

# 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 . . . . .	117	
The committal of Mr. Penrice for contempt of court—discussion of his policy in relation to the political policy of the Social Credit Movement—the problem of the use of extra-constitutional action as an instrument against the bankers—the courts of law as a sounding-board for reformist education and agitation—the function of the rich to take the risk because they have as much to gain from Social Credit as the poor, and are better able to take it fruitfully. The Prosperity Campaign Petition to the King as an incipient demand for extra-constitution action in high places.		
THE MORTGAGED SURPLUS. By John Grimm . . . . .		120
Further lessons from the "overdraft-board" analysis of cost.		
THE POINT OF THE PEN. XLII (ii.). By R. Laugier . . . . .		121
REVIEWS . . . . .		123
<i>The Fallacy of the Social Credit Theory.</i> (Pamphlet by Jas. Younie of the Cardiff Proletarian College.)		
CORRESPONDENCE . . . . .		123
N. R. T.		
METHODOLOGY IN LAW. I. By James Golder . . . . .		124

## NOTES OF THE WEEK.

### Publicity and Liberty.

On July 30 Mr. George Williamson Withers Penrice, a landowner, of Ash Green, Surrey, was committed to Brixton Prison for six months in the High Court. He appeared before Lord Hewart (Lord Chief Justice) and Justices Mackinnon and Hilbery to show reason why he should not be committed for contempt of Court by issuing abusive and libellous statements in printed leaflets about several of His Majesty's judges. It appeared that he had sent these leaflets to the Director of Prosecutions. One of them contained these words: "Our civil courts have been discredited and dishonoured by . . . who have broken their oaths to dispense justice without fear or favour." Three judges were named in the passage. Mr. Penrice insisted that there was nothing in the leaflets that amounted to contempt. He refused to apologise for them; and proceeded to "challenge the right" of the judges that he had named to "sit upon the Bench." He went further still and suggested that the Lord Chief Justice ought not to adjudicate on the case, insinuating that his Lords was likely to be swayed by sentiment for or against the judges he had named in the leaflet above.

"I apologise for nothing," said Mr. Penrice, "that the statements I made are true. I am not ashamed of them."

When sentencing Mr. Penrice Lord Hewart said: "There is such a thing as committing contempt of court by scandalising His Majesty's judges."

"If you send me to gaol you will kill my dear wife, who is the best woman in the world," interrupted Mr. Penrice.

"Will you be quiet while I add a word," said Lord Hewart. "In Brixton Prison you will receive such medical attention as may be required."

"I require none" was the answer.

Mr. Penrice was reiterating his charges when Lord Hewart told him to sit down, and the tipstaff came up to take him by the arm. "Let me go," said Mr. Penrice loudly. "I want to get my glasses and my hat.

I am an Englishman and have done no wrong." (This account of the proceedings is taken from *The Star* of July 30, "Final Edition.") Little transpired to explain what had aggrieved Mr. Penrice, but apparently it arose out of an action for trespass that had been started against him, and some litigation in which he had been engaged over a "wrong conveyance." However, it is reasonable to presume that what had happened afforded no justification for his allegations, and that the issues were altogether too trivial to make it even conceivable that any judge would show fear or favour in adjudicating on them. Most people will say, and rightly, that Mr. Penrice asked for what he got.

But what did Mr. Penrice get? He got six months' imprisonment. Right; but he got ten square inches of heavy headline-advertisement on the front page of *The Star*, with twenty-five square inches of textual matter thrown in. The relative importance of this free limelight will be appreciated when we mention that the headline-space given to the Test match on the same page was twenty-three square inches. Of course, it would be stupid to ask that such an event as "Wyatt's Sporting Declaration In Test" should not take precedence over Mr. Penrice's declaration of another kind in Court as an item of news affecting the public interest; and Mr. Penrice has done remarkably well to score his ten square inches in competition with Wyatt's twenty-three.

Now the moral to be drawn from Mr. Penrice's success is this, that supposing his grievance had been well founded, and had involved issues of public importance, his action in risking the penalties of the law would have done more to bring about the rectification of the matter than any amount of peaceful, orderly propaganda. Supposing, on the other hand—as is probable—that there is nothing much in the grievance, the publicity now given to it will undoubtedly bring about a rectification of Mr. Penrice's estimate of its importance and assessment of its significance. So there was something to be gained either way by his method of procedure.

This episode serves to illuminate a little-appreciated feature of commercial competition between newspapers. It was only because of the intensive hunt for "sensations" that Mr. Penrice got any show at all. As a law-abiding citizen he had no *locus standi* in Fleet Street. But as a law-breaking citizen he becomes the originator of a "story" adaptable to the purpose of attracting pennies from the public. The Press is fair: it will always make something of a person out of whom it can make something. The results of this impartiality are useless in ninety-nine cases out of a hundred, but there is always the hundredth case.

To bring this point nearer home, we recall a conversation many years ago between a member of the Social Credit Movement and a professional journalist. It arose out of a complaint by the first that the Press were ignoring Social Credit and boycotting Douglas, accompanied by the allegation that this was a plot to suppress Douglas and his theories.

"Not at all," said the journalist, "Journalism is a business run for profit, and we have to give the public what interests them in order to hold our own in competition. The public aren't interested in your man Douglas: he hasn't any news-value, nor have his theories. Why should we waste profitable space in giving him a free advertisement? Now, supposing he were to jump off the dome of St. Paul's, or run away with somebody's wife, or something of that sort, we'd give him all the publicity you want: for we could sell it."

