

8374

**Dhananjayrao Gadgil Library**



**GIPE-PUNE-008374**

8374

# THIS AGE OF PLENTY

*—its Problems and their  
solution*

By  
C. MARSHALL HATTERSLEY,  
M.A., LL.B.

*Author of*  
"The Community's Credit"

LONDON  
SIR ISAAC PITMAN & SONS, LIMITED  
PARKER STREET, KINGSWAY, W.C.2.  
*Bath, Melbourne, Toronto, New York*

1929

X61.1.N2

F9

8374

To  
E.V.C. and E.V.H.

## FOREWORD.

---

**T**O anyone who dispassionately surveys the trend of events, it becomes more and more evident that modern industrial civilisation is threatened with disruption. Long before the European War of 1914-1918—"the War to end War"—had entangled the nations of the world in a gigantic folly of self-destruction, strikes, lock-outs, and class-hatred had become familiar to every industrial community. The War did not engender this disquiet: it merely nourished and intensified it, until to-day our social, industrial and economic life is permeated with the fever of unrest.

In spite, however, of this striving of nation with nation and of class with class, there has probably never been a time in the history of mankind when the various members of the great human family realised more clearly and more universally their essential interdependence and brotherhood. Numerous and varied are the organisations which exist to express and foster the spirit of harmony between man and man and between nation and nation. Our hospitals, our charities and our Old Age Pension System all bear evidence to a growing recognition of the fundamental brotherhood of man. Whitley

---

*This Age of Plenty.*

---

Councils and Industrial Conciliation Boards seek to ensure the smooth running of industry. The League of Nations and the Rotary Movement exist, at least ostensibly, to promote peace on earth and goodwill among men and nations.

At first sight it seems somewhat inexplicable that with the will-to-peace so universal and so organised, the efforts of our rulers to re-establish an ordered civilisation on lines which they have been taught to regard as economically sound are meeting with so little success. But indeed it would be beyond the power of abler men than they to accomplish this, for it is in those parts of our political economy where we are most orthodox that we are most disturbed. In the majority of cases our rulers are seeking to eradicate external symptoms, mistaking them for the disease. Industrial strife, poverty and war are manifest evils, but underlying them is a radical defect in the existing economic system which no amount of goodwill and orthodox adjustment can alter, seeing that the forces of disruption are inherent in the system itself.

It is, therefore, not surprising that of late years a number of thinkers, realising that no patching up of the present system along orthodox lines will add greatly to its vitality or give to it new peace and harmony, have sought the solution of our economic difficulties in other directions. These, in contradistinction to writers of older and more orthodox schools of economic thought, may be conveniently termed the New

---

*Foreword.*

---

Economists. Although often holding widely different views, they are united in finding in the present monetary system the basic cause of our unhappy condition.

The doyen of this band is Mr. Arthur Kitson. As long ago as 1894, Mr. Kitson called attention to the artificial and capricious character of a money system based on a foundation of gold, or for that matter of any other commodity, and at the same time made suggestions for establishing and maintaining an invariable unit of value. Probably Mr. Kitson would no longer seek the ideal monetary system along the lines suggested in his earlier works, but there is no doubt that to him is due much of the credit for the revival of interest at present manifested in this important question. And, although selection is invidious, there must here be mentioned two other writers who at the present day stand in the forefront of new economic thought—Major C. H. Douglas and Professor Frederick Soddy. It is with the ideas and suggestions of these two thinkers that the ensuing pages are principally concerned.

In conclusion, it may not be profitless to draw attention to the difficulties that hamper serious students of the financial system owing to the apparent lack of accurate and relevant information, especially regarding some of the most vital aspects of modern banking. The subject is one of the greatest importance, and, as Mr. McKenna, the Chairman of our



---

*This Age of Plenty.*

---

largest bank and an ex-Chancellor of the Exchequer, has stated,\*

“there is still a wide field for inquiry on both the practical and theoretical sides. Unfortunately, however, the dearth of statistical information is a grave difficulty in the way of investigation. Individual banks cannot do much : it is useless for them to publish more than the customary details at present disclosed in their periodic statements, since no sound generalisation can be deduced from banking figures unless they relate to the banks as a whole. Co-operation between all the banks, including the central banks, in publishing the statistics required by scientific students would help us materially in the solution of some of the problems of credit-control.”

---

\* Midland Bank Shareholders Meeting, 24th January, 1928.

# CONTENTS.

	Page
Foreword .. .. .	5
<b>PART ONE.</b>	
<b>THE PRESENT SITUATION.</b>	
<b>CHAPTER I.</b>	
The Problem of the Machine Age .. .. .	14
Introductory—Science and Industry—Science and Agriculture—The changed environment—Adam Smith and James Watt—The need for orders—A money problem. (Sect. 1—7).	
<b>CHAPTER II.</b>	
The Nature and Sources of Money .. .. .	27
What is Money?—Development of the Conception of Money—The Bank Note and the Cheque—Bank-created Credit—Money—Some Statistics—"Balances with the Bank of England"—Money not a Commodity. (Sect. 8—14).	
<b>CHAPTER III.</b>	
Prices .. .. .	40
Is there any "Law of Prices"?—Velocity of Circulation—Monetary Contraction—Trusts and Combines—Price Rings and organised Restriction of Output—Monetary Expansion—The Psychological Effect of Anticipation. —(Sect. 15—21).	
<b>CHAPTER IV.</b>	
Industrial Stagnation .. .. .	57
The Creation of Leisure—Unrecovered Costs—Capital Issues—"The Flaw in the Price System"—The Effect of Investment—The A + B Theory—Science v. The System. (Sect. 22—28).	
<b>CHAPTER V.</b>	
Palliatives .. .. .	73
Insolvencies—Writing down of Assets—Capital Reduction—Bank Credit Issues—Export Trade—War—The Inversion of Science. (Sect. 29—35).	

---

## *This Age of Plenty.*

---

CHAPTER VI.	Page
The Failure of Democracy . . . . .	88
What is Democracy?—The Problem of Poverty— Deflation and Industrial Stagnation—The Government and the City—Our Real Rulers—An Anti-Social System. (Sect. 36—41).	

CHAPTER VII.	
The Return to the Gold Standard . . . . .	101
Deflation a Creditor's policy—The Gold-Basis—Foreign Exchanges—The Gold Standard—Difficulties of Stabil- isation through Deflation—"Dollar Parity"—The Internationality of Finance—The Currency and Bank Notes Act, 1928. (Sect. 42—49).	

CHAPTER VIII.	
The Basis of a Rational Money System . . . . .	123
Artificiality of the Gold Basis—Wealth and Credit—Trade Cycles—Real Wealth the ultimate Basis—Need for increased Effective Demand—A Question of Prices. (Sect. 50—55).	

CHAPTER IX.	
The Purpose of an Economic System . . . . .	135
Characteristics of Present System—Advertising and Insurance—The Underlying Philosophy—A Functional Activity—Three Essential Principles. (Sect. 56—60).	

### PART TWO. CONSTRUCTIVE PROPOSALS.

CHAPTER X.	
National Money . . . . .	146
Producer-Credit and Consumer-Credit Proposals— Gradual Supersession of existing System—£ for £— A solvent Banking System—Future Regulation of Money Supplies—Price Stabilisation—Criticism—The Stimulation of Effective Demand. (Sect. 61—68).	

CHAPTER XI.	
The Just Price . . . . .	164
A Threefold Proposal—The Real Cost of Production— The Just Price—Reimbursement to Retailers—Monetary Expansion and Inflation—Criticism of this Proposal— The Psychological Effect. (Sect. 69—75).	

---

*Contents.*

---

	Page
<b>CHAPTER XII.</b>	
National Dividends .. .. .	179
Effect of Just Price Proposal—Expediency of Dividends for All—The Common Cultural Inheritance—The Consumer's Part—An Aristocracy of Service—The Dividend and the Dole—The Advantages of National Dividends—An End in View. (Sect. 76—83).	
<b>CHAPTER XIII.</b>	
The Practical Application .. .. .	197
A Practical Policy—Industrial Banks—Control of Indus- try—Regional Clearing Houses—The Discount Voucher —A National Statistical Authority. (Sect. 84—89).	
<b>CHAPTER XIV.</b>	
A Multitude of Counsels .. .. .	210
All-in Insurance—Redistribution through Taxation— The Capital Levy—Mr. Chomley's Scheme—The League of Nations (1)—The League of Nations (2)—National Economy—Municipal Banks—The Birmingham Propo- sals—Other suggested panaceas. (Sect. 90—99).	
<b>CHAPTER XV.</b>	
The International Aspect .. .. .	239
Foreign Trade Essentially Barter—Cosmopolitan Finance and Social Credit—Import, Export and the Just Price— The Economic Unity of the Empire—The Men of the Future. (Sect. 100—104).	
<b>PART THREE.</b>	
<b>APPENDICES.</b>	
<b>APPENDIX A.</b>	
The Origin of Bank Deposits .. .. .	254
<b>APPENDIX B.</b>	
Ultimate and Intermediate Commodities .. .. .	257
<b>APPENDIX C.</b>	
The Mechanical Man .. .. .	259
<b>APPENDIX D.</b>	
Vickers Ltd.—Reduction of Capital—Balance Sheet Figures .. .. .	261
<b>APPENDIX E.</b>	
The Inverted Triangle .. .. .	263

---

*This Age of Plenty.*

---

APPENDIX F.					
The Gold Standard Act, 1925.	..	..	..	..	265
APPENDIX G.					
The Gold Basis in England and America	..				267
APPENDIX H.					
The Bank Notes and Currency Act, 1928	..				272
APPENDIX I.					
The Repeal of the Sherman Silver Purchasing Act					276
APPENDIX J.					
The First Price Factor	..	..	..	..	278
APPENDIX K.					
Bibliography	..	..	..	..	281
Index	..	..	..	..	287

# **PART ONE.**

## **THE PRESENT SITUATION.**

---

### **CHAPTER ONE.**

**The Problem of the Machine Age.**

---

### **CHAPTER TWO.**

**The Nature and Sources of Money.**

---

### **CHAPTER THREE.**

**Prices.**

---

### **CHAPTER FOUR.**

**Industrial Stagnation.**

---

### **CHAPTER FIVE.**

**Palliatives.**

---

### **CHAPTER SIX.**

**The Failure of Democracy.**

---

### **CHAPTER SEVEN.**

**The Return to the Gold Standard.**

---

### **CHAPTER EIGHT.**

**The Basis of a Rational Money System.**

---

### **CHAPTER NINE.**

**The Purpose of an Economic System.**

---

*This Age of Plenty.*

---

APPENDIX F.					
The Gold Standard Act, 1925.	..	..	..	265	
APPENDIX G.					
The Gold Basis in England and America	..			267	
APPENDIX H.					
The Bank Notes and Currency Act, 1928	..			272	
APPENDIX I.					
The Repeal of the Sherman Silver Purchasing Act				276	
APPENDIX J.					
The First Price Factor	..	..	..	278	
APPENDIX K.					
Bibliography	..	..	..	281	
Index	..	..	..	287	

# **PART ONE.**

## **THE PRESENT SITUATION.**

---

### **CHAPTER ONE.**

**The Problem of the Machine Age.**

---

### **CHAPTER TWO.**

**The Nature and Sources of Money.**

---

### **CHAPTER THREE.**

**Prices.**

---

### **CHAPTER FOUR.**

**Industrial Stagnation.**

---

### **CHAPTER FIVE.**

**Palliatives.**

---

### **CHAPTER SIX.**

**The Failure of Democracy.**

---

### **CHAPTER SEVEN.**

**The Return to the Gold Standard.**

---

### **CHAPTER EIGHT.**

**The Basis of a Rational Money System.**

---

### **CHAPTER NINE.**

**The Purpose of an Economic System.**



## **PART THREE.**

### **APPENDICES:**

---

#### **APPENDIX "A"**

The Creation of Credit-Money.

