fascist Italy (THE NEW AGE, Jan. 10), *and gave our authority.*

8. Mr. Chesterton was quick to question the accuracy of certain figures quoted by us, *but gave no authority for doing so.*

Instead, we were told that if we wished "to arrive at the truth of Fascist economics" we "simply must bear in mind", a previous statement of Mr. Chesterton's "that the position neither in Germany nor Italy bears any ultimate relation to them." (Not "any"—*after more than ten years of Fascist experiment!* You might have imagined that even in Germany, where Nazi-Fascism has only just begun to plan poverty, there might be some sort of a transcendental hint of an ultimate relationship?—but no, not "any." . . . And is it reasonable to expect that there should be?)

"After all," pleaded *Mr. Chesterton, "if Mr. Griffiths* were to be given the Sahara Desert out of which to fashion a Green Shirt paradise . . ."

9. We pointed out that:—

"We are not faced with Sahara economic conditions" in the British Isles; and that neither Mussolini, nor Hitler, nor Roosevelt, were (or are) faced with such conditions; yet that, in spite of this fact, the attempt is being made in Fascist Italy, in Nazi-Fascist Germany, in "New-Deal" America, and in "Nat." Great Britain, to find a remedy for poverty (where, as Mr. Chesterton says, "the fault lies") by the strange method of planning poverty!

10. Mr. Chesterton, having admitted (*a*) that "it would be dishonest to deny the truth" of our contention that "the interest of the State is to remain in power whatever happens," and (*b*) that "planning in a country naturally poor may be described as 'planned poverty,'" first of all complains that we took his "Sahara Desert analogy" too literally, and then states that "Italy happens to be a country very poor in natural resource" (should read "resources"?)

It follows, therefore, on Mr. Chesterton's own showing, that "the heroic work which Mussolini is doing" in "a country naturally poor may be described as 'planned poverty.'"?

That was the description we applied to Fascist economic policy in the first place, and Mr. Chesterton's line of argument would seem to indicate that our description was a logical one, and that, being logical, it could not also be "a ludicrous statement."

11. It is clear that Mr. Chesterton is anxious not to deal with the results of any Fascist experiment, either in Italy, Germany, or elsewhere, but only with the "ultimate" (hoped-for) results of Fascist economic policy.

Bearing upon these, so far, apparently entirely unfulfilled "hopes"—(there being not "any" ultimate relationship between the results of actual Fascist economic planning now taking place and Fascist economics!)—we should like to ask Mr. Chesterton one more question:—

12. *As we, in these islands, are not faced with "a country naturally poor"—why is there any problem of poverty in Great Britain?*

If Mr. Chesterton, for the British Union of Fascists, will give a reasoned reply to that question we will let him off the several other questions with which he seems unable to deal.

FRANK GRIFFITHS,
General Secretary,
The Green Shirt Movement for Social Credit.

Forthcoming Meetings.

London Social Credit Club.

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

February 22, 7.45 p.m.—"The Historic Background of Social Credit," by Dr. J. C. B. Mitchell.

Birmingham Douglas Social Credit Group.

February 27.—Life or Money?—A. L. Gibson, Esq.

March 13.—Open Night, devoted to general discussion on Social Credit.

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London, Catholic Citizens Parliament.

Monday, February 25, at St. Anne's Settlement Hall, Vauxhall, Father Drinkwater opens a debate on: "Has the time arrived to make the Abolition of Poverty practicable?" Admission free, without tickets, to the Public Gallery. [No time stated in notice.—Ed.]

Belfast Social Credit Group.

Thursday, March 14. Lecture in Ulster Hall, by Major C. H. Douglas. Further particulars later.

Manchester D.S.C. Association.

February 28. Joseph O'Neill, B.Com., on "Social Credit: Its Meaning and Purpose." Milton Hall, Deansgate, Manchester, at 7.15 p.m.

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