THE NEW AGE

INCORPORATING "CREDIT POWER."

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CONTENTS.

NOTES OF THE WEEK.

Gesell Redivivus.

We have received from a correspondent a copy of the *Certified Accountants' Journal* for July. (Organ of the London Association of Certified Accountants, 50, Bedford Square, W.C.1. Price 6d.) The reason why he sends it is because it marks a new departure in editorial policy by admitting an article on the subject of money reform. The article is entitled "This Money Business," and is by T. C. Warren Evans, F.C.I.S., Cert.A.I.B., F.R.Econ.S. (Barrister-at-Law). Our correspondent thinks that in these circumstances we should publish some comments on what Mr. Evans has to say about the subject. We agree, for two reasons, technical and political. These reasons overlap, because the technical content of articles like this almost always reveals to the instructed Social-Credit student a popular-political manoeuvre designed to implement a high-political objective—and "high-political" in this context means high-financial.

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This is not intended to mean that either Mr. Evans or the editor of the *Certified Accountants' Journal* has any ulterior motive in ventilating the subject. We may accept the article as having been sincerely written and published as a contribution to technical enlightenment among accountants. And the earlier portion of the article does indeed contain definitions and observations—particularly on the nature and function of money—with which Social-Credit students would find themselves in agreement, and of which, moreover, accountants particularly, need to be reminded. Thus:

> "When we sell goods (or services) for money, the whole basis of the transaction (from the point of view of the function of money) is that we shall expend that money in the purchase of other goods and services. If we do not, we prevent that money from continuing to perform its real function. Money is made for the market place; money and markets are complementary. No money—no markets, and no markets, no money."

A little later Mr. Evans observes that it is a strange thing that money, which is a "means to an end" should have come to be regarded as a "thing desirable in itself," and that its function should now be regarded as that of constituting a "store of value," "although these two functions are contradictory and mutually exclusive."

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He arrives at the conclusion that:

> "Money was never meant to be saved——"

but before the Social-Credit student starts to applaud this sentiment, he had better hear out the amplification of it:

> "——and what is about to be said of savings refers exclusively to savings *retained in money* and not in any other form whatever. (Author's italics.)

In short, what has to be guarded against is the "hoarding" of money. The reason is that the "degree of goodness" which money should possess in relation to commodities depends as much on the "rate of circulation" as on the quantity in existence. Hoards impede circulation.

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Next he answers the question why hoarding is practised. It is because money is "too good" for its proper function. Whereas "all things (with few exceptions) start to depreciate from the very moment we purchase them," money is exempt from "this kind of depreciation," and people therefore tend to keep it rather than spend it, "relying on its keeping quality." As an example (perhaps *the* example) of hoarded money he refers to the fact that about £1,000 millions lies "on deposit account" in the banks, and is rarely used in the exchange of goods and services. At this point veteran hounds in the Social-Credit pack will strike the scent of the hare which Mr. Evans is starting up. We can indicate it by a parody of the old nursery rhyme:

> Ding, Dong, Bell
> Pussy's in the well,
> Who put her in?
> Silvio Gesell.

And that's the fact of the matter. And however strongly you may endorse the comedian's reproach: " Doant do thaat to the poor poos caat; doant, doant, doant, doant, doant," verily Mr. Evans is floundering in that water, and you can only hope that he will be fished out before his ninth life has fled. For his plan is a " Depreciation Tax on all Money."

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It only shows you how, just as Plenty surrounds Poverty, so can impeccability of sentiment surround futility of method. For Mr. Evans's soundness in analysis does not stop short at defining the nature and function of money, but extends to explaining how banks create credit, to opposing their control of it, and to dismissing the necessity for a gold standard. Having got so far, however, he is logically obliged to give the State a function in the credit-system, because no less authority can be invested with the power to impose the Depreciation Tax. He does this by assigning to the State the role of " banker." The banking referred to is merely the receiving and paying out of customers' money. This should be " nationalised." But the function of " money-lending" or financing " in any of its forms " should be left to the discretion of the banks as now. In plain language the banks are to put money into circulation and the State is to make it whiz round. The State is also to be able to decide what quantity of money shall be in circulation at any time. It may undertake public works when necessary to " counteract a depression." But they must be financed by a new method, for the old method has not worked, because Government expenditure under the present order of things is " in exactly the same category as instalment purchasing by individuals," which is " good for trade at the moment " but bad " when the repayments get going."

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The new public works (national and local) must be financed

" with money which would *never be a charge on anybody's future income*." (Our italics.)

That sounds like the goods, doesn't it? So we will listen to how it is to be done. There are three ways:

" These three ways would be: (1) The borrowing of money at a discount: (2) Increase of taxation: (3) Increase in the amount of money by the issue of new notes. Not one of which would involve any charge on the ratepayer or taxpayer as such."