---

#### **APPENDIX "B."**

"Ultimate" and "Intermediate" Commodities.

---

#### **APPENDIX "C."**

The Mechanical Man.

---

#### **APPENDIX "D."**

Capital Reduction—Balance Sheet Figures of Vickers Limited.

---

#### **APPENDIX "E."**

The Inverted Triangle.

---

#### **APPENDIX "F."**

The Gold Standard Act, 1925.

---

#### **APPENDIX "G."**

The Gold Basis in Great Britain and America

---

#### **APPENDIX "H."**

The Bank Notes and Currency Act, 1928.

---

#### **APPENDIX "I."**

The Repeal of the Sherman Silver Purchasing Act.

---

#### **APPENDIX "J."**

The First Price-Factor.

---

#### **APPENDIX "K."**

Bibliography.

## APPENDIX A.\*

### THE CREATION OF CREDIT MONEY.

It has by now become almost an axiom in banking that a loan by a bank to a customer finds its reflection in an increase in bank deposits. That is to say, other things being equal, a fresh advance by a bank to a customer (whether by way of overdraft, or the discounting of bills) almost necessarily entails an automatic and corresponding increase in the aggregate of deposits within the banking system as a whole.

But it is not quite so universally recognised that bank-deposits are equally influenced by a rise or fall in the total of bank investment. When an ordinary investor sells his securities to some other investor who buys them, there results a mere shifting of ownership; the total of bank deposits remains unchanged. But, if nothing else intervenes, when the banks sell to the public the result is almost of necessity a diminution of public spending-power and therefore of deposits; and if the banks are bought from the public, an increased total of deposits results.

The accompanying tables illustrate the point very clearly. Table One gives the aggregate deposits of our fourteen principal

---

\* Reference, Sect. 11.

---

*Appendix A.*

---

banks at the end of six consecutive years. Table Two shews the total of direct loans and advances made by those banks to their customers and outstanding on those dates. The third and fourth tables set out the amounts advanced by those banks by way of day-to-day loans and the discounting of commercial bills—advances of a necessarily more temporary nature. The fifth table gives the value of the investments of those banks on the same dates.

Now the figures given for these fourteen banks may be taken for all practical purposes as those of British banking as a whole, and therefore, if the foregoing contention is correct, we should expect the figures for deposits given in Table One to vary almost exactly with the total of the loans, day-to-day loans, discounts and investments as given in Tables Two, Three, Four and Five. Table Six is accordingly a summary of the five Tables which precede it, and shews the almost uncanny precision with which the total of bank deposits varies in accordance with the action of the banks themselves in allowing or cancelling overdrafts, or in making or disposing of investments.

In order to render the comparisons more accurate, the figures taken have been those shewing the average weekly positions during six successive Decembers. It is felt that the selection of the figures for any particular day, such as December 31st, might possibly prove misleading, as temporary influences occasionally

---

*This Age of Plenty.*

---

give rise to deviations from the normal. In the case of four of the smaller banks, however, the average figures were not readily available and for them the figures given are those for December 31st in each year.

Finally, it is interesting to note, in comparison with the gigantic totals of bank-created credit-money, the comparatively small amount of legal tender in circulation. It is stated in "The Daily Mail Year Book, 1928" (page 90) that although

"it is not possible to state definitely the amount of money (currency) in circulation in the country, study of the official returns enables an expert to give a pretty accurate estimate. The present amount is probably something like the following:—

	£ millions.
Bronze .. .. .	8
Silver .. .. .	50
Bank Notes .. .. .	110
Currency Notes.. .. .	300
	<hr style="width: 100px; margin: 0 auto;"/>
	468

And, since the end of 1928, the Currency Notes have been replaced by Bank Notes leaving the aggregate amount of State-issued money approximately £58,000,000 out of a total of over £2,000,000,000.

## APPENDIX B.\*

### 'ULTIMATE' AND 'INTERMEDIATE' COMMODITIES.

Broadly speaking there are two classes of goods turned out by the producing side of the industrial system. The one class comprises what, for convenience, we will call *Ultimate Commodities*, the things that you and I, as individuals and consumers, require, and the provision of which is the ultimate object of industrial activity. The other class consists of *Intermediate Commodities*, things which you and I, as individuals and consumers, do not use, but which are intended to assist in the production of, or to be eventually developed into the ultimate commodities which we do desire.

Generally it is not difficult to decide at once to which category any particular article or class of articles belongs. For instance, no individual as such really requires a soap-factory: what he needs is soap. If, like soap, the article is designed for the use, if not always for the enjoyment, of individuals, and if it has either already left the producing for the consuming system or is intended to do so on sale, it falls under the head of *ultimate* commodities. But if, like the soap-factory, it is intended to remain in the producing system, merely assisting in the production or distribution of ultimate commodities it is *intermediate*.

---

\* Reference, Sect. 20.

---

*This Age of Plenty.*

---

Some goods there are, of course, which can be placed in either class. Take, if you will, the case of a motor-car. If it is used for the pleasure or convenience of a private person, it obviously falls into the category of *ultimate* commodities. But if it is employed for the delivery of groceries, so that the cost of the car enters into and is sought to be recovered in the prices charged for sugar and bacon, biscuits and cheese, then it is simply *intermediate*. In general, therefore, we may say that a boot factory, a railway train, a cinematograph film or coal used for heating a furnace represent *intermediate* commodities. *Ultimate* commodities are typified by a pair of boots, a railway journey, a visit to the pictures, or coal used for domestic purposes.

## APPENDIX C.\*

### THE MECHANICAL MAN.

In the morning papers of October 15th, 1927, there appeared a Press Association Telegram from New York, from which the following is extracted :—

“ A marvellous electrical mechanism known as the ‘mechanical man,’ which obeys the human voice and carries out orders, was exhibited by the Westinghouse Electric and Manufacturing Company. The device responds only to sound, and will do nothing unless addressed in the proper tone. If the tone is too high or too low, or off the key, the so-called man pays no attention.

“ If it is addressed in the correct manner it becomes the perfect subordinate, answering promptly and precisely what is asked of it, and acting at the word of command not only with the promptitude of a soldier on the barrack square, but actually with the speed of electricity.

“ One of these laboratory-made men is so constructed that at the cry of ‘Open Sesame’ it opened a door. Another one lit a series of lights, started an electric fan, turned on a searchlight, operated an automatic sweeper, and started a signal lamp.

“ Newer specimens are being experimented with which will be addressed by means of tuning forks which will be adjusted to emit sounds within the register of the human voice. The present specimens, however, answer questions or execute commands addressed to them on a sound wave of three different frequencies.

---

\* Reference, Sect. 22.

---

*This Age of Plenty.*

---

“ There are at present only three members in existence of this electrical fifth estate, and they are already earning bread and butter. Their duties are to keep a check on the reservoirs in connection with the Washington water supply and report the number of feet of water in the reservoirs when they are called up by telephone from the water supply headquarters. The height of the water in the reservoir regulates instruments, so that at a telephonic request for information the machine utters one of its characteristic notes seven, eight, nine, or ten times, according to the height of the water. The installation of these robots has enabled the department to save the expense of three watchmen.”



## APPENDIX D.\*

MESSRS. VICKERS LIMITED.

BALANCE SHEET AT 31ST DECEMBER, 1924.†

(Revised to give effect to reduction of capital of 13/4 per share on Ordinary Shares).

		LIABILITIES.		
		As per Balance Sheet at 31st Dec., 1924.	Adjust- ments proposed.	Amount after re- duction of capital.
		£	£	£
<b>Issued Capital—</b>				
Shares—12,315,483 Ordinary				
shares of £1 each, fully				
paid .. .. .		12,315,483	8,210,322	4,105,161
" 6,863,807 5% Cumulative				
Pref. shares of £1 each,				
fully paid .. .. .		6,863,807	—	6,863,807
" 750,000 5% Preference				
shares of £1 each, all				
paid .. .. .		750,000	—	750,000
Stock—Preferred 5% Stock ..		750,000	—	750,000
		20,679,290	8,210,322	12,468,938
<b>First Mortgage Debenture Stock</b>				
	£	s.	d.	
5% Stock ..	1,250,000	0	0	
5½% Stock ..	2,000,000	0	0	
	3,250,000	0	0	
<b>Add Interest</b>				
accrued ..	33,697	0	0	
	3,283,697			3,283,697
<b>Creditors and credit balances</b> ..	3,988,918		2,271,906	6,260,824
<b>Reserve Accounts</b> .. .. .	3,600,000		3,600,000	—
<b>Insurance Fund</b> .. .. .	59,216		—	59,216
<b>Profit and Loss Account</b> ..	804,544		632,044	172,500
		£32,415,665	£10,170,460	£22,245,205

\* Reference, Sect. 31.

† Extracted by "The Accountant" from "The Financial News."

## *This Age of Plenty.*

ASSETS.			
	As per Balance Sheet at [31st Dec., 1924. £	Adjust- ments Proposed £	Amount after re- duction of Capital. £
Land, buildings, machinery, tools, plant, etc. . . . .	7,483,802	4,254,994	3,228,808
Interests in subsidiary and con- nected Companies . . . .	17,158,070	5,488,316	11,669,754
Marketable securities—			
Government securities . . . .	2,413,218		
Other securities . . . . .	208,491		
Stock of steel, iron, timber and other material and work in pro- gress . . . . .	1,511,523		
Sundry book debts, including amounts due from subsidiary companies . . . . .	2,915,627	427,150	7,346,647
Cash and bills in hand . . . .	724,934		
	£32,415,665	£10,170,460	£22,245,205

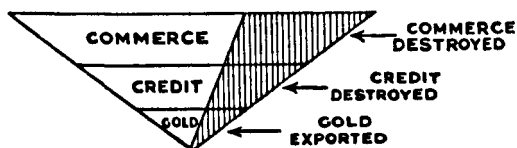
It may be remarked in passing that the writing down of the nominal value of the Ordinary Shares would have little or no effect on their market-value, and only reflected a loss that had already been incurred by the holders. The writing down of Reserves was, however, a more serious matter. Reserve Accounts represent the accumulation of profits withheld from the holders of Ordinary Shares to whom they would normally have been distributed. The ordinary shareholders, who had taken greater risk with their money in the hope of correspondingly larger profits, thus found that those profits had been withheld from them in order to salvage the Company for the benefit of those who took a lesser risk.

