

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

Mr. Baldwin's speech on Mr. Macquisten's Bill deserves all the praise that has been given to it. He set out from certain facts which we ourselves emphasised two years ago in an article entitled "Trade Union Finance"—namely, that Trade Unionism was a Trust, and obeyed the same laws as Capitalist Trusts. He developed his arguments soundly, pointing out that while the employers organised to protect their trade by "preventing any new man starting in that trade," the workmen organised to ensure that no man could work in their trade unless he belonged to their union. The effect of both systems was to keep in existence certain interests which would be destroyed in a system of unrestricted economic competition. The masters' and the men's Trusts both operated to preserve something which was uneconomic. Further, they both involved "a certain amount of sacrifice of personal liberty." In this last remark lies the real reason why Mr. Macquisten's Bill has not been accepted by the Cabinet. His underlying trade unionist ought not to be restricted in however indirect a manner as regards his political affiliations. Quite true, but, as Mr. Baldwin said, the restriction could not be helped in an age when "everything was tending to a great amalgamation of employers on the one side and of men on the other." In the laboratory you can, for instance, choose whether you will "amalgamate" oxygen and hydrogen or whether you will not. But if you choose the first alternative, you cannot at the same time choose to preserve the separate properties (or "liberties") of the two gases. In combining them you destroy their properties, and you create a new combination with entirely different properties: you get water. The chemist tells you that the process takes place with explosive violence—in other words, the Oxygen and Hydrogen protest loudly against the loss of their liberty, just as we sophisticated mortals do. You are thus thrown back upon the question whether water is a good thing: and that depends in turn upon whether you are going to drink the water or drown yourself in it. So far as the immediate issue contained in Mr. Macquisten's Bill is concerned, it was summed up a long time ago by, we think, Sir John Simon who said it was a question of principle—namely, whether the Trade Unions had the right to "exploit the inertia

of their own members." He concluded that they had, and wisely so, for to deny the right in one direction was to deny it in others—which would immediately raise all sorts of unexpected results. It might—who knows?—have led to inconvenient enquiries into the inertia of consumers and the rights of exploiting it. No, no; it is safer to let inert dogs lie.

But to come to the constructive side of Mr. Baldwin's speech. He sees Capital and Labour as two Trusts, but looks forward, not to their collision, but to their co-operation—their "partnership."

I want to see at the head of these organisations men who know exactly what can be conceded and what cannot, and can make their reasons plain. I hope we shall always find such men trying to steer their respective ships side by side instead of for a head-on collision.

We agree. We also agree with his further assertion that "Industry cannot get much help from politicians or intellectuals"—if we may make a reservation with regard to the "intellectuals." If he means that political and intellectual guidance is useless to industry while the rules of the existing financial system are paramount, we can understand him. But if he means that no suggestion for changing those rules is of any practical value, we must, of course, politely contradict him. On the other hand we need not argue the matter out, for if what he wants to see comes to pass—that is, the frank and public interchange of facts and views between practical men at the head of the rival Trusts, who "know where the shoe pinches"—we are certain that they will eventually find themselves fumbling at the latch of our "intellectualism." For one fundamental fact will quickly emerge, that the Capitalist Trust cannot make a profit if it pays a fair wage, while the Labour Trust cannot even exist unless it receives a fair wage. Once that fact is recognised to be a fact, "Suspicion"—which Mr. Baldwin remarks is "preventing stability" at home—will have been removed. But the removal of the suspicion will not of itself solve the problem, it will only disclose the real nature of the problem. Such a disclosure is, of course, a vital step towards the ultimate solution, and exhortations to "reasonableness" and "good-will" are of practical value up to the time when that step shall have been taken. Afterwards it is the arithmetic of the