Notice the qualification " as such." Someone will now ask why anybody should lend money to the Government at a discount? Well, that is where the Gesell principle comes in. Since everybody's idle money is to be taxed (Mr. Evans proposes a rate of 5 per cent. per annum, or 1d. in the £ per month) would-be borrowers could begin to haggle with potential investors on the basis of any margin above minus 5 per cent., the margin varying according to the security of the borrower—the Government or local authorities being the best class. Thus, says Mr. Evans, anybody lending money free of interest would, in fact, be securing a reward of 5 per cent. per annum, for he would be avoiding the 5 per cent. depreciation tax. On this ground he foresees the elimination of the " rentier class," for there would be " no such thing as an income from gilt-edged securities." Holders would be paid back their capital out of the proceeds of loans issued at a discount. The ethical justification for this is as follows:

" It cannot be unfair that everyone who draws an income from industry (and there is no other source of income) should either give personal service or suffer some risk of capital; while those who desire security for their money free from all risk should pay for that safe custody."

How do you like that? Not much? Well, if you were insistent on having an income and also complete security, you could purchase an annuity; for annuities would be available from insurance companies or the Government as at present.

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There are other consequences of the discount plan which must be consulted in the text. We quote one—

" Overdue accounts would lose their terror, because it would no longer pay customers to postpone indefinitely the payment of their accounts *when they had the money*. (Our italics.) The longer they delayed the more it would cost them. Retail business would become more and more a cash business."

Since " the whole population would be at work, production would be equalled not only by purchasing power, but by what is more important to business—by purchasing."

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Turning to taxation, Mr. Evans calculates that the Government's 5 per cent. tax on " hoarded " money would bring in £50 millions or more per annum as revenue to the Budget. He also calculates that because of this, and because of other indirect factors, general taxation could be reduced by about 50 per cent.

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Lastly, he outlines the method of issuing and depreciating the new notes. They would be printed in denominations down to, say, 2s. 6d., and the holder would have to put a stamp on his note after each interval of one month (or longer in the case of notes of 5s. and under) of a value equivalent to a rate of 5 per cent. per annum for the interval. In practice the stamping would be done by machines, which would be available at all branches of the bank, and all Post Offices, while large firms would be supplied with machines of their own which would be checked by the authorities. Bank balances would be reduced by the banks themselves. A final item must be recorded; it is that when the plan is set going steps would have to be taken " to prevent any persons or bodies of persons from developing any new kind of substitute money just as banks have developed the cheque system."

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Sufficient has now been quoted to enable us to recognise the broad principles which the scheme would implement. They are all principles of orthodox banking doctrine. They are as follows:

(1) That all incomes to individuals shall continue to be drawn exclusively from industry.

(2) That all the money constituting those incomes shall continue to be entered up as industrial costs.

(3) That all industrial costs shall continue to be entered into, carried forward, and ultimately recovered in, retail prices.

(4) That the banks will continue to lend and retire money to whomsoever they like and on whatever time-terms they like.

(5) That investments out of private incomes or industrial profits will continue to be made—and to an intensified degree.

To these may be added a principle of another order, and one not avowed or admitted by the bankers, namely that the bankers will continue to control the discretion

of the Government in regard to the fixing of the quantity of money to be in circulation.

* * *

Such changes as are involved are purely administrative and have to do mainly with the proportionate quantities of money that shall be issued via the Government on the one hand, and via the banks on the other. We say " via " because both bodies are ultimately only agencies of distribution; the collective quantity of the money and the purposes for which it is to be used will be questions of high policy ultimately and exclusively determined by the financial oligarchy represented by the Bank of England—an institution which itself is a tied-house in the International Combine represented by the Bank for International Settlements. Next look at some of the consequences of the plan. Take super-bank-finance first. Assuming that the tax on idle deposits (said to be £1,000 millions) is not effective in forcing holders to convert their balances into investments, then the Budget will benefit to the extent of £50 millions in the first year (and to a progressively diminishing extent in following years). In that case the money could be applied to remissions of taxation generally, provided of course that the Chancellor of the Exchequer had allowed for this new revenue in his estimates, and avoided getting a Budget surplus of this amount, for then of course the money would go to the repayment of debt. But assuming that the holders convert their £1,000 millions. It is reasonable to suppose that they would choose securities of the gilt-edged type, seeking safety of capital rather than income from it (or they wouldn't have been content with the mean rates allowed by bankers on deposits). Now gilt-edged securities are sometimes and truly described as bankers' securities. So the bankers could say, *sotto voce*: " You Want the Scrip: We Have it," and would soon have unloaded £1,000 millions of it onto the new investors. And at a good price, too; for no provision exists in the scheme for controlling stock prices any more than commodity prices. If anybody points out that the banks only hold about £600 millions (which is the figure for May) the answer is that this figure is that of their own valuation, or rather under-valuation even in relation to what they would fetch now, and much more so in relation to what they would fetch under the new conditions. The practical consequence of this would be the immediate cancellation of deposits to an equivalent amount. Mr. Evans, presumably, would see no harm in this, for he assumes that this " idle " money is an obstacle to trade and therefore might as well be taken out of circulation as not. Yet it has to be remembered that all deposits to some people's credit reflect outstanding bank-loans to other people's debit. (This is true without qualification if we disregard deposits accruing to customers as proceeds of their selling securities to banks.) To illustrate the consequence of this in principle let us call the holders of the deposits group A, and the debtors to the banks group B. Group B need to get the money to repay the banks from the rest of the public (by sales or by issues of capital) including of course group A. Obviously while group A " hoard " their deposits, group B are in danger of default. So far, Mr. Evans' case has technical support within the limits of the present financial system. But it is just as obvious that if group A buy gilt-edged securities from the bankers, and their money is taken out of circulation, group B are (other things equal) bound to default. By hypothesis group A don't want goods, and wouldn't part with their money to group B on that account; and as (by hypothesis again) they want to invest safely, they would not take up group B's issues of capital. In theory of course there is no reason why group A should not buy gilt-edged securities held by group B instead of from banks, supposing group B had some to sell; but in practice industrial debtors to banks have not got spare securities of this easily marketable class, else why should they not have sold them and got out of debt? Summing all up, and without troubling about exact figures, the general conclusion to be drawn is that the Flight from Deposits set up by the tax would result in a flight *of* deposits from circulation. In other words, the first consequence of this attempt to expand trade and employment would be an act of Deflation.

