INCORPORATING "CREDIT POWER." THE NEW AGE SOCIAL CREDIT SOCIETY

ORGAN OF ANNUAL SUBSCRIPTION TO THE SOCIETY No. 2370] NEW Vol. LXII. No. 15. THURSDAY, FEBRUARY 10, 1938.

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### The German Situation.

It was Hitler's turn on the European variety stage st week last week. Unlike the event of June, 1934, his Purge act has been performed without bloodshed. And this means that the crisis is less vital means been performed without bloodshed. And and is that the issue underlying the crisis is less vital and is and is capable of tentative solution. The purge has been with brown liquorice, not a black draught. All the generals

the generals are alive to quarrel another day. We once captained a cricket team. One reason was that we did not want to captain it. The other reason was that two rival characters wanted the job. Neither the country of the other's being empowered would tolerate the idea of the other's being empowered to decide the idea of the other's being empowered by decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered the idea of the other's being empowered the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered to decide the idea of the other's being empowered the idea of the other's being empowered the idea of the other's being empowered the idea of the ide decide the batting order and the bowling changes. Each feared the batting order and the bowling the un-worthy record the other would crab his average for unworthy reasons. We had no ambition for averages, and only a limit. only a limited power of realising it in any case. We got our best fun out of fielding—the Cinderella of the three arts in cricket. So we became the "All-Highest" in name though the all-lowest (or because we in hame though the all-lowest (or because we include the all-lowest). in name though we were the all-lowest (or because we were) in factorial ways and the second were the second ways responsibility too were) in fact. We did not find our responsibility too onerous. B. We did not find our responsibility to onerous. onerous. For whenever a decision of ours was not to the liking of one rival, it was heartily applauded by the other. So, in a sense, every decision that we made turned out in retrospect to have been of the nature of a casting casti deservedly credited with wisdom and impartiality. So the team played up not too badly and the supporters of club played up not too badly and it is this last consideration which counts in the long run.

Hitler has

Now, by something of the same process, Hitler has impressive. But it is too impressive to reflect mundane notes. It is like the title King of Kings, and contitler is undergoing the ritual of beatification and will turn out to have become the Patron Saint of the Fatherland. turn out to have become the Patron Saint of the Fatherland. As we all know, his job was really done when scalled know, his job was really office. was called on by Hindenburg to take office. Since then he has been giving casting votes on issues involving national oh; and oh; hational objectives on the one hand and international objectives on the one hand and international is objectives on the one hand and internauditional objectives on the one hand and internaudities of course the money problem. The narrow nationalist money is more than does the wide internationalist money. linds money barder to borrow than does the wide internationalist harder to borrow than does the wide internationalist hationalist. Hitler, as the mere head of administra-saint can be one or the other. Hitler, as the Patron must be one or the other. Hitler, as the pre-paring to be both together while the financial cat is prepaint can be one or the other. Filter, paint can be both together while the financial cat is planting to jump, and either in turn after it has jumped. I ow pictured the position faithfully a fortnight ago in out signs carbon showing the European autocracies hanging familiar legend: "Money Wanted."

A Midsummer Winht's Dream is repeating itself. Hitler the lidsummer Winht's Dream is repeating itself.

the lion is prepared to roar like a dove so as not to

frighten the ladies (especially the Old Lady of Thread-needle Street) for Bottom the Führer does not want to feel his head rolling in the sand under the sharp edge of

a credit-poycott.

Well; the proof of the purge is the health of the purged.

Let us light our candles to the All-Highest Saint and wait for the miracle.

## News from Canada.

Arguments before the Supreme Court about the disallowed Albertan legislation are reported in The Citizen (Ottawa) from January 10 to 17 inclusive.

Judgment has not been delivered at the moment of

Nor has judgment on the Appeals of Mr. Unwin and Mr. Powell from their convictions in the Libel actions.

On January 26 The Citizen (Ottawa) reports in full a speech by the Hon. W. D. Herridge before the Conservative Business Men's Club of Toronto, and comments on it in a leading article. it in a leading article. The reason why *The Citizen* pays this tribute to the address is because the speaker was (maybe unwittingly) talking the old Tory realism, and (maybe unwittingly) talking the old Tory realism, and was warning Conservatives that "reaction" was trying the conservative their party. The Conservative Party, he said was warning Conservatives that "reaction" was trying to capture their party. The Conservative Party, he said, is "democracy's last hope." He thereby suggested by implication that the objectives or ideals of democracy had been obstructed or betrayed by the parties whose names had become associated with the common people's

Our article of last week on the trouble between the Duke of Montrose and the Treasury will be seen to tune in with the spirit of the Hon. W. D. Herridge's speech. For the keynote of that speech was Canadian economic sold debandance. self-dependence.

YOU CANNOT UNDERSTAND WHAT IS HAPPENING IN

ALBERTA UNLESS YOU HAVE READ THE

# ALBERTA

Published by The Social Credit Party of Great Britain and Northern Ireland. (The Green Shirts.)
44, Little Britain, London, E.C.1.

Price: ONE SHILLING NET Post Free, 1/2

#### Cancellation.

If a Dividend is issued it comes eventually to the manufacturer. As he does not owe it to the banker how can it be retired from circulation unless he voluntarily retires it himself (tells his banker to cancel the deposit!)?-(Extract from a private enquiry.)

The "manufacturer," or rather the individual managements taken as a whole, are always in debt to the banks, and always pay it off if they can spare the money to do so. Apart from compulsions to repay they would repay spare money to save interest-charges. So if, as is assumed, the Dividend, comes into their hands as spare money, they will use it to pay off debt, or else to expand production.

#### The Fundamental Equation.

This manufacturer, considered as embodying industry as a whole, finances production with borrowed bank-

Therefore the whole of his revenue from sales is repayable to the bank.

He and his employees represent the whole community of consumers.

Between them they share out all the credit lent by the bank. (Payments between business organisations are ruled out of the argument by hypothesis.)

When the credit is due to be repaid some of it comes back through the consumption market, and the rest through the investment market.

For simplicity, assume that only the manufacturer has a margin of money to invest after he and his men have made their purchases in the consumption market. He is the only investor. He now invests in the balance of products. He pays the money to the bank along

The original bank-loan is now repaid in full and the whole credit is withdrawn from circulation.

The position, at this point, is that the manufacturer has bought the right of ownership over the undelivered

Some of these products he will retain as permanent capital (e.g., machines, tools, and so on). The others he will regard as floating capital (e.g., products convertible into consumable goods)

But he will not be able to sell the floating capital by borrowing for another production operation. Or, if he does, he will sell so much less of his second batch of products-which amounts to the same thing.

So he needs to collect money during the second period in excess of the money that he will borrow and disburse. The amount of this excess money will depend on what proportion of the floating capital of the first period he can deliver in the consumption market.

The source of this excess money will be the Dividend as defined in the Social Credit Proposals.

as defined in the Social Credit Proposals.

To illustrate by token figures: let him borrow £3,000 to commence with, and let the products be in the following proportions: Permanent Capital £1,000; Floating £300; Disposable Capital (i.e., products convertible to consumption uses) sumption) £1,700. Thus PC+FC+DC=£3,000. He keep PC and will contemplate converting FC into DC in a later period.