"Ah, yes," replied the other, "you'd give him publicity which discredited him, but won't —"

"We can't help that," interrupted the journalist, "it simply works out like that. Moreover, you cannot draw that conclusion. Let him swim the Channel if he likes—anything unusual which makes a story." Although this reply was not a convincing answer to the plot-theory, it certainly laid the onus of proving the plot on the Social Credit complainant, and served to show that the only way of proving it would be for someone to do something to turn Social Credit into a "story," and then watch to see whether the Press ignored it! All this happened years ago, and since then the activities of the Movement have created some measure of public interest in Social Credit, which certain journals are finding it profitable to exploit. And even back at the time we are speaking about, the journalist's argument was supported by the fact that when THE NEW AGE, on one occasion, came out with two or three blank columns which were to have contained comments that the printers thought it inexpedient to pass, the event was reported and commented on by several newspapers. We had made ourselves into a story, and so we were made something of by our contemporaries. We were even interviewed. Imagine it! Finally, the publicity we got did nothing to discredit us: on the contrary it couldn't help but accredit us in the quarters where we wanted to exert influence.

At the same time there were circumstances in this episode which reduced the value of the publicity to a minimum. The position was this: that our "Notes" were withheld from publication because of the fear that certain well-known public persons might consider themselves to have been libelled, and might enter an action against THE NEW AGE and its printers. A week afterwards, however, we put this matter to the test by pub-

lishing them independently without changing a word of the original and circulating them as a supplement, inset in every copy of THE NEW AGE. Nothing "sinister happened to THE NEW AGE," as the late Arnold Bennett would have said. And everyone who examined our comments saw that they were not malicious, untrue, or irrelevant to the interests of the public. Unfortunately the publicity that we received was over and done with in the previous week, and was not revived. The newspapers had thus reported and commented on only half the "story"—and by far the less important half. The whole significance of the obstacle placed in the way of our expressing our views obviously depended on what we said and how we said it. Yet these newspapers, when they got this information, did not consider it necessary even to record the fact that we had made it public, much less to discuss it and its clear relationship to their dearly-held (!) doctrine of the Freedom of the Press. It is true that the episode did not reveal a deliberate intention on the part of anybody to prevent our saying what we did, but it did disclose the fact that there existed a complex of prudential legalo-commercial calculations in the realm of journalism which tended to produce that effect, and which could be used to do so if certain high interests thought it necessary. One recalls with amusement the *Daily Mail's* pontifical denunciation in 1926, on the eve of the General Strike, when some of its staff raised objections to the contents of its projected leading article on the issues of the strike. Oh dear, oh dear, what would become of England if people like this were permitted to muffle the Free Screech of Fleet Street!

So much for that episode. But another one occurred subsequently which comes more closely to a parallel with Mr. Penrice's offence—that is contempt of court. We had written comments on a certain case in the High Court which were referred back to us on the ground that the judge who tried it had threatened to take severe notice of any journal which commented upon it. We had no choice but to acquiesce in their omission from THE NEW AGE, for the first place no printer would have passed them, and in the second the issues raised by them were only indirectly related to the specific economic policy of this journal—or at any rate would have appeared so to all but attentive students of the high politico-financial wirepulling that goes on behind the drawn blinds of our Democratic system. For obvious reasons we cannot go into details about the matter here and now, but may say that what we had proposed to say was of public interest, and that it was an abuse of power to prevent it from being uttered. When kind which were brought to trial the whole country is combed to get evidence against them even to the extent of bribing criminals to become informers; but there are people more dangerous than fire-raisers who seem to be able to invoke the law without submitting themselves to the evidential tests necessary for true judgments.

Now, Mr. Penrice's "contempt" has apparently brought him nothing but the moral satisfaction of having made his protest. His publicity method attracted attention he wanted, but it has not inspired confidence in the importance of the issue to which attention was attracted. Thousands of people read about him, but few

now remember about him even after the lapse of a week. It was antecedently incredible that a judge would single him out as a victim of injustice, and, on the face of it, highly improbable that his grievance was a representative one in the sense of making its investigation a matter of public interest. He could not expect anybody to attach weight to his unsupported allegations. His undoubted courage in expressing his convictions has failed to elicit sympathy or curiosity. It would have been otherwise if he had been able to show that he was making a stand for other liberties than his own.

We discuss his case because it has a bearing on the problems of Social-Credit political action. We said last week that if the bankers were determined to modify the Constitution and use it as a means of defence or counter-attack against those who assail their misgotten prerogatives and powers, there would be no way of averting a catastrophe except through extra-constitutional action. Mr. Penrice's outburst illustrates one form of extra-constitutional action. As already stated, it was futile: but its utility lay in his method and the (ostensibly) slight importance of the occasion for it; not in the principle of inviting or risking penalties. We pointed out that it would be futile for the principle to be applied except by someone somewhere who had enough influence either to succeed in his attempt, or, if he failed, to evoke widespread sympathy, and perhaps resentment, at his failure. The Courts of Law are an excellent sounding-board for a righteous cause; and to us who know that they are the outposts of bankster constitutionalism it will appear logically incontestable that a clash with the law—which we prefer to call a *testing* of the law—may hasten the disclosure of the secrets of financial government more than peaceful persuasive propaganda of the safety-first type.