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Mr. Evans, whose attention is absorbed by the gyrations of money to the exclusion of accumulations of costs, would probably reply that, after all, this withdrawal of money would be more than compensated for by the issues of new money. But this new money is for new production and is to become a charge in new costs, and cannot repair the damage done by the initial deflation. A security represents a charge ultimately recoverable (if at all) from the public. While a bank holds it the public hold the equivalent money, because when buying it the bank puts new money out into circulation. When the bank sells it, the money leaves the public, but the charge still remains to be recovered. So the deflation just spoken of leaves the capital charges of industry undiminished while diminishing the pool of money from which they must be recovered. To add new money to the pool is useless because this new money is accounted as new debt. Unfortunately and surprisingly, Mr. Evans, the accountant, has a blind spot for accountancy.

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But let us have a look at the new money, confining our survey to the notes which would be issued to the population, chiefly the wage-earners. These notes—Dissolving Notes is a handy description of them—would, of course, be spent in a hurry. It is true that workers do not keep money in their pockets for a month at a time; they can't; nevertheless, the association of the idea of dissolution with the practice of slow spending in the minds of the workers would smarten up their buying. There would be incipient " panic " buying, and the tendency of this would be to raise retail prices in the same way that " panic " selling by retailers would lower them. Moreover, and much more important, nobody would save up to buy anything which took more than a month's savings to buy. Presumably instalment-selling would take care of this—for a consideration! However, this is a minor point. The major point is this, that when you postulate a whole working population in employment, all on the itch to get rid of their dissolving notes, and when on the other side you postulate an industrial system free to exploit the law of supply and demand, there is every ground for expecting price-inflation. Whether this inflation takes the form of an actual rise in prices, or of a higher proportion of capital cost in prices, and/or a declension of quality in the articles sold, is as it may be; but the consequence is to make the consumer lose more purchasing power than he otherwise would. And the margin so lost to him would reappear as a new charge against him later on, particularly since right up through industry the " excess profit " made out of the consumer would tend to go back into industry. The richer classes would invest all money surplus to their personal requirements.

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In view of these circumstances there is not much point in Mr. Evans's remark that taxpayers and ratepayers, *as such*, will not bear the cost of the expansion in trade. You cannot distinguish between taxes and prices in this way: they are the bankers' swings and roundabouts, and what the patrons of the fair escape losing on the one they can be robbed of on the other. It is only by combining taxes, rates, compulsory and voluntary payments made by private citizens, and then setting against the total an inventory of the goods and services they get in exchange (quantity checked by quality) that you even begin to arrive at a correct appreciation of the advantage (if any) of the new system.

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There is no chance, under the principles of the present system, which Mr. Evans assumes to be in operation, for general betterment in the above real sense unless the powers that be allow capital debt to expand and yet keep investors happy. It could be done if the banks bought up the debt and became to an increasing extent the permanent holders of industrial securities: but to suppose this is to suppose the exact opposite of the object of the new scheme, which is to transfer the risks attending all enterprise more and more on to the shoulders of private individuals.

* * *

This brings up another point made by Mr. Evans. He imagines the holders of idle deposits to include people who will be willing to buy the (less safe) industrial securities for the sake of the better return. Since not only will the banks deduct the 5 per cent. tax on deposits, but retain the discretion as to rates of interest on loans to industry, they can so adjust their loan-rates as to deter business enterprises from borrowing from the banks and make them seek terms from the private lender. As already seen, the lender is in luck if he gets any income at all from the best of securities. He starts at 5 per cent. below zero, so is likely to be glad to get, say, 1 per cent. from a grade of enterprise from which he would ordinarily expect 6 per cent. In that case, all the banker has to do to encourage the parties to come together is to fix his charge for accommodation some fraction above 1 per cent. In that way he keeps his reserve lending power for use where he likes—possibly outside this country altogether.