## APPENDIX E.\*

### THE INVERTED TRIANGLE.

Some idea of the danger to our national and international well-being inherent in the foundation of our monetary system upon a gold basis may be gathered from a perusal of Mr. Arthur Kitson's interesting treatise entitled "*A Fraudulent Standard*," from which the following extract is taken†.

"The following illustration of the triangle shows that at present all our huge volumes of credit are piled upon an insignificant amount of gold, so that every golden sovereign represents from twenty to one hundred sovereigns' worth of credit.



"If, therefore, a million pounds of bullion are exported, the banks are compelled to call in all the credit resting on that sum, in order to maintain their so-called margin of safety. Hence the movement of a comparatively small amount of gold or legal tender means the addition to or cancellation of a large volume of currency. Some years ago the '*Bankers' Magazine*' gave a most startling instance of the effect of gold exports upon the prices of our gilt-edged securities.

\* Reference, Sect. 43.

† Pages 153-155.

---

### *This Age of Plenty.*

---

During a period of ten weeks a certain group of American financiers drew from the Bank of England sums equal in all to eleven million pounds in gold and shipped it to New York. Prior to this operation these gamblers sold British Securities heavily, and bought United States bonds and shares. The transfer of the gold caused a fall in the prices of 325 of our representative securities, equivalent to £115,500,000, whilst the absorption of this gold caused a corresponding rise in Americans. This illustration explains why a relatively small addition of legal tender can sometimes seriously effect the price level. It is not due so much to the increase in legal tender, but to the disproportionate amount of Bank Credit based upon it. This fact also explains the reason why the values of commodities have become so easily the sport of speculators. The sudden creation or withdrawal of credit, the export of gold from one country to another, is sufficient to ensure certain profits to the cosmopolitan gamblers in finance."

## APPENDIX F\*.

### THE GOLD STANDARD ACT, 1925.

(15 & 16 Geo. V. Cap. 29).

The Gold Standard Act came into operation on 13th May, 1925. The provisions of this Act, the object of which was to facilitate the return to the Gold Standard, are as follows :—

- i. (1) Unless and until His Majesty by Proclamation otherwise directs—
  - (a) The Bank of England, notwithstanding anything in any Act, shall not be bound to pay any note of the Bank (in this Act referred to as "a bank note") in legal coin within the meaning of section six of the Bank of England Act, 1833, and bank notes shall not cease to be legal tender by reason that the Bank do not continue to pay bank notes in such legal coin.
  - (b) Sub-section (3) of section one of the Currency and Bank Notes Act, 1914 (which provides that the holder of a currency note shall be entitled to obtain payment for the note at its face value in gold coin) shall cease to have effect.†
  - (c) Section eight of the Coinage Act, 1870 (which entitles any person bringing gold bullion to the Mint to have it assayed, coined and delivered to him) shall, except as respects gold bullion brought to the Mint by the Bank of England, cease to have effect.

---

\* Reference, Sect. 47.

† This paragraph has since been repealed, and replaced by the Currency and Bank Notes Act, 1928, as to which see Appendix "H."

---

*This Age of Plenty.*

---

(2) So long as the preceding sub-section remains in force, the Bank of England shall be bound to sell to any person who makes a demand in that behalf at the head office of the Bank during the office hours of the Bank, and pays the purchase price in any legal tender, gold bullion at the price of three pounds seventeen shillings and tenpence halfpenny per ounce troy of gold of the standard of fineness prescribed for gold coin by the Coinage Act, 1870, but only in the form of bars containing approximately four hundred ounces troy of fine gold.

Section 2 of the above Act gives power to the Treasury to borrow any money required for the purpose of exchange operations in connection with the return to a gold standard.

## APPENDIX G.\*

### THE GOLD BASIS IN GREAT BRITAIN AND AMERICA.

Some of the dangers attendant upon a return to the Gold Standard were referred to by Mr. J. F. Darling, a Director of the Midland Bank, in an address to the Manchester Association of Importers and Exporters on December 16th, 1925. In the course of this address, Mr. Darling said—

"Our monetary policy, which has placed us on what is called the gold standard, is regarded by some as having led to a big step forward towards the Economic Unity of the Empire. This, however, is a superficial view, for it has at the same time placed us under the financial domination of the United States of America, which economically and financially is the greatest world power at the present time. . . . .

"One of the chief reasons put forward why we should return to gold was that by so doing we would substitute an 'automatic' for a 'managed' currency. If this means—and all indications point that way—that the ebb and flow of credit in this country are to depend on the automatic movement of gold, it is then high time we sat up and took notice. . . . .

"Even in pre-war days the gold standard machine did not function with freedom in other countries. In England we had in consequence to submit to very considerable oscillations, especially in the rate of interest. In those days we were rich and held undisputed sway as the world's financial centre. Therefore, we could afford to stand the racket and the idea became prevalent that anyhow it all came out in the washing.

---

\* Reference, Sect. 47.

---

## *This Age of Plenty.*

---

"To-day our position is very different, both actually and relatively. It behoves us therefore to take most careful stock of the position and of what other countries are doing. There is no uniformity amongst the so-called gold standard countries as to the amount of currency, and therefore of credit which can be built upon it, that a given amount of gold can create. In England it takes £100 of gold to create £100 of currency. In the United States, in Holland and in Germany £40 of gold can create the equivalent of £100 of currency. Not even in the British Empire is there uniformity. Thus we find that in Australia £25, in New Zealand £33 and in South Africa £40 of gold can create £100 of currency. In Canada there are certain harvesting and other provisions, but on an average the gold cover is greater. However, we may note that Canada is not really on the gold standard. . . .

"I am not going to attempt to work out the possible permutations and combinations that can result from England adopting the 100 per cent. automatic gold standard under existing conditions. In pre-war days the financial supremacy of England was unquestioned. Other countries, including the United States, were within her orbit. Now, the countries of the world, including England, *since we have adopted the gold standard*, are beginning to revolve round the United States, whose financial power, far from being on the wane, has not yet reached its zenith. . . .

"If we are going to fulfil what I fervently hope is to be our destiny and become the centre of a great Empire I do not believe it can be done under the 100 per cent automatic gold standard. In the United States we have what looks like an insurmountable obstacle.

"It is true that both countries have agreed to receive and pay gold at a fixed rate in settlement of international balances. But as we may have seen, that is only part of the working of the gold standard. The other, and it may well prove the more important



---

## *Appendix G.*

---

part, is the effect on credit within the countries which receive or pay out the gold. In this respect there is practically no comparison, for the Federal Reserve system is built on a different basis and is operated in a different way from our own. What then are the salient points of difference?

"In the United States, the basis is not gold alone, but gold and goods (as represented by bills of exchange and promissory notes) and Government securities. Legally, the Federal Reserve banks need keep only 40 per cent. of gold against notes and 35 per cent. of "lawful money" against their deposits, consisting mainly of the balances of the "member banks." Each of the twelve Reserve banks keeps its own cash reserve, which of course varies, but they can borrow from one another. The average ratio of the twelve banks for notes in circulation and deposits is at present about 70 per cent., and the gold held is £550,000,000. This is £280,000,000 more than is legally necessary. Britain, as we know to our cost, is working from hand to mouth in the matter of cash reserves. . . . .

"Federal reserve notes are not the only form of note currency in the United States. There are gold certificates, which represent 100 per cent. gold, and National bank notes, which do not represent any gold but are issued against Government bonds, as well as several smaller issues. At present there are £330,000,000 Federal Reserve notes, £210,000,000 gold certificates and £130,000,000 National Bank notes outstanding. If the gold movement either way assumed very large proportions it could be countered by ringing the changes on these issues. If gold came in too fast, gold certificates could be substituted for Federal Reserve notes, that is a 100 per cent. gold note for a 40 per cent. gold note. Were it thought desirable to mobilise more gold, the reverse operation could be performed. In 1917

---

## *This Age of Plenty.*

---

large quantities of gold were thus mobilised, while within the last three years gold has been sterilized to a considerable extent. The policy is controlled by the Federal Reserve Board, the majority of the members of which are appointed by the President—it is true for a term of years—with the Secretary to the Treasury as Chairman and the Comptroller of the Currency as Vice-Chairman. The question of making a profit for the shareholders, who are the "member banks" themselves, is a subsidiary one. The Federal Reserve Board act in what they conceive to be the national interests. . . . .

"If we adopt an automatic gold standard in this country, what will be our plight as gold leaves us for America, while it is out of action there, nay, while credit may be so managed as actually to bring about contraction? We would be left to bear the full brunt of deflation. We would not be met even half way. It would not be a question of undergoing such moderate and temporary deflation as a well-balanced gold standard would produce because it set up an equally moderate and temporary inflation in the country receiving the gold. It would result in a form of intensified deflation, greater and more lasting because brought about under a gold standard that was seriously out of balance. There would have to follow a greater contraction of credit, higher rates of interest, greater uncertainty, with their inevitable effect upon trade and industry and employment. And would this be less serious or more easily borne because it was caused by the *automatic* action of gold in this country?

"For these reasons, then, I would seek to put you on your guard so that perhaps you may be able to take steps to prevent further action being taken toward an automatic gold standard, or rather a semi-gold standard. That such action is contemplated quite soon is pretty obvious. It is following the report of the Cunliffe Currency Committee, which, however

---

*Appendix G.*

---

contained no reference whatsoever to the relative position of this country and the United States, which has become much more marked since that Report was prepared, and is, in fact, the crux of the situation. The idea seems to be to accumulate more gold at the expense of the tax-payers so that the fiduciary issue of currency may be reduced, to hand over the issue of currency notes to the Bank of England, and then to let the amount of currency, and of credit of which that currency would be the base, depend upon the movement of gold. This, gentlemen, in its far-reaching effects, is by a long way the most important issue before the country to-day. In my humble judgment, to adopt it would be suicidal."

## APPENDIX H.\*

THE CURRENCY AND BANK NOTES ACT, 1928.  
(18 & 19 Geo. V. Cap. 13).

The more important provisions of "The Currency and Bank Notes Act, 1928" which came into operation on 22nd November of that year are as follows:—

1. (1) Notwithstanding anything in any Act—
  - (a) the Bank may issue bank notes for one pound and for ten shillings;
  - (b) any such bank notes may be issued at any place out of London without being made payable at that place, and wherever issued shall be payable only at the head office of the Bank;
  - (c) any such bank notes may be put into circulation in Scotland and Northern Ireland, and shall be current and legal tender in Scotland and Northern Ireland as in England.
2. (1) Subject to the provisions of this Act the Bank shall issue bank notes up to the amount representing the gold coin and gold bullion for the time being in the issue department, and shall in addition issue bank notes to the amount of two hundred and sixty million pounds in excess of the amount first mentioned in this section, and the issue of notes which the Bank are by or under this Act required or authorised to make in excess of the said first mentioned amount is in this Act referred to as "the fiduciary note issue."
  - (2) The Treasury may at any time on being requested by the Bank direct that the amount of the fiduciary note issue shall for such period as may be determined by the Treasury, after consultation with the Bank, be reduced by such amount as may be so determined.

---

\* Reference, Sect. 49.