As a matter of fact, all through the history of reformist agitations, the constitutional wings of the various movements, though keeping themselves well on the right side of the law, always nourished the hope that someone or other would get on the wrong side of the law on an issue which they could exploit without taking responsibility for having directly prompted the infraction of the law. We have quoted before now the case of the Suffragist lady—a real one; she was "Lady" somebody—whom we heard to remark at the time of the Suffragette irregularities: "You know, we all deplore the methods of these Suffragettes, but I am bound to say that without them our Movement would not have been what it is to-day." The other Suffragist ladies to whom she said this gave a reluctant assent to her tribute to the potency of unladylike behaviour.

It is not suggested that the rank and file supporters of Social Credit should copy the methods of the Suffragettes. They could not do it with the same impunity, or any impunity. But a more important consideration is that if they did it would be a relief to the poor man carrying the rich man's burden. The Social Credit objective is completely distinct from the previous objectives in the history of reform, because the rich have as much to gain from its achievement as the poor. Some of our readers would say "more." In any case, the rank and file of the Movement have the right to take the view—which is at once logical, prudential, and just—that it is their function to stick to agitational publicity and the function of sympathisers more highly placed in the structure of society to take such extra-constitutional action as may become necessary to avert the catastrophe. *Noblesse oblige.*

If that is accepted it follows that the leaders of the rank and file, while holding them back from ill-judged and mis-timed disorderliness, should nevertheless seek to create in them a tolerance for the principle, and even an expectancy for the practice, of extra-constitutional action. One manifestation of such an attitude of mind

—and the least "seditious"—can be seen in the response (whatever dimensions that it has reached) to the Prosperity Campaigners' canvass for signatures to their Petition to the King. For the Petition virtually asks the King to intervene on behalf of the people against the banks. The objection that the King has no constitutional power to intervene, if well-founded, only serves to stress our point that the Petitioners are, in form, inviting the King to take extra-constitutional action. Whether he will, or can, is beside the point. Further, the mere association of such an invitation from below with the King's name serves to suggest to those who surround the King the possibility (to put it no higher) that there will be a strong backing of loyalist sentiment for whomsoever comes forward to intervene with the object of evicting the bankster usurpers of the prerogatives of the King and Parliament.

## Headline News-Notes.

"Twenty-five Years of Progress in Currency and Banking."

(Midland Bank Review, June-July, 1935.) The gold standard of 1910, says the author of this article, "was really a sterling standard, subject to almost undivided management, when need arose, from London. After the war it was a machine subject to divided control from three centres having little in common as to either objectives or instruments or surrounding conditions." (Our italics.) This is another way of saying that control of monetary policy after the war was becoming internationalised. Naturally there was "little in common" as to objectives, if by this is meant the relationship between financial policy and the desires and expectations of those who work under it. There can be no such thing as an international objective excepting that of International Finance to consolidate its powers of control. And that objective can only be attained at the cost of perpetuating and intensifying clashes of other objectives.

The following section of the article, entitled "The Method of Monetary Control," is worth recording in full.

Associated again with this close integration of the banking system has gone a vital change in the method of monetary regulation. In a highly developed system a central bank has two principal instruments available to its hand in the execution of its policy—whatever that policy may be. It can act on the quantity of money available for the use of the public; and it can act on the rates charged for the use of money—or, to look at the other side of the picture, on the rates of return obtainable by the lending of money, either at short or long term. Twenty-five years ago, by the very nature of the banking system, the first instrument was almost unknown, or at any rate very little used. If the Bank of England thought it to be its duty to pursue a restrictive policy—perhaps to check an outflow of gold or to arrest a speculative movement on the stock exchange or commodity markets—it raised money rates, and only in extreme circumstances did it take action which directly curtailed the quantity of funds available within the narrow area of the money market. Nowadays, instead of a mild and occasional form of quantitative regulation being used as an auxiliary to rate control, regulation of the total supply of money is the dominant instrument of policy. From time to time the quantity of money undergoes alteration without any accompanying effort to vary the rates charged for its use. The rate instrument has, indeed, become far less effective than formerly, and quantity is the dominant force in present-day monetary policy.

The importance of this particular change is two-fold. First, it relieves the economic system of the effects of frequent variations in the basis of lending rates. Industry and trade are subject to less disturbance now than before the war from off-repeated changes in Bank rate. And secondly, it has rendered monetary management far more effective. A rise in interest rates, if it went far enough, was in the old days moderately successful in checking a boom, but a fall in interest rates was very slow indeed to stimulate recovery. Restriction of quantity, especially when undertaken along with a rise in rates, is even more effective as a check to unhealthy developments; and positive expansion of quantity, together with a fall in rates, is far more powerful—as we have seen in the past three years—in promoting recovery from depression. Clearly, then, the change of method in monetary management represents a pronounced improvement in the technique employed.

## The Mortgaged Surplus.

By John Grimm.