Assume that FC can be converted wholly into DC in the second loan-period, then he will need to collect £300 in addition to the amount of the second loan in order to dispose of it. So he and his men must receive a £300 Dividend from an outside source. (The cost of converting FC into DC—let it be, say, £100—can be disregarded, because this cost would be offset by incomes in the second period and would not have to be met out

Now, at the close of the second period, when the second bank-loan had been repaid, the manufacturer would possess £300 of his own. He would not owe it to

He would now have two options: (a) to spend it as a consumer, or (b) use it to finance production in the

next (the third) period. The second is the more probable because this manufacturer represents investors in general whose inclination is to reinvest spare money rather than to spend it.

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Then he will either increase his production-programme by the amount of £300, borrowing, say £3,000, as originally, from the banker; or, if he does not increase it, he will borrow £300 less from the banker. In the first case £3,300 will be in circulation backed by an equivalent equivalent increase in products; in the second case only £3,000 will be in circulation backed by the same quantities of products as in the first period. The lessened borrowing would put out of circulation the same sum, £300, as the Dividend had put in.

In either case the total money in circulation would be wholly engaged in financing production, and would expand or contract according to the scale on which production was corried on The scale on duction was carried on. There would be no piling up of superfluous non-functioning money.

There would be hank's

There would, however, be a discrepancy in the bank's books if the bank recorded the £300 as deposits: for deposits would exceed loans by that amount. Deposits say: Deposits (and the £300 as deposits) say: Deposits £3,000, and Loans £2,700. (Or Deposits £3,300 and Loans £2,700. £3,300 and Loans £3,000. (Or Depusion of the other hand the Authority which distributed the Dividend con hand the Dividend Dividend can be conceived as recording in its books:
Deposits, nil: Loans £300. Merge the Bank with the
Authority, and the totals balance at £3,000 (or £3,300).
This should satisfy double controlled.

This £300 can be considered as a perpetual Loan y the Authority to This should satisfy double-entry purists. This £300 can be considered as a perpetual by the Authority to consumers, who have Passed it in to the manufacturer, who now pays it out and gets it back period by period indefinitely.

But supposing the considered as a perpetual Lucinosis to the manufacturer, who now pays it out and gets it back period by period indefinitely.

But supposing that the Authority issues a fresh the in every successive period? That pre-supposes that total costs of production? total costs of production increase by that sum in each period—otherwise. period—otherwise this money would not be required by consumers. But, in theory, the volume and cost of production must sooner or later cease to increase, at the point where i.e., at the point where output is sufficient for consumers' needs. sumers' needs. From that time onwards the recurrent payments of the form payments needs. From that time onwards the recurrence would progressively all the manufacturer by consumers from the would progressively diminish his borrowings from the bank, and if this work bank, and if this went on long enough he would be own banker. Space on long enough he with own banker, financing production entirely with consumer-credits derived from the Credit Authority. only (no Loans) and in the banker would be figures of Deposits only (no Loans) and in the banker of the Authority. only (no Loans) and, in the books of the Authority, figures of Loans

In this situation (hypothetical as it is) the manu-cturer would related the state of the manufacturer would voluntarily begin to abandon methods of accounting which have of accounting which he employs to-day, and which to cause the cost-income disparity for which the bottom dend is necessary. For he would have, at the bottom end, an assured market for all his output, (as bank by do to-day) interrupt or stop productive-operating united to stop the calling in do to-day) interrupt or stop productive-operating sum calling in money at arbitrarily chosen times. up: the distribution of the Dividend would have tend influences of a psychological radio which would pivi up: the distribution of the Dividend would have set up influences of a psychological order which would pividend, in the first place, makes recoverable and in the second which is otherwise incoverable; and, patity, second. second place, by thus assuring complete recoverable; it removes the incentive on the control industry to the it removes the incentive on the part of industry to tinue the precautions. tinue the precautionary costing-and-pricing practices which create the precautionary costing-and-pricing practice impulses. which create the present irrecoverable margin, impulse: "Let's charge all that the goods will the money is available?" while the money is available"—i.e., in case consumes will be short later on, will tend to die out as going be short of industry is assured that consumers are not going

In this context it is useful to consider what with were to be financed by consumers with acting as bookkeens. vided by the Credit Authority—the banks acting of a bureaucrats deciding the what happened instead control of the control of t bureaucrats deciding what should happen.

cept is implicit in the principle laid down by Douglas at Swanwick when he spoke about the Dividend superseding the Wage. For here the consumers (or the Credit Authority acting on their behalf) could do without money-wages at all. They could say to the industrial technicians. cians: How many things can you supply us in such and such a time, and how much money do you want us to provide you with to deliver us the goods? For it is not essential, as a fundamental principle, that industrial managements should act as the paymasters of community. It is a convenience, and, as things are at present, an administrative necessity, since people working in industry expect to be paid as workers, and paid according to what they do. But it will be obvious that in principle the ideal financing authority is the consumer, for the party is the consumer. for the policy of the consumer is not to get his loans back at all, but to back at any particular time (or any time at all), but to get goods out.

Since, as critics of Social Credit themselves maintain, the whole cost of production can be resolved into payments. ments made by industry to individuals as personal income at different times back into the remote past, it follows that industry would incur no costs at all if the community lent the money (via a Credit Authority) and demands. demanded repayment in goods and services. Of course, in a close of the services of the service in a closed credit area, industry would need no money at all her money, it at all, because, not having to pay wages in money, it would not be all. It would would not have to pay out any money at all. It would need only have to pay out any money at all. need only to record transfers of material within itself, using transfer-notes of its own devising.

This is an admittedly unrealistic, or at any rate long-istance. distance, picture, but it is useful to keep in mind, because it, picture, but it is useful to keep in the token £300 cause it has a bearing on the problem of the token £300 Dividend Dividend which, apparently, won't get cancelled. introduces the factor of consumer-finance alongside bank-finance finance, and thus opens up possibilities of the super-session. session of bank-policy by consumer-policy. Between the banker and thus opens up possibilities of the Between the banker and the consumer is a fundamental conflict.

The banker and the consumer is a fundamental Floating The banker and the consumer is a fundamental Floating Capital in seeks to make industry convert Floating Capital into Fixed Capital, and the consumer wants it converted into Fixed Capital, and the consumer the Dividend Disposable Capital. In this tug-of-war the Dividend picks up the consumers' end of the rope and starts pulling. The £300 worth of Capital which would otherwise be fixed, becomes Disposable, and is disposed of which the capital which the consumers of the consumers of the consumers of the consumers of the capital which the consumers of the capital which the consumers of the capital which would be consumers of the capital which was a capital capital which which was a capital capital which was a capital capital capital which was a capital capital capital which was a capital capi disposed of where it is needed instead of being scrapped or burnt or thrown into the sea.

The following argument is worth considering. Supposing that there were a piling up of money accruing to industry from the Dividend, and supposing that the Government Government decided to withdraw it, the psychological resistance to decided to withdraw it, the by no means imresistance to their doing so would be by no means implacable. The reason is that an enormous porportion production production of production and production of production and production of production of production and production of production is under the control of bankers' admini-strators when is under the control of bankers' administrators who decide the various appropriations of gross profit over the control of bankers are strators who decide the various appropriations of gross profit over the control of bankers are strators. profit over the heads of private investors. These impersonal contents the heads of private investors. personal over the heads of private investors. These investors against surrendering surplus the following the form of whether the foreign for the Government to the Governm tion of whether it would be feasible for the Government. assess their several liabilities to surrender the money:
surrender here is that the principle of demanding the
Here would not be resisted.

