

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK . . . . .	265	THE BANKERS' FIGHTING FUND. II. By J. G. . . . .	270
The Budget—subsidies for the building societies and for agencies of legal and military repression. <i>The Times</i> on "hidden reserves" of tax-arrears.		The case for decentralisation of financial control in the Social Credit Movement.	
VELOCITY OF CIRCULATION. By A. W. Joseph, M.A., B.Sc., A.I.A. . . . .	267	THE THEATRE. By Andrew Bonella . . . . .	270
CONTINUITY IN LOAN FINANCE. By H. J. . . . .	269	<i>Justice.</i>	
TELLING THE TRUTH. By D. V. . . . .	269	THE POINT OF THE PEN. XXVIII. By R. Laugier	271
"An Address to Diehard Socialists."		CORRESPONDENCE . . . . .	271
		Fred Tait.	

## NOTES OF THE WEEK.

### The Budget.

The *News Chronicle* of April 16 (the day following Mr. Neville Chamberlain's Budget speech) publishes the following table covering the years since the National Government came on the scene.

	£ millions.	
	Revenue.	Expenditure.
1931 . . . . .	771	771
1932 . . . . .	745	748
1933 . . . . .	725	690
1934 . . . . .	717	709
1935 . . . . .	734	734

The 1935 figures are estimates only. The others show a collective realised surplus of revenue over expenditure amounting to £40 millions during, say, five years. Realised surpluses automatically go to the reduction of debt. In plain language they go to banks and other financial institutions in discharge of Government obligations. The practical effect of this operation is that these institutions sell Government securities of equivalent value to the public. The equivalent money is retired from circulation and destroyed. Where the sellers are banks the destruction is immediate. Where they are insurance companies and other investment-holding institutions, it is delayed. But in either case it is inevitable. The explanation is simple in the case of the banks, for, as Mr. McKenna has put it, when a bank sells a security it destroys a deposit. Money has gone out of circulation. In the case of the other institutions, their business is to hold securities—which they advertise as their "Reserves" or their "Funds"—so that if and when they sell securities it is not with the object of changing them into money, but of buying other, and "safer," securities. What they do is to re-assort their mixture of securities, discarding the weaker and taking in the stronger; and, whenever possible, increasing their total holdings out of surplus revenues. The business of the banks is the opposite of this: it is to *part with* securities. They only acquire them for the purpose of nursing them until

they can liquidate them. Thus it will be seen that Banking and Insurance stand in the same reciprocal relationship as Jack Sprat and his wife—one collects the fat and the other the lean; and then the two of them perform the act of barter. Broadly speaking, the financial transaction spoken of as the reduction of debt consists in principle of the following operations:—

1. The Government makes a profit out of the taxpayer.
2. The Government uses this profit to buy back its own securities (reduce its debt).
4. The sellers use the money to acquire other securities.
5. The holders of these other securities are the banks (eventually).
6. The banks liquidate those securities and thereby destroy the money.

Fundamentally, what is called a security is really just the smell of departed money. It is a documentary epitaph engraved with the device: "Here lies" (buried in the reserves of the banking system) "the body of" (here follows a figure measuring the amount of once-active purchasing power now frozen in the refrigerating chambers of the Central Bank).

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The reliefs in taxation and the restoration of pay-cuts, amounting together to £15,000,000 in a full year, will largely serve to underwrite the mounting mass of mortgages created and saddled upon small citizens in respect of housing schemes. A newspaper headline recently announced: "A house is being built every minute"—which information, if true, is heartening evidence of our capacity to produce real wealth, but a disheartening reminder that a debt of say £300 to £500 is being fastened on individual citizens and secured on their future incomes at the same speedy rate. The income-tax reliefs amounting to £10,000,000 in a full year, are being conceded to just those classes of citizens who are being stampeded by high-pressure selling into buying houses on the instalment-system, namely people with small incomes, and particularly people who have

young children, and who naturally want a bit of garden where the youngsters can get some fresh air without getting knocked down by motorists. Hence not only are the exemption-margins of incomes raised, but so also are reliefs in respect of children. It is not far out to suggest that the £10,000,000 will accrue indirectly to the building societies, and ultimately to the banks behind them. For it must be remembered that in all instalment-selling the risk of default on the part of purchasers is a considerable one, and although it is covered to some extent in the prices charged for houses, and although it is limited by the fact that each house-purchaser is legally responsible under penalty in his own person to pay up his instalments, the measure of default cannot be even approximately calculated; it will depend on circumstances beyond the calculation or control of the parties immediately concerned. Some building societies undertake to insure the house-purchaser's life while he remains a debtor for his house, but no building society offers to insure his job and wages. Again, even supposing that the mortgaged wage-earners keep their jobs and suffer no reductions of income, there is no knowing what the costs of repairs and maintenance are going to be. In fact, some observers with intimate knowledge of the building industry have already been saying that large numbers of householders will never pay off their mortgages. In these circumstances it will be recognised that the new reliefs in taxation will at least help mortgagees to sleep a little better o' nights for the present.