---

*Appendix H.*

---

3. (1) In addition to the gold coin and bullion for the time being in the issue department, the Bank shall from time to time appropriate to and hold in the issue department securities of an amount in value sufficient to cover the fiduciary note issue for the time being. . . . .
4. (1) As from the appointed day† all currency notes issued under the Currency and Bank Notes Act, 1914, certified by the Treasury to be outstanding on that date . . . . shall, for the purpose of the enactments relating to bank notes and the issue thereof (including this Act) be deemed to be bank notes, and the Bank shall be liable in respect thereof accordingly.  
(2) The currency notes to which subsection (1) of this section applies are in this Act referred to as "the transferred currency notes."  
(3) At any time after the appointed day, the Bank shall have power, on giving not less than three months' notice in the London, Edinburgh and Belfast Gazettes, to call in the transferred currency notes on exchanging them for bank notes of the same value. . . . .
5. (1) On the appointed day, in consideration of the Bank undertaking liability in respect of the transferred currency notes, all the assets of the Currency Note Redemption Account other than Government securities shall be transferred to the issue department and there shall also be transferred to the issue department out of the said assets Government securities of such an amount in value as will together with the other assets to be transferred as aforesaid represent in the aggregate the amount of the transferred currency notes. . . . .
6. (1) The Bank shall, at such times and in such manner as may be agreed between the Treasury and the Bank, pay to the Treasury an amount equal to the profits arising in respect of each year in the issue department.

---

† 22nd November, 1928.

---

*This Age of Plenty.*

---

(2) For the purposes of this section the amount of the profits arising in any year in the issue department shall, subject as aforesaid, be ascertained in such a manner as may be agreed between the Bank and the Treasury. . . .

7. (1) If the Bank at any time represent to the Treasury that it is expedient that the amount of the fiduciary note issue shall be increased to some specified amount above two hundred and sixty million pounds, the Treasury may authorise the Bank to issue bank notes to such an increased amount, not exceeding the amount specified as aforesaid, and for such period not exceeding six months, as the Treasury think proper.

(2) Any authority so given may be renewed or varied from time to time on the like representation and in like manner; provided that notwithstanding the foregoing provision, no such authority shall be renewed so as to remain in force (whether with or without variation) after the expiration of a period of two years from the date on which it was originally given, unless Parliament otherwise determines.

(3) Any minute of the Treasury authorising an increase of the fiduciary note issue under this section shall be laid forthwith before both Houses of Parliament. . .

IX. (1) With a view to the concentration of the gold reserves and to the securing of economy in the use of gold, the following provision of this section shall have effect so long as sub-section (1) of Section One of the Gold Standard Act, 1925\* remains in force.

(2) Any person in the United Kingdom owning a gold coin or bullion to an amount exceeding ten thousand pounds in value shall, on being required so to do by notice in writing from the Bank, forthwith furnish to the Bank in writing particulars of the gold coin and bullion owned by that person, and shall

---

\* Appendix " F."

---

*Appendix H.*

---

if so required by the Bank, sell to the Bank the whole or any part of the said coin or bullion, other than any part thereof which is *bona fide* held for immediate export or which is *bona fide* required for industrial purposes, on payment therefor by the Bank, in the case of coin, of the nominal value thereof, and in the case of bullion, at the rate fixed in Section Four of the Bank Charter Act, 1844.

12. If any person prints, or stamps, or by any like means impresses on any bank notes any words, letters or figures, he shall, in respect of each offence, be liable on summary conviction to a penalty not exceeding one pound.

13. (1) This Act may be cited as the Currency and Bank Notes Act, 1928.

(3) In this Act, unless the context otherwise requires :  
The expression "the Bank" means the Bank of England ;

The expression "issue department" means the issue department of the Bank ;

The expression "Bank note" means a note of the Bank ;

The expression "coin" means coin which is current and legal tender in the United Kingdom ;

The expression "bullion" includes any coin which is not current and legal tender in the United Kingdom.

## APPENDIX I.\*

### THE REPEAL OF THE SHERMAN SILVER PURCHASING ACT.

The extent to which those who are in a position to control financial policy have it in their power to affect national policy in their own interests is illustrated by the following quotation taken from a pamphlet entitled "*Industrial Depression*," published by Mr. Arthur Kitson in the year 1905.

"In 1892, Grover Cleveland was elected President of the United States on practically a free-trade or low-tariff platform. At that time the currency of the United States consisted . . . principally of paper and silver. But a bill had been passed under the former Republican administration authorising the Government to purchase six million dollars' worth of silver per month, and coin it or issue paper notes against it. The result was a regular addition to the currency of the nation—an addition which the continual growth of trade evidently required. The measure was put into operation and no difficulty arose until after the inauguration of President Cleveland. . . . Congress was summoned and a message from the President read, asking for the repeal of the Silver Purchasing Act. Congress refused and was thereupon dismissed. A convention of the leading New York bankers was then called and word sent to every National Bank throughout the United States to attack credit, for the purpose of giving the people what the bankers termed an "object lesson." A crisis was to ensue, and the Press was tol

---

\* Reference, Sect. 62.



---

## *Appendix I.*

---

to inform the people that the cause was the Sherman Silver Purchasing Bill.

"The following is a copy of the confidential circular sent to all the National Bankers:—

'Dear Sir,—The interests of National Bankers require immediate financial legislation by Congress. Silver, certificates and treasury notes must be retired and the National Bank notes upon a gold basis made the only money. This requires the authorisation of from \$500,000,000 to \$1,000,000,000 of new bonds as a basis of circulation. You will at once retire one-third your circulation and call in one-half your loans. Be careful to make a money stringency felt among your patrons, especially among influential business men. Advocate an extra session of Congress for the repeal of the purchase clause of the Sherman law; and act with the other banks of your city in securing a large petition to Congress for its unconditional repeal, as per accompanying form. Use personal influence with Congressmen; and particularly let your wishes be known to your Senators. The future life of National Banks as fixed and safe investments depends upon immediate action, as there is an increasing sentiment in favour of Governmental legal tender notes and silver coinage.'

"The conspiracy—one of the cruellest and most scandalous in the history of the Republic—was successful. Credit, upon which industry is built, was shaken, and the public—ignorant of these questions—particularly such an abstruse one as the currency—accepted the reasons offered by the Press and demanded their Congressmen to vote for the repeal of the bill. In the Autumn of 1893 the Silver Purchasing Bill was repealed."

## APPENDIX J.\*

### THE FIRST PRICE FACTOR.

The question of the actual numerical value of the first price factor was discussed in an appendix to the writer's former work, "*The Community's Credit*," from which the following extract is taken:—

"If the aggregate purchasing-power immediately available at the present day was such that there was no 'Market-Topheaviness,' then we should be faced with a comparatively simple task. We should select our period (say, for instance, one year), calculate the gross consumption of Real Wealth during that period, and the simultaneous gross production thereof, and an elementary division sum would supply the price-factor. But we know that, very far from there being no market-topheaviness, there is indeed a serious discrepancy existing at the present day between the total available purchasing power and the total charges against such purchasing-power. This fact affects the situation considerably. In determining the first price-factor it is necessary to take into consideration not only the present tendency to market-topheaviness caused by contemporary industrial expansion, but also, an equally serious matter, the accumulated topheaviness which is our heritage from past decades. So the question of the actual numerical value of the first price-factor must be approached from a rather different standpoint.

"Let us assume that our Industry can, in its present state of development, if called upon, turn out as much as four times its present normal output. Output

---

\* Reference, Sect. 75.

---

## Appendix J.

---

to-day, is limited by lack of effective demand. Effective demand is limited by lack of purchasing-power. If, then, the amount of purchasing-power in the hands of consumers was increased to four times its present amount, and at the same time means were taken to prevent a corresponding rise in prices, effective demand would also rise, to something less than four times what it is to-day. Nor would this increased effective demand be in excess of Industry's capacity to meet it.† . . . .

"We might, then, conceivably inaugurate the Social Credit era with a price-factor of one-quarter, and this is the fraction generally suggested when the actual working of the "Just Price" is under discussion. If the Social Credit proposals are, as a beginning, only to be applied to one particular industry, and the initial price-factor is intended to be applied to the products of that industry only, there would seem no possible objection to the adoption of this figure. But if the initial price-factor is to have an extensive or national application, then it is submitted that the advisability of such a sudden and drastic expansion of purchasing-power must be considered very seriously from a psychological and practical point of view. . . .

"We can, first of all, be morally certain that a sudden great expansion of purchasing-power would lead to a drain upon the stocks held by retailers to an extent that industry, not yet fully revitalised, might for the moment be unable to replace. There would follow a disorganisation that might do as much harm as the evils it was intended to remedy. At the very least it would give the new system a somewhat inauspicious start. There is also a danger that this new-found economic liberty if too precipitately entered upon, might, as has so often happened before in cases of

---

† It has been estimated by Mr. H. L. Gantt that in America the Industrial Efficiency is only about 5%. An Industrial Efficiency of at least 75% ought to be well within the bounds of possibility.

---

### *This Age of Plenty.*

---

too sudden realisation of freedom or wealth, lead to the natural abuses of reaction. Instead of there being an immediate and progressive, if gradual revival of industry, a diametrically opposed effect might be produced. When changes of a fundamental nature are to be made, it is well that they be gradual. "On the other hand, however, a more moderate reduction of, say, 20% off prices could only do good. Therefore it is here submitted that, if the first price-factor is not to be merely of local application or confined to one particular industry (in which case it might well be fixed at *one-quarter*), but is rather to be of national application, it should be fixed at, say *four-fifths* or *three-quarters*, and the first accounting period at one year or even longer. During that first period, our productive capacity would have been more and more fully utilised and, fostered by increased effective demand, greatly extended. So, gradually and successfully the whole system would enter its stride."

## APPENDIX K.

### BIBLIOGRAPHY.

Books and pamphlets dealing with what may, in contradistinction to the old orthodox economic theory, be comprehensively termed the "New Economics" are by no means rare. Indeed, so voluminous and varied has the new economic literature become that here it is only possible to enumerate the more important publications.\*

#### I.

A large and informed literature, both critical and explanatory, has been developed in connection with the "Social Credit" theories of Major C. H. Douglas. Among these the following books may be specially mentioned :—

CAPT. W. ADAMS., B.Sc.(Econ.), B.Com.

"Real Wealth & Financial Poverty." (Cecil Palmer. 7/6.)

This highly informative work presents the existing financial system as a monopoly of money and, from the point of view of Major Douglas' analysis, traces its relation to productive industry, social poverty, and economic war. An invaluable book for those who wish to understand more fully the detailed working of the present system. (1925).

MAJOR C. H. DOUGLAS, M.I. Mech. E.

"Economic Democracy." (Cecil Palmer. 5/-)

"Credit Power and Democracy." (Cecil Palmer. 7/6).

"The Control and Distribution of Production.

(Cecil Palmer. 7/6).

"Social Credit." (Cecil Palmer. 7/6).

In the first two volumes, both published in 1920, Major Douglas propounds his now well-known analysis of the

---

\* Any of the books or pamphlets mentioned in this Appendix can be obtained from the Credit Research Library, 70, High Holborn, London, W.C.1.

---

## *This Age of Plenty.*

---

economic conditions prevailing in any modern industrial community, and lays down certain basic principles upon which he claims must be sought the solution of the tremendous problem these conditions present. The third volume published in 1922, is a restatement of Major Douglas' views from various standpoints and consists largely of lectures and articles delivered or written by him during the previous three years, dealing with topics of current interest. The fourth volume was published in 1924, and deals more essentially with the philosophy of life underlying the ideals of Social Credit.

