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# THE FIG TREE

*A Douglas Social Credit Quarterly Review*

Edited by C. H. Douglas

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Dear Mr. Bolsover,

My fellow directors and I wish to congratulate you upon the increase of one thousand tons in the output from Whitworth depôt during the last year as compared with the year preceding. We are glad to inform you that, subject to the continuance of this progress, you may reckon your salary henceforth in guineas — two guineas per week.

We note that the fodder account for the two horses engaged on your rural deliveries is up 5s. as compared with last quarter. Can you explain this?

"With my personality," said Mr. Bolsover to himself, as he whipped off the typewriter cover in order to answer this communication, "with my personality, I shall touch four figures yet."

## The A + B Theorem

By R. L. NORTHRIDGE

*The following article will form a chapter in a forthcoming book by the author.*

INDUSTRY comprises all those who are engaged in production and distribution, and the system provides the sole source of goods in a modern community; the wages, salaries and dividends it pays are correctly regarded as the sole source of incomes to the whole population.

This at least is the intention; the proposition being that any person who takes no part in industry must receive income at the hands of those who are so engaged—directly, as in payment for professional services, and indirectly, as in payment for government services. This picture would be wholly accurate if all the credit created by government borrowing were repaid by taxation—direct or indirect—of people's incomes.

The debt arising from failure to do so is better regarded as a symptom of breakdown than as a mere exception to a rule. It is therefore legitimate to say that for money to reach any individual as income it must first have passed through the industrial system, leaving an equivalent cost behind it. The only exception arises when a bank pur-

chases gold or securities, but such amounts are relatively small and in any case are usually regarded by the recipients as a transformation of their capital, and not as income which can be spent on consumable goods.

For the sake of convenience, the words "industry" and "industrial costs" are used in a liberal sense to include all forms of economic activity whereby goods or services are produced and costs are incurred other than the personal remuneration of the individual providing them. Although to some extent certain professional services (doctors, lawyers, etc.) may be considered as a part of the industrial system (and to that extent the argument that follows applies to them), it is nearer the truth to regard these services as rendered outside the system. Broadly speaking, such services do not add to industrial costs and are paid for by a mere redistribution of industrial incomes as between members of the community. Since the incomes in respect of these services are not new purchasing power but transferred purchasing power, and since no industrial costs are thereby created, these activities may be neglected in pursuing the present inquiry.

Regarding the industrial system therefore as the sole source of goods (and of industrial services such as transport) and the sole distributor of purchasing power (incomes), it is clearly necessary, if the economic system is to function in equilibrium, for the rate of flow of purchasing power to equal the rate of flow of the prices attached to the goods and services industrially produced—such prices being sufficient to enable the producers to clear their costs and make a reasonable profit.

It is the core of the Social Credit Analysis of Cost that, in the existing system, the rate of flow of prices is greater than the rate of flow of incomes, and in consequence industry is never able to recover its total costs from the community. During times of wholly abnormal capital production (such as the last war) incomes may be sufficient to defray the cost of the *consumable* goods coming upon the market, but they are unable to purchase in addition the new capital issues in respect of the new capital production. Yet the community is entitled to acquire not only the consumable goods made but also the securities representing capital production, for the efforts of the community alone made both capital and consumable goods.

(No question of communal ownership is involved; total capital issues should be within the reach of individuals as individuals, just as the total consumable goods should be purchasable by the community as individuals.) Instead, the new capital expansion is made possible by a created credit which is charged to the community as debt, and sooner or later appears in taxation or (if a productive asset has been created) in prices—and it should not be necessary for the community to engage in capital production in order to acquire their total output of consumable goods.