The beneficiaries of the restored pay-cuts are a heterogeneous lot, ranging from judges at the top down to police and insurance-doctors at the bottom, with teachers, Members of Parliament, Ministers, "Civil Servants," and "Defence Forces" in between. These share £5,000,000 in a full year. It is not a large sum, but probably sufficient to arrest the growing tendency towards disaffection among those classes of the community on whose loyalty and efficiency the bankers must rely for keeping the population quiet and orderly. The bureaucratic bulwarks of the Financiers' State must not be spoiled for a ha'porth of tar.

The means-test demonstrators seem to have won for the unemployed the concession made in respect of the entertainments tax. The sixpenny patrons of the cinemas are to be excused payment of tax. Now the cinema is Hyde Park upside down. Hyde Park is the boiler where mass-grievances are assembled and evaporated over the furnace of oratory: the cinema is the condenser where potentially volatile aggrovements are kept inert under low temperature. There is a snag in this analogy, and it is, of course, that the political steam-circuit is broken. The steam is not led through pipes to do any work; it is blown off into the air. The down-and-out roars in the Park and snores in the cinema: and in his transit from the one to the other he is, as it were, condensed from a cubic yard of superheated steam to a drop of cold water. It is stated that the sixpenny patrons of the cinema vary in proportion to the total audience from 20 per cent. up to as much as 80 per cent.—the latter percentage characterising the distressed areas. Their attendance is much more of a necessity than a luxury to them; and it is wholly a necessity to the authorities because it allays unrest. The down-and-out, if only once a week, gets for his money two or three hours of rest, warmth, shelter, company, and distraction. Six days shall he labour under the penalty of being work-

less; and on the Seventh Day, cinema-day, shall he rest from that labour. A penny off the price is a tiny sum of money, but it is one-seventh of the present price; and since perhaps the chief curse of idleness is the loneliness of the victim, it is not at all improbable that the pooling of the saved pennies will reflect the affinities created by adversity, and cause it to happen that every seven patrons who save their pennies will bring in another who has no pennies. It will work out somewhat in that way, for among the lowest is to be found generosity at its highest. Anyhow, the penny off is a sound investment for the bankers, particularly since it is the tax-payer who subscribes it.

This brings us to the question of the general body of taxpayers and their capacity to pay. *The Times* made a curious remark on Saturday, April 13, the last week-day before the Budget was introduced. The writer of the leading article entitled "Budget Prospects," referred to the healthy yield of income tax during the last financial year, and attributed it more to the greater promptitude of payment than to the improvement in company-returns; and then he said that this was a disadvantage because it "deprived the Chancellor of the Exchequer of a *hidden reserve in the shape of arrears of tax.*" (Our italics.) It would be interesting to hear what the advantage of a hidden reserve consists, why it is an advantage to the Chancellor, and how the reserve comes to be hidden. Since the writer offers no explanation, we must interpret his comment as best we can. One would suppose that Parliament had as much right to know the amount of over-due taxes as to know the amount of tax paid up. Even supposing these arrears were negligible in amount their omission from the financial statement would be a breach of the canon of exactitude which everybody is required to observe. But, from the context of the comment it is evident that they can reach a considerable sum; and unless there were reasons for writing them off as a bad debt, they should appear as an asset, and should count as cover for an equivalent remission of taxation (assuming the Budget to balance otherwise) Treasury experts are able to calculate what taxes are due on returns, and when they say, as they do, that a certain tax *ought to produce so much revenue*, the ordinary citizen takes them to mean that that amount of revenue is the whole sum legally recoverable. But if they mean by their statement that the "ought to" refers to such sum as they choose to exact, and omits such sum as they choose to leave outstanding, they ought to say so. If it be Parliament's right to impose taxes it is Parliament's right to excuse taxes. To conceal the amount of tax-arrears from Parliament amounts to a usurpation of Parliament's fundamental prerogative.

We can imagine the reply to be pragmatic; namely that arrears are usually of the same relative dimensions from year to year, and that their existence does not affect the general accuracy of the estimates. And that might pass if the Cabinet and Parliament had undivided and unfettered control over the larger financial policy within which fiscal policy is comprehended. We might then be content to assume that real reasons of public policy were behind the extension of privilege to certain taxpayers of deferring payment. But, as every reader of this journal knows, this is not the case. The Chancellor of the Exchequer, though in the Cabinet, is not of the Cabinet. He is there as

observer and dictator, and derives his authority from the Treasury and the Bank of England. In view of that it is significant that the writer in *The Times* connects the Chancellor, not the Cabinet, and much less the House of Commons, with the "advantage" gained by the concealment of these "hidden reserves." And we have already hinted at one reason, namely that it enables him to make a Budget surplus look less than it is, or a Budget deficit larger than it is, and on the basis of that deception to resist remissions, or insist on impositions, of taxation, thus forcing the House to adopt policies which it would not wish to pursue, and might not sanction, if it knew all the facts. Members of Parliament, with all their faults, do not really like to vote high taxes, and would be only too thankful to find justification for reducing them.