The articles recently published under the title of "The Overdraft Board," showed that when industry is divided up into sections each under an independent proprietorship and employing its own accounting system, a combined statement of the accounts would show a total of costs which would be greater than if industry were under a single proprietor and one accounting system. Industry was compared to a board divided into squares representing these sections, and it was shown that square-costs were entered up which were not board-costs, and made a total in excess of board-costs. The excess was shown to arise from the costing of purchases by one squareholder from another, and so it was clear that if there were no squareholders but only a board-holder there would be no costing of this sort, for the board-holder would then be buying and selling from and to himself, incurring and recovering costs; penny for penny simultaneously. These costs would be automatically cancelled. There would remain only such costs as represented payments *outside* the board (that is, payment made to individuals and constituting their personal incomes): and the amount of such costs would necessarily be exactly equal to the amount of unspent income outside the board at any given time.

But he would have to be independent of the banker, or be able to control the banker, in order to bring about this result. Let us suppose him to borrow, say £128, and distribute £2 each to 64 square-holders, now square-managers on a given day, say January 1. The loan is repayable on January 31. Suppose that there are no pre-existing costs on the board, and that every manager pays out his £2 to himself and others for services rendered. Suppose that during the month 128 units of production are made, and that, of these, 32 can be finished for distribution to consumers.

On January 31 the board-holder has to repay £128 to the banker. He has two options. One is to charge the consumers £128 for the 32 units. The other is to charge them £32 for the 32 units and £96 for the 96 units.

In either case he recovers all his costs, and discharges the whole of the debt. On the other hand he has unloaded the cost of all the products on to the consumers while delivering to them only one-third of them. He is, as it were, a trustee in custody of a surplus which the consumers have paid for. They may be said to have paid £32 for the immediate delivery of 32 units and pre-paid £96 for the forward delivery of the remaining 96 units.

The forward delivery, however, has to be effected through the medium of money. But on February 1 there is no money—the banker has cancelled it. If the board-holder now borrows a further sum for further production this will not enable him to deliver the surplus, or any part of it. It will be a new cost for the February production. Observe that the trouble has nothing to do with the board-holder's wanting to retain the surplus (he is just a trustee) but the whole trouble is that the money-system does not provide for his distributing it. If he chose to disregard the money-system he could (in theory) give the surplus away—throwing in as over-weight some of the January surplus along with February products.

But in practice this would be checked by the banker, for the banker lends only on security, and the security

in this illustration is precisely this surplus. If the board-holder gave it away he would destroy his borrowing-powers, and production would stop. So it will be seen that the financing of new production is conditional on the retention of surplus past production. The board-holder must mortgage it to the banker, and in his February operations he has to deliver short and create a February surplus in order to discharge the mortgage. Yet the discharge of the mortgage does not free the surplus for distribution: it only expands the security for a March mortgage, and so on.

It will be seen that the trouble has arisen out of the original transfer from consumers to the banker (via the board-holder) of the £96 in addition to the £32. Only £32 should have been repaid by the board-holder in January, and then there would have been £96 available to buy the January surplus.

The above concept of the *buying from oneself* is a key to the puzzle presented by the A + B Theorem to many people. In terms of this board analogy, the opening statement would be as follows: At any given time payments of money transferred out of a given square go to two destinations: A—payments from that square to outside the board; B—payments from that square to other squares on the board. At any given time costs are being entered up in every square. Assume that there are sixty-four squares, and let the payments be designated by small letters a and b. The sums of money expended by each square will be different, and so will be the ratio of a to b, in every square, but for the sake of simplicity we may average them out and say that a = £1 and b = £2. In that case the total of costs entered up on the board at the given time will be 64 times (a + b) and can be designated A + B, A being represented by £64 and B by £128; total £192.

Critics often say that what is true of one business organisation—here represented by a square—is not true of all of them put together, for the reason that they make payments to each other as well as to private individuals. They declare that while there may be sixty-four sets of costs, each a + b, recorded at one and the same time it is incorrect to infer from this that A + B = 64(a + b). They allow that A = 64a, but will not allow that B = 64b. Now the cogency of this objection depends entirely on the significance which one attaches to the result arrived at. One thing is beyond argument, namely that if sixty-four people simultaneously enter up a cost a + b, then a total cost of 64(a + b) is entered up! Now these critics would be correct in charging the calculation if the proponents of the A + B Theorem were trying to prove that the whole of the £192 (64a = £64 plus 64b = £128) measured *net addition to costs* against the public within the chosen accounting period.

This is not the fact. The net addition to cost within that period is A, or 64a, i.e., the £64. The B figure, or 64b, i.e., the £128, represents costs existing before the period opens. Without such pre-existing costs (and products corresponding to them) there could be no expenditure of the "b" class in any square on the board—all expenditure would belong to the "a" class.

The misunderstanding is cleared up if we consider the board to be under one proprietor. For then, the "b" payments from one square to another cancel out, because he is the proprietor of every square, and every payment he makes on account of one he receives on account of the other. In a word, he is buying from him-

self within the chosen period a surplus belonging to previous periods.

Again, from what has been shown previously, he is using borrowed money (created by bank loans) in order to do so: for no other money was available at the end of the previous accounting period to place against this surplus. And because this money is borrowed—and for the term of the current accounting period—he has to use the total proceeds of this selling of the surplus to himself in order to repay the bank within the period. That is his B expenditure is collared and cancelled by the bank. Now what is true of him regarded as sole proprietor of the board must be true if there are sixty-four separate proprietorships, because the principles and practices of borrowing, buying and accounting are the same in either case. That is to say the bank collars the sixty-four "b" expenditures. It is harder to see it this way, because these little "b" pieces move about on the board in all sorts of queer ways like knights, bishops, castles, and pawns; but they are *all on their way to be "taken" by the banker*, and are therefore immune from capture by the consumer. To put it another way, the sixty-four "b" expenditures are escorted off the board by the armed guards of the Money Monopoly to end their lives in the execution-shed of the loan-system.