C. MARSHALL HATTERSLEY, M.A., LL.B.

"The Community's Credit." (Credit Power Press, 70, High Holborn. 5/-).

In this little volume the writer deals specially with those difficulties that arise most frequently upon a first examination of the Social Credit proposals. (1923).

ARTHUR KITSON.

"Unemployment: The Cause and a Remedy." (Cecil Palmer. 5/-).

Here the author, a well-known writer on economic subjects for many years and a pioneer in new economic thought, advocates the solution of the unemployment problem along the lines suggested by Major Douglas. (1921).

MAJOR A. E. POWELL:

"The Deadlock in Finance." (Cecil Palmer. 5/-).

A book which is intentionally elementary in character and which deliberately avoids any detailed exposition of the Social Credit theories. As an introduction to a closer study of these theories and as an explanation of what money is, and, perhaps more important still, what money is not, this little book can be highly recommended. (1924.)

W. H. WAKENSHAW, M.A.

"The Solution of Unemployment." (Reid & Co., Newcastle. 10/-).

A comprehensive survey of the problems of modern industrial civilisation. A volume full of interesting and relevant information. (1924).

In addition to the books enumerated above attention must be drawn to the following pamphlets, priced at 6d. each:

ARTHUR BRENTON. -

"The Veil of Finance."

---

*Appendix K.*

---

- C. H. DOUGLAS.  
"The World after Washington."  
C. F. J. GALLOWAY.  
"Poverty amidst Plenty."  
C. M. HATTERSLEY.  
"Men, Machines and Money."  
H.M.M.  
"An Outline of Social Credit."

In this connection must also be mentioned "*The New Age*"† a weekly review of Art, Politics and Literature, and "*The Age of Plenty*,"\* the chief feature of both of which papers is their exposition of current events in the light of Major Douglas' analysis and theories.

II.

In addition to works dealing more particularly with the analysis and theories of Major Douglas, there have of late years been published a number of volumes whose outlook places them definitely among "new economic" literature. Of these the following are perhaps the most noteworthy.

- J. P. HILTON.  
"Britain's First Municipal Savings Bank." (Blackfriars Press. 1/6).  
An account of the formation, progress and success of the Birmingham Municipal Bank. Truly "the romance of a great achievement." (1927).

---

† 7d. weekly. Owned and published by Arthur Brenton, 70, High Holborn, London, W.C.1.

\* 2d. monthly. Owned and published by H. E. B. Ludlam, 12, Grantham Street, Coventry.

---

*This Age of Plenty.*

---

C. P. ISAACS.

"The Menace of Money Power." (Jonathan Cape. 8/6).

Contains a valuable account of the growth of the present banking system (1921).

E. M. H. LLOYD.

"Stabilisation." (Allen & Unwin. 4/6).

An interesting and informative book whose author seeks a remedy for present conditions in a programme of currency reorganisation for stabilising the general level of price by co-operation between Central Banks (1923).

P. W. MARTIN.

"The Flaw in the Price System." (P. S. King. 4/6)

The chief value of this book lies in its analysis of the underlying fallacy vitiating the present costing system. The flaw in the price system is at the bottom of most of the material and a good many of the moral troubles of our time. (1924)

RT. HON. REGINALD McKENNA.

"Post War Banking Policy." (Heinemann. 7/6)

A republication in handy form of the valuable speeches delivered by Mr. McKenna at the Annual Meetings of the Midland Bank, forming a useful guide to the tendencies of modern banking policy. (1928).

PROF. FREDK. SODDY, M.A., F.R.S.

"Wealth, Virtual Wealth and Debt." (Allen & Unwin 10/6).

An attempt to obtain a physical conception of wealth that will obey the physical laws of conservation. The principal conclusions reached have been set out in the present book. (1926)

JOHN STRACHEY.

"Revolution by Reason." (Leonard Parsons. 2/6)

The gist of "the Birmingham Proposals" has been set forth in the present work. They are receiving much attention from various sections of the Independent Labour Party (1926).

From a large number of smaller works the following pamphlets are selected as being of especial interest:

J. F. DARLING.

"The Economic Unity of the Empire." (1/-).



---

*Appendix K.*

---

PROF. SODDY.

“Cartesian Economics.” (6d.)

“The Inversion of Science.” (6d.)

“The Wrecking of a Scientific Age.” (6d.).

HUGH P. VOWLES.

“The Web of Finance.” (1/-).

# INDEX.

<p style="text-align: center;">A.</p> <p>ABBATI, H. (quoted) .. 92</p> <p>Abstinence from Consumption .. .. 74, 83, 96</p> <p>Accumulation of Stocks :            Causes of .. .. 23 27            Effects of .. .. 29 34</p> <p>Advertising .. .. 57</p> <p>Agriculture .. .. 3</p> <p>Aim of Financial reconstruction .. .. 68</p> <p>All-in Insurance .. .. 90</p> <p>America—See <i>United States</i></p> <p>American Colonies, revolt of .. .. 102</p> <p>American Debt, funding of "A plus B" Theorem .. 27</p> <p>Arbitration, International .. 94</p> <p>Aristocracy of Service .. 80</p> <p>Armstrong, Whitworth &amp; Co., Ltd., Reduction of Capital .. .. 31</p> <p>Assets, writing down of .. 30, E</p> <p>Austin Motor Company, Ltd., Reduction of Capital .. 31</p> <p>Austria—Financial Reconstruction of .. .. 94, 95</p> <p>AVEBURY, LORD (quoted) 12</p> <p style="text-align: center;">B.</p> <p>BAGEHOT, WALTER. (quoted) .. .. 49, 62</p> <p>Balance of Trade .. .. 33, 100</p> <p>BALDWIN, Rt. Hon. STANLEY .. .. 48</p> <p>Baldwins Limited, Reduction of Capital .. .. 31</p> <p>Bank Amalgamations .. .. 40</p> <p>Bank Balance Sheets .. .. 13</p> <p>Bank Cash .. .. 13, 46</p> <p>Bank Charter Act, 1844 .. 10, 13</p> <p>Bank Credit Money—            Origin of .. .. 10, 11            Expansion of .. .. 12, 32, 34</p>	<p>Amount of .. .. 12, 63, A.</p> <p>Control of by Bank of England .. .. 13, 14</p> <p>Restriction on amount of 32, 52 (See also <i>Monetary Contraction, Expansion and Variation</i>).</p> <p>Bank Deposits—            A form of money .. .. 8            Creation by loans .. .. 11, A.            Analysis of .. .. 16</p> <p>Bank Investments .. .. 11, A.</p> <p>Bank Loans—            Expansion of money by .. .. 11, 32, A.            Productive and non-productive .. .. 20</p> <p>Bank Notes (Bank of England)—            Amount of .. .. 12, 49, A.            Convertability of .. .. 47, F.            Design of .. .. 49            Penalty for defacement .. H.</p> <p>Bank Notes (general)—            A form of money .. .. 8            Origin of .. .. 10</p> <p>Bank of England—            Foundation of .. .. 10</p> <p>Balances of Joint Stock Banks with .. .. 13</p> <p>Control of monetary policy by .. .. 13, 14</p> <p>Control of national policy by .. .. 40</p> <p>Reserves of .. .. 46</p> <p>Appointment of American Advisor .. .. 47</p> <p>Private Trading Company. Directorate of .. .. 48</p> <p>Under Birmingham Proposals .. .. 98</p>
--	---

## *This Age of Plenty.*

<p>Powers of compulsory purchase .. H.</p> <p>Bank Rate : variation in .. 38, 47, 50, G.</p> <p>Bank Reserves .. 13, 46, G.</p> <p>Bankers' Clearing House : Annual Clearances .. 12</p> <p>" BANKER'S MAGAZINE, THE " (quoted) .. F.</p> <p>Banking System—</p> <p>  Utility of .. 10, 62, 89</p> <p>  Solvency of, under £ for £ proposals .. 64</p> <p>  Nationalisation, under Birmingham Proposals .. 98</p> <p>Bankruptcies and Insolvencies .. 29, 35</p> <p>Banks, Municipal .. 97</p> <p>Barclay's Bank .. 40, A.</p> <p>Barter—</p> <p>  Earliest Economic System .. 9</p> <p>  International Trade .. 33, 100, 101</p> <p>BELLAMY, EDWARD (quoted) .. 78</p> <p>Belly and Members, Aesop's Fable of .. 79</p> <p>Bibliography, New Economic publications .. K.</p> <p>" Big Five, The " .. 40, A.</p> <p>Birmingham Municipal Savings Bank .. 97</p> <p>Birmingham Proposals, The (Mosley and Strachey) .. 98</p> <p>Board of Trade Statistics—</p> <p>  Bankruptcies, etc. .. 29</p> <p>  Wholesale Prices .. 42</p> <p>Bradbury Committee on Municipal Banking .. 97</p> <p>" BRITAIN'S FIRST MUNICIPAL SAVINGS BANK " (J. P. Hilton) .. 97, K.</p> <p>" BRITISH AUSTRALASIAN, THE " (quoted) .. 93</p> <p>British Empire, The .. 103</p> <p>Bronze Coinage, amount of .. 100, H.</p>	<p style="text-align: center;">C.</p> <p>Canada—</p> <p>  Water power in .. ..</p> <p>  American financial penetration .. .. 10</p> <p>  Gold Basis in .. 103, G</p> <p>Capacity to Produce—See <i>Productive Capacity</i></p> <p>Capital (Real) .. 78, 7</p> <p>Capital (Financial)—</p> <p>  Issues of, statistics .. 2</p> <p>  Reduction of .. 31, L</p> <p>Capital Levy, The .. 9</p> <p>Capital Production—</p> <p>  Loans for .. 20, 3</p> <p>  Over-emphasised .. 27, 28, 5</p> <p>Capitalisation of Profits .. 2</p> <p>CASSEL, Prof. GUSTAV (quoted) .. .. 3</p> <p>Central Bank, Regulation of money by .. 13, 4</p> <p>Centralisation of financial power .. .. 40, 4</p> <p>Characteristics of Present Economic System .. 5</p> <p>Cheque System, Origin of .. 1</p> <p>CHOMLEY, C. H. (quoted) .. 9</p> <p>Circulation, Velocity of .. 15, 1</p> <p>Civilisation .. .. 7</p> <p>CLEVELAND, President (U.S.A.) .. ..</p> <p>" CLUE TO THE ECONOMIC LABRYINTH, THE " (Flurschein) ..</p> <p>Coinage—</p> <p>  Amount in circulation .. 4</p> <p>  Early form of money ..</p> <p>  An item of bank cash .. 1</p> <p>Colonial Development .. 10</p> <p>Colonial Office Rubber Committee .. .. 1</p> <p>Combines, Trade .. .. 1</p> <p>" COMMERCIAL AND FINANCIAL CHRONICLE (quoted) .. .. 4</p>
--	--