There is another kind of construction which might be placed on this remark of the writer's. It suggests that he is pretty confident that the present Government will not be replaced by another, or, if so, not one which will pursue the same "sound finance" policy. For once assume the early possibility of an "extravagant" Government's coming into power, then the prospects of its inheriting any hidden reserves of tax-arrears would render their existence a disadvantage, not an advantage, to the Chancellor who was to be superseded. He would seek to call them up and spend them in his own way, bequeathing an empty cash-box to the spendthrifts. Of course, in saying this, we are introducing an assumption previously excluded, namely that the new Government would be able to discover and use these "reserves" in spite of the Treasury's policy of concealment and control. Needless to remark, there is no sign of such a Government on the horizon of party-politics at present.

To readers who take the broadest view of the financial problem these reflections will appear, as they are, examples of "short-circuit" analysis. The proper frame of reference in which to review it is one in which all financial policies, official and private, are considered as interlocked under one controlling head operating a single centralised ledger in which transfers are made, not from account to account, but from one comprehensive category of accounts to another. Let us set down a few items.

1. The Bankers' Super-Budget (Floating Debt).
2. The National Budget.
3. The Consolidated Fund.
4. Municipal Loan Finance.
5. Municipal Budgets.
6. Investment-Market Finance (including Insurance, Building Societies, etc.).
7. Industrial Finance (business loans, prices, revenue, and expenditure).
8. Consumption Finance (wages, salaries, dividends).
9. International exchange and trade.

These are enough; and roughly they represent the main categories of activities whose massed financial operations are co-ordinated and regulated; and are recorded in the Master-Bankers' Super-Ledger. For this country we can call it the Norman Ledger.

Now, down here below, where we mortals strive for a living at each other's expense, the reaction of the ordinary taxpayer to the information that taxes were in arrear somewhere or other would be one of resentment that somebody had got off lighter than he, and that he would now pay more to make up the other's deficiency. This would be based on the idea that anomalies in the fiscal system can only be corrected within that system—that this system is insulated from others, and is self-liquidating in terms of official revenue and expenditure. But in point of fact neither this system, nor any of the other eight tabulated above, is a closed area in this

sense, they are all interlocked or inter-communicatory in the Super-Ledger. They resemble the swings and roundabouts; and, to apply the analogy, it doesn't necessarily follow that the people who pay for a swing have to pay also for those who get a swing for nothing, because the loss could be made good by the riders on the roundabouts. In other words the Super-Ledger consists of nine thimbles under which the redundant or missing peas of surpluses or deficits can be moved anywhere by the slick Central Operator.

## Velocity of Circulation.

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

It is sometimes claimed that the Douglas analysis ignores the vital factor "velocity of circulation." Let us examine the question. Suppose we are living in a debt-free community. There is a certain amount of money in the country in the form of, say, silver. There are no bankers to create money by making loans. Everything that is bought has to be paid for on the nail. Suppose a baker and a butcher are trading with one another. The baker requires four lamb chops, say, for his family at 1s. each, and the butcher requires bread and cakes costing 4s. Suppose both the butcher and baker had more than 4s. each. They could each buy the goods they wanted with a separate 4s. The velocity of the 8s. which had passed could be said to be 1. If, however, the baker owns 1s. and the butcher nothing, the baker could buy one chop, the butcher could then buy 1s. worth of bread and cakes, the baker could buy a second chop, and so on until the baker's and butcher's needs were satisfied and the baker ended up with his original 1s. That 1s. had effected the exchange of goods priced 8s. Its velocity could be said to be 8. The exchange of the goods would not have been so easy to effect as if the 8s. had been available. It will be seen that theoretically, however high (within limits) the goods are priced, their exchange can be effected with a limited amount of money. A decrease in the amount of money can be made up by an increase in velocity.

When we come to consider the whole community, matters are more complicated. A number of different consumers may want the same article. A number of different producers may be competing with each other to sell similar articles. The price level of commodities will move to a state of equilibrium depending on the various demands, the various sources of supply and the amount of money in existence. If the amount of money were suddenly increased (by discovering a silver mine, say) in all probability the only effect would be for prices to rise until they reached a new equilibrium.

Now orthodox economists are in the habit of assuming that what would happen in a simple community where it is postulated that there shall be no debt would also happen in a complicated community such as the one in which we are living to-day. Thus they state that if money is created and distributed free to the populace all that would happen is that prices would rise to a new point of equilibrium. The existence of debt, however, completely alters the situation. If the amount of money is large in comparison with the amount of debt there is prosperity. If the amount of money is small in comparison with the amount of debt bankruptcy results.

In the same way orthodox economists, basing their reasoning on a simple debt-free community, hold that it is not necessary for the money in the hands of consumers

to equal the prices of goods on the market. The deficiency of money is made up by its velocity.

Now what is really the position in a modern community? Money in the hands of the public may be split up into two portions which may be termed loan money and free money. Loan money is that part of the total money of the community which is balanced by a debt on the part of the public to the banks. In order to avoid bankruptcy the public must collect it again and return it to the banks for cancellation. All loan money, therefore, must appear as a cost in the price of goods sold. Free money is the difference between total money in the public's hands and loan money, and it may confidently be said that as things are at present free money is *negative*. Costs of articles on the market may also be split up into two portions—loan costs and free costs. Loan costs are those costs which are formed by borrowing from the banks, i.e., they are the corresponding item to loan money. Loan costs equal loan money. Free costs equal total costs minus loan costs.