At this point it will be seen that it is idle to dispute about whether B is equal to the sum of 64 "b's," or if so, whether the whole, or what part, of B is immediately chargeable to consumers in the chosen accounting period. The whole point is whether *any* cost of the B class enters into the price to be paid by recipients of money belonging to the A class. If so industry is trying to recover from consumers money which has been confiscated by the banks.

It was pointed out by our contributor, Mr. Warren, some time ago that the payments of one business organisation to other organisations, i.e., "b" payments, have to be viewed from another aspect when you consider them *en bloc* in relation to industry as a whole in a closed credit-area. There are no other organisations. What, then, is the nature of these "b" payments—what do they represent? They represent, he said, payments by industry in one accounting period to itself in the previous accounting period. Industry at, say, the end of January, winds up with a certain surplus of products the costs of which are outstanding, and (by hypothesis) irrecoverable from consumers. It puts its surplus into the hands of an Official Receiver (who, it will be seen, represents the banking system) and reconstitutes itself into a new company, which may be called the February Corporation. This Corporation then raises credit with which to acquire the assets of the defunct January Corporation which are now in the custody of the Official Receiver. This Receiver now stands in the place of the aforesaid "other organisations" (who, in the A + B Theorem, are the recipients of the "b" payments of the hypothetical typical business organisation). He is also, additionally, the sole source from whence credit can be raised by the February Corporation. He is the Banker-Receiver. As the Banker he advances a loan to the February Corporation, and as the Receiver he collects the proceeds of the loan as payment for the assets of the defunct January Corporation. In this way he clears the deficit of the January Corporation and issues a certificate of its discharge from bankruptcy. The February Corporation begins operations with this same deficit, and at the end

of the month has probably increased it (it cannot reduce it). Whereupon there is another winding-up, and a March Corporation is formed. And so on in an eternal vicious progress of insolvency.

Thus the B payments of industry as a whole (or the "b" payments of organisations constituting industry) are in effect payments for the renewal of mortgages on undistributed assets—the renewal of licences to carry on business. The A payments go to private receivers and the B payments to the Official Receiver.

It remains to be seen for how long the proprietors, managers, and men who are carrying the burdens and risks of economic enterprise will continue to tolerate the colossal impudence of the High Financial Hierarchy in appropriating and sterilising the increment of association which rightly belongs to the community.

## The Point of the Pen.

By R. Langier.

No. XLII (ii).—EDUCATING FOR LEISURE.

The use of leisure is largely a matter of psychology, suggests our reviewer. Children pushed into the streets, from their homes, despite all their ingenuity, with sticks, stones, and mud "toys," cannot—thinks the reviewer—"really learn how to use leisure." The Puritanical creed, teaching that play was sin, has not helped very much. But it has had its psychological effect, for two gardeners, given a fortnight's holiday on full pay, became so bored that, in three days, they begged to return to work.

Apparently the *Times's* reviewer does not care for the idea of such fanatically jobbing gardeners, but he likes discipline, and the public school *esprit de corps* tripe brought home to the business and bosoms of our youthful poor. Discipline and duty. . . .

It is impossible to estimate the value to national life of organisations like the Boy Scouts, the Girl Guides. . . . These teach principles of team work and of activity; it is difficult to imagine the keen cub or scout developing into the slouching, cigarette-smoking, pimply and ogling lad who still, to some extent, infests the evening streets.

This is, of course, the Puritan again, and the quoted passage has all the vague rhetoric which typifies the pure in heart when they are all hot and bothered, and uncertain how to attack. Team work is all right, but the ideals described have, in our public schools, produced little except an empty mind in a healthy body, whilst proving a graveyard of original talent, and the sworn enemy of individual initiative.

What bitter hatred, born of fear, lies in the juxtaposition of adjectives like "slouching," "cigarette-smoking," "pimply," and "ogling"! If our reviewer passed a gentleman, wearing the old school tie, and slouching through the Burlington Arcade, cigarette in mouth, and monocle surveying the passing pulchritude, would the journalist fume or sneer? He would not. With money in his pocket a man may have slouch, cigarettes, and pimples, and pass uncriticised. Also he may ogle, and indirectly this practice might cure his pimples, in which case good luck to him. He is a "sport." He likes his bit of fun. But the poor may not slouch, nor ogle, nor smoke. Leisure or no leisure, they are still wanted, bright and early, at the bench and desk. By all means be a "keen cub," be active in "team work," but do not ogle and get pimples. . . .

Well, the *Times* need not be frightened. Fortunately—or is it unfortunately?—the English poor are desperately respectable, despite every effort to debase them in body and mind. It is the middle-classes who abandon their homes, having first by their petty tyrannies created a "servant problem"; it is the middle-classes who abandon homes and live in hotels for the sake of automobiles, Mediterranean cruises, or out of sheer laziness and lack of guts on the part of their women. The poor hang on, their spirits unbroken, their determination to improve themselves unshaken, their family life loyal and affectionate, the industry and courage pathetic and amazing.