present credit and price system which will have to be dealt with. It will be useful here to reflect upon the rôle which "good-will" really plays in the present situation. We have often spoken in disparagement of the "good-will" apostles—and shall continue to do so in certain given circumstances. The question has to do with the nature of *real credit*, which we may define for our present purpose as the sum of all those physical and moral factors which assist the process of production. The physical factors may be summed up as *mechanical energy*, and the moral factors as the *will to co-operate* in making the fullest use of that energy. Each is an essential half of one whole. Conceive a community which was in control of all the mechanical energy in the world, but each member of which hated all the others. What would be the measure of its real credit? Therefore, humanity, humility, generosity, charity, all these and other "Christian virtues" are factors in the development of an economic system in this world, whatever connotations they may have in the world to come. Every time that Wernher Beit and Co. have given a cheque to the Salvation Army that truth has been endorsed. Then what is the reason for criticising those teachers who specialise in evoking these essential moral elements in the nation's real credit? It is because the development of real credit is not the final objective. *Real credit* must be expressed in terms of *financial credit*. To put the matter very plainly, *the moral factors in our real credit are of no economic value unless they are monetised*. This statement would not be true if we lived under a system of direct barter, but it is true in the present day when nothing changes hands but by the sanction of a piece of money. So whereas the promoter of "goodwill" works legitimately at the expansion of *real credit*, it is the scientist, the arithmetician, who must measure and distribute its financial equivalent. We can now come back to our subject. When Mr. Baldwin's practical employers and practical working-men really come together and search each other's accounts they will discover that even should they form a single Trust and agree on how to divide profits, there is not enough financial credit in existence to satisfy their respective needs at the present level of costs and prices. Obviously, at this point, the "good-will" promoter has no further help to offer, and must be bowed out with many thanks for his services in introducing the two bankrupt parties to each other. The enquiry to follow will be whether there can be some additional financial credit, and, if so, on what basis of measurement its amount may be estimated. The first query concerns the "intellectual" and the second the statistician.

Sometimes a cartoonist tells more than he meant to. In the last issue of the *New Leader* there is a picture of "The Class Duel." In the background is the Capitalist, manning a machine gun. In the foreground, preparing to attack him is a working-man. Behind the latter is figured Mr. Macquisten stealing a sword which this working-man is wearing. The sword is lettered "Political Levy." We would like to know what use the sword would have been any way. It would not have stopped the bullets. It would only have come in handy after the workman had (if he could) rushed up to the machine-gunner. And his only chance of doing that would be to throw away his sword so that he could dodge and rush without any encumbrance. A pea-shooter would have been an immeasurably more useful weapon, for he might have caught the Capitalist in the eye and caused a short suspension or misdirection of the firing. As a matter of fact, Labour has got such a weapon, i.e., its trade union organisation—the levy for which not even Mr. Macquisten proposes to take away. The whole idea of the cartoon is false. Far from the Labour politicians protecting the trade unions, it is the trade unions which protect the Labour politicians. Mr. Brailsford

himself said as much the previous week when he contemplated a majority of Labour politicians—a Labour Government really in "power"—having to depend on a general strike to make a Socialist policy possible. Economic power precedes political power. We do not undervalue the importance of having a spokesman in the House of Commons, but a single member is quite as effective as a hundred *if he knows what to say*. The power of passing legislation is nothing to the task of administering it; and it is in the industrial field that the fate of most legislation is decided. Perhaps next week the artist will show us what power has since frightened the "Capitalists" into cutting Mr. Macquisten off and leaving Labour with its sword. We suggest that he shows his working-man using it to cut a staircase ready for Mr. Snowden to ascend to the Bankers' Banquet when the next political triumph of Labour comes.

Readers who possess a copy of *Canada's Bankers and Canada's Credit* will do well to turn to pages 102 et seq. They cover the cross-examination of Major Douglas, by the Hon. H. H. Stevens, before the Parliamentary Committee on Banking and Commerce held at Ottawa in March and April, 1923, on the subject of Austrian conditions. Major Douglas had quoted Col. Repington's story in his book *After the War* (1921), of how Austria had been developing her industries, and of how she financed with her own credit the sale of foodstuffs—chiefly bread—at one-sixth of cost in respect of the loaf (i.e., a 1,260-gramme loaf costing 60 kronen to the State was sold for 9 kronen). "Even a Rothschild," said the Colonel, "is paid, therefore, 51 kronen by the State for every loaf he eats." Major Douglas had then contrasted that state of affairs with the one then in existence, saying "Since that time, Austria has returned to greater financial soundness as measured by usual standards (and) there is a complete wave of economic stress covering Austria at the present time." Mr. Stevens here began to object:

- Q.—... in 1921 Austria admitted that she was in a position where she was helpless and hopeless?
- A.—Her financiers admit it.
- Q.—Well, she could not buy outside...
- A.—... up to the time those things—the application of credits to the reduction of prices—were removed Austria was doing very well.
- Q.—Very well... What induced the Austrian authorities to abandon that process under which she was doing well?
- A.—Outside political influence.
- Q.—Let us get back to Austria... Austria abandoned... this method of subsidies... and such like.
- A.—Let us say that they stopped.
- Q.—Then Austria, by the assistance of outside credit, given to her by other nations, is now seeking with considerable success... to... re-establish herself in the world markets.

The *Chairman*: We know... that upon the request of Austria certain European nations, and, I think, the United States, loaned a certain amount of gold. We can get this in the library without a doubt.

The above short extracts are typical of the line of the whole cross-examination, which was intended to get Major Douglas to admit that Austria got into a mess by her "unsound" credit system, and then got out of it by restoring conditions of "sound finance"—which, of course, he did not. The following passage from the *Daily Mail's* Vienna correspondent, under date March 4, confirms his caution, and we hope that our readers in Ottawa and elsewhere will pay particular attention to the statements made.

The epidemic of suicide in Vienna, which has extended to Budapest, is attributed to this implied callousness on the part of foreign countries, which do not sympathise with the Austrian's reluctance to live within his means.

Although more than 70,000 registered unemployed in Vienna are getting an allowance of about 10s. a week, at

least 300,000 persons in the city, with a population of nearly 2,000,000, are barely keeping body and soul together. They are people of all classes, including impoverished aristocrats, who exist by subletting to foreigners rooms in their almost rent-free flats. Banks charge traders 22 per cent. per annum at least for short loans, and the borrowers naturally cannot hope to pay the interest and make a profit by legitimate trading. So they speculate frantically till the crash comes.

We are reminded of the shrewd observations made by Mr. Speakman, a member of the Committee of which we have been writing, upon the evidence respecting Austria. "It looks to me," said he, "as though the prosperity of the individual and the prosperity of the nation were in inverse ratio. That is, that during the period while the nation was going to chaos the individuals in the nation were highly prosperous, and as the nation approached a more stable condition the individuals within the nation became less prosperous... I would like that explained to me, because it looks rather peculiar if it is true." This "peculiarity" is likely to be dramatically forced on the attention of a good many other people in the near future—not even excepting the Editor of the *Teachers' World* who, we see, has recently been talking about the "public being cheered every morning by the news that we are slowly moving towards the restoration of the gold standard"!

Our correspondent, Mr. Crafter, whose letter appears elsewhere, takes us to task for arguing that gold controls credit; but he seems to have overlooked that what we were showing was not the true laws of credit, but the logic of the bankers' laws of credit. Did we not indicate, in a later passage, that they would not work out as intended? The only point open for discussion would be whether the bankers' intentions were to make gold the limiting factor; and on this question Mr. McKenna was quite definite in his address to the Commercial Committee of the House of Commons on March 4. *The Times* reports him as follows:—

There was, however, a question of much greater importance for trade than that. Would the reversion to the gold standard give the means for an expansion of credit necessary to meet the requirements of expanding trade? They had to remember that the volume of credit would in the new conditions be regulated by the supply of gold. If the world's demand were in excess of the supply there would be a drain upon the gold reserves which they would only be able to check by restricting credit. If the world's supply were in excess of the demand, so far from there being a drain, there would be a natural flow of gold into this country, which automatically would expand the total of credit. The questions, then, which they had to consider were the relation between the present supply of gold and the probable total of the world's demands, and the consequences to trade of an excess or deficiency.