Here would not be resisted.

Could evould be a block of money to which nobody industrial distribution. It would not be needed to pay industrial distribution. dustrial dividends, nor to be used for further production, nor would the banks be creditors in respect that It would be an absolutely idle hoard. This is not would be its essential characteristic as a well industrial expects in control of it might just as well industrial expects in control of it might just as well. the industrial agents in control of it might just as pay it over to the Government, thus treating it the same

the same as if the Government had lent it to them. Mext, to introduce technical considerations; these superfluous hoards would be, by their very nature, ment considerations hoards would be, by their very nature, ment considerations hoards would be, by their very nature, ment considerations how much induction in a return stating how much toolable. In the constant of the custody! If the total area is the custody! Rest of Course the result in a return stating how much total sest of course the return stating how much total sest of was equal to the Dividend, that would suggest to the Dividend, that would suggest to the Dividend, there is necessary course, that no Dividend had been necessary clear the goods. If less, well it would prove that

a Dividend had been necessary, but to a smaller amount.

Another point is this. If industry began to accumulate spare money it would tender it voluntarily in repayment of bank-loans without waiting for the banks to demand repayment. This is an important consideration because the timing of repayments on the initiative of the banks is the prime cause of the cost-income disparity in the consumption-market, and any new factor which transferred the initiative as to timing from the bank to industry would be potentially helpful.

Of course under a Social Credit system the banks would not be such nervous lenders as they are at present, and the margin of premature cancellation would be reduced, although it would not disappear, because even though every individual business enterprise repaid its loans as convenient to itself the collective result would still be an excess of cost over available incomes in the consumption market. This arises partly from the circumstance that these enterprises sell intermediate products to each other, and it is impossible for the banks to time individual repayments in co-ordination with the collective objective of ensuring their saleability at the time they ultimately appear on the consumption market. There must be an interim discrepancy which must be left to be compensated at the shop-counter.

### Debt Through the Looking-Glass.

"Now, my dear," said Lewis Carroll to a little girl, "stand here opposite the looking glass and hold this orange up in your right hand. Which hand do you see the orange in? "
"My left hand," replied the little girl after a pause.
"That's remarkable, isn't it?" said he. "How do

After scratching her head for some time she looked up you account for that?

 $^{
m nim}$  and exclaimed:  $^{
m But}$  if I went round to the other side of the glass the at him and exclaimed: orange would still be in my right hand, wouldn't it? "A very good reply—the best attempt I've heard yet,"

was ms commendation.
This incident is quoted in some recent biographical notes on Lewis Carroll, and is said to have prompted him

Students of Social Credit will get some fun if they transmuted the orange into a book-entry. A credit in your right hand looks like a debit in your left when your fight mand looks like a depit in your left when you stand in front of the bankers' looking glass. If you you stand in front of the bankers looking-glass. If you walk round and stand behind your reflection, so to speak, the double you holds a book entry in each hand, so it the double you notes a book entry in each hand, so doesn't matter which is the credit and which the debit.

doesn't matter which is the credit and which the debit.

This exercise throws a sidelight on the foundation of an exemplary policy put forward in the earlier days of Social Credit propagated parallely that of crediting the an exemplary policy put forward in the earlier days of Social Credit propaganda, namely, What? Share out National Debt to the community. What? Share out among the people that which they owe? Distribute as a plus that which is a minus? Such is the reaction of the ordinary person. But the ordinary person always takes ordinary person. But the ordinary person always takes it for granted that because the glass shows him top side up it shows him as he is in every particular. He is unconscious of the reversal of the credit and debit sides of him in the bankers' mirror.

him in the bankers' mirror.

In that mirror all of us appear to owe some of us £7,000 millions. In reality all of us paid some of us that amount

millions. In reality all of us paid some of us that amount of money. So some of us owe all of us the same amount. Not legally, of course. The bankers' mirror presents the legal aspect only. Actually, all of us are square with some of us. All of us have had the money; some of us have had it from all of us; and now none of us has it. The money came out of the banking system and user. The money came out of the banking system and went The money came out of the panking system and went back to the banking system. The Debt is a myth created by law based on figures. If it were an actual debt all of by law based on figures, and the company of the panking system and went back to the banking system. by law pased on ugures. It is were an actual debt an or us would possess the money owed to some of us. Since us would possess the money, and some of us. Since all of us do not possess the money, and some of us are all of us do not possess the money, and some of us are creditors for the money, the debtors are the bankers. Hence, if all of us are deemed liable to pay the money to

some of us, then the bankers must be deemed liable to furnish us with it. In other words, they must distribute the National Debt. In front of the mirror we owe the orange; behind the mirror we are owed the orange.

The Debt is a myth for the further reason that some of us do not expect or desire to be repaid by all of us.
They want not-to-be repaid. The Debt Myth is the title-deed of Despotic Powers made out in figures. It is the basis of the legal power of some of us to coerce all of us. If all of us could pay them we would not have to

The Debt is a myth for the further reason that if all of us were taxed to pay it to some of us, practically the whole sum would have to be contributed by some of us. They would have to sell or borrow on their holdings to raise the money owing to them. Their attempt to do either would bring down the value of these holdings (and all other securities) to zero. Apart from this, even if they succeeded, they would have paid themselves back the debt owing to them, a result which is in accordance with the reality that all of us have already paid some of us the money that figures against us in the bankers' looking-

Thus the Social-Credit concept of a distribution of this Debt, in the sense that it amounts to an all-round cancellation of the Debt (everybody has paid everybody) is theoretically intelligible and practically innocuous. It would be noxious only in one respect, which is that Economic Democracy would lift its head against Financial Autocracy!
Some of us don't like that.

### Air Balls.

A FABLE.

Once upon a time there was a man who worked very hard making and pumping up air-balloons. These balloons he tied on strings and hung in a cluster around his body. This cluster grew and grew until you could not see him, and then grew and grew some more until it was as big as his house, and then grew and grew and grew. The consequence was that other people had to keep a long distance from him when he walked about; for everyone agreed that it would be wrong to burst any of this man's balloons, even accidentally. Nevertheless, they found it inconvenient, and sometimes irritating, to make detours into the ditches when they met him coming along the highway looking like a

However, a day came when the man died, to the great relief of one and all, although of course they took care to conceal this behind condolences extended took care to conceal this behind condolences extended

Now this man had left a will. And when the will was opened so were the eyes of all his neighbours. For in this will he bequeathed his air-balloons to his dependants; and then it transpired that he had apparadependants; and then it transpired that he had apparath, filed and areas to the family ently filled and saved them in order that his family should have a stock of air to breathe when he was no longer able to save it up for them.