The Analysis of Cost previously alluded to (known as the A + B Theorem) has been stated by Major C. H. Douglas in these terms:

*"A factory, or other productive organisation, has, besides its economic function as a producer of goods, a financial aspect—it may be regarded on the one hand as a device for the distribution of purchasing power to individuals, through the media of wages, salaries, and dividends; and on the other hand, as a manufactory of prices—financial values. From this standpoint its payments may be divided into two groups:—*

*Group A—All payments made to individuals (wages, salaries, and dividends).*

*Group B—All payments made to other organisations (raw materials, bank charges and other external costs).*

*"Now the rate of flow of purchasing power to individuals is represented by A, but since all payments go into prices, the rate of flow of prices cannot be less than A plus B. Since A will not purchase A plus B, a proportion of the product at least equivalent to B must be distributed by a form of purchasing power which is not comprised in the descriptions grouped under A."*

Modern industrial production is usually multi-stage and involves the transference from firm to firm of semi-manufactured goods. The raw material is produced by one organisation which sells it to another, which in turn, after putting it through further processes, disposes of it to a third, and so on. It is important to notice that industrial costs as a whole are not liquidated by the sale of semi-manufactured goods between firms; the costs are merely transferred. The costs are not liquidated until the final product is sold at retail to the ultimate consumer who actually uses the goods for his personal satisfaction and does not charge the cost of them to anyone else.

In order to induce continued participation in all these processes of production it is necessary that the final price

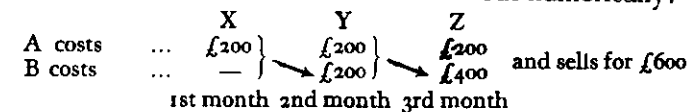
of the goods (neglecting profit) be at least equal to the cost of the raw material plus the costs added by each firm through which the raw material passes. The final price is *not* the total of all the transfer changes within the industrial system.

Perhaps the simplest method of examining the Theorem is to begin by considering some of the criticisms that have been put forward against it. Most criticisms have been related to exemplary, simplified systems, of which the following is a fair example:

A firm X, producing raw material, sells a quantity to a firm Y for £200. Y's operating costs are £200, and this firm transfers the goods to firm Z for £400. Z's operating costs are also £200, so that this firm offers the goods to the public for £600.

If X's entire costs are wages and salaries, and if the operating costs of Y and Z are entirely wages and salaries, then the employees will have £600 and be able to buy all the goods offered for sale.

Before giving this simplified illustration further consideration it will be convenient to set it out numerically.



We may suppose each stage of this process to require one month, and to function continuously in equilibrium, for the total of the A costs (£600) is equal to the price of the final commodity. Moreover, we can bring the system nearer reality by adding the simplest form, but only the simplest, of overhead charges—maintenance of existing plant—without destroying the equilibrium. A fourth firm, M, can be imagined, collecting £10 each monthly from X, Y, and Z, and supplying each with new machinery every month to that amount. (M, of course, must have no B costs.)

In any case (and disregarding M as an unnecessary complication in this context) the total of the A + B costs of each firm is £200 + £400 + £600 = £1,200, so that A is continuously less than A + B without causing disaster. It has therefore been maintained that it is necessary for the total A payments to be equal to the A + B costs of the final firm only for a state of equilibrium to be attained.

This equilibrium, however, is deceptive, being that of a spinning-top. Let us see what happens when the system is brought to a standstill.

During the first month, with Y and Z operating alone, the total of the A costs distributed is £400, while the price and quantity of the final product, of course, remains at £600. During the second month, with Z operating alone, the total of A costs distributed is £200, while the price of the final product is again £600. The revealed deficiency of purchasing power is  $£200 + £400 = £600$ —the amount by which A is less than A + B when the system is in continuous operation.

Thus, even in a primitive system, wherein all the costs added by the member firms are wages and salaries, and wherein B costs are merely transfers of semi-manufactured material, there is a carried-over deficiency from month to month of the difference between A + B and A, and this latent deficiency reveals itself in full when the system is wound up.

"It is irrelevant," remarks Major Douglas, "that in the modern world all of these . . . processes are taking place simultaneously, and that the product may be found in any of the . . . stages at any moment. It is still true that you cannot bake bread with corn which you are simultaneously grinding. Consider the nature of these B payments. They are repayments collected from the public of purchasing power in respect of production not yet delivered to the public" ("The Monopoly of Credit," p. 32).