Speaking later on about the question of supplies of gold, the same report quotes him:—

It was possible that they might add some millions to their reserve here, but the United States would be a willing seller rather than a willing buyer. He could not pretend to take anything more than a cursory view of the total of requirements, but with such materials as he had at his disposal, he could not come to any other conclusion than that the output was more than adequate to meet the world's demands. If this were the case, on balance gold would come to this country without their being obliged to attract it by high money rates. It would be bought by the Bank of England, and every purchase by the Bank of England led to an expansion of credit.

It will be seen that Mr. McKenna regards the effect of gold supplies as quite automatic. If there is less than sufficient gold we must go short of credit, and if there is more we must have too much.

However, to look for any intelligible and practical logic behind the gold standard as a system is to waste time, for when one has thoroughly analysed all the arguments used in its advocacy, one is forced to sum them up in the statement that *the function of a*

gold standard is to maintain itself in existence. But once consider the gold standard, not as a system, but as an instrument (or if you like, an excuse) for an underlying policy, and you can begin to see some reasons for it. One reason—probably the dominant reason—was blurred out in the Report of the Cunliffe Committee issued in August 1918. Speaking of the advantages of the gold standard before the war, the Committee cite this one:

"Domestic prices were automatically regulated so as to prevent excessive imports; and the creation of banking credit was so controlled that banking could be safely permitted a freedom from State interference which would not have been possible under a less rigid currency system."

Here is the essential point to fix on. Not the mechanics of the gold standard—even were they perfect—but the purpose of it, that the monetising of the community's credit can be "safely permitted a freedom from" the community's interference. Hands off your property, so to speak.

CONFERENCE AT SWANWICK.

Major Douglas wishes us to state that the announcement in our advertisement columns of last week's issue to the effect that a summary of his views on the Social Credit Movement would be circulated in connection with the Conference at Swanwick on March 27-30 was made without his knowledge or consent. He has no criticism to make of the Social Credit Movement and has not authorised the presentation of his views upon it.

One-Man Finance.

THE REMINISCENCES OF MR. HOOLEY.

II.

One of the outstanding instances of profit-taking occurred in respect of the Beeston Tyre Company of Nottingham in 1896-7. It had a capital of £100,000, of which £75,000 had been issued. Its shares, nominally £1, were quoted on the market at 9d. Well, for certain reasons, Mr. Hooley wanted to buy the company. He went to see the directors, and they sold him the unissued 25,000 shares at 25s. each! As soon as Mr. Hooley made out his cheque and had put the certificate of transfer in his pocket he said: "I presume both you gentlemen are big shareholders in the same both you gentlemen are big shareholders in the company, and that between the three of us we control the bulk of the capital. I'm going to offer you £8 apiece for all the shares you hold." The offer had to go out to all the shareholders, and the particulars of it got into the London Press the same night. The price immediately jumped from 9d. to £7 17s. 6d., and there ensued "some of the wildest gambling I have ever known," recalls Mr. Hooley: "and people who had the wisdom to sell made small fortunes." In the meantime Mr. (now Sir) Arthur du Cros had been investigating for Mr. Hooley the value of a certain licence which the Beeston Company held to make Dunlop tyres, and because of which Mr. Hooley had made his offer. It was now discovered by Mr. du Cros that the licence was not worth acquiring, since it gave the company no right to put their tyre on the Dunlop rim. By the time Mr. Hooley was informed of this he also became aware that the shareholders of the Beeston Company had been advised by the directors not to accept his offer. "While the price was still hovering around £8 and people were still tumbling over themselves to buy, I quickly dumped my little lot on the market, and altogether realised £88,000 for them." At Mr. Hooley's bankruptcy in 1898, when these facts were first revealed, the Official Receiver recommended a criminal prosecution, but Mr. Edward Carson, the then Solicitor-General, came to the conclusion that he had not acted with any criminal intent, and declined to take proceedings.

This was the first warning of the trouble which finally came in 1920 when Mr. Hooley was sentenced to penal servitude for three years. This followed his activities in the cotton boom in 1919, when, as he

doubtless correctly says, "several people, with no more pretensions to honesty than myself, made millions of pounds selling mill shares which were not worth a shilling apiece."