The section of the poor who indulge in what the social workers call "sexual delinquency" is a very small section. The *Times's* reviewer deplors this "sexual delinquency," he becomes anxious at the adoption by young people of a laissez-faire attitude. Laissez-faire is bad for the poor. So is sexual indulgence, and sexual experiment before marriage.

... a fact to cause disquiet, since a marriage entered into in the spirit of excitement caused by sexual indulgence just at the age when the body is much more powerful in its demands than the mind or spirit cannot produce social order or happiness.

The *Times* reviewer then wants to produce happiness. And excitement is not so good, and we need not then congratulate ourselves, necessarily, on the seating capacity of London's cinemas? However, our reviewer need not be alarmed. I always like to educate journalists, and I will let him into a secret: youth is not the age when "the body is much more powerful in its demands than the mind or spirit." On the contrary, youth is the period of fantastic ideals, of passionate chastity, and worshipping love: it is the period when a young man selflessly adores his mistress, the period when all the finest poets have written their most idealist, erotic verse. It is the egoist, cynic, and "nasty old man" who puts the body first in erotic fancy; it is not generous, self-sacrificing youth.

The poor—as I began by saying—are quite capable of looking after themselves, so long as economic conditions are not made too utterly impossible for them. They want no help from "social-workers," and no patronage from journalistic hacks. The poor are superior to their fussy advisers and disingenuous patrons. The poor struggle on, fighting in peace as they fight in war, and saving by their courage and sacrifice the traitors who presume to be their betters, and pretend to be their leaders.

The *Times* reviewer knows perfectly well that all the poor need is a fair share of their own credit, and more of their own money out of the banks, into their pockets. He says the work of philanthropists is transitory—until the community can manage its own leisure out of its own initiative, its own money and its own resources. That is the last sentence in the *Times* review.

The truth is simple. The instincts of the poor are sound, and their taste is still very largely unperverted. They love their homes; and if they do not want to see their home-life depicted in art that is chiefly because their homes are dreary, overcrowded, often squalid places. No one suggests that middle-class audiences are tired of the "sets" produced in drawing-room comedy. Because these "sets" are not ugly we do not tire of them, even if we tire of the dramatic work they assist. No one likes ugliness—that is the truth of the matter—and the poor wear themselves out in an endeavour to

make their homes decent, whilst the financiers and their pimps produce ruin.

But the poor do not want "realistic" depiction of slum life, neither do they desire Hollywood idiocies, and shallow, insincere fiction. The youthful poor take the dope, as being all they can get; but, as we have seen, when the poor marry and get on in life they turn away from "dope."

Does anyone doubt but what these decent poor require the best work that artists can achieve? I do not. I believe these poor are very like their Elizabethan ancestors: they want the best, but, unlike their forefathers, they cannot get the best. To-day, the finest artists starve, with the poor they would fain serve. The bad artists make money by writing disingenuous reviews for a coprophagous Press.

The chief lie, in this survey of the existence of our poor, is the suggestion that the problems are ethical. The very article itself shows that the poor are not only decent, but, considering their handicaps, well-nigh saintly. Their morals are all right. They need neither preaching nor guidance; all they need is money—their own money, stolen from them by the banks.

Given money I am confident that these poor would demand something a great deal better than they are given. I remember, during the war, the cheap, snobbish sneers levelled at munition-workers who bought pianos, and had their daughters taught music.

To educate the poor for leisure one thing only is necessary: put money in their purses. Make their natural, healthy demands effective. The results will, I think, astonish our philanthropists and Fleet Street hacks. We shall see a world stripped of the shoddy and muck that the selfish middle-classes have tolerated, if they have not encouraged. We shall see all the fine things, now struggling for life, gaining that life. The best theatre seen for four centuries; the highest general standard of fiction ever seen; the greatest facilities for producing the best works of Art and Science. It is not the poor who shun these things, or sabotage these things: it is the realm-raping financiers who are responsible. In fact a just judge will highly commend them. It is their betrayers, who have "vice-societies," "social-workers," and journalistic hacks, who stand accused.

### The Profits of Retailers.

A question is put sometimes asking if profits added to the cost of retail goods do not disturb the equation between retail price and consumer income. Thus, suppose the collective cost to all retailers of their stocks is expressed by £100, and they priced their stocks at £125, does the £25 leave the customer short if the retailers receive it? The answer is in the negative. Assuming that profits is another on consumable goods (the investment of profits is another story and does cause disequilibrium), then the retailers, considered collectively, buy their own goods: they are already in possession of the things they want to buy.

The shopkeeper's £25 may be regarded as borrowed money with which he pays himself wages of service. This sum must be added to his customers' incomes, which may be assumed to be £100, in order to give the consumer's side of the equation. On the price side there will be the wholesale cost of £100 plus the shopkeeper's wage cost of £25. The two sides will equate at £125. The customer will only have £100, but the shopkeeper will not require to collect more than £100. What he does in principle is to sell part of the stock at the price (to him) of the whole stock.

## Reviews.

**The Fallacy of the Douglas Social Credit Theory.** By Jas. Younie, Tutor, Cardiff Proletarian College. 16 pp. (not priced.)