When the operatives in firm A spend their £200 in buying consumable goods they are using money distributed in respect of production that will not come upon the market for two months. The more complicated the process, the longer this period becomes and the greater are the chances that a variation in output will produce disequilibrium. The operatives are, in fact, involuntarily investing their money, and the effects of that process will be examined later as they apply to investment in capital goods. Meantime, it may be observed that it is only the more rapid rate of destruction of consumable goods, as compared with capital goods, that causes the present deficiency to be merely potential and not actual.

"Where any payments in money appear twice or more in series production, then the ultimate price of the product is increased by that amount multiplied by the number of times of its appear-

ance, without any equivalent increase of purchasing power" (C. H. Douglas: "The Monopoly of Credit," p. 30).

We may call a deficiency of this nature, caused by carry-over of stock and kindred transactions, a "potential" deficiency, and, as such, it is often dismissed as of no importance. Broadly speaking, so long as such a system functions continuously "in a perfectly steady state of self-repeating movement" all is well—though, as process-time increases so as to approach the average duration of bank loans, there is a tendency for manufacturers to attempt to liquidate their stocks faster than purchasing power is coming on the market,\* and thus produce disequilibrium. But, as will be shown later, there are various "active" causes of deficiency at work, and therefore, as all economic history shows, "a perfectly steady state of self-repeating movement" cannot be maintained. During the last hundred years boom-and-slump oscillations have occurred at, roughly, ten-year intervals; any partial slackening in production due to the Trade Cycle causes the potential deficiency partially to reveal itself, and that at a time when the output of all industries is likely to be declining. The potential deficiency thus plays an important rôle in magnifying depressions initially due to other causes, and it is the strength, not the weakness, of the A + B method of analysis that it embraces the potential deficiency as well as the more positive sources of disequilibrium.

It is true that in times of boom, when additional productive systems are started, more money would be paid out as incomes than was required to buy the product, *if this were the only cause of deficiency*; but if incomes really do exceed total prices, an inflation of prices speedily relieves consumers of their surplus purchasing power. More capital is created and/or a certain amount of old debt discharged.

This new capital is not spent without considerable resistance on consumable products during the subsequent depression, when the slowing-up of the productive system requires additional effective demand; individuals and firms live upon their capital with the greatest reluctance. More-

\*Monopolies and firms supplying commodities in inelastic demand are in a favourable position to recover prematurely from the consumer the debt they have incurred in respect of stock, leaving less fortunate industries to shoulder the resulting deficit.

over, the economic pressure comes first upon those who have not been able to accumulate the excess money during the boom, and may never reach those who have acquired most of it.

It should also be noticed that a serious charge lies against an exemplary system of the sort outlined. In order to show such a system working in equilibrium it is necessary always to assume that the first firm in the chain allocates no B costs of any kind whatever. Such a firm cannot be found anywhere in any modern community, and therefore its inclusion, as the first term in the series, is wholly illegitimate if the system is put forward as representing, however remotely, all the industrial facts.

We may therefore conclude that if the industrial system is to function in stable equilibrium each firm must pay out directly (or indirectly, if we include firm M) to individuals all the costs it has itself added to the product, *and such payments must be made in the same period of time as the corresponding price-values are presented to the public for liquidation.* This condition never obtains in modern power production.

Having examined the situation in regard to what may be called short-term assets, it is now necessary to consider the effect of long-term assets upon economic equilibrium, in the light of the conclusions already reached.

All industrial firms, whether or not they obtain their raw materials for nothing, must add B costs into the price of their product. Up to the present such costs have been regarded chiefly as money paid to another organisation for semi-manufactured or raw materials, but, of course, they include in practice a group of costs known as "overheads." Overhead costs are composed of payments for maintenance, allocations in respect of the original cost of the equipment (depreciation of plant and buildings), insurance, and similar charges. It is not enough to maintain a machine in running order; it is necessary also to include a charge in price to ensure that, when the machine is worn-out or obsolete, sufficient money has been accumulated to purchase a new machine. Otherwise no aggregation of capital could be maintained.