An example of the way in which a free cost may be formed is given in the famous passage which Gaitskel misquotes from Douglas's "Monopoly of Credit," p. 34.

Douglas supposes a man is living on a piece of land on which can be grown flax, sufficient produce to feed a man and upon which there is a house and a building equipped with machinery for spinning and weaving flax into linen. The whole is owned by a capitalist who comes to an arrangement with the man that in return for being allowed to live on and consume the produce of the land he shall supply the capitalist with a certain amount of linen. The linen could be regarded as the payment to the capitalist for his enterprise in bringing together the man, housing, food, flax and machinery, and would be sold for the best price obtainable.

Later on the arrangement is altered so that the man pays a rent of £1 a week for being allowed to live in the house and eat the foodstuffs he has grown. He is, however, paid a wage of £1 a week for growing the flax and working it up into linen. Suppose it takes six weeks for the linen to be completed. Then clearly the minimum price that the capitalist can charge is £6 plus any profits he may expect to make. The arrangement is perfectly equitable. Neither the rent charged nor the wages paid are unreasonable.

The £6 cost of the linen is quite a fair cost, and (at this stage) it is not a debt to the banks.

Probably the most usual way in which free costs arise is when money is "ploughed back again into a business." For example, a bootmaker accumulates a reserve of £1,000. He can only have done this by having charged the £1,000 in the price of his boots. Thus he has obtained £1,000 more from the public than as far as he is concerned has been distributed to the public. He builds an extension to his factory costing £1,000, and in so doing redistributes the £1,000. Now he is all square as regards the public. But having built an extension to his factory at the cost of £1,000 he will quite legitimately endeavour to collect the £1,000 in the prices of the shoes produced by his enlarged factory. This is a free cost because it does not (so far) represent debt to the banks.

A third way to form a free cost is to pay off a bank loan before the asset created by means of the bank loan has disappeared. Suppose this asset is a factory, then since it has value it is perfectly legitimate to charge some of this value in the price of articles produced by the factory.

Free costs can be put into two categories—revenue free cost and capital free costs—according to the only way they are formed. Thus the cost of the linen is partly a revenue free cost and partly a capital free cost; it represents the rent of the capitalist's house and machinery part of which is revenue and part capital. Revenue free costs usually arise in operations away from the main stream of industry. Thus the cost of employing a jobbing gardener is a revenue free cost; the money that passes is the gardener's revenue. On the other hand the cost in the price of the shoes is a capital free cost; it represents the capital that the bootmaker sunk in the extension to his factory.

Now the velocity of circulation depends on the rate at which costs are extinguished in comparison with the amount of money employed in cancelling these costs. As regards loan costs the velocity of circulation must be unity; for as soon as the loan cost is met the money is sent to the banks and cancelled. But as regards free costs the velocity of circulation may be greater than unity. Consider a revenue free cost. A second capitalist is manufacturing wooden chairs and using a similar bookkeeping method to that employed by the linen manufacturer. The one capitalist could obtain a wooden chair (priced £6), and the other, linen, by a passage of £6 from one to the other and back again. The sage of £6 from one to the other and back again. The costs would be liquidated, but no money would have been destroyed. It is not so easy to cancel capital free costs. Suppose a manufacturer of socks builds up free costs in the same way as the bootmaker. If both manufacturers distribute to their shareholders the money included as a charge for their extended factories and if the bootmaker's shareholders buy socks, and if the sock-maker's shareholders buy boots, then the costs charged would become liquidated without any money being destroyed. Such action would, however, hardly ever occur because by distributing the charges for their extended factories to their shareholders both firms would be eating into capital.

What are our conclusions? First: Velocity of circulation is greater than unity, but, by reason of so many costs being loan costs, is not much greater than unity. Second: An absolute deficiency of money (i.e., negative free money) cannot be made up by velocity of circulation because velocity of circulation can only cancel free costs, and loan costs are untouched. Third: A measure which aims at increasing velocity of circulation (such as taxation of deposits) could only have a limited effect even on free costs because capital free costs can only be extinguished if firms are prepared to eat into capital. Fourth: Capital free costs and loan costs both competing for an amount of money which is less than loan costs is bound to cause stagnation of trade and deflation. Capital free costs will have to be written off and certain producers whose loan costs are relatively high will become hopelessly mortgaged to the banks. The full consequences are well known to Social Creditors, but are outside the scope of the present note.

### Notice.

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## Continuity in Loan Finance.

It is frequently asserted or assumed by critics of Social Credit that so long as the banks issue new loans as fast as they retire old ones this has the same effect as would be the extending of the duration of the old loans. For example, the issue and recall of say, £100 a month for twelve months, is regarded as equivalent to the issue of £100 for twelve months. Statistically this would appear true, because in either case recorded deposits (created by the loan) would stand at £100 at any given time.