* * *

It's a beautiful ramp. The banker has not got a deposit to lend. When he lends he creates a deposit, but the deposit isn't his, and so he does not pay the depreciation tax. What is really wanted, if any penalty of the sort is necessary, is a tax on *idle potential deposits*, a levy on the bankers in respect of their invisible subreserves, their unused powers of bringing credits into existence and use. Or, as some of our readers may like to put it, for a tax to be levied on every retirement of a loan, based on the fact that these retirements have the cumulative effect of creating capital debts and costs to a multiple of the balance of loans left outstanding, and therefore of the deposits in circulation.

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

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Elements of Economics.

By John Grimm.

II.—COSTS ON THE OVERDRAFT-BOARD (concluded).

[In the first part of this article a national industrial system was represented in the pattern of a chessboard—each square representing a section operating a process of production; and each "squareholder" (producer) borrowing and spending credit, entering up costs, recovering them, and repaying them. The credits were represented by white counters, and the equivalent costs by black counters. The banker held the store of white counters, and the squareholders the black. Movements of counters were traced, and showed that the number of black counters tended to increase relatively to white under a system where each squareholder (a) dealt individually with the banker, and (b) entered his payments to other squareholders as costs, i.e., followed the rules of the present financial system.—J. G.]

A little reflection on this "board" game will show that the total costs of industry can so increase that at a certain juncture consumers will have insufficient money to pay even that proportion of those costs which enters into the prices of consumable goods alone. That is to say, designating as "Food" all things available and offered for consumption, and as "Tools" all things not available and held as assets of industry, the total number of white counters distributed from the 64 squares—Food-incomes and Tool-incomes combined—will be less than the Food-costs alone. The movements of the black counters through a series of games would be seen to result in their being cumulatively piled up in those squares which correspond to the retail end of the system. This represents the fact that all costs of every description become a charge against consumers, and can only be extinguished by the receipt of an equal quantity of money over the shop counter. Since, in every game in the series, the white counters taken by consumers are offset by black counters put down during that game, no black counters on the board which have been carried forward from previous games can be extinguished by consumers even if they spend all their counters on consumable goods and got them at cost price. This never happens, because the banker requires counters back from each square, with the consequence shown, that the square-holders who get a surplus of white counters invest it in the products of those who have a deficiency by reason of their not having anything to offer consumers.

If you suppose that square-holder A1 is making a primary product which must pass through every other square for further treatment until it reaches the end square H8, and repeats the process every week with two white counters borrowed on weekly terms, then by the time H8 has the finished article ready for sale, i.e., in the sixty-fourth game, there will be somewhere on the board 2 × 64, or 128 black counters representing his transferred costs alone, disregarding the operations of the other square-holders. It is true that in this sixty-fourth game every square-holder would distribute (or could) 2 white counters each, making 128, but these will represent the additional costs of that game, so that on balance consumers cannot extinguish costs carried forward from previous games. To sum up; in any game in the series played according to the rules laid down, the cost of any products not sold to consumers remains permanently irrecoverable from consumers. And along the series of such games these costs accumulate commensurately with the accretions of these periodic unsold products.

"How, then, does industry carry on at all?" is an obvious question to ask. The answer is that a large proportion of these costs are written off in bankruptcies and reconstructions. Certain square-holders go out of business, and, in terms of the "board" game, pick up the black counters in their squares and put them back in the sack, thus lessening the gap between costs in industry and incomes outside. In practical detail the assets of a bankrupt are disposed of at scrap prices—i.e.. below the costs of acquiring them: so that his assets, which have cost say 100 white counters, might be transferred to a solvent square-holder for say 20. The buyer now puts down black counters to that number. In consequence a cost inside industry which was 100 is now 20; and the difference has been extinguished.

It will be apposite to quote a statement that has frequently been alluded to in this journal. It is made by Messrs. Jordan and Sons, the eminent Company Registration Agents, in their text-book on *How To Form a Company*, 1927 edition.

"The number of Companies registered in England down to the end of 1926 was 218,938, the aggregate Nominal Capital being £9,407,723,650. More than half of the Companies no longer exist, the number of survivors on the Register being about 92,320, with a paid-up Capital considerably exceeding £4,250,000,000 (the Nominal Capital is larger, but the figure is not available)."

The period reviewed goes back to 1862, when the first Companies Act was passed, and covers 64 years. In that time something like £5,000 millions of Capital has disappeared, representing an average rate of £80,000,000 per annum. In the terms of the "board" game the square-holders (and you can equally truly call them shareholders) have scrapped this quantity of black counters, representing costs incurred and debited to consumers, but never recovered from consumers. It will be seen that, in one sense, consumers have already been receiving a National Dividend in the form of a Price Discount, but at the expense of people who had money to invest. If we were properly grateful we ought to organise a parade of these disabled warriors of the Capitalist system with perhaps a march-past the Bank of England, where Mr. Montagu Norman might take the salute (or might not risk it).

There is a wider application of this "board" object-lesson. Imagine a board 64 times as big and containing 64 squares each of the size and subdivisions of the board just described. This would help to illustrate the working of international trade, and to show that it consists in the scramble for white counters by players in one national square from those in another. Sixty-four bankers, 64 sacks of white counters, 64 groups of square-holders, 64 groups of consumers—affording a spectacle of inextricable confusion on close observation, but a most clear indication of the faulty principles which underlie the international rules of the economic game.