There is a popular idea to the effect that consumers do not purchase capital goods and semi-manufactured products. They unquestionably do not purchase them

directly, but it is equally certain that the cost of all production, capital and consumable goods alike, is charged to the consumer in the price of such goods as he does buy. It therefore follows that the workers and shareholders in a factory producing, say, lathes, must receive sufficient money to buy its total output if they desire to do so. Otherwise the community will not be able to pay for the lathes when and as the cost of the lathes is presented to consumers as a component of the price of furniture, say, coming upon the market.

It is, however, as we have seen, a valid objection to say that the *maintenance* of machinery is merely a special case which does not differ essentially from the transfer charges in respect of semi-manufactures which we have already considered. The cost of the equipment which is merely being maintained is added into the cost of the final products, this cost equalling the incomes paid out in respect of maintenance, and a condition of equilibrium once more attained—provided that no other charges in respect of this equipment are collected.

It is in the creation of new capital assets and in the maintenance of the money value of existing capital assets (as distinct from running repairs) that a serious deficiency of consumer purchasing power arises. Capital is created by saving—not always by monetary saving, though that is the simplest method and will be considered first.

Let us suppose that a person saves £100 which he spends upon a machine (i.e., invests the money). Meantime, consumable goods to the value of £100 have not been bought, but we can, by a flight of fancy, imagine that these goods have remained without deterioration upon the shelves, and without causing industry to slacken its pace owing to apparent overproduction. If we imagine, by a further flight of fancy, that the £100 spent upon the machine was distributed *in toto* as wages and salaries (i.e., that the machine-making firm had no B costs), then the workmen making it are able to buy the £100 worth of goods immobilised by the person who saved the money.

This person is now in possession of capital assets to the amount of £100, and in the prices of the goods he makes must add a charge for the use of the machine which will not only keep the machine in running order but also replace it when it is worn-out or obsolete. The community has

not the money to meet this charge. It is idle to argue that this money will become wages and salaries to the makers of machinery ten years later when the machine is replaced : *it must first be collected*, and even if all the other producing units of the community were functioning in equilibrium in regard to all their charges (including maintenance of capital), there is no additional money available which can be collected to maintain the *new* capital value. So that if sufficient money is collected from consumers, this merely results in transferring the effect of the deficiency to another seller.

We are here confronted by a problem of time-order. We have strained the facts in order to suppose that the system was in equilibrium when the new machine began to work and, at the same time, the entrepreneur began to attempt the collection of money which will be paid out only ten years or so later when the machine is to be replaced. As the money is not there, it cannot be collected, even though it be proposed to replace it later. And, in spite of our supposition, it must be obvious that much the same thing is true of the machinery previously in existence, which was, and is, being financed by the same methods.

Moreover, when after ten years the money is disbursed, it is paid out, not to consumers, but to another firm, which, of course, is allocating B costs and paying them to yet other organisations. There is thus a rate of transference of money (and therefore a building up of prices) within industry which is constantly greater than the rate of industry's disbursements to individuals.

Since the number of machines in use has been, and is, constantly increasing, having started from zero, and since during their life all are collecting money which is to be disbursed only after they are scrapped, a very considerable deficiency must arise from the mere increase of capital assets. And the deficiency is frequently aggravated by financial prudence dictating the collection of maintenance and replacement charges at a rate faster than the actual destruction or obsolescence of the asset warrants. This is, of course, largely dependent upon the state of the market for consumable goods, and was a feature of the last American boom.

Money saved for replacement-charges in the future is generally invested in trustee securities, but this does not

mean that it can act as the missing consumer demand. If the securities are purchased from a bank, the money is cancelled ; if they are purchased elsewhere, the vendor does not spend the proceeds of the sale if he can help it, since to do so would be to "eat into capital." He normally seeks a fresh investment.