At this, his neighbours expressed their real feelings, and called him a crazy old fool. If they had known, they said, they would have looked him, up in an asylum. they said, they would have locked him up in an asylum. And so the balloons were busted up; at which the widow took a deep breath, because, you see, she would not have cared to assume the dual role of prisoner and warder of this manufain of property.

prisoner and warder of this mountain of property. A lot of talk went on after the funeral, and eventually a learned professor advanced a theory to account for the delusion of the departed one. He thought that the man must have inherited a kink transmitted over the ages from primeval times, when, as the professor speculated, the world had not cooled down evenly, and the earliest supplies of air were probably intermittent, the earliest supplies of air were probably intermittent, and irregularly so—perhaps appearing and disappearing in unforeseen places at incalculable intervals. In gifted with prudential propensities would feel the im-

pulse to capture and imprison supplies of air when ever a supply came along. But, he added, the impulse would have to be repressed, because science was then in its information in the information in in its infancy and had not provided men with the means of obeying this impulse. "Hence," concluded the professor, "we may explain our departed brother as an embediment of the professor, after the professor, the may explain our departed brother as an embediment of the professor. as an embodiment of a primeval repression which, after age-long wanderings in the spaces of the universe, found in him a local habitation and a name."

"What name?" inquired a listener to the professor's

"Well," replied the professor, "we might call it Acquisitiveness functioning as an instrument of Caution.

Both are what we form blind proposition for they Both are what we term blind propensities, for they function without function without purpose unless they form part of a complete circuit composed of the perceptive and reflective faculties. In the case of our departed brother, these propensities were also our departed brother, these propensities were also our departed brother. these propensities were not in the circuit like ours are, and they took are the and they took no account of what is familiar to the rest of us possed account of what is familiar to the rest of us, namely that there is always more air than we can breathe. When pumping up his mountain of air-balloons he was a light of the state of th air-balloons he was unconsciously symbolising an impulse belonging to a departed age of Scarcity.

The professor was unconsciously symbolising an impulse belonging to a departed age of Scarcity.

The professor paused awhile, and then proceeded:

"And, speaking now as a physicist, I might call your attention to the control of the contro attention to this grotesque situation, namely, we suppose that we had been overtaken by a real shortage of air, that is to the situation of th age of air, that is to say, had been suddenly enclosed, as it were, in a partial when suddenly enclosed, as it were, in a partial vacuum, our dear brother's airballs, as the children will the control baye swelled as it were, in a partial vacuum, our dear brother's airballs, as the children call them, would have swelled out until they burst without any human interference whatever. Difference of pressure, you understand. Yes, whatever. Difference of pressure, you understand these balls would have sacrificed themselves to Nature's abhorrence of a vacuum. It is a curious reflection, it not, that these balls, filled to resist a vacuum, could only resist while there was no vacuum?

it not, that these balls, filled to resist a vacuum, only resist while there was no vacuum? 'Sir,' interjected a listener, 'has this curiosity any relation to the storing up of money, such as investments, reserves like we go in for to-day? Do these balls go pop in a vacuum? 'They go pop all right, my friend, as I know ith my own cost, but I am not sufficiently familiar the laws of monetary pressures to tell whether the laws of monetary pressures to tell whether ghenomenon is produced mechanically or are frailties in human nature. You see, there who like majority of people without air-balls of this sort woo lot to jostle into the minority who do have them. to jostle into the minority who do have them. So a lot of these balls collapse with a noise like a slump maker. On the whole, I should not it down to malicious care. On these balls collapse with a noise like a slump con-On the whole, I should put it down to malicious colly duct. Even so, the mechanical factor can conceivable operate in this moral sphere, that is, in the likely that balls filled with the spirit of providence are to explode in the rarefied atmosphere of improvidence I am afraid that I cannot say more. I am inclined to believe that to explode in the rarefied atmosphere of improclined to I am afraid that I cannot say more. I am infancy, believe that monetary science is still in its infancy. There may come a time when money is as free as it air, and when our need and ability to become our title to it. If that ever happens, then any body hoarding money or documents representing money will be as crazy as our departed friend with his of air. In fact there will not be any saving.

"And now I must ask you to excuse me. Discount of a problem to sale."

and now I must ask you to excuse me. I must be any saving. I must be be any saving. I must be be be been used to excuse me. I must be be any saving. I must be be be been used to excuse me. I must be be any saving. I must be any saving to any saving t tute; and I can tell you that the problem of within the limits of natural the problem compared with the within the limits of natural laws is nothing in natural laws I find. with that of working within limits of costs. In financial laws I find a uniformity which guides me, but in financial laws I find

"Air balls?" queried a voice from the back. profes "Maybe you're half right," muttered the briskly sor as he gave himself a little shake and walked briskly away.

All communications requiring the Editor's attention should be addressed direct to him as follows:

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#### The Big Snake is Angry.

(HE IS EATING HIS OWN TAIL!)

There are native races who can count 1, 2, 3, 4, 5, by finger-counting, but after reaching 5 they are lost. Their stock of words is also limited to a few sounds and meanings. meanings, and the words used deal mainly with things: earth, water, tree, man, boat, and so on. Such low-grade primitives have no ideographic and/or phonetic hieroglyphic system, and no alphabetic writing of any kind. But they have, as a rule, some crude forms of picture-writing or pictographs to do. graphs, to do with some central ritual-cult. Such signs may be found on the face of rocks, or drawn upon the ground by making the face of rocks, or drawn upon the ground with by making ridges and mounds (sometimes covered with coloured earths) and used during the ritual. The ritual is almost always to do with a table sustem, and the pictographs almost always to do with a tapu-system, and the pictographs used are simple shapes depicting such things as a snake with circles and wavy lines round about it. The words of the ritual-chant(s) will be just as simple, direct, and absolute:

"The Big Snake is angry
The Big Snake wants food
Bring food for the Big Snake quickly!
It not "He will be a see he fore sunr If not, He will swallow us before sunrise The Big Snake is angry
Be quick!

Printed in our advanced alphabetical system, as above, a printicial advanced alphabetical system, as above, a printicial advanced alphabetical system, as above, as printicial advanced alphabetical system, as above, as a printicial advanced alphabetical system. manding and warning simplicity. We find that it—

1. Asserts the danger.
2. Explains why the danger has arisen.
3. Gives the command (tells you what to do).
4. Warns you what will happen if you don't obey.
5. Re-ascerts the danger. 4. Warns you what will happen if you 5. Re-asserts the danger.

The G(and 7). Sharpens the words of command.

Of (1) whole sequence brings to mind three vivid pictures big sake; and (3) you rushing off and bringing back Food.

you will not be swallowed up, you will be all right: (until the danger "comes round again" at the next ritual recurrence): and so, after the final words, no further pictures are to see the same and so, after the final words, no further pictures are to see the same and so, after the final words, no further pictures are the same are the

are needed.

Now imagine what would happen if a medicine-man arose You gave out the following revised version of that chant. repeating aloud the orthodox Big Snake Chant, and then trying this:

"There is no Big Snake

There is no Big Snake
Therefore He is not angry
He does not want food
There is no need to bring food
As He does not exist, He cannot swallow us
Go home and blay Go home and play .

We all know what would happen to that medicine man. He hall know what would happen to that medicine man. board. He has tried to wipe out the pictures from our mental blackthing, the has left it blank. There is no danger, and no try not to be so silly as to imagine Angry Snakes wanting But 11 and swallow us up).