## Index.

- Common Cultural Inheritance .. .. 78, 79
- "COMMUNITY'S CREDIT, THE" (Hattersley)—  
 Quoted .. .. J.  
 Referred to 51, 87, 99, K.
- Companies—  
 Financial Capital of .. 24  
 Liquidations .. .. 31
- Competition, Foreign—  
 Underlying cause of 33, 56  
 Remedy for .. .. 76
- Competition, Trade (Home) 18, 19
- Consols, Variation in price of .. .. 42
- Consumer Credit Proposals—  
 In general .. .. 61  
 National Money Chap. X.  
 The Just Price .. Chap. XI.  
 National Dividends Chap. XII.
- Consumers—  
 Lack of purchasing-power 6, 60  
 Flow of money to 22, 23  
 Fundamental importance of .. .. 79  
 (See also *Effective Demand*)
- Consumption—  
 Financing of, direct 67, 79  
 Real Cost of Production 70, 71
- "CONTROL AND DISTRIBUTION OF PRODUCTION" (Douglas) .. 34, K.
- Convertibility of paper Currency .. 9, F., H.
- Cost of Living—  
 Influenced by monetary variation .. 15, 20, 21  
 Reduction through "deflation" .. .. 42, 46  
 Measurement by index figures .. .. 42, 66  
 Regulation of monetary policy by .. 66-68
- Costs, Necessity of Recovery in price—  
 A business axiom 17, 23, 26  
 Market Topheaviness caused by .. 23, 25  
 Exceptions .. 29, 30, 35
- Creation of Money by Banks—  
 See *Bank Credit Money*
- Creation of Money by State—  
 Present Extent of 12, A.  
 War-time paper money .. 45  
 Essential Prerogative of Government .. 63  
 Under Soddy's proposals 63-65, 67  
 Under Douglas' proposals 72, 81, 86-88
- Creative Play .. .. 80
- Credit, Financial—  
 Definition of .. .. 15  
 Basis and limit of 52, 53, E.
- Credit, Real—  
 Definition of .. .. 51  
 Relation to Financial Credit .. .. 52
- "CREDIT POWER AND DEMOCRACY" (Douglas) 27, 69, K.
- Criticisms—  
 of Soddy's proposals .. 67  
 of Douglas' Proposals 74, 83  
 of other proposals 90-99
- Cunliffe Currency Committee .. .. 39, 49, G.
- Currency—  
 A species of money .. 8  
 Early forms of .. .. 9  
 Amount of .. 12, A.  
 Differing uses of the term 54  
 (See also *Legal Tender and Treasury Notes*)
- Currency and Bank Notes Act, 1928 .. .. 49, H.  
 "Currency Dictator of Europe, The" .. .. 48

## *This Age of Plenty.*

<b>D.</b>	
' DAILY HERALD, THE " (quoted) .. ..	94
" DAILY MAIL YEAR BOOK, 1928 " (quoted) ..	A.
DARLING, J. F. (quoted) ..	G. 47.
" DEADLOCK IN FINANCE, THE " (A. E. Powell) ..	K.
Decentralisation of Money Power .. ..	97
Debt, National—See <i>National Debt</i>	
Deeds of Arrangement ..	29
Definitions—	
Capital (Real) .. ..	78
Credit (Real and Financial) ..	51
Common Cultural Inheritance .. ..	78
Currency .. ..	8, 54
Economic System .. ..	1
Economy .. ..	96
Financial System .. ..	8, 22
Gold Basis .. ..	43
Gold Standard .. ..	45
Inflation .. ..	55, 73
Intermediate Commodities .. ..	20, B.
Labour .. ..	78
Money .. ..	8
Thrift .. ..	96
Ultimate Commodities ..	20, B.
Wealth .. ..	51
Deflation—	
Deliberate financial policy .. ..	38, 39
Reasons for this policy ..	41-44
Preliminary to Gold Basis .. ..	43-45, 49
(See also <i>Monetary Contraction</i> )	
Demand deposits .. ..	16
Democracy—	
Characteristics of .. ..	36
Failure of .. ..	Chap. VI. 41
Economic .. ..	41, 82
Deposits—See <i>Bank Deposits</i>	
Discounts, comparative figures .. ..	A
Discount Voucher Schemes, suggested .. ..	88, 18
Displacement of Men by Machines—See <i>Machinery</i> .	
Distance, elimination of ..	
Distribution of Money (present system)—	
Through Industry ..	6, 22, 23, 15
Inadequacy of .. ..	23, 25-2
Distribution of money direct to consumers .. ..	67, 18
Dividends, National—See <i>National Dividends</i> .	
Dole, The .. ..	8
Dollar Parity .. ..	4
DOUGLAS, Major, C. H.—	
Quoted .. ..	27, 34, 40, 10
Criticised .. ..	74, 1
Just Price Proposals ..	69-72, 1
National Dividends Proposals .. ..	77-1
Illustrative Schemes ..	85-1
Other references ..	Foreword, 58, 61, 1
" DRAFT SCHEME FOR THE MINING INDUSTRY, A." (Douglas) ..	1
Dunlop Rubber Co., Ltd., Reduction of Capital ..	
<b>E.</b>	
Economic Council (Birmingham Proposals) .. ..	
" ECONOMIC DEMOCRACY " (Douglas) ..	69, 87, 1
Economic " laws " .. ..	15,
Economic System—	
Attitudes towards .. ..	58,
Definition of .. ..	
Divisions of .. ..	
Function of .. ..	1,
Economy, National .. ..	

## Index.

- Effective Demand of Consumers—**  
 Effect on Prices .. 15  
**Aggregate Insufficiency of**  
     23, 25-28  
**Necessity of or increase of** 54, 60  
**Proposals for increasing—**  
     Stabilisation proposals 55, 66  
     Prof. Soddy's proposals 65-68  
     Major Douglas' proposals 69-76  
     Other proposals 93, 98  
**Elections .. .. .** 36  
**Employment—**  
     Decreasing opportunities for .. .. . 22, 59  
     Unnecessary, creation of 57  
     Not sole title to life 77-79  
     (See also *Unemployment*).  
**Environment, our changed** 4, 5  
**Estonia, financial reconstruction of .. .. .** 95  
**Exchanges, Domestic (suggested) .. .. .** 100  
**Exchanges, Foreign—See**  
     *Foreign Exchanges*.  
**Export—**  
     Present artificial necessity for .. .. . 33  
     Under Social Credit Regime .. .. . 102  
**Expropriation, Of Industry .. .. .** 86  
     Of Banking System .. .. . 98  
     F.
- Factors of Industrial Production .. .. .** 78  
**Factory Payments, analysis of .. .. .** 27  
**Federal Reserve Board** 48, G.  
**Fiduciary Issue of bank-notes .. .. .** H.  
**"FIELDS, FACTORIES AND WORKSHOPS"**  
     (Kropotkin) .. .. . 3, 5  
**Finance,**  
     the Creditor .. .. . 42  
     Internationalism of 48, 94, 95
- Financial Credit—**  
     Defined .. .. . 51  
     Basis of Loans .. .. . 52  
     Analysed .. .. . 52  
**Financial Discrimination** 61, 97  
**Financial Domination—**  
     Of Industry .. .. . 8, 38  
     Of National Policy 37, 39-41  
     Of League of Nations 94, 95  
**Financial Policy—**  
     Deflation 38, 42-46, 49  
     Essential principles of reconstruction .. .. . 60, 84  
     Restoration of National Control over .. .. . 63, 64  
**Financial System—**  
     Definition of .. .. . 8  
     Development of .. .. . 9-12, 40  
**Financial Supremacy of U.S.A. .. .. .** 47, 48 103, G.  
**"FINANCIAL TIMES"**  
     (quoted) .. .. . 12  
**FISHER, H. A. L. (quoted)** 37  
**"FLAW IN THE PRICE SYSTEM, THE" (P. W. Martin) .. .. .** 25, K.  
**FLURSCHEIM, MICHAEL (quoted) .. .. .** 2  
**"FOOD PRODUCTION IN WAR" (T. B. Middleton)** 3  
**FORD, HENRY (quoted)** 48  
**Foreign Competition—See**  
     *Competition*.  
**Foreign Exchanges—**  
     Explained .. .. . 44  
     Reflection of Price Levels 44, 102  
     Stabilisation of .. .. . 45, 46  
     Under S. C. Proposals 101, 102  
**"FRAUDULENT STANDARD, A." (Arthur Kitson)** E  
     G.  
**GANTT, H. L. Estimate of Industrial Efficiency .. .. .** J

## This Age of Plenty.

German Gold Discount		Democracy in .. .. .	36
Bank .. .. .	84	Export Trade .. .. .	33, 101
Germany, Inflation in ..	73	Colonial policy .. .. .	103
GLADSTONE, W. E.		Greece and League of	
(quoted) .. .. .	39	Nations .. .. .	94, 95
Glasgow, James Watt and		GRENFELL, E. C. (Direc-	
Adam Smith .. .. .	5	tor of Bank of England)	48
Gold—			
Import and Export of		H.	
33, 45, 100, G.		Heritage, our common	78, 79
Limitation of Money by	49, 52	"HIGH PRICES AND IN-	
(See also <i>Gold Basis</i> ).		FLATION" (Kemmerer)	41
Gold Basis for Monetary		HILTON, J. P. (quoted)	97, K
System—		Home Markets, Importance	
Defined .. .. .	43	of .. .. .	38, 72
Difficulties of Return to	41, 46	Home Production of Food-	
Effect on Price Levels ..	45	stuffs .. .. .	4
Not Essential .. .. .	46, 53	HOOVER, HERBERT	
Favoured by U.S. Finance	47, 48	(quoted) .. .. .	21
An Orthodox Acceptance	49	Hospitals and National	
Danger of, to Great		Dividends .. .. .	81
Britain .. .. .	103, E. G.	Hungary, financial recon-	
Gold Certificates (U.S.A.)	G.	struction of .. .. .	91
Gold Coinage replaced by		Hypothesis of Scarcity ..	4
paper money .. .. .	9		
Gold Standard—		I.	
Explained .. .. .	45	Ideas, a communal inheri-	
Return towards .. .. .	44-49, G.	tance .. .. .	71
Effect on Foreign		Idleness, Compulsory—See	
Exchanges .. .. .	45	<i>Unemployment</i> .	
A "Dollar Standard" ..	47, 103	Illustrative Schemes	84-81
Gold Standard Act, 1925	47, F.	Imperial Economic Policy,	
Goldsmiths, the first		need for .. .. .	101
Bankers .. .. .	10	Imports—	
GOSCHEN, KENNETH		Payment for Exports	33, 101
(Director of the Bank of		Price under S.C. Proposals	101
England) .. .. .	48	Income Tax—	
Government—		Increased by Deflation ..	31
Committee on Trades and		How to lessen .. .. .	61
Combines .. .. .	18	Index Figures—	
Expenditure .. .. .	96	Official .. .. .	41
Failure of .. .. .	37, 41	Stabilisation proposals,	
Restriction of Production	19	based on .. .. .	65, 61
Securities, Investment in	42	(See also <i>Cost of Living</i> ).	
Great Britain—		Individualism .. .. .	59, 81
Agriculture in .. .. .	3	Industrial Banks .. .. .	85, 81
Amount of Money in 12, 63, A.		"INDUSTRIAL DEPRES-	
		SION" (Kitson) .. .. .	1
		Industrial Dividends .. ..	81