The constant increase in capital assets is due not only to a desire to exploit new discoveries in process and new products ; it is very largely undertaken to give employment, the wages and salaries in respect of which can be used to make up, at any rate temporarily and partially, the deficiency in the purchasing power available to liquidate the price of the consumable output of the existing capital assets. But, as we have seen, this increase can merely postpone the evil day, since it accumulates a further shortage of purchasing power in the immediate future. This aspect of the argument has recently been stated by Mr. J. M. Keynes :

"Consumption is satisfied partly by objects produced currently and partly by objects produced previously, *i.e.*, by disinvestment. To the extent that consumption is satisfied by the latter there is a contraction of current demand, since to that extent a part of current expenditure fails to find its way back as a part of net income. Contrariwise, whenever an object is produced within the period with a view to satisfying consumption subsequently, an expansion of current demand is set up. Now all capital-investment is destined to result, sooner or later, in capital disinvestment. Thus the problem of providing that new capital-investment shall always outrun capital disinvestment sufficiently to fill the gap between net income and consumption, presents a problem which is increasingly difficult as capital increases. New capital-investment can only take place in excess of current capital-disinvestment if *future* expenditure on consumption is expected to increase. Each time we secure today's equilibrium by increased investment we are aggravating the difficulty of securing equilibrium tomorrow" ("The General Theory of Employment, Interest and Money," p. 105).

If  $\alpha$  = the amount of net investment (the excess of investment over disinvestment) required to give equilibrium in any given period, and if  $y$  = the average rate of disinvestment, then, to give constant equilibrium, net investment must increase during successive subsequent periods, as :—

$$\alpha ; (\alpha + y\alpha) ; \{(\alpha + y\alpha) + y(\alpha + y\alpha)\} ; \dots \\ = \alpha ; (1 + y)\alpha ; (1 + y)^2\alpha ; \dots$$

That is, the net investment of each succeeding period must be  $(1 + y)$  times the net investment of the previous period; net investment must increase by a geometrical progression. "Thus the problem . . . presents a problem," Mr. Keynes remarks, "which is increasingly difficult as capital increases." This is an understatement; such a problem moves swiftly from difficulty to insolubility, for a series exhibiting a constant growth factor implies ultimately impossible results.

It is clear that any community which is adding to its capital resources, and can supply men who are working to that end with consumable goods, is in effect saving. And since consumable goods actually in existence today cannot be distributed except by setting the community to work upon fresh capital assets to be paid for in the future, the conclusion is inescapable that the processes of producing the existing consumable goods did not distribute to individuals sufficient money to purchase them.

Monetary saving (which may be here taken to include both hoarding and investing of money) is not practised only by individuals; the reserves built up by successful businesses, banks and insurance companies are similar in principle and have precisely the same effect upon the economic system. In regard to the insurance companies, it may be sufficient to quote from information presented by Mr. W. E. Mashford to the House of Commons in 1925: "During the last five years the Industrial Assurance Companies have collected upwards of £135,000 per working day and paid out only £42,000 per day, retaining the balance of £93,000." And the banks, driven by the instability of the system they operate, seek a delusive security by keeping their liabilities to the public as much as possible below the liabilities of the public to them. That is to say, they are practically forced by their system to distribute only a fraction of their profits in order to accumulate huge reserves, both hidden and declared.

Profits are a further source of deficiency of purchasing power. Though they may be spent by individuals upon consumable goods, yet they must *first* be collected; and it is this time-order that causes the deficiency. If the amount of money is kept constant, it is clearly impossible for industry as a whole to balance its books, as on December 31, and find a money profit, however much real

wealth may have been created during the year. What one firm may have gained, another firm has lost, so that the attempt to change profit into price is, collectively, foredoomed to failure. What happens in practice is that the more efficient or better-placed firms make a profit, leaving their less fortunate competitors with a deficit that must, if continued, remove them from business.

An allied cause of deficiency is bank interest, interest being profit upon an intangible. It is, however, a profit that must be paid, while an industrial profit may be foregone indefinitely in the constant hope of better times, provided that an actual loss is not incurred: the difference is the difference between a debenture and an ordinary share. Since the banking system creates all money, the interest due upon all loans (less salaries to bank staffs, and interest paid to depositors) can be paid, if it is paid, only by borrowing the amount from the banking system, *i.e.*, by an increase of debt.