Not to be so silly as to imagine Angry Snakes wanted to come and swallow us up).

But that seems very dull to most people . . just pottering in the property of the don't people and the don't people from Danger and the don't people from Danger has been taken out of life. And I as though I were a child, I'm a grown man. And, anywith myself. All very well for R. L. S. to write:

I'm he world is so full of a number of things, makes any case, he was writing verses for children. That in Life all the difference. Grown men need a Real Purpose for the Big Angry Snake did give us something to whatever you choose to do is a Worthwhile Purpose?

the we translate the original chant so that it gives us vivid freedom to do with the present fight for individual economic and security, we shall see more clearly what our translated problems.

opagand and security, we shall see to paganda and security, we shall see to proper and security, we shall see to proper and security, we shall see to page and security, we shall see to page and security. The Big Bankers demand Debt-repayment Bring money for the Big Bankers quickly! If not, They will bankrupt us one by one The Big Bankers are angry Be quick!

The pay up! "

The proper counter-chant for breaking this spell

The Pay up! "

proper counter-chant for breaking this spell is not an

intellectual wiping-out of the Danger and a dream-jump into a Playtime Social Credit Utopia.

It is useless, and also extremely dangerous, to revise the chant in these words:

these words:—
"The Big Bankers are not the Danger
The Danger is only 'The System'
The Big Bankers do not want to do harm
They do not want Poverty and War They would be glad if we could find a Solution So let us form another Committee

And call another Conference.

The mental picture, here, is a blur. The Big Bankers The mental picture, here, is a blur. The Big Bankers have been dematerialised into something (which is nothing) called "The System." The Nice Big Kind Bankers are only working The System, and would be only too delighted if we could find a Solution that would work; and, of course, we must demonstrate that it would work—but not on this earth, because, suppose it didn't work? Why, then you would have gone and "upset" the System of Sound Finance, which is "working fairly well, after all" (towards which is "working fairly well, after all" (towards another Big Slump and another World War). So the best thing we can do is to get together and talk about the thing we can do is to get together and talk about the various Solutions that have been found. And one fine day, various Solutions that have been found. And one fine day, will say to us: "Splendid! Several of these Solutions, will say to us: "Splendid! Several of these Solutions, will say to us: "Splendid! Several of these Solutions, will say to us: "Splendid! Several of these Solutions, and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Credit (with the Dividend and the Price including Social Adjustment left out) might work. Go ahead, you're doing very valuable WORK. How would two or three of you like to have jobs at the Bank of England? I think we might fit you in somewhere."

The proper counter-chant for breaking the spell of the Money Power is:—

The Rig Banker.

The Big Bankers can go to hell!

The Big Bankers can go to hell!

If they want Debts paid They must give us the Money

(Give—not lend)
If not, we shall make and use our own Money
The Big Bankers must do what they're told

If not, we shall make and The Big Bankers must do what they're toward Debt-free Money—
Or out they go! The action-impulse arising from that set of sog itself with different from that which allows the mind to fog itself with the abstract notion that we have to fight "The System," the abstract notion that we have to fight and the flesh-and-blood people who keep it going; and and not the flesh-and-blood people who keep it going; and allows the mind to jump across action (other than talk) also allows the mind to jump across action (other than talk) also allows the mind to jump across action (other than talk) also allows the mind to jump across action (other than talk) also allows the mind to jump across action (other than talk) as a value of the and to deed the shall go and the same of the and to deam of the also allows the mind also got of the words of the Leisure and to deam of the words "If only we could state it would actually generate political action; but the Leisure saying over and over of the words "If only we could state it would actually generate political action; but the mere saying over and over of the words "If only we could state it he and to the tration. I heard a S.C. student say the other day: "Divusion in the social Credit world world." But tration. I heard a S.C. student say the other day: "But tration. I heard a S.C. student say the other day: "Divusion in a social Credit world." But tration. I heard a S.C. student say the other day: "But tration. I heard a S.C. student say the other day: "But tration. I heard a S.C. student say the other day: "Divusion in the map to-day, he had had not ran as they are shown on the map to-day, he had to admit when it is a social Credit world." But a social Credit world. There was nothing in the social Credit world. "He was not living in it. He was not living in it. He was not living in it. He was not living in it. If the sound of the words—"If you expect low-grade primitives to be easily caught-up with the sound of the was lulling his mind with the sound of the

The moral of all this is: that whatever we think, say, or write to further the cause of a Debt-free Money System, we must take a great deal of care to make use of words and sets-of-words that bring to mind sharply defined pictures; and we must avoid, as far as possible, those words and we must form no pictures, but are merely the sounds of words—word-noises.

If you want to keep both feet on the earth, you must not allow them to become the locomotional pedal extremities of a biped existing temporarily and spatially in contact with the terrestrial sphere.

## Forthcoming Meetings. LONDON SOCIAL CREDIT CLUB.

Blewcoat Room, Caxton-street, S.W.

Feb. 11, 8 p.m.—"The Monetary System is the Cause of War," by the Marquis of Tavistock.

War," as p.m.—"Can Britons Become Free?" by Mr. Feb. 18, 8 p.m.—"Can Britons Become Free?" by Mr. W. H. Wigley, of Ipswich.

#### Books to Read.

The study of what has been happening in Russia is one that Social Crediters cannot neglect.

The most vivid account of the actual outbreak of the revolution was written by the late John Reed, an American journalist, who was on the spot, Ten Days that Shook the World. Later, Trotsky's great book, The Russian Revolution," and, more recently still, his Revolution Betrayed, are both books written from the inside with the fullest information. The numerous books written by foreigners after short visits may be entirely neglected, though André Gides' little trip of disillusionment has its interest, Back from the U.S.S.R.

I have not read the Webbs' book, reckoning that the opinion of such bony-souled bureaucrats would be of little

But it is a different matter when one comes to the considered verdict of a thoughtful writer who has lived years in the country. Russia's Iron Age, by W. H. Chamberlin, is written with intelligent honesty as far as it goes. But what has started me now on this line is the fact that I have to day finished reading a guerter of a million words on the to-day finished reading a quarter of a million words on the

to-day finished reading a quarter of a million words on the Russian question without wanting to skip a single sentence. The book is: Assignment in Utopia (Harrap), by Eugene Lyons, a distinguished American journalist.

An intelligent Polish child landed out of the steerage into the horrors of a New York slum, there was nothing for him but to grow up a revolutionary Communist, with his ardently for the American United Press—taking with him his young and their small girl.

for the American United Press—taking with him his young wife and their small girl.

The great Lenin was dead and Stalin in full power. So strong was Lyon's faith that for quite a long time, in spite better world. But, for a clear-headed honest man, facts had gradually to have their weight, and a long struggle began honour as a man, and on the other his allegiance to the American Communist Party, which contained all his best

honour as a man, and on the other his allegiance to the American Communist Party, which contained all his best friends, his pride in his journalistic status, and his position with the Russians as a friendly Communist.

In this struggle conscience did not always come out on to "bow himself in the house of Rimmon," he here, if a us convinced that he is sound at heart and a man to be trusted.

trusted.