III.—BANKERS v. INVESTORS.

The total value of industry's capital assets and unsold output at any given time is the sum of outstanding bank-loans, bank-investments, and private investments. Let this total value be expressed by the token figure of 20, and to consist of the following items—

Bank-loans	5
Bank-investments	5
Private-investments	10

When industry prices goods for sale to consumers the component parts of the price will be of these proportions. Thus, assuming that industry can put one-fifth of its assets on the consumption market, the price of these products will be 4, and will consist of

Bank-loans	1
Bank-investments	1
Private-investments	2

On the other hand there will be, at the same time, money in circulation. Now all money in circulation proceeds from one source—the banks; and by two methods, namely *bank-loans* (in the widest sense including advances, acceptances, etc., etc.) and *bank-investments*. No other money can exist; and if the banks at any given time called in their loans and sold their investments, there would be no money in circulation.

Hence, on the figures chosen for this analysis the total money in circulation—i.e., money *belonging to* people, will be 10, say £10, provided by the banks. Against that sum the total value of industry's assets will be £20. This value measures a prospective cost chargeable against the £10. There is a prospective shortage of money to meet the cost amounting to £10. This prospective shortage is represented by the claims of private investors to recover their money.

But if, as is assumed, industry puts only one fifth of its assets on to the market, only £4 of cost-value is immediately chargeable against the £10 of money, and the people holding it can pay the bankers' two charges of £1 each and the investors' charge of £2; and have £6 left. If this is done, industry's assets will be valued as follows:

Bank-loans	4
Bank-investments	4
Private-investments	8

The process can be repeated, in which case the assets will be scaled down as follows:

Bank-loans	3
Bank-investments	3
Private-investments	6

At this point the people will have £2 with which to meet the next interim charge of £4 or a prospective ultimate charge of £12.

But the investors will have received £4; and if they now choose to use this replaced capital sum for consumption purposes, the "people" will have £6, and can collectively pay for another £4 worth of products. And if they and the investors go on repeating the process, eventually the whole of the original £20 worth of assets can be sold. On the other hand, if the investors persist in holding their instalments of £2 a time, a deadlock will supervene. The deadlock will consist in the fact that these investors will be competing with the banks for the money available in the consumption market. Thus, reverting to the stage where the people held £2 and industry put goods on the market costing:

Bank-loans	£1
Bank-investments	£1
Private-investment	£2

either the banks could recover what they wanted, *or* the investor; but not both. Theoretically both could recover half of what they wanted; but in practice what the banks want they get, hence the investor would be left with nothing.

On examination of the series of processes the reason for the deadlock will be seen in the fact that at the beginning, and all along, the total money in circulation has been just sufficient (and no more than sufficient) to meet the bankers' claims alone.

The Point of the Pen.

By R. Laugier.

No. XLI.—" ARTISTS, DILETTANTI, AND COMPETITION."

A recent correspondence has set me thinking about the attitude of artists and genuine art-lovers towards the dilettante and the amateur. To what degree is dilettantism beneficial to authentic artists? To what extent is the amateur an enemy of art and artists?

In the past one would say that amateurism was of great service to artists. The amateur encouraged artists, either by the patronage of a wealthy man, or by small purchases, if the amateur was comparatively poor. Great art " periods " have existed in ages of art-lovers and of universal dilettantism. We may remember Southampton's gift to Shakespeare; and Cellini's experience when he ran short of silver, whilst casting a statue, and the populace rushed to his aid with their spoons and salt-cellars.

But this widespread joy in art belongs rather to early periods of anonymity, and of religious expression, and of " distinterestedness," rather than to our modern epoch of chaotic commercialism. Immediately the amateur begins to " compete " with the artist, dilettantism becomes a nuisance, if not a menace.

Among amateurs it is, I think, fairly easy to separate the sheep from the goats. It is a matter of knowledge and standards. The good amateur resembles the artist in possessing high standards; but, *because* he has high standards, the good amateur is aware that he does not possess the artists' instinctive knowledge and acquired technique; and, consequently, this type of amateur does not " compete " with the artist.

High standards induce a proper humility. The pride of the great artist is always tinged with humility, even though at times he may express himself (perhaps to the " wrong people "), with seeming arrogance. A great artist, enslaved by his work, is like a man married to a very lovely woman: he is proud of his consort, but he is humbled by the thought, " Why should this goddess have chosen me? " Read the lives of great artists and you will find them always extremely modest in the presence of other artists, of discerning amateurs, and of simple folk.

But there is another kind of amateur, and, so far from being the friend of artists, he is their deadly enemy. This amateur has no high standards, and no real love of art. He is complacent over his little parlour-tricks, and his egoism often borders upon mania. In cultured ages this type of man, if he practised the arts at all, would have to do so for his own amusement: in a period of good taste and critical discernment amateurs' parlour-tricks would be justly estimated, and would afford their perpetrator no opportunity for public exhibitionism. But we live in the age of pseudo-democracy, when one person's judgment is as good, and as bad, as another's; and when canons of soap-making and soap-selling are applied to art.