## Index.

- Industrial Efficiency (U.S.A.) .. J.  
 Industrial Expansion— 2, 3  
 Problem created by 4, 5, 22  
 (See also *Productive Capacity*).  
 Industrial Stagnation— Chap. IV  
 Accentuated by Deflation 46, 52  
 (See also *Accumulation of Stocks*)  
 Industrial subservience to Finance .. 8, 38  
 Industry—  
 Accountability of .. 26  
 Distribution of money through—See *Distribution*.  
 The Provider of Employment .. 22, 58  
 Ugliness of .. 57  
 Control of, administrative and financial .. 86  
 Inefficiency of present economic system .. 57  
 Inflation—  
 Defined .. 55  
 To be avoided .. 68, 98  
 Contrasted with Monetary Expansion (q.v.) .. 73  
 Insolencies .. 29, 35  
 Insurance .. 57  
 Interest—  
 On money as such 61, 65  
 On National Debt .. 63  
 Inter-factory payments 23, 27  
 Intermediate Commodities 20, 27, B.  
 International aspect of Social Credit Proposals 101, 103  
 International Finance .. 48  
 "INTERNATIONAL JEW, THE" (Ford) .. 48  
 International loans 48, 94, 95  
 International Trade 33, 44 Chap. XV.
- "INVERSION OF SCIENCE, THE" (Soddy) .. 35, 83, K.  
 Investments—  
 By banks, comparative tables .. 11, A.  
 A Form of Spending .. 16  
 Effect on Industry 23-28  
 ISAACS, C. P. (quoted) 10, 40
- J.
- Joint Stock Banks—  
 Dependence on Central Bank .. 13, 46  
 Amalgamations of .. 40  
 Statistics of .. A.  
 Suggested Nationalisation of .. 98
- "JOURNAL OF STATISTICAL SOCIETY" (quoted) .. 12  
 Just Price, The—  
 The Problem .. 69  
 Computation of .. 71  
 Operation of .. 72, 86  
 Proposals criticised .. 74  
 Psychological effect of .. 75  
 Reorientation of Demand 76  
 Illustrative Schemes 86-88  
 Exports and Imports .. 102  
 The first application .. J.
- K.
- KEMMERER, Prof. E. W. (quoted) .. 41  
 KEYNES, J. M. (quoted) .. 42  
 KITSON, ARTHUR (quoted) .. 83, 96, I.  
 (referred to) 61, Foreword
- KROPOTKIN, PRINCE (quoted) 3, 5
- L.
- Labour, one factor in production .. 78, 79  
 Labour Saving Devices 18, 82  
 Land, a special form of Capital .. 78



## This Age of Plenty.

Law of General Price Level	15, 21	'LOOKING BACKWARD" (Edward Bellamy) .. 7
Law of Supply and Demand—		M.
Applicable to maximum prices only .. .. 17		Machine Age, problem of—
Foreign Exchange Influenced by .. .. 44		Enunciated .. Chap.
League of Nations—		A money problem .. 6,
an earnest of Goodwill		Two phases of .. .. 2
Foreword		Considered .. Chap. I
criticised .. .. 94, 95		Threefold problem for solution .. .. 6
Legal Tender—		Machinery, replacement of man-power by—
amount of .. .. A.		An existing fact .. 22, 2
kinds of .. .. 13		A scientific achievement 59,
liability of banks to pay	13, 46, 52	Marconi Company—
(See also <i>Currency</i> ).		Reduction of Capital .. .
Leisure—		Markets, struggle for—
unpaid, the problem of .. 22, 58		Home .. .. .
the ultimate goal .. 83, 104		Foreign .. .. . 33.
(See also <i>Unemployment</i> )		Market-Topheaviness—See <i>Accumulation of Stocks</i> .
Lenders and Local Authorities .. .. 97		MARTIN, P. W. (quoted) .. .
Liability of Banks to Depositors .. .. 13, 46, 52		McKENNA, Rt. Hon.
Life, material and spiritual .. 104		REGINALD (quoted)—
Limitation of output—		Need for fuller statistics
to raise prices .. .. 18, 19		Foreword
to clear stocks .. .. 26		Creation of money by
a consequence of monetary restriction .. 38, 54, 66		Banks .. .. . 11,
LINCOLN, ABRAHAM		Effect of monetary variation .. .. 17.
(quoted) .. .. . 36		Necessity for Exports .. .
Liquidations, Company .. 29, 31		Return to Dollar Parity 44.
LLOYD, E. M. H. (quoted)	15, 46	Need for spending emphasised .. .. .
Lloyds Bank .. .. 40, A.		American financial domination .. .. 1
Loans and Advances, Comparative Tables .. .. A.		(referred to) .. .. 8,
Local Authorities, financial powers .. .. 97		Mechanical Man, The .. .
"LOMBARD STREET"		MELCHETT, LORD
(Bagehot) .. .. . 62		(quoted) .. .. .
London, as the World's financial centre .. 103, G.		"MENACE OF MONEY POWER, THE" (Isaacs) .. 10, 40,
London General Omnibus Co., figures of .. .. 2		MIDDLETON, T. B. (referred to) .. .. .
		Midland Bank Limited—40,
		Analysis of deposits .. .

## Index.

- MIDLAND BANK REVIEW  
(quoted) .. .. 46, 94, 95
- MILL, JOHN STUART  
(quoted) .. .. 15
- MILNER, LORD (quoted) 42
- Minimum Wage Legislation  
(Birmingham Proposals) 98
- Mining Industry, draft  
scheme for (Douglas) 85, 86
- Ministry of Labour, index  
figures of .. .. 42
- Monetary contraction—  
Effect on Industry 17, 38, 46  
A creditors' policy 42, 49, 73  
(See also *Deflation*).
- Monetary expansion—  
Continual necessity for  
54, 60, 65  
Dangers of excessive ex-  
pansion .. .. 55, 68  
Contrasted with Inflation 73  
Suggested schemes for  
86-88, 93, 98
- Monetary variation—  
How caused .. 11, 13, 14  
How controlled .. 13, 46  
Effect on prices .. 15, 20, 21  
Effect on Industry 32, 38, 52  
Influence of Gold Move-  
ments .. .. 33, 45, 50  
Instrument of Money  
Power .. .. 62, I.  
Automatic control of  
60, 65-68
- Money—  
Acceptability of 9, 101  
Alternate use of .. 25  
Creation of—See *Bank  
Credit Money*.  
Definition of .. 8, 14  
Distribution of—See *Dis-  
tribution*.  
Lack of .. .. 6  
Limitation of amount  
13, 52, 53  
National—See *National  
Money*.  
Nature and Sources of  
Chap. II., 9, 14  
Money Problem, one of  
Accountancy .. 23, 26  
Money Power—  
Government dominated  
by .. .. 39  
Based on Gold .. .. 43  
Menace of .. 62, 73  
In operation .. 97, I.  
Money Tokens .. .. 9  
Monopolies (trade) .. 18
- MORLEY'S "LIFE OF  
GLADSTONE" (quoted) 39
- MOSLEY, OSWALD 61, 98
- Multiple Shops .. .. 18
- Municipal Banks .. .. 97
- N.
- National Appreciation and  
Depreciation .. 70, 71, 75
- National Bank (U.S.A.) .. I.
- National Bank Notes  
(U.S.A.) .. .. G.
- "NATIONAL CITY BANK  
OF NEW YORK RE-  
VIEW" (quoted) .. 47
- National Debt—  
Burden increased by de-  
flation .. .. 38  
Interest on .. .. 63, 96  
Redemption of, by new  
money .. 63-65, 67, 68  
Redemption by Capital  
Levy .. .. 92
- National Dividends—  
Chap. XII.  
Expediency of .. .. 77  
Ethical Aspect of 78, 79  
Distribution of .. 81, 86  
Advantages of .. .. 82  
Criticism of .. .. 83
- National Economy .. 96
- National Income .. 38, 96
- National Money— Chap. X.  
Expansion of (Soddy) 63, 68  
(Douglas) 72, 81
- National Provincial Bank 40, A.

## *This Age of Plenty.*

National Statistical Authority (suggested) .. .. .	89	Pacifism, cardinal error of	3
National Wealth—See <i>Wealth</i> .		Paid-up Capital, amount of	2
Nationalisation .. .. .	98	Palliatives of Present System ..	Chap. V. 3
Nations, League of—See <i>League of Nations</i> .		Insolvencies, etc.	29-3
Nature and Sources of Money .. .. .	Chap. II.	Monetary expansion ..	3
"NEW AGE, THE" (quoted)	47, 48	Export .. .. .	3
New Capital Issues .. .. .	24	War .. .. .	3
New Economists .. .. .	Foreword, 61	Paper Money: Acceptability of .. .. .	
"NEW REPUBLIC, THE" (quoted) .. .. .	94	Amount of .. .. .	12, 1
"NEW YORK TIMES" (quoted) .. .. .	48	Issue of .. .. .	13, 43, 45, 5
Niagara, water power of ..	2	Withdrawal of .. .. .	4
Nineteenth Century progress .. .. .	2	Parity of Exchanges ..	45-4
Nitrogen, fixation of ..	3, 35	Parliament: and the City .. .. .	4
"Non-productive" issues ..	20	Parliament and Municipal Banks .. .. .	5
NORMAN, Rt. Hon. MONTAGU COLLET .. .. .	48	Peace, through Prosperity ..	10
Note issue, Restrictions on .. .. .	49, H.	Pensions, Old Age .. .. .	Foreword, 77, 1
<b>O.</b>		Philosophy of Social Credit .. .. .	58, 1
"OBSERVER, THE" (quoted) .. .. .	19, 94	Poison Gas .. .. .	2, 1
Oil fuel, displacing labour ..	22	Policy, national—Subservient to financial policy .. .. .	36, 1
Old Age Pensions .. .. .	Foreword, 77, 82	Social Credit offered as ..	1
Orders—		Political Economy, Orthodox—	
Implication of .. .. .	6	Failure of .. .. .	Foreword
Lack of .. .. .	54, 56, 66	Inherited from pre-industrial era .. .. .	
Stimulation of .. .. .	72, 76	The qualification of "experts" .. .. .	39, 1
The Consumer's part .. .. .	79	"POST-WAR BANKING POLICY" (McKenna) .. .. .	1
Organisation of Production, (Birmingham proposals) ..	98	Pound and Dollar .. .. .	44-
Output, limited by demand—See <i>Limitation of Output</i>		Pound for Pound Scheme (Soddy) .. .. .	63-65, 1
Overdrafts and deposits ..	11, A.	Poverty and Unemployment coexistent .. .. .	1, 7, 1
Overhead charges .. .. .	24-27, 30	Present Economic System—Consequences of, summarised .. .. .	
Overproduction, the myth of .. .. .	..3, 50	Partial retention .. .. .	1