All through the book this personal tragi-comedy appears before a background of the darkest and most horrible real tragedy, in which were such scenes as the following:—

and death in the Arctic circle of the 40,000 inhabitants of several Kuban towns to inspire terror in the rest of the

several Kuban towns to inspire terror in the rest of the

Widespread systematic tortures, of the most devilish kind, to extract gold from anyone even suspected of having the

Least quantity.

The "liquidation," equivalent to murder, of enormous numbers of honest peasants when suspected of possible.

The resulting constally billing to the peasants when suspected of possible to the peasants.

tuture recalcitrance.

The resulting carefully hidden famine in 1933, which no steps were taken to prevent or alleviate, and in which some And, everywhere rampant, hunger, cruelty, murder, growilling fear, and widespread corruption.

There are, of course, many lighter pages. A long interwith the fighting Shah of Persia who much resembled him, and America, a scathing account of the mistimed clowning

and America, a scathing account of the mistimed clowning of the Shaw-Astor crowd at Moscow, and much else.

Pakeha.

## LETTERS TO THE EDITOR.

CONSTRUCTIVE CRITICISM WANTED.

CONSTRUCTIVE CRITICISM WANTED.

Sir,—That persevering critic of Social Credit has been very generously dealt with by you in the allotment of space. I venture to suggest that you invite him to contribute a deadlock to the extent of his own views on the economic The resulting criticism might, I think, have the effect of so long been arguing.

E. MORTON.

Sir,—May I have a shot at N. Q. C.'s P.S.? He quotes me incorrectly and has quite unnecessarily introduced "sav-

ings." The position is this. Increased effective demand this purpose producers will require more money and they will go to their treatments. These loans will will go to their banks for larger loans. These loans will not be "savings"; they will be (as now) new money for new production. new production.

The new money is created as a debt to the bank and a credit to the producer. The producer pays away the credit (for wages, materials, and other expenses), leaving behind the debt

What I said was that this debt is waiting to "pounce upon" (and cancel) the extra revenue as fast as the producer receives it and count. ducer receives it, and pays it in to the credit of his account. The revenue becomes a deposit and cancels a loan of the same amount in the same account.

The point to notice is that the increase in the rate of the received in the increase in the in The point to notice is that the increase in the rate of receiving revenue is accompanied by an increase in the rate of contracting loans for increased production, so the revenue is continually suffering cancellation except that portion of it which remains as profit. But the profits that portion of it which remains as profit. But the profits will not "pile up"; they will be distributed to consumers will not "pile up"; they will be distributed to consumers so again increase loans. It is a ding-dong race between so again increase loans, in which neither competitor will ever win outright.

win outright.

The reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as to whether the banks in the reply to N. Q. C.'s question as the reply to N. The reply to N. Q. C.'s question as to whether the banks can "cancel the purchasing power of actual cash-tokens paid Yes. A £1 bank note is a bank IOU. When it is paid into a bank it is a returned IOU, and its credit is voided until it is again issued to a member of the public, when its purchasing power is restored. Mr. McKenna public when "money" as "all currency in circulation among the public and all bank deposits drawable by cheque." N. Q. c. note that, under this definition, notes in a bank till are not "money"; they are not "in circulation among the public "money"; they are not "in circulation among the being (Furthermore, bank capital and bank revenue, not I trust N. Q. C. and they are not money.)

'deposits,' are not money.)

I trust N.Q.C. does not imagine that new notes will be equired for over in the state of the country of the state of the country in the state of the sta required for every issue of the dividend. If so, may I rel him to an article on "Getting it Back" in your SAUGUST 12 last A. W. COLEMAN.

Sir,—If every citizen is going to be credited in a four) with, let us say, £75 a year (£300 a year per family of her and thereby enable to open a bank account of his own, as "A Green Shirt" explains in your last issue, can understand how the cheques of each individual would cancelled, as now.

But that

cancelled, as now.

But that does not seem to me to be the same which is paying out a dividend in some form of paper cash, to people what I have always understood would be done, to what I have not a bank account. The majority bankide earners have no bank account, and do not use the the all. If the dividend is issued in cash, I still have may not in a muddle about this? Your correspondents I feel some in a muddle about this? Your correspondents I feel some lepton me a great deal to get things sorted out. I may settly see through the "cash" problem put forward in my letter of February 3.

I am, almost, but

PRICE ADMINISTRATION.

PRICE ADJUSTMENT.

Sir,—I notice that in Mr. J. W. Leslie's article, on the Credit and War" in your last issue, he gives as of the Three Demands:—

"(3) Apply the Scientific Price Adjustment to for sale."

The Three Demands were originated and put for Mr. Leslie's the S.C.P. (Green Shirts), of which organisation for the same samply as "(3) Apply the Scientific Price Adjust Adjust Adjust and the "third demand" as officially promulgated by the ment, the "third demand" as officially promulgated by the same samply as "(3) Apply the Scientific Price Price the first or is elaborated as "(3) Apply the Scientific Price the first or is elaborated as "(3) Apply the Scientific Price the first or is elaborated as "(3) Apply the Scientific Price This is very different from saying: "to all goods for might consumer," or words to that effect.

This is very different from saying: "to all goods for might consumer S.C., an electric coal-cutter all goods for sale to the sale for the sale for the sale for sale to the retail end would cost less than A+B.

Thus the retail end would cost less than A+B.

The same sale for the sale for the sale for sale for

Sir,—If those who want to debate actually help in ovide valing the cost of printing," thereby helping to margin towards maintaining The New Age itself, and they do in your issue of Pebruary 3, let the debate go on. Those who find the the other too involved for them to follow can turn to involve all of the control of the can turn to involve there is always "meat and drink" for all of the control of the can turn to involve there is always "meat and drink" for all of the control of the can turn to involve the can turn to in

(although never enough at one weekly helping!) My mind is not fitted to follow the debating—but three hearty cheers to the debaters who help to provide me (and themselves, and others) others) with your Notes and other articles. Let me say this in print, if I may: that but for The New Ace, and in particular, your "Notes of the Week," sir, I should have lacked the faith and energy to keep going in the day by day struggle to keep myself alive during the past ten years. When you had to cut down to only four pages, ten years. When you had to cut down to only four pages, and then "missed a beat" one week, it was like having my physical food-supply drastically reduced.

H. T.

Sir,—What's wrong with "Old Uncle Tom Cobbley"? He musn't think that he can speak for himself "and all "the rest of the Debating the rest of us. I am not myself a debater in the Debating Section by the rest of us. Section, but I follow these debates with the greatest interest, and I am I follow these debates with the greatest interest, and I am quite sure that they are of vital importance to the cause of Social Credit.

A. G. MARTIN.

#### "LANDLORDS AND BANKLORDS."

Sir,—There are times when your visions touch the pinas a self-sufficing community, living by means of a perfect system of Excl. system of Exchange, ought to inspire every Social Creditor to aim at the system of the first to aim at the objective you describe by means of the first enterprise. laid down by Douglas: New money for enterprise.

I beg you will bear with me if I point out that your scheme for Scotland does not include a National Dividend. You have, in your vision, perceived what "Not Quite Content-charge for loans of paper is not allowed to inflate prices Dividend the level of incomes, then the need for the Social If.

beyond the level of incomes, then the need for the Dividend does not arise.