Hence we hear, for example, of " the competition in writing." Actually there is no intrinsic competition in even good, competent writing, let alone work of high talent. Any writer worth considering, is, if not distinguished, at least " distinguishable," which means that his work is idiosyncratic and in a sense unique. Suppose, for example, Rossetti's poetry is superior to that of William Morris; there is, nevertheless, no " competition " between them. If I prefer " The House of Life," I shall still read with intense enjoyment " The Defence of Guenevere." And even in humbler literary fields—so long as we deal with honest, competent art—the same rule prevails: all the craftsmen have their public who find the artist's production insufficient; and the word " competition " is meaningless, aesthetically.

But there is a sense in which, in a commercial age, the word " competition " has a very real and even terrible meaning: there is *the sheer bulk* of MSS. offered to editors, publishers, theatrical managers and other buyers.

This bulk is deadly, and, for its production the " apes of God " and other wretched amateurs are largely responsible. The decay of editors and editorial standards makes it possible for bad, amateurish work to be published in preference to the work of artists. Snobbery comes into the matter, and the practising dilettante often uses his or her money, quite unscrupulously, to gain journalistic work, book publication, or concerts—and " payment does not matter " !

One real excuse the editors, theatrical managers, etc., may have: the sheer bulk of work offered certainly makes it difficult for professional readers. Every one of them is inundated with MSS., and shelves groan—as well they might—under the weight of stories, novels, and plays. Most of the stuff—probably 98 per cent. of it—is thoroughly bad; yet it does act as a kind of " competition " with artists, if only because it wears out professional readers, so that they come to the good work with a gloomy eye and a headache. Sometimes they don't even arrive at the good work, but, growing tired of a batch, send the whole lot back to the agent.

It would seem, then, fairly obvious that the good dilettante is almost as rare as the great artist—in fact the same qualities are demanded of him, though in a minor degree. To-day, the good dilettante is largely an art-lover who possesses " the strength to remain silent."

As for the practising amateurs, the overwhelming majority of them are engaged in degrading art, and bringing good artists into the gutter. In this process the wretched amateur is assisted by incompetent critics, gossip writers, apathetic editors, snobbish publishers, and downright crooked producers. Snobbery alone is a great force in England, and I have heard of titled journalists whose literary agents were charging their aristocratic clients 70 per cent. commission! And yet the stuff sold! If he has the money the amateur can induce some fool to produce for him a story, a book, or even a play, but this does not mean that the amateur's work represents intrinsic competition with the work of artists.

In literature, over-production usually reveals itself immediately as non-consumable. In 1934, in Great Britain, 15,628 books were published. The public did not want the bulk of them. The publishers are still looking for new writers of ability, and there is room for all such writers. Out of the hundred or so new plays produced annually only three or four will be highly successful, and only twenty or thirty will really pay.

The entrepreneur in the literary world had better sharpen up his critical faculties, and stop playing into the hands of incompetent dilettanti by producing their work. The newspapers can play about and indulge the amateur with impunity, because the newspapers depend on advertising revenue. But publishers and theatrical managers do not. It would be better for these last to give up stunting and gambling, and return to relying upon sound critical judgment. The artist can get on quite well with the business-man so long as he is honest and knows his job.

Dynamic and Static Values.

A Book on " A + B."

The thanks of every serious student and expositor of the central theorem of Social Credit are due to Le Comte W. G. Serra for his book* which has just been published. By pure coincidence it appears at a time when complaints are being voiced that in the whole range of Social Credit literature there is no book or pamphlet in which the A + B Theorem is made the central theme of exposition.† Well, whatever grounds there have been for such complaints this new book removes them. Count Serra speaks " A + B," the whole " A + B," and nothing but " A + B." And he does this with such conciseness, clarity and comprehensiveness that his book stands out as next-of-kin to *Economic Democracy*. It is a physico-mathematical exploration of economic fundamentals written in the same exact and compressed style (the whole book is only eighty pages) as that which characterised Major Douglas's work. It is true that the compression in the latter work bothered a good many readers, and such may be inclined to say that compression is a dubious quality to acclaim. But it must be remembered that whereas Major Douglas had to cover the whole field of deductions, implications, and significances in this first book of his, Count Serra is covering only a part of that field—albeit a vitally important one—with the consequence that he has scope for the elucidation of matters which Major Douglas had to treat allusively. One might say that Count Serra's work is, so to speak, an enlargement of a portion of Douglas's blue print. But thank goodness, it *is* a blue print—and that is what is here meant by " compression."

In the course of his arguments Count Serra makes frequent use of mathematical formulæ, and some of them will look rather forbidding to the average reader. There are two remarks to make about this. The first is that they are not inserted in the place of reasoned arguments, but as corroborations thereof. As the Dean of Canterbury says, in a Preface which he contributes to the book, " the equations are simpler than they appear, and in any event can be skipped should the reader wish it." The second remark may be addressed to those who have been agitating for " A + B " to be brought into the centre of the educational limelight and made the Hamlet of the play. Very well, they must take the soliloquy with the hero—and the soliloquy is the mathematics which help to complete the understanding of the character in relation to the play. What's B in A + B? that is the question—and to object to an elucidation in the language of mathematics of a Theorem which essentially involves a mathematical concept is to ask for less limelight on the Theorem.