There are several ways of dealing with this question, but perhaps the simplest is to consider it in relation to the borrowers. If a loan is issued for twelve months the *same borrower* owes it for twelve months. But if £100 is issued and recalled every month there is no reason for assuming that the series of loans go to and fro between the same borrower and the bank. There could be as many as twelve different borrowers in the full period. This means that certain lines of production could be brought to a full stop at some intermediate stage by reason of the bank's transfer of its favour from one producer to another. On the other hand, if we assume, for the sake of argument, that twelve months allows sufficient time to carry production through all its stages to the retail shop, the twelve-months loan could be repaid without any check to the productive process.

The reason for this difference lies in the fact that the time allowed by the bank for the borrowing producer to use the credit measures the time which he, in his turn, can allow for his "debtors"—in an economic sense the public—to retain possession of the credit. Thus he can repay the loan *entirely* with the proceeds of selling *all* the goods to consumers. That is the ideal credit-circuit.

H. J.

## "Telling the Truth."

### ADDRESS TO DIEHARD SOCIALISTS.

Only the very rich can afford to tell the truth; but they don't as a rule, because it doesn't pay. I am not rich, so I can't even afford to tell the truth; but something has happened to-night that has upset me, and I am going to have my revenge by telling the truth.

It is not easy to tell the truth. Anyone here who has tried will know what I mean. The only way I can get anywhere near it is to tell you about the unpleasant side of myself.

Some time ago I was foolish enough to do some work, and I hope I shall never be so silly again as long as I live. Not only have I a conscientious objection to work, I have moral scruples as well. It seems to me to be a mean sort of thing to do another chap out of a job. Any job of work I get means that someone else is done out of it. It is a far, far better thing for me to let others do the work and just enjoy the goods. They like the work. I like the goods they produce. If there were more of that sort of give-and-take in the world there would not be nearly so much discontent about.

Of course, I know that before I get the goods I must get the money to buy them with. A silly idea really, but there it is. Unfortunately, I am not one of the idle rich. I wish I were. The idle rich are the working man's best friends. They just spend the money they

get from dividends, keep others in work, and never, never do anyone out of a job.

Why the Trade Unions haven't put up a monument to "the idle rich" bigger than any other anywhere I cannot imagine.

I should write up to the promoters at once, and suggest some gold lettering,

"To the Noble Altruists."

"They gave and took not."

I hope to be one of that noble band of idle rich some day when the National Dividend comes in, but until then I get the money as best I can without working for it.

One of the easy ways to make money without working for it is to say a few words to a lot of people. You see, there are always fools who will come into a building to hear talk. And you can't do anyone out of his chance at the same game, for there's always room for another gas-bag. It is comforting to know it has that moral side to it.

The best sort of gas is the strong stuff; the stronger it is the more you get for it; but the doping gas pays best. If you can soothe a crowd with pleasant day-dreams; tell them how much better they are than the other fellows, send them chasing after a red herring while the hare runs round them; make them feel pleased about themselves and happy about the future, you can command top prices for your gas.

They wouldn't give me anything for speaking to you here to-night, and that's why I'm telling you the truth. That is my little revenge.

If a friend of mine said to me, "I've just won a big prize in the Irish Sweepstake. Will you share the ticket with me?" I should say, "Yes," at once, and stick to him till I got the cash.

That is the sort of low-down fellow I am. I am after the cash. And, of course, that is why I'm so keen about this National Dividend. "Something for nothing."

I know you wouldn't be like that, which shows how much better you are than I am.

You would say, "Keep your blank money! What I want is work!"

And you would be quite right. I wish I could say it and mean it as you do. If I said it I should be lying, and I'm not going to lie unless I'm paid for it.

The desire for work evidences the right spirit. It is quite understood that you want something for it, just enough to live on, and a little bit over for beer and tobacco.

Cultivate that work spirit if you want the Capitalists to think well of you, and the Governor of the Bank of England, the Chancellor of the Exchequer, the Press and the Members of Parliament.

They will all tell you that "something for nothing" will ruin the country.

It is very easy to ruin the country. The moment you cease to bother about the foreigner, and leave him to manage his own affairs, the country begins to go to the dogs. Then, as soon as you make everyone prosperous, and happily consuming as much of their own production as they can, the trick is done. Blank ruin! Absolute and complete!

Now the only way to put that right would be to call in, and destroy, nearly all the money about, have heavy taxation to stop people from buying things, and then, when lots of goods are being destroyed, to keep up prices, and everybody is miserable again—Behold!—the country is saved.

Don't let us ruin the country. Let us make everybody work. The more goods we produce the stronger will be our competition with other nations all at the same game of fighting for the world's markets.

When that fight of peace can't get any fiercer there will be a world war.

Not a bad thing a real big war! The more war there is the more money there'll be about, just as there was in the last war.

Well, I like money, and if we can't have it without a war, for heaven's sake let us have a real smasher.

Don't let us have "something for nothing." Make everybody work, and we'll have a war before you can say knife; and I hope you'll enjoy it.