"But in Lancashire they fought like madmen to buy them. Mills worth £10,000 were refloated with a capital of £200,000, and the lunatics who bought the shares took it all lying down when the inevitable crash came. I suppose fully £10,000,000 was lost in this cotton boom. If everybody had had their deserts there would have been a hundred other men put in prison."

It is necessary, of course, for the law to protect the investor, but one cannot help the reflection that there is something wanting in legislation that omits to care for the interests of the consumer with the same solicitude. The distinction is logical enough, we grant; for, given a national financial policy, which deliberately discourages consumption, and favours abstinence, something must be done specially to protect the abstainers and the fruits of their abstinence—in other words, investors and their investment funds. Thus the doctrine that the price of a thing is what it will fetch is allowed free scope in regard to the selling of things which the people are obliged to buy, but is rigidly qualified when you come to the selling of shares which can, as a general rule, be bought or let alone at will. You may "rig the market" (as we saw in our previous article) for pig iron, by buying up parcels which otherwise would have been dumped on that market and have depressed prices, but you may not rig the share market. There is a moral distinction, perhaps, but not an economic one, between the two processes.

From first to last Mr. Hooley admits having made £15,000,000. But he ends up with nothing. At the time he writes, he says his will would not be worth the cost of proving. At least £1,000,000 he expended in voluntary gifts. Elsewhere he states that he "could have kept £7,000,000"—if he had been temperamentally a "saver." But he was not. Money came and went almost as it would—while he had it he did not care what he spent. For instance:—

"I wasn't very popular when I went to Papworth (one of his estates). When I asked the estate agent what the labourers were getting in the way of wages and he told me 12s. a week for farm hands and 13s. for horsekeepers, I said it was disgraceful and ordered that the wages be immediately raised to £1 a week all round, the same as my men at Risley were getting. A week or so later there arrived at Papworth a decidedly aggrieved deputation of the local farmers.

"Mr. Hooley," said the spokesman, "do you want to ruin us all paying these wages? We'll be in the work-house."

"I don't care," I replied. "Twelve shillings isn't the price of a lunch. It's only the price of a bottle of wine."

Again:—

"In addition to being High Sheriff, I was also the greatest farmer in the two counties. They all called me mad, and I must have been, because over a period of fourteen years I lost £10,000 a year farming. When I bought Papworth it was a wilderness. The farms were derelict and the land was the poorest I had ever set eyes on. For years the farmers had been taking crops off the land and putting nothing back. I said to my agent:—

"Come on, we'll put an end to all this."

"How much for every farmer."

"I bought them all, wheat, corn, straw, potatoes, even the vegetables. Then I turned them all out, and made a start with farming the land myself.

"I bought thousands of tons of fertiliser, and inside of ten years I had made Papworth the finest property for miles around.

"I put up a mill of my own and bought thousands of tons of beans to feed my cattle. All the farmers brought me their beans, and I bought everything that was offered to me at the right price.

The job of furnishing Papworth was given by Mr. Hooley to Sir John Blundell Maple, and it cost £40,000. Altogether £250,000 was spent on "adapting it to my particular liking." Naturally every

seller did his bit to rig his own market when Mr. Hooley appeared as a buyer.

"They soon came to know me in Cambridgeshire, Norfolk, Huntingdonshire, and everywhere else for fifty miles around. I made it my business to visit all the cattle markets to buy stock for my numerous farms. The moment I made my appearance all the farmers would say: 'Hallo, here's Hooley!' and up would go the price."

When, in 1896, Papworth was to be stocked with wine, Mr. Hooley gave the order to Sir Thomas Kingscote, the Keeper of the Queen's cellar. The latter, after looking over the cellars said: "Give me a cheque for £10,000 for wines and £2,000 for cigars. If I want any more I'll let you know." The sequel Mr. Hooley relates in the following words:—

"I might as well explain that Tommy was then the London agent for Moët and Chandon, the celebrated champagne firm, and the very first stuff that arrived at Papworth was 1,000 dozen of Moët. Never mind about that. It was first-class wine, and it soon went. Tommy kept his promise of giving me the finest cellars of anybody in Cambridgeshire. I had ports from the cellars of the King of Portugal, hock from the cellars of the German Emperor, and sherry from Buckingham Palace. . . . There wasn't a headache in the whole cellar."