All the causes of deficiency of purchasing power that we have examined remain entirely unaffected by the truism that all B costs may be traced in the final analysis to individuals as income. Saving and investment, for example, make it possible for a sum of money to circulate an indefinite number of times through the industrial system, each time creating a fresh cost, but it can liquidate a cost only once. The actual deficiency thus caused is equal to the sum of money multiplied by the number of times it reappears.

And these causes of deficiency act independently of whether the banks are increasing or decreasing the amount of money in existence. If deflation is being imposed, the deficiency is made more acute; if inflation, the situation is correspondingly eased.

At the beginning of this argument reference was made to services which are rendered outside the industrial costing system. At any given moment, payment for such services as well as for second-hand goods is employing in the aggregate large sums of money which are needed for the liquidation of industrial costs. It is true that this money will later be available for the purchase of goods from the industrial system, but "later" is not the same as "now": when "later" becomes "now," further sums will be withheld from industry for the same reasons. The net result

is a large block of effective demand, constantly disappearing and constantly renewing itself, permanently withheld from the industrial system by the operation of a time-lag.

Present savings, profits, second-hand sales and deflation (if any) may be regarded as current aggravations of the flaw already embedded in the system by the operation of past savings, both monetary and real. This flaw expresses itself in a "difference of circuit-velocity between cost liquidation and price creation, which results in charges being carried over into prices from a previous cost accountancy cycle. Practically all plant charges are of this nature, and all payments for material brought in from a previous wage cycle are of the same nature."\* And as mechanisation of process increases, the *actual* deficiency must increase correspondingly in relation to the potential deficiency.

The deflection of human energy in a modern community from the production of consumable goods (or from unproductive idleness) to the construction of a large capital asset (an example of real saving) does not mean that the community gets less consumable goods. In point of fact and as a matter of common observation, it gets more, because its total effective demand is made more nearly equal to the total supply of consumable goods. Each week and each month the community's wages and salaries are taken from it in exchange for the means of existence, while weekly and monthly the wage and salary costs of the new asset pile up. When, after perhaps a year, the new asset enters production there is no money available to meet its overhead charges—they are charges "carried over into prices from a previous cost accountancy cycle."

Obviously, the deficiency caused by this process depends very largely upon the difference in the rate of consumption of consumable goods and the rate of destruction of capital goods, although the increasing length and complexity of industrial processes are also factors, in that some raw materials are tending to have almost as long a "life" as the more short-lived kinds of capital assets. It is also clear that the longer the average period over which money is collected in respect of capital assets, and the shorter the average period over which money is collected for day-to-

\*C. H. Douglas: "The New and the Old Economics," p. 19.

day living on the part of the community, the greater will be the discrepancy between purchasing power and prices.

The former period is the average time in years ( $N_2$ ) taken to make and wear out a capital asset; it is the time covered by the production and destruction of a cost. Obviously, such a period will vary greatly according to the nature of the asset, but a fair and usual average is 20 years.

The latter period is the average time in years ( $N_1$ ) during which the money at the disposal of the community (total income) circulates from industry to the consumer and back again.

"In Great Britain, for instance, the deposits in the Joint Stock Banks are roughly £2,000,000,000. In rough figures, the annual clearings of the clearing banks amount to £40,000,000,000. It seems obvious that the £2,000,000,000 of deposits must circulate twenty times in a year to produce these clearing-house figures, and that therefore the average rate of circulation is a little over two and a half weeks . . . The clearing-house figures just quoted contain a large number of 'butcher-baker' (second-hand) transactions, and these must be deducted in estimating circulation rates." (C. H. Douglas: "The New and the Old Economics," pp. 18, 19.)

After making the necessary correction for the volume of second-hand transactions and for payments that do not go through the clearing-house, we may conclude that the average period of circulation of the money spent upon consumable goods is about two months, or one-sixth of one year.