D. V.

## The Bankers' Fighting Fund.

### II.

Last week it was pointed out that the Electoral Campaign—and for that matter any campaign designed to mobilise the electorate to use their voting power for bringing pressure on Parliamentary members and candidates—could be best conducted under more or less autonomous local "commands," because the voting-power in any constituency is effective only within that constituency, and on persons standing for election in that constituency. An overflow, so to speak, of Social-Credit votes in, say, Bradford, could not be transferred to, say, Birmingham.

Then as regards finance there seems to be room for decentralisation to some extent. Central finance is necessary for the economical provision of pledge-forms, leaflets, receipt-books (for donations), and for staff-services in executing orders, but this should be adequately covered by the larger private donations to headquarters, plus, say, 20 per cent. of the capitation fees of group-members, and the same proportion of donations collected by local canvassers.

The same principle, that is to say, the retention by the local group of the bulk of the money provided by its members and canvassed householders, is equally applicable to all other campaigns, irrespective of whether they are to capture votes or not. In the case of the Petition campaign, for example, it has been found necessary to use the money collected in one district for carrying the campaign into the next. This principle of financial decentralisation does not mean that groups shall necessarily plough in their funds, much less that they should accumulate idle balances; but it does mean that local executives should retain control over the disposition of funds collected in their areas, and should exercise it by the advice or in consultation with those members who perform the onerous task of getting the money in.

Whatever may be the merits of the governing principles laid down by the respective promoters of various campaigns, these principles, when once explained, are not beyond the competence of local groups to understand and administer in their own ways. The idea, though proceeding from a centre, becomes decentralised directly it is communicated; and thenceforth the principle of centralisation is of no utility at all except insofar as the centralised recording of activities and their results is considered desirable.

The story in *Uncle Remus* of how Brer Rabbit acquired a mansion illustrates the point. All the other animals, it will be remembered, were building the mansion, while Brer Rabbit was running about hither and thither, "measuring and marking," getting in the way

of every creature, and otherwise making himself so conspicuous that the whole of the Mansion Movement (so to call it) thought he was doing all the work. The story does not say that Brer Rabbit designed the mansion, but even supposing that he had, he would have been just as dispensable, and therefore just as big a nuisance. No, once a design of action is sound and is intelligibly communicated, the problem of carrying it out is one in which the designer need not be consulted at all. Of course, if he changed his mind about the design, then he would have a logical ground for intervening; but common sense would thereupon pronounce him a bad designer. His very intervention would be a sign of his incompetence.

In any case the proper way to treat any central office is to delimit its functions within the orbit of generally recognised utility, and to finance it only up to the point of enabling it to perform just those functions and no others. It is asking for abuses of power if the needs of the central office for money are regarded as indefinitely expansible. There is not a central organisation, nor any journal, serving the Movement whose reasonable needs of money for efficient functioning cannot be measured and fixed within narrow limits. If any need is indefinitely expansible, it is the need of those actually engaged on work which is indefinitely expansible. Not a need for personal recompense—although there is no harm in hiring service where it will hasten progress in getting results.

Sooner or later there will have to be something like a General Audit with the view of discovering, not how to raise more money, but what is being done with the money already subscribed. There are at present four journals (three of them weeklies) which on the average supply collectively about 54 pages of reading-matter per week at a collective loss of over £40 per week. In a future issue the problem of supporting this drain on the resources of the Movement will be examined more closely and in relation to the financing of other activities.

J. G.

## The Theatre.

"Justice." By John Galsworthy. Playhouse. I went to this revival chiefly because I had never seen Mr. Stephen Haggard, the young actor of whom we have heard so much during the last year, and not expecting to enjoy the play. I am not a great admirer of Galsworthy, but I found "Justice" more effective than I remembered. It has some of the author's characteristic weakness, special pleading—the prison chaplain is absurd—but not so much as I had thought. Mr. Haggard gives a very moving performance as Falder; I will not say a great performance, because it is impossible to show greatness in such a purely pathetic part. I thought he moved his eyes a shade too shiftily in the opening scene, but otherwise he was beyond criticism. Every detail was perfect, from the ill-nourished set of his cheap clothes to the horribly dumb way he gaped at the lawyer's from the dock. When Falder comes back to the lawyer's office after trying vainly to live down his criminal record the old clerk asks him: "How's your health?" "I'm alive, Mr. Cokeson," says Falder. I shall not forget the way Mr. Haggard said this line, which could so easily have been given too much bitterness to be really moving. Mr. Evan John has been taken to task for not playing Mr. Cokeson so well as Mr. Lawrence Hanray used to, but I fancy that he plays the part as it is written, while Mr. Hanray made something better of it. I liked Miss Gwen Ffrangcon-Davies as Mrs. Honeywill, and of course, Mr. Lion made a good thing of the defending counsel. Mr. Arthur Wontner was excellent as the elder solicitor, who is so hard on anyone who can't toe the line; I sometimes play tennis with the very man.

ANDREW BONELLA.

## The Point of the Pen.

By R. Laugier.