A. B.

" Thus in the three generations before the war the bankers had taken the manufacture of money, in the widest sense of the word, out of the hands of the Government into their own, had broken the bands of the strait waistcoat in which business had been officially swaddled, and had given it room to grow, subject solely to regulation by banking prudence."

(Extract from *Bankers and Credit*, by Hartley Withers. Published by Eveleigh Nash and Grayson, London, 1924.)

* *Property—Its Substance and Value.* By Le Comte W. G. Serra. Translated from the French by T. V. Holmes, B.A., LL.B. Figurehead, 13, Orange-street, W.C.2. 80 pp. Price 2s. 6d. net.

† Major Galloway used words to this effect recently in a lecture delivered at the London Social Credit Club.

Headline News-Notes.

Good Luck, Italy. (E. News, July 15.)

Leading article on Abyssinia crisis, arguing that Abyssinians are uncivilised, and ought to be put under the control of white Governments, as in all other parts of Africa. Let Italy go in and take up this white man's burden, not troubling about the chattering of pacifists, etc.

Fifteen Million Small Capitalists. (Information, July 5, Circular No. 9, issued by the Anti-Socialist League.)

Gives table purporting to show (a) that savings, mostly of the working classes, amount to £2,833,250,000, and (b) how these are distributed among building societies, banks, insurance, and other thrift institutions. Item.—Deposits in Glasgow Savings Bank in 1934 were nearly £31½ millions. Item.—During last ten years total assets of all building societies have risen from £144 millions to £555 millions. Annual amounts advanced to borrowers have risen from £22 millions to £124 millions. Total advanced during the ten years was £779 millions. (*Financial News*, 22/6/35, quoted as authority.) Item.—Life insurance premiums were £45 millions per annum in 1910, and £125 millions in 1935. (*Financial News*, 17/6/35, quoted.) Further items referring to holdings in banks, railways, etc., are given. One of them says that the average holding of shares in the Big Five banks was £219, that number of depositors was over 11,000,000, with an average credit balance of £204 per account. (Authority, Lord Bradbury.)

" Peggy Blonde " is Trying to Forget. (N.W., 14/7.)

London Sessions cancel conviction of eighteen-year-old girl who received six months for ordering a meal worth 1s. 8d. without having the money to pay for it. Had been canvassing London for a job and got hungry. Now gone back to her home in the country, where there is plenty of grass free of charge.

Jury Decide Otherwise—War Injuries of Man Who Was Refused Pension—Shrapnel in Body. (S.E., 14/7.)

Inquest on man wounded in war—gastritis followed—was cured—gastritis reappeared later and he died. Spilsbury said death not connected with war wounds, although shrapnel in body at death. Hammersmith coroner, Dr. Edwin Smith, suggests jury return verdict accordingly. Jury decide otherwise: " We are all agreed that his death was due to his war injuries." A report from Ministry of Pensions said that he had applied for pension in 1920, 1928, and 1930, but each time doctor certified ill-health not associated with war services. (Deceased was Henry James Alder, of Blenheim-street, Chelsea.)

No comment required except: What about arrears of pension?

Those Two Strange Men—Clarence Hatry—and Jimmy White. (S.E., 14/7.)

Seymour Hicks gives personal reminiscences of his associations with these two men. Says neither greedy for money, but both ambitious of fame. Tone of article generally sympathetic. [This note of sympathy was also struck by Stanley Jackson in the *Evening Standard* previously when describing the trial of Hatry before the late Mr. Justice Avory, where the judge recalled the convicted man twice into the dock to hear additional sentences. Mr. Jackson thought this unnecessarily harsh procedure.]

The significance of this is that it appears to reflect a growing recognition of the distinction between *official* and *ethical* criteria of heinousness in crimes, which THE NEW AGE has often justified by reference to the Social Credit analysis.

Land of Promise For 10,000 People. (N.W. 14/7.)

£1,750,000 to be spent to move 2,000 families from the " demoralising influences of enforced idleness in the depressed areas," to land settlements where " it is hoped," they may win independence and a livelihood.

The political effect of this is to render more difficult the organising of the impoverished masses. If Dick, Tom, and Harry, who now live within a few yards of each other, are sent to points ten miles apart, their potential agitational

" increment of association " is destroyed. Whether they win a livelihood or not in these remote places is a secondary consideration.

Comedy of the Maine. (N. C. Jul. 19).

Breakdown of rationing system on board the Maine at the Royal Naval Review last week. This Review is a marine Ascot, and every ship is a Royal Enclosure, entertaining the same cross-section of High Society as attends the famous race meeting, Eton and Harrow, and all that. Hence, it is highly comic that the Maine suddenly exhibited the characteristics of a distressed area. Big Noises went about with plates and spoons searching the ship for something to eat. It is said that the food was on board all right, but wasn't available in the right place at the right time. The First Lord of the Admiralty has since published an apology for the breakdown in distribution of the means of life. He'll probably be known henceforth as the " Fast " Lord of the Admiralty. Anyhow, what is wanted now is an apology by the Prime Minister for exactly the same breakdown on the Ship of State.