If as N. Q. C. points out, Douglas meant what he said in as N. Q. C. points out, Douglas meant what he said incomes from savings," then the gap between prices and a Social Dividend. The Just Price will equal the Just Cost (the cost of production, which is consumption), and a perfect of production, which is consumption), and a perfect of production, which is consumption). Derfect cost of production, which is consumption), and a Now, Social Exchange will obtain.

perfect ost of production, which is consumption), and a Now system of Exchange will obtain. Proposal that can make your vision a reality: the demand enterprise. You have there, Sir, a policy, a programme and to the great organised masses of people who want what stitutional degrees the imposition of rent, interest, and procan acquire, you can abolish usury in its three forms); you have the people the ownership of that half of and banklords: the land and its raw materials (the second labour, is already owned by the people, but is

sterilised by the land- and banklords' monopoly). You can eliminate Taxation.

You have, therefore, an appeal that must be infallible in its potency to every Trade Unionist, every Co-operator, every Socialist, every wage-slave, every little, hard-pressed

every Socialist, every wage-slave, every little, hard-pressed tradesman, every taxpayer—in fact, everyone except that minority who is the enemy of human liberation, which is the Social Credit philosophy.

The Dividend? That must come later. The Social Dividend can only arise after the ownership of the two halves of Credit have become entirely socialised. The Social Dividend is a demonstration of economic Equality, as Bellamy exhaustively explained, and it cannot be anything but an ultimate manifestation of accomplished Socialisation. It cannot be an initial step because you cannot issue Social cannot be an initial step because you cannot issue Social Dividend on the security of privately owned collateral (the land, etc.). The Trade Unionists and Socialists have seen this fact, hence their rejection of Social Credit.

Start now, Sir, at the beginning. Plan your programme in the social context that is now upon us. Demand State in the social context that is now upon us. Demand State in the social context, to finance new enterprise, and Money, free of interest, to finance new enterprise, and

Money, free of interest, to finance new enterprise, and make your scheme for Scotland an inspiration and a reality -and good luck go with you.

## ECONOMISTS' CREDENTIALS.

Sir,—Mr. J. A. Franklin has reminded us, once more, that economists throughout the world have rejected Social Credit, but is the reason not obvious?

Credit, but is the reason not obvious?

These "Economists of Standing" gained their "Standing" by their advocacy of the existing system, and many are engaged professionally in propagating its fallacies. If, are engaged professionally in propagating its fallacies. If, for one moment, they admitted the soundness of the Douglas for one moment they would be confessing that their eminence and analysis they would be confessing that their eminence and standing were built on a rotten foundation.

If, as these economists maintain, the present system is sound, how do they account for the existence of poverty in the midst of plenty?

As for Social Credit being "nonsensical and ill-informed," what could possibly be more childishly ridiculous than the

As for Social Credit being "nonsensical and ill-informed," what could possibly be more childishly ridiculous than the economists' conception of figures and bits of paper as a commodity to be bought and sold; the "Bankers' stock-intrade," as Mr. McKenna said the other day in the course of trade, to the shareholders of the Midland Bank?

## CROSSED WALNUTS AND WINE.

CROSSED WALNUTS AND WINE.

Sir,—Thanks to G. A. H. for calling attention to inferior food in your issue of January 27.

The reasons why good quality food is not obtainable now are too lengthy for your correspondence columns. Suffice it to say that good food—i.e., food with life in it—except for a few rather rare dishes—cannot be obtained now even by bankers. This subject was apparent in pre-War days, and I discussed it then with those responsible for The New Age.

# DEBATING SECTION.

Mr. Franklin, in the course of his reply to me (January 3) contradicts my assertion that only part of the costs accurred in capital production is distributed as consumers' accomes, and contends that the whole of the costs is hen, by the as purchasing power. If this is so, however, in the contends that the whole of the costs is so, however, in the contends as purchasing power, or, stated differently, ones contain no items which are not being distributed as production. Therefore any work on capital repair contents, incomes. Therefore any work on capital repair incomes, incomes. Purchastruction must result in continuous inflation, since the short incomes for the aurebase of consumable goods. In sing power distributed goes to swell the already. In short incomes for the purchase of consumable goods. In goods, unless we are merely engaged in making consumable by Franklin admits this, but contends that mechanisation reducing in the number of ultimate commodities, while

by increasing the number of ultimate commodities, while thought the unit cost and price, will prevent inflation, male since the price of a thing is what it will fetch, he it is no attempt to show how or why this should be. the price of a thing is what it will fetch, he is no attempt to show how or why this should be. the interpretation of the price of a thing is what it will fetch, he is no attempt to show how or why this should be. The price of a thing is what it will fetch, he is no attempt to show how or why this should be. The price of the price of a thing is what it will fetch, he is no attempt to show how or why this should be instituting are "willing to acquire capital assets, not for their in misrepresents me here. I said that work on capital goods but in creasingly necessary to provide purchasing power to be as the price of the production came to be valued less for its than for its financial purpose. Mr. Franklin wants

examples. I am surprised. Surely he should know that the present work on rearmament is being valued, and certainly being talked of, more for the so-called prosperity it has being talked of, more for the so-called prosperity it has brought than for its ostensible purpose (of producing arms), brought than for its ostensible purpose (of producing arms), and the fear of its inevitable decline and cessation (unless than the fear of its inevitable decline and cessation (unless war supervenes to destroy the stuff as fast as we make it) is war supervenes to destroy the stuff as fast as we make it) is war supervenes to destroy the stuff as fast as we make it) is war supervenes to destroy the stuff as we make it) is any scheme for capital expansion the Government might contain to dread of the subsequent slump or depression. Also any scheme for capital expansion the Government might contain to take the place of rearmament would probably be any scheme for capital valued, more for its work-income-producing result than for the importance of the embarked on, and most certainly valued, more for its work-income-producing result than for the importance of the embarked on, and most certainly valued, more for its work-income-producing result than for the importance of the embarked on, and most certainly valued, more for its work-income-producing result than for the importance of the embarked on, and most certainly valued, more for its work-income for the manufacture of the comment results in an increase of capital equipment replaced at the rate it is depreciating, and that progressive economy of labour displacement of capital equipment regarding the interest of the comment of the comment regarding the interest of the comment regarding the interest of the comment of the comment regarding the interest of the comment regarding the comment of the comment regarding the c

on throughout industry.

\* There is also the effort to achieve a " favourable balance of trade" not with the object of giving away goods to other countries but for supplying extra incomes in our own.
† Plant and equipment in the cotton industry, for instance, have been actually destroyed, let alone allowed to depreciate.

does not occur till the labour-saving device, or machine (which may be an *improvement* of equipment, and not an increase) is installed; if the men displaced by its use are reemployed making or repairing it, what becomes of the labour already employed in that task? In short, labour displacement is actual—that is the outcome of increased efficiency -it is not merely a transference of labour from one point of industry to another.