### No. XXVIII.—AN OLD LADY.

She was a Jewess, very thin and frail-looking, with eyes, dark and intelligent, and a little malicious. Her skin was sallow. In her conversation and manner conventionalism fought hard against a naturally original mind. Her family was of Portuguese or Spanish extraction, no connection with commerce.

She adored music and had been an excellent pianist: she had played accompaniments for a famous violinist, who certainly would not have tolerated mediocrity in a collaborator. Yet she remained an amateur. Her husband had been wealthy, and "women then did not take up professions as they do to-day."

She had four children, two boys and two girls. All brilliantly clever, they achieved a certain measure of fame, three of them doing so in different fields of art. She was proud of her children, but critical: sentiment was never allowed to distort her sense of aesthetic values.

Like all old people she had her constantly recurring anecdotes. One of these concerned her grandfather, a banker and personal friend of Napoleon. Emperor and banker made a clandestine visit to a soothsayer one night, and the wise man solemnly warned Napoleon against undertaking the Russian campaign.

The old lady believed in fortune-tellers, and had firm faith in omens and portents, delivered in raps upon the table, and seen in the turn of cards and the behaviour-pattern of tea-leaves. One of the thrills of her life was the reading of *Dracula*, for, to her, vampires certainly existed. So did "were wolves" and "earth-children" as, from some source or other, the legends of the Rhine country had entered largely into her beliefs. It was, for example, a little difficult for her to regard red hair without suspicion, if not with positive repugnance; and a red-haired girl could not be really beautiful.

She had no sense of humour, but at times she unconsciously achieved epigram. "In England a hostess must provide cards or music: English people cannot support a conversation without cards or music." And again: "A gentleman is never unconsciously impolite; when he is rude the thing is always deliberate."

She hated bores, and this was very natural since she suffered abnormally when bored, the suffering being physical. Once when some visitor was talking drearily and at length about the vagaries of a sluggish liver, the old lady quietly slid off her chair in a dead faint. She told me afterwards that, when overwhelmed by a spate of dull words, the whole tangible universe appeared to slip away from her.

Yet her small, thin body was sustained by tremendous nervous energy. Her "best time" was between midnight and three in the morning. When everyone else in the house was sleeping, or attempting to sleep, the old lady bustled into an amazing activity. Once I stayed in her house, and tried to sleep in an adjoining room. The walls were not very thick, and one heard movements. Apparently every night she unpacked and repacked several trunks; also she searched through cabinets, drawers, boxes . . .

I think she lived in the past, turning from the harsh realities of an unpleasing epoch, to her memories and dreams. So there were photographs, letters, and other souvenirs that she took from their hiding-places every night; the various portraits of a husband whose death she had mourned with Oriental intensity, until her weep-

ing had injured the ducts of her eyes. And there were the letters of her children, the successful novelist son in America whom she had not seen for years. . . .

Only by a series of miracles did this lady live to a ripe age. She was continually being knocked down in the streets; and automobiles, buses, and lorries passed over her feeble body, yet failed to kill. These mishaps were largely due to her stoutly maintained theory that it is dangerous to hesitate in the middle of the road. One should "just go straight across"; and the drivers could be relied upon to avoid accidents. Unfortunately she made it difficult for them. She would hurry in front of the nearest vehicle, without noting whether another was overtaking. Every time one went out with the old lady one was convinced that one had saved her life repeatedly; she was convinced that one had been ridiculously fussy. When knocked down she was indignant at finding herself the centre of a crowd. "My fault," she would say, sharply. "My fault entirely. There's no need for any fuss, constable. Of course I can get home all right . . . My address? Why on earth should you want my address. Nonsense! Is that my hat? Thank you."

She would get home all right, and "lie down for an hour"; and in the evening there would be cards and music. Great nervous energy and recuperative powers, but the body was essentially weak.

How weak it was I never knew. One of her firmest beliefs was that physical ailments were no proper material for conversation, and that no one has the right to inflict their troubles upon others. I knew her intimately for several years, yet only when she was dead did I learn that during all the time of our acquaintance she had been dying from a terrible and painful disease.

## LETTERS TO THE EDITOR.

### SINCLAIR'S "EPIC" CAMPAIGN.

Dear Sir,—The experiences of Upton Sinclair, as reported by S. R., can be matched from the history of every one of the pioneer Socialist candidates in the country, especially from that of Keir Hardie. I fail to see why we should refrain from running Social Credit candidates because of weather forecasts of "hurricanes of fury" and "whirling vortices of blind fury." (In any case, sir, surely not blind!)

If Social Credit is to come, it must come by political action, that is by the orders of those highly placed Government officials who are controlled (using the word for the sake of argument) by the successful politicians. This can be best achieved by the Social Credit Movement putting forward candidates for Parliament. Of course, it will take time for them to make headway against the rain of hurricanes, typhoons (and perhaps, spittoons), but the sooner we start, the sooner these will exhaust themselves.

The Labour Party did it in twenty-three years. We should manage in less. The Labour Movement started it seriously after wasting the years from 1848 to 1900 discussing whether Socialism would not come out of economic necessity. Some of us now do the same in regard to Social Credit; others appear to think that parties whose traditions go back into the past, and whose war chests are well lined, will take fright if we wave an indefinite number of pledge forms in their faces and will scrap their policies and adopt ours.