The Theatre.

Mr. Ronald Adams' latest success, " Close Quarters," has now been transferred from the Embassy Theatre to the Haymarket for a limited run. It is a two-handed play: Miss Flora Robson and Mr. Oscar Homolka have to carry the whole thing between them. Personally, I found it more exciting than the commoner type of play, in which hordes of flannelled fools tramp about the stage with tennis rackets, which they evidently don't know how to use. I never felt that the economy of his method was straining the author's resources unduly. Miss Robson's performance suggested monotony from time to time, but, against that, Mr. Homolka displayed the most extraordinary powers of expression. Without being a great play, this is a good play, as they go, and Mr. Homolka is certainly an actor who should be seen.

ANDREW BONELLA.

Social Credit Reception.

This Reception, which took place last Saturday morning at the Holborn Restaurant, was well attended. From first to last some sixty or more visitors were presented to Lady Annesley, who kindly acted as hostess. Some were due to catch trains for home at various times from midday onwards, so that the earlier proceedings were devoted to the making and renewing of contacts and exchanges of views and experiences. At midday the company resolved itself into an audience to hear short addresses and discuss them. Mr. John Hargrave was put up first to give an account of the Green Shirt Movement. Questions and criticisms were put to him which he dealt with, and thereby no doubt removed a certain amount of misunderstanding about his policy and methods. Other addresses were given by Mr. A. L. Gibson, Dr. Purves, Mr. James Golder, Mr. Sault, Mr. Reginald Kenney, and Mr. Arthur Brenton; and among those taking part in the discussions, was Dr. Joyce Mitchell, the Honorary Secretary of the London Social Credit Club. Unfortunately the editor of *The New English Weekly* was prevented from coming in time to take part in these proceedings, as was intended, but he was able to meet with some of the guests. The acting-editor of *Social Credit*, Mr. W. L. Bardsley, was unable to accept the invitation to take part, as he had a previous engagement.

After an interval for lunch at two o'clock, some twenty or more reassembled for conversation, finally separating at about five o'clock.

There can be no doubt that the holding of this function will be found to have done much to strengthen the unity of the Movement. It showed that reasoning about policies of action can be carried on peacefully and profitably when their respective sponsors meet face to face, and submit their views to investigation and cross-examination. The Social Credit Order follow one star, and individual divergencies within it are only the stresses of a general convergence. Like the rising tide beating on a rocky shore it gets its own way by getting in its own way.

The Dinner to Douglas.

The Dinner held at the Connaught Rooms last Friday was well attended, about 250 guests assembling there.

Major Douglas, whom everyone was pleased to see in good health and spirits, was cordially received. He said that in view of his professional relationship with the Alberta Executive it would not be expedient for him to comment with freedom on the political situation in that province. He gave an illustration of the economic anomalies existing there; and then proceeded to the main theme of his address, namely, a discussion of the principles which should shape the policy of action to be followed by the Social Credit Movement in this country. He emphasised the conclusion which he had announced at Buxton a year ago, namely, that electors should be stirred up to insist on results, and should be asked to pledge themselves to do so at elections, voting only for those candidates who undertook similarly to demand results in the House of Commons. While recognising the value of other Social-Credit activities as contributory elements in the mobilisation of pressure against the Money Power, he believed that the Electoral Campaign was of primary importance. Probably no more than five years remained before a collapse of civilisation would supervene; and the best chance of averting it within that time was to convert the electorate to the new point of view as to their rights and functions. Education as to the merits of this or that technical method of securing these rights was now of minor importance.

Mrs. Douglas, in responding to the toast to the guests, gave the audience some amusing accounts of episodes during her visit to Canada.

The Prime Minister of Tasmania made a most favourable impression by his speech, which consisted partly in describing the round of lavish entertainments provided by the Government for distinguished visitors from the Dominions. He gave some impressive facts within his own knowledge illustrating the potential affluence of Australasia which compassed about the condition of actual poverty. While not prepared to say that Social Credit was the correct remedy, he was convinced that the Social Credit outlook and objective were perfectly right, and held out hopes of a new order which were not to be traced in any other philosophy or scheme that had come under his notice. He remarked, in a whimsical aside, that he held office by a majority of one—and that one, he added, was a convinced Social-Credit man. He would go back, he said, and tell his " majority " what a great impression had been made upon him by his private meeting with Major Douglas and his experience at this Dinner.

The Earl of Tankerville acquitted himself admirably as Chairman. His remarks were sincere and relevant, and rightly proportioned in balance and length. He himself is helping in the work of the Electoral Campaign, and this fact lent point to his advocacy of it.

Forthcoming Meetings.

London Social Credit Club.

Blewcoat Room, Caxton-street, S.W.

July 26th, 7.45 p.m.—" A background to Social Credit," by Mr. Ralph Williams, editor of *The Golder's Green Gazette.*

The New Age Club.

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

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