The illustration of the manufacturer "Z" which Mr. Franklin uses proves nothing, being based on the assumption, which we know Mr. Franklin holds, that consumers tion, which we know Mr. Franklin holds, that consumers have plenty of money to meet costs. (In passing, it is not quite clear what Mr. Franklin means by saying that Z "wants to charge £10,000 over a period for renewals"; presumably he admits the cost is legitimate or there is no point in the illustration). The Douglas remedy, on the other hand, is based on the belief that there is an insufficiency of money to meet costs, and is applied to enable Z to recover hand, is based on the belief that there is an insufficiency of money to meet costs, and is applied to enable Z to recover his legitimate costs, not to give him additional buckshee money. But the argument, such as it is, is question-begging, and gets us nowhere, though Mr. Franklin seems to think it does. It may be useful here to distinguish between hoardings understood as saving by consumers to spend on goods for themselves at a later date, and "hoard," spend on goods for themselves at a later date, and "hoardings" understood as industrial reserves which are a legitimate item in industrial costs.

mate item in industrial costs.

Since Mr. Franklin has trespassed on the "ladies' enclosure," I must repeat that the difference between buying that, when I buy soap, as a consumer, I cancel finally the I buy the factory, the cost thereof is not finally cancelled, through the medium of prices I charge for the soap. As in prices, further discussion with her is futile, since the case trary, admits that fixed assets are a cost, since he says that in their consumers are "asked to replace them as they are used up consumers are "asked to replace them as they are used up in their service"; but he denies that they constitute a debt m their service; but he demes that they constitute a deor-consumers. This really amounts to a self-contradiction. The real ground of difference, however, is on the question whether consumers have the money to meet these costs. Mr. Franklin says much! I, on the other hand, say that unless capital goods are being produced in sufficient quantities to distribute inmuch! I, on the other hand, say that unless capital goods are being produced in sufficient quantities to distribute incomes to meet them, they have not. This brings us back to the argument of labour displacement and efficiency which, I have tried to show, Mr. Franklin fails satisfactorily to

From J. A. Franklin.

Sir,—I have much sympathy with the plea of "Uncle to Tom Cobley" that an attempt should be made to show cynic would reply that no-one has reached anywhere; but it is better to travel hopefully than to arrive"! However, up on the original question set for debate—capital costs in a point where further discussion will contribute little of but let us grasp quite clearly what we are differing about value. If we cannot agree then we must agree to differ, but let us grasp quite clearly what we are differing about and why. This I will now try to set out, and I shall not hesitate to be repetitive where vital clues to understanding

In her first and last paragraphs Mrs. Best is again con-fusing (a) the provision of new, i.e., additional capital assets, with (b) the maintenance of existing capital assets ties. The first is not a cost against consumers, and so no ties. The first is not a cost against consumers, and so no purchasing power reaches them in that connection; the second is a cost against consumers, and they therefore do receive purchasing power in that connection.

Major Douglas saw correctly that, for the provision of Major Douglas saw correctly that, for the provision of capital assets, no purchasing power is distributed to consumers, but he fell into the error of thinking that the cost that investment created costs greater than purchasing power on the value of capital assets, as a remedy. But since this would be giving money to meet costs which are not there, it Even though the repetition of error he regrettable, it is

Even though the repetition of error be regrettable, it is nevertheless pleasant to find a professed Social Creditor who does stand for pure Douglas doctrine, as does Mrs. Best, She would assert, first of all, that if I acquire a fac-

tory, I have incurred a cost, not finally defrayed a cost. The economist's reply is that I have first incurred a cost and then completely and finally defrayed it at this point. That is as true in the case of a factory I acquire as the case of a piece of soap I buy. When I buy the factory everybody is paid, every cost incurred in building it is defrayed; nobody has any further claim on me or me of them; to speak of the factory as a debt owed to me by public is a misnomer. I suggest that all this is indisputable, and it means that up to this point at least no deficiency has appeared. In other words, the act of saving and investment has not of itself caused any gap between purchasing ment has not of itself caused any gap between purchasing power and prices. For instance, if I were never to employ power and prices. For instance, if I were never to employ then nobody would suffer but myself, just as would be the case if I never need the case if I never never never need the case if I never nev tory, I have incurred a cost, not finally defrayed a cost. The

ment has not of itself caused any gap between purchase power and prices. For instance, if I were never to employ my factory, or it were destroyed by fire on completion, my factory, or it were destroyed by fire on completion, case if I never used the soap, or if I lost it on the way actual. Therefore, any alleged deficiency must appear in the actual use of the factory in production. Mrs. Best, following use of the factory in production. Mrs. Best, following use of the factory in production. Mrs. Best, following in costs and therefore prices, of the factory-including in costs and therefore prices, of the factory-including in costs and therefore prices, of the factory-which product something—the original cost of the factory-which is the believes to be there but which any cost-accountant, any she believes to be there but which any cost-accountant, and I have tried to set out in earlier supplements, and to them I have tried to set out in earlier supplements, and set to I have had no reply. I would, therefore, ask Mrs. Best to I have had no reply. I would, therefore, ask Mrs. Best to an investor must obtain from consumers, in order to aosts an investor must obtain from consumers, in order to aosts and to maintain his assets undepreciated, but, in additionant the money he originally gave for the asset? (Be it notes that this is quite apart from the ordinary dividend he expect to have it? William at what point an investor expects to have both his she at what point an investor expects to have both hill she at what point an investor expects to have both hill she at what point an investor expects to have both hill she also tell me where and how I can make such a merely do also tell me where and how I can make such a ble to do the case Mrs. Best would put forward—that a log the case Mrs. Best would put forward—that a log the of the case Mrs. Best would pu it? Those are the questions that arise from consideration of the case Mrs. Best would put forward—that aeld the owner includes in the price of his product not merely cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product, but also the first cost of making the product the first cost of mak the factory as well.

When an investor acquires a new factory, he alone of investore acquires a new factory act of investore acquires a new factory.

owner includes in the price of his product cost of making the product, but also the first cost of has the factory as well.

When an investor acquires a new factory, he alo investor done so; he has become the sole owner. The act of itself ment, resulting in the provision of a factory, in has owner created no new cost against consumers. It is only the factory is used in production that a cost appears, by the factory is used in production that a cost appears, by the factory is used in production that a cost appears, by the factory is used in production that a cost appears, by the falls upon the users, i.e., those who acquire roduct falls upon the users, i.e., those who acquire the pucifity falls upon the users, i.e., those who acquire apayment. Mr. Coleman (January 7) stated this with admirable payment when he said, "every bar of soap must the existing one of the cost of a new soap factory to replace the existing one. When he said, "every bar of soap must the existing one of the cost of a new soap factory to replace the provious second or replacement factory; they do not have to provide the first one, nor to pay its cost to the owner. Great confusion has been caused in the distinction and "depreciation" by the fact that a clear between (a) that been drawn by Social Credit debaters between (a) that been drawn by Social Credit debaters have argefray, above. True-blue followers of Douglas sasets to defray, and the original cost, (a) the original cost, (b) they and from the production of the cost of

above. True-blue followers of Douglas assets to consumers have the two costs of capital assets to deconsumers have the two costs of capital assets to deconsumers have the two costs of capital assets to deconsumers have the two costs of capital assets to deconsumers have the two costs of capital assets to deconsumer have depreciated to the property of the property

Published by the Proprietor (ARTHUR BRENTON), 12-14, Red ARTHUR Fleet Street, E.C.4, England, and printed for him by Brand (Telephon Central 3701).