## Index.

- Prices—  
 Artificial maintenance 18, 19  
 Falling, effect on Industry 38  
 Guaranteed minimum  
 (Chomley's Scheme) .. 93  
 Law of, general .. 15  
 Maximum and minimum .. 17, 21  
 Variation in 16, 20, 55, G.  
 (See also *Costs, Inflation*  
 and *Price-Regulation*).  
 Price-Factor (S.C. Pro-  
 posals)—  
 Generally 71, 72, 75, 86-88  
 The first, numerical value  
 of .. .. J.  
 Foreign Trade .. .. 102  
 Price levels and foreign  
 exchanges 44-46, 49, 102  
 Price movements, effected  
 by anticipation .. 16, 21  
 Price Regulation—  
 At "Just Price" (q.v.)  
 71, 72, 75, 76, 86, 88, 102  
 At constant level 55, 66, 68  
 Price Rings .. .. 19  
 Principles of the New Econ-  
 omics .. .. 60  
 "PRINCIPLES OF POLI-  
 TICAL ECONOMY"  
 (Mill) .. .. 15  
 Private Ownership .. 74  
 "PROBLEMS OF THE  
 HOUR" (Milner) .. 42  
 Producer-Credit Proposals 61  
 Production—  
 Dependence on monetary  
 policy .. .. 17, 38  
 Interaction with Con-  
 sumption .. .. 60, 79  
 Limitation of—See *Limita-  
 tion of Output*  
 Deliberate restriction of 19  
 Real Cost of .. .. 70  
 Productive Capacity—  
 Adequacy of .. .. 2, 3, 56  
 Principle of equated  
 demand .. .. 60, 61  
 True basis of financial  
 credit .. .. 54, 55  
 Proposals for Equating  
 demand—  
 1 S.C. Proposals Chap. XI.  
 2 Birmingham Proposals 98  
 Profits—  
 accumulated .. .. 30  
 of coal-owners .. .. 86  
 of Monopolies .. .. 18  
 retention of, in reserve  
 25, 26, 28  
 Protective Tariffs .. .. 33  
 Psychological effect of S.C.  
 Proposals .. .. 75  
 Publications, New Economic K.  
 Purchasing Power—  
 measure of .. .. 42  
 stabilisation of (criticised)  
 55, 66  
 (See also *Effective Demand*).  
 Purpose of Economic  
 System .. .. 1, Chap. IX.
- Q.
- Quantity Theory of Money 15
- R.
- Rational Money System,  
 basis of .. Chap. VIII  
 Ratio—  
 Bank cash to bank de-  
 posits .. .. 13  
 "time deposits" to total  
 bank deposits .. .. 16  
 spending power to unre-  
 covered costs .. .. 32  
 bank reserves to legal  
 tender .. .. 46, 52, E.  
 industrial output to capa-  
 city .. .. 66, 68  
 Real Cost of Production 70, 71  
 Real Credit—defined .. 51  
 (See also *Credit*)  
 Real Wealth—  
 defined .. .. 51  
 basis of monetary issues  
 54, 72, 81

## This Age of Plenty.

<b>"REAL WEALTH AND FINANCIAL POVERTY"</b>		<b>Problems raised thereby</b>	4, 5, 22, 6
(Adams) .. .. .	K.	<b>Service, an Aristocracy of</b>	
Reconstruction, immensity of task .. .. .	83	<b>Shares, reduction in nominal value .. .. .</b>	31, 1
Recovery of Costs through Prices—See <i>Costs</i> .		<b>Sherman Silver Purchasing Law, repeal of .. .. .</b>	
Redistribution of Money—		<b>Silver Coinage, amount of</b>	
inadequacy of .. .. .	54	<b>SMITH, ADAM .. .. .</b>	
Suggestions for .. .. .	91, 92, 99	<b>SMITH, Prof. ELLIOTT (quoted) .. .. .</b>	
Reduction of Capital 29, 31, D.		<b>Social Credit—</b>	
Regional Clearing Houses (suggested) .. .. .	87	Philosophy of .. .. .	58,
Regulation of Money Supplies, principles of .. .. .	60, 61	Proposals Chaps. XI. & XII	
Remedies for present evils—		A policy .. .. .	84, 1
various suggested .. .. .	90-99	Era, inauguration of .. .. .	
Reserves, Reduction of .. .. .	31, D.	Publications .. .. .	
Retailers and the Just Price—		<b>"SOCIAL CREDIT"</b>	
The proposal .. .. .	69, 72, 86, 102	(Douglas) .. .. .	
Inducement to co-operate .. .. .	88	<b>SODDY, Prof. FREDERICK—</b>	
<b>"REVOLUTION BY REASON"</b> (Strachey)		Referred to	
.. .. .	1, 66, 98, K.	Foreword, 61, 95,	
<b>ROGERS, Sir HALLEWELL (quoted) .. .. .</b>	33	Quoted 3, 5, 35, 37, 54, 65,	
<b>Rubber, restriction on Output .. .. .</b>	19	for £ Proposals .. .. .	63-
<b>Russia, Inflation in .. .. .</b>	73	Stabilisation Proposals .. .. .	65, 68,
<b>S.</b>		Criticism of his Proposals .. .. .	66-
<b>Sale under (financial) cost—</b>		A Critic of S.C. Proposals .. .. .	74,
Not necessarily below real cost .. .. .	70	<b>"SOLUTION OF UNEMPLOYMENT"</b> (W. H. Wakenshaw) .. .. .	
Major Douglas' suggestion .. .. .	69, 71, 72	Spiritual Values .. .. .	1
(See also <i>Just Price</i> ).		<b>"STABILISATION"</b> (Lloyd)	
<b>Sankey Commission .. .. .</b>	86	Quoted .. .. .	15, 41,
<b>Saving—</b>		Referred to .. .. .	
in relation to spending .. .. .	16	Stabilisation—	
suggested necessity for .. .. .	74, 96	Foreign Exchanges .. .. .	45, 46,
<b>SCHLACHT, Dr. (Governor of Reichsbank) .. .. .</b>	48	Price-levels .. .. .	55, 66,
<b>Schroeder, J. Henry &amp; Co., Ltd. .. .. .</b>	48	<b>STAMP, Sir JOSIAH (quoted) .. .. .</b>	
<b>Science—</b>		Standard of Living, a higher .. .. .	75, 1
application to industry .. .. .	2, 3,	<b>Statistics—</b>	
		Dearth of .. .. .	Forew
		Banking .. .. .	12,

## Index.

Capital Issues .. .. .	24	Trusts, industrial .. .. .	18
Insolvencies .. .. .	29	Twentieth Century, Pro-	
Capital Reductions .. .. .	31, D.	gress in .. .. .	2
Steam-power .. .. .	2, 5, 84		
STEWART, W. W.—Economic		U.	
advisor to Bank of Eng-		Ugliness in Industry .. .. .	57
land .. .. .	47	Ultimate Commodities—	
STOLL, Sir OSWALD .. .. .	61	Defined .. .. .	20, B.
Storehouses, suggested		Sale at "Just Price"	
national (Chomley) .. .. .	93		72, 75, 86-88
STRACHEY, JOHN		"UNCLAIMED WEALTH,	
(quoted) .. .. .	1, 66, 98	THE " (Abatti) .. .. .	92
Supply and Demand,		Undistributed Profits .. .. .	25, D
"Law" of .. .. .	17, 66	Unemployment—	4, 6, 22, 56
		Coexistent with Poverty	
T.			1, 7, 37
Tariffs .. .. .	33, 103	Prime Cause .. .. .	22, 83
Taxation—		Intensified by money	
Suggestions to reduce		stringency .. .. .	38, 94
As a redistributor of	63, 65, 68, 92	A permanency .. .. .	59, 77
money .. .. .	91	Reduction of .. .. .	76
Thrift .. .. .	96	(See also <i>National Dividends.</i> )	
Tickets, money a system of		Unemployment Relief .. .. .	81, 82
	9, 22	"UNEMPLOYMENT, THE	
Time deposits .. .. .	16, 58	CAUSE AND A REMEDY"	
"TIMES, THE (newspaper)		(Kitson) .. .. .	K
(quoted) .. .. .	44	United States of America—	
TIARKS, Mr. F. O. (Direc-		Production in .. .. .	20, 22
tor of Bank of England)	48	Money Policy in .. .. .	
TOYNBEE, ARNOLD			20, 38, 46, 103
(quoted) .. .. .	15	Prices in .. .. .	20, 46
Trade—		Democracy in .. .. .	36, 40
Combines .. .. .	18	Bank Deposits in .. .. .	38
Foreign .. .. .	33, 44, 100, 101	Gold Basis in .. .. .	G.
in America .. .. .	38	Predominance (financial)	
Cycles .. .. .	52	of .. .. .	47, 50, 103, G.
Revival .. .. .	76	Dominated by Money	
(See also <i>Competition and</i>		Power .. .. .	I.
<i>Industrial Stagnation.</i> )		Industrial efficiency .. .. .	J.
Treasury Notes—		U.S.A. Government and	
Acceptability of .. .. .	9	War Vehicles .. .. .	33
Amount of, in 1927 .. .. .	12, A.	Unity of Empire .. .. .	103
Supersession by bank		Unrecovered Costs—	
notes .. .. .	12, 49, H.	Accumulation of .. .. .	23-28
Treasury opposition to		Partial Cancellation of	
Municipal Banks .. .. .	97		29, 30, 31
"Triangle" Illustration .. .. .	E.		

## *This Age of Plenty.*

<b>V.</b>		
Value of Money ..	44, 101	Washington water supply
Values, exchange of ..	51	Water power .. ..
Variation in amount of Money—See <i>Monetary Variation.</i>		WATT, JAMES .. ..
Velocity of Circulation	15, 16	Wealth—
"VEIL OF FINANCE, THE" (A. Brenton) .. ..	K.	Definition of .. ..
Vickers, Limited—Reduction of Capital ..	31, D.	National .. ..
Vienna, Conditions in ..	94	(See also <i>Real Wealth</i> ).
<b>W.</b>		"WEALTH OF NATIONS" (Adam Smith) .. ..
Wages, Salaries and Dividends—		Wealth, transference by monetary variation ..
Source of Consumer Demand	6, 23, 56	"WEALTH, VIRTUAL WEALTH AND DEBT" (Soddy)—
Issue of new money through .. ..	20, 98	Quoted 3, 5, 37, 54, 65, 74, Referred to .. ..
Inadequacy of, unsupplemented .. ..	28, 77, 83	Westinghouse Company's Mechanical Man .. ..
Distribution through Industrial Banks (suggested) .. ..	85	Westminster Bank .. ..
"WALL STREET JOURNAL" (quoted)	48	"WHO'S WHO" and the Bank of England .. ..
War—		Wholesale Prices .. ..
Cause of .. ..	33, 34, 56	WILSON, PRESIDENT (quoted) .. ..
A palliative .. ..	34, 95	WINGFIELD-STRATFORD, Dr. ESME (quoted) .. ..
Preparations for .. ..	35	Wireless .. ..
Removal of Cause .. ..	104	Women, economic emancipation of .. ..
War (1914-1918)—	Foreword	Work—
Production during .. ..	3	For work's sake .. ..
Cause of .. ..	33	A functional activity .. ..
Abandonment of Gold Standard .. ..	45	Conditions of .. ..
War Loan—See <i>National Debt.</i>		Working Capital, accumulations of .. ..
		Writing down of Assets .. ..
		<b>Z.</b>
		ZIMMERMANN, Dr. .. ..





**CHECKED**  
**20.3.04**