It seems to me that there is room for a third policy, that of entering the political cockpit with Social Credit candidates to call down a few doses of the mixed weather forecasted. Does anyone else agree?—Yours faithfully,

FRED TAIT.

[Who pays election expenses and guarantees deposits? Ed.]

## Evesdropping in the City

(Scene:—City office overlooking the Bank of England.)  
(Enter a sad-faced lady in black with a very wide bonnet-like head-gear.)

LADY (to manager, who rises from dictating to stenographer, and smilingly greets her): Will you please give me something towards the — fund?

MANAGER (abruptly): No. That is not my responsibility.

LADY (tenderly): Oh, but, sir, think of the awful conditions in which they live. No light, no air, no sunshine, and—

MANAGER: Oh, I know all that, but I tell you they are not my responsibility.

LADY: You're Irish, sir?

MANAGER: No. I'm human!

LADY: Then you're Scotch.

MANAGER: Never mind about giving me a label. I'm human, that's all.

LADY: Then you're a good Catholic. Our Blessed Lord . . . would approve your helping the poor.

MANAGER: Oh, yes, I dare say, but He's dead and can do nothing.

LADY: Oh, sir, don't say that. He's alive.

MANAGER: Then where is He?

LADY: Why, in Heaven, of course.

MANAGER: Well, there He can be of no help to the poor. All they want to get rid of their poverty is money. Why don't you go over there (pointing to the Bank of England), that's where the money's made.

LADY: Oh (turning and looking out at the Bank): I've been there.

MANAGER: Well, and what did you get?

LADY: Only a shilling.

MANAGER: What!

LADY: Yes, they let me go to the Secretary's office. I only got a shilling, and that was not from him; one of the clerks gave it to me.

MANAGER: Oh, I'll double the Bank of England. Put me down for a couple of shillings.

LADY: Thank you, sir. I'll give you a proper receipt, and here's my authority card.

MANAGER: Never mind that. Let's see your book. (Reading aloud.) Westminster Bank, 2s.

LADY: Oh, yes, I collected a pound yesterday. It was very hard. Lloyd George gives me a pound every year—when I see him himself—his secretary gives me only 5s. Miss Megan helps, too.

MANAGER: Well, I'm really a poor man.

LADY: But you're well educated, and our Blessed Lord—

MANAGER: Well, I can't get my taxes out of the fish's mouth like He did.

LADY (shocked): Oh, sir, you're better educated than that! I am sure it's a beautiful charity (giving him his sixpence change out of the half-crown tendered), and now here's your receipt.

(Exit.)

MANAGER (returning to desk and continuing dictation): . . . and with reference to your request for payment, owing to heavy commitments, we crave your further indulgence, etc., etc. . . .

EVESDROPPER FADES OUT.

L. D.

## The Social Credit Movement.

### REPORTS.

The West Riding Social Credit Association have appointed Major Robinson as area-organiser. This has become possible because of the increased numerical strength of the Movement, particularly in Bradford. Since the Economic League have been rather active in this region attacking Social-Credit and other heterodox theories, the new appointment may lead to useful results in the way of meeting the attacks. We shall report developments in due course.

The *Social Credit Bulletin* (Johannesburg) of March 23 reports and endorses a recent appeal for funds issued by the London S. C. Secretariat for the maintenance of their weekly journal, *Social Credit*. The report states that for the first twenty issues there has been a total loss of about £600, after deducting sales-revenue from costs.

## April Anniversaries.

1921, April 3.—“Public Welfare,” founded by Mr. Arthur Brenton, and first number issued.

It was a monthly journal devoted entirely to the dissemination of Social Credit principles. Its name was changed to “Credit Power” in November, 1922.

1925, April 9.—Commentary in “The New Age” on the Social Credit Conference at Swanwick, where a resolution to form a national organisation of the Movement was lost.

1934, April 19.—Article by C. H. Douglas in “The New English Weekly” entitled “A Latter-day Argosy.”

Dealt with his experiences during the first stage of his voyage to Australia. Began as a serial, but no further articles were received.

1932, April 21.—The first number of “The New English Weekly” issued, under the editorship of the late A. R. Orage.

## Forthcoming Meetings.

### Green Shirt Movement for Social Credit.

Wednesday, May 1.—Lecture by Frank Griffiths, General Secretary of the Green Shirt Movement, at National Headquarters, 44, Little Britain, E.C.1, at 8 p.m. “Three Blind Mice—Hiskett, Lewis, and Cole.” (An Examination of recent criticisms of Social Credit by Socialists.)

Wednesday, May 8.—Lecture by John Hargrave, National Leader and Founder of the Green Shirts, at National Headquarters, 44, Little Britain, E.C.1, at 8 p.m. “Social Credit and the Magic of Numbers.”

## Social Credit Reading Course

### SET A.

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Social Credit in Summary (1d.).  
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Social Credit Principles (1d.).  
Post free 6d. the set.

### SET B.

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