The effect of the very great disparity between these two rates has been shown mathematically by Major Douglas in "The Monopoly of Credit" (New Edition, to be published in 1936) as follows:—

"Let  $n_1 = \frac{1}{N_1}$  = number of circulations per year, say 6.

"Let  $n_2 = \frac{1}{N_2}$  = number of circulations per year, say  $\frac{1}{20}$

"Let A = all disbursements by a manufacturer which create costs  
= wages and salaries.

"Let B = all disbursements by a manufacturer which transfer costs  
= payments to other organisations.



"The manufacturer pays £A per annum into the  $N_1$  system, and £B per annum into the  $N_2$  system.

"Disregarding profit, the price of production is £(A+B) per annum. But to purchase (i.e., to cancel the allocated cost of) £(A+B) there is present in the hands of the consumer—

$$\frac{£(An_1 + Bn_2)}{n_1} = £\left(A + B \frac{n_2}{n_1}\right)$$

"Consequently, the rate of production of price value exceeds the rate at which they can be cancelled by the purchasing power in the hands of the consumer by an amount proportional to

$$B\left(1 - \frac{n_2}{n_1}\right) = \text{approximately } B.$$

"This deficit may be made up by the export of goods on credit, by writing down of goods below cost, by bankruptcies, and by money distributed for public works and charged to debt. But in the main it is represented by mounting debt."

With this mathematical summary of the main argument the theoretical case may be allowed to rest. The next step must be to test the reasoning and the conclusions by reference to all available and relevant economic facts.

## Six Characters in Search of a Sandbag

By STELLA GIBBONS

I SUPPOSE that the reader was formerly called gentle because he had only one weapon against boredom: he could refuse to read the book.

But if he were a true reader he would not use this weapon, however disgracefully the author abused his privileges, for the true reader is loyal as a dog, voracious as a mole, and full of irrational hope as a spring day. He skips or plods from page to page, hoping that matters will improve.

Even today, when the reader can use the weapons of the movie or the wireless against the author, it appears that he must still be gentle at heart. If he were not so, and willing to put up with the company of thundering bores,

he would refuse to read about Mr. Prongtruffle, Loosie and the others.

But he does put up with them. He must do: or the author would not continue to write about them. No author, unless he has genius or extreme youth, continues to write about people whom no one wants to read about; and I am therefore driven to believe that there are readers who may even like reading about Mr. Prongtruffle. I am not among them.

Mr. Prongtruffle, who is the spiritual son of Mr. Aldous Huxley and Mr. Norman Douglas, is what most of us, if we encountered him in a friend's house, would label as a dirty old man. He does not look it. He has pink cheeks, silver hair and an appearance of perfect health. His very large income permits him to collect things. They are rare things, such as coins, incunabula, ikons and, of course, different kinds of busts. Nothing so healthy as stamps. His Pagan name (he is never a Christian) will be Ambrose, Cyril or Vivian, and he knows lots of Greek and Latin; his mellow, witty, cultured conversation is starred with quotations from the Early Fathers. He knows everything about wine and even more about food. He talks too much to please me; I like action; but the other characters in the book do not mind his loquacity because it is such *excellent* talk.

If his name is not Prongtruffle it will be Clutterpip or Fewjoy, and the faint, fantastic cast thus given to his character is strengthened by a chronic ailment which from time to time overtakes him and shatters his mellowness. He will suddenly be devastated by colic or hiccoughs, and the author delights to show him in the grip of this malady, his philosophy in shards.

Though doing everything which an ordinary person would consider wicked, Mr. Prongtruffle is perfectly happy, and he frequently tells the other characters that they could be perfectly happy too if only they would lie in the sun and pinch a girl while eating grapes. Often he goes off to Italy to do it, and I wish he would never come back.

The influence of the late D. H. Lawrence is seen in the character of the Maternal-Mate bore. Twenty years ago this woman would have been unhappy because she could not have a career as well as a baby, but today she