As instance after instance of this kind, whether of money made, or of money spent, passes under view, one gradually gets the feeling that Mr. Hooley, as the captain of finance, has disappeared, and that in his place is a Mr. Hooley as a cork tossing on the seething waters of a wide "get-rich-quick" ocean. Mr. Hooley, the responsible moral agent, becomes Mr. Hooley, the automatic clearing house through which thousands of mad "savers" and investors project money at each other—each hoping that he, out of them all, will finish to the good, and at the expense of the rest. On this Mr. Hooley makes the pungent comment:—

"All very well. Does anyone think I would sell shares, knowing they were bound to rise and make a fortune? Why, if I had known, I would have kept them myself. It all comes to this: men and women come to me and ask me, in so many words, to make money for them. Not all of them possess the effrontery to ask for money outright; they are willing to buy shares on the strict understanding, to mind you, that these particular securities are bound to make money. And yet, when they lose their cash, they weep and wail and call me all the rogues they can think of."

"I would have sheared, but I was shorn," is a fitting epitaph for the losers. "I risked being shorn, and I have sheared," would make a fitting device for the survivors. Little need for condolence or congratulation from this view of the situation. Yet underneath lie the true causes of this inordinate and inconsiderate acquisitiveness. Under prevailing economic conditions there is widespread financial insecurity of the individual. There are only two ways in which a man or woman may feel safe as regards both himself or herself and his or her dependents; and that is to have accumulated a fortune. A job for life does not meet the case, for when the provider's life is done the emoluments of the job cease while the lives of the dependents go on. There must be an accumulation of money to protect the latter. In theory it can be "saved" out of income. In practice it cannot. There is nothing for it, then, but for the "provider" to find extraneous aids to wealth. Here is the urge to gambling. It is of no use decrying it. In fact it is immoral to do so, for it suggests that the evil lies in the will to "get rich quick" when it really lies in the economic system itself which denies security to the individual, except through saving out of earnings—an impossibility. Now, what a change in the whole situation, when at last our rulers decide to monetize the *real credit* of the community, and rest the security of the individual, not on his own efforts, but upon the increment of his association with other individuals in useful enterprise. In other words the inauguration of the Just Price and the National Dividend.

Cosmopolitica.

By Protogoras.

THE STATE OF RUSSIA.

I read "The Shadow of the Gloomy East," Dr. Ossendowski's third, most interesting, book on Russia and Siberia, the day after my newspaper had given up a page to summarising the Trade Unionist Delegation's Report on the present condition of affairs in Russia of the Soviets. The book once more sets me wondering, not why revolution and the extremes of chaos came on the land, but why they came so late; the Report, and almost all the discussion one sees in the Press about the present Russian Government and its antecedents, not only the jibber-jabber of the *Morning Post*, the *Daily Herald*, and their partisan congeners, but also the "judicious" outpourings of less frenzied journals, force me to conclude that neither our concession holders, past and future, nor our politicians are capable of handling the major problem of Russia's relation with Europe.

The old system of Russia can be summed up in a few words: aggression towards neighbours, rapacity tempered by inefficiency towards the general population, brutality towards non-Russian subject races, and corruption. The system was such that if those who administered it had been honest and efficient the collapse would hardly have been delayed. But the honest and efficient in the higher grades of administration were few, and of them the number able to see further than their noses was infinitesimal. Witte played a part somewhat like Turgot's in the old order of things in France, but less hopefully. The vested interests were too strong for him, and he himself doubted whether constitutionalism such as he proposed would do more than hasten the end. Stolypin had a reasonably sound scheme for strengthening the system by strengthening the peasantry, but the interests who were called on to sacrifice pennies that their pounds might be saved conspired with the