Mr. Younie reminds me of some farm-hands who were trying to clear a barn of rats. They caught one, and somebody got the bright idea of tarring the creature, setting it alight and driving it down a hole to scare or scatter the others. This they did: and the next thing they knew was that the barn was on fire. Mr. Younie sets out to prime young proletarians with argument wherewith to confound "Capitalist" Douglasites. One of these arguments is supposed to disprove the Social Credit proposition that there is a shortage of credit. The disproof consists in the statement that "between 1800 and 1928 the total British Capital expanded from £1,500 millions to £24,000 millions," . . . i.e., "£518,000 a day" . . . during "the 128 years under review." He invites his readers to "use these figures against the Douglasites when they cross your paths." If they do they will set the Marxian barn ablaze for sure. This "Capital" is debt: and the debt is a proof and measure of a shortage of credit. In a closed credit area the fact that the community as a whole owe a certain section of themselves money which does not exist anywhere among themselves shows that money has been lost to them collectively. To use Mr. Younie's figures, the community has been losing half a million a day since 1800. He may reply if he likes: "They must have had it to lose it," but the fact remains that they lost it before they could buy the goods and services (potential and actual) now valued at £24,000 millions.

Speaking of Douglas supporters he says: "Their weekly paper THE NEW AGE is a consistent champion of capitalism, and claims that the Douglas lubricant solves the problem of harmonising the interests of the capitalist and the worker within the industrial system." This is "a political sop to secure mass following, and herein precisely is revealed the Fascist tendencies of Douglas and his cronies." The "championship" of THE NEW AGE has always been this: that the capitalist has not got what the workers would dispossess him of, i.e., money constituting effective demand on industry's production-capacity. You may knock him down and take his "property," but you are no nearer converting it into money—which is what he wants to do now—than you were before. Its value depends wholly upon your being able to distribute it in consumable forms. This could conceivably be done by military compulsion, but it were better done by financial inducement. Whichever way it were done it would involve interference with the mortgage-prerogatives of the bankers, to whom all "Capital" is pledged. The bankers have to be overthrown in any case, and the practical question is whether workers shall fight an alliance of mortgagors and mortgagees, or whether an alliance of workers and mortgagors shall fight the mortgagees. The second alternative is obviously preferable provided that it is feasible. The Douglas analysis shows that it is feasible, because it can show a material advantage to both parties to an alliance against the bankers. In the meantime this is not to say that the workers should stop making themselves a nuisance over wages and conditions—let them get on with it, but not with the object of taking over the responsibilities of running the system themselves; on the contrary, with the object of making these responsibilities so irksome to the capitalists that they will have to face the alternatives of throwing the job up and leaving it to the bankers, or of themselves taking over the functions of the bankers. In the latter alternative they could count on the backing of most people in this country, provided that they chose to adopt the right system of finance. It is one of the functions of the Social Credit Movement to teach them the right system. So, from a deep point of view the immediate agitational tactics of Communist reformers helps Social Credit by making the capitalist more ready to listen to its message.

## LETTERS TO THE EDITOR.

### THE OVERDRAFT-BOARD.

Sir,—Congratulations on the Overdraft-board! It is what we have all been waiting for—a visual picture of A + B. May I suggest it would be clearer to divide 128 into 50 and 78, not 64 and 64, as it makes the explanation easier (I refer to THE NEW AGE, page 99, second column, first and second paragraphs).

N. R. T.

### Credit and School Examinations.

1. The Educational Institute of Scotland, which represents every branch of Scotch education, has a committee on educational finance, which for two years has been studying problems of high finance, and has given much attention to the various Social Credit proposals.—*The Schoolmaster*, April 11, 1935.

2. "Describe the process of creating deposits by the granting of overdrafts to producers. Under what conditions could the bankers increase the quantity of money by this method?" (Question set by Mr. E. F. M. Durbin and Mr. R. S. Sayers in the paper on Elementary Economics at the Higher School Examination, London University, this July. This examination is taken by the sixth forms of Secondary Schools.)

### Making Imports Pay.

"Commenting upon the economic situation of Ethiopia, *Gringoire*, of Paris, states: 'The Ethiopian Government has some very simple methods of making money. As the rivers of the country contain gold, it grants exploitation concessions to foreigners. When the concession is in order and the work is about to commence, the Administration causes complications to arise, refuses labour to the concessionaires, and threatens their lives. They have barely the time to pack up and clear out. In this manner the Emperor comes into possession of a certain amount of plant, which has not cost him anything but the trouble of getting rid of the foreigners.'"—*Corriere della Sera*, July 16, 1935.

### The Social Credit Library.

#### PUBLICATIONS RECEIVED.

*From Debt to Prosperity—The Proposals of Social Credit.* By J. Crate Larkin. 82 pp. Price 25 cents (25 copies for 5 dollars).

*Money Enough.* By Jeremy Lane. 32 pp. Price 25 cents (25 copies for 5 dollars).

Both published by The New Economics Press, 103, Park Avenue, New York, U.S.A. The New Economics Press is associated with the National Social Credit Association, at the same address, to which all Social Credit Groups in the U.S.A. are affiliated.

"Banking statements and balance-sheets were always designed rather to veil discreetly the modesty of our monetary institutions than to let the full light of day fall upon the beauties of their figures and proportions. Since the war this has been more than ever so. Much of the information that used to be made public has been withheld, and, owing to the enormous complications and cross-currents behind the figures that have been published, it has been impossible to draw more than uncertain and halting inferences concerning their meaning."

"It is not possible to guess how much of the money that the Government got by borrowing was real, saved money contributed by investors, and how much was new spending created by banks, either through direct advances to Government or through loans to customers for the purpose of lending. Banking figures, ever discreet in their references, naturally drew no distinction between advances made to customers for purposes of production and those made to furnish them with funds to lend to Government."

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

A. B.

## Methodology In Law.

By James Golder, M.I.Mech.E.

I.

Once upon a time I almost revered the law, and admired the legal profession to the point of jealousy; now I have lost all admiration and have no sort of sympathy whatever for the adult common lawyer, the court barrister, and his henchman, the matured solicitor, except when swimming, golfing, playing bridge, or meeting him in any other of the many and varied pleasant activities of common cultured human beings. My sympathies now are all for their young, or for any other human young, whose ambition is to essay the law for a man's life. If Social Credit be a forlorn hope in our time, law, as administered to-day, is the forlornest of all hopes at any time. For if in legal law as taught and practised to-day men have to hope for any description of salvation, then this generation is, of all generations, the most miserably hopeless.

I think it was young Perlmutter who said to his disconsolate elder partner, Potash, when *both* had been twisted by a lawyer in whom they put their trust, "Abe! Abe! have you nothing to say?" to which the dejected partner replied, as he swung his head slowly from side to side, "Mawruss, if I should say vot I tink, I could be arrested!" If in thus writing what I have a long time thought about the legal profession I take the risk of being arrested, my plea of justification is the brochure\* handed to me for review bearing the above awe-ful title.

It was no less an authority in statecraft than Lord Balfour who once justified riot and civil disorder on the grounds that there were limits to what flesh and blood could bear. In a sane order of society the title alone would be sufficient to cause a breach of the peace.

"Nomostatistics" let me tell you my long-suffering laymen, is the *shorthand* expression of the "quantitative methodology in law"! and this brochure is only the prologue, a sort of a bitter earnest of good things to come! May the good fairies save us all from the drama it portends and smother us before the epilogue, if the records of the statistics themselves have left us space enough in which to draw our last breath.

I once read a story of a man who lay down for a quiet nap in the parlour one afternoon, and after having eaten among other things two eggs and a half, dreamed a dream. In this dream he saw the door open, just a little; then in walked a chicken. Shortly after, in walked another chicken. A little later another, and another, until the floor was covered with chickens, all at about the incubator stage of locomotive development. Still the door was just open wide enough to admit a chicken, and the supply continued until over-crowding drove some on to the chairs, tables, sideboard and wat-nots. Others now began to seek a foothold on the man himself, and presently he was covered with chickens. By some manner of means (not recollected) the man was made aware that this was a sort of a resurrection day for all the potential chickens the sleeper had consumed in egg form throughout his life, and the story ends with the appearance at the door of the last chicken—which he observed was only half a chicken!

That story, and the picture by Anatole France of the avalanche of papers in the Dreyfus case which smothered

the clerk in charge, came into my mind, as I contemplated "the quantitative methodology" by which the legal profession has fashioned itself into a freak organ of the corporate body of mankind, and the technique extolled by George H. Jaffin for the continuity of the freak.

Yet the essay is well worth reading. It has the blessed virtue of brevity, while the footnotes reveal prodigious research. Indeed, the volume of "references" is about equal to the essay itself, which is, of course, characteristic of the profession which has risen to power and influence among men as much by its ability to conceal as to reveal the true meaning of words.

The main thesis so far as I am able to disentangle it from a very able historical survey of the roots of legal law is to extol what the author calls "the statistical technique."

(To be continued.)

### Generosity by Instalments.

A neat piece of deflation is disclosed in the reduction of mortgage interest from 5 per cent. to  $4\frac{1}{2}$  per cent. by building societies to their mortgagors. At first sight, this generous gift may inspire a feeling of gratitude in the hearts of thousands of little underwriters. As usual, there is a snag in bankster generosity.

In order to qualify for the reduced rate, the mortgagor is required to sign an agreement acknowledging the right of his mortgagees to return to the statutory rate of 5 per cent. entered in the mortgage deed, and further, in the event of such a return, to repay on demand any sum or sums allowed by reason of the reduction. For this munificence the happy little mortgagor pays 6d. for the agreement stamp, has the pleasure of waiting and wondering if or when the 5 per cent. rate will be re-imposed, and immediately loses income tax rebate on the difference between the interest at 5 per cent. and the interest at  $4\frac{1}{2}$  per cent. Furthermore—and this is where the deflation comes in—he gets no reduction in the amount he pays monthly or quarterly, where principal and interest are spread in equal amounts over the term of the loan. A larger proportion of his payment is allocated to the reduction of principal, thus ensuring that the loan will be repaid by an earlier date.

Collectively, the banks will be retiring a greater amount annually than before, while each little mortgagor only gets his benefit, if any, at the other end of ten, twenty, thirty . . . years! Once again, "Pie in the sky. . . ." H. E. B.

### PUBLICATIONS RECEIVED.

Bank of Nova Scotia Monthly Review, June, 1935.  
Devotes whole issue to an article entitled "Social Credit and the Canadian Economy."

### Notice.

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

Mr. Arthur Brenton,  
20, Rectory Road,  
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\* Prologue to "Nomostatistics." By George H. Jaffin. Reprinted from *Columbia Law Review*, Vol. XXXV., No. 1, January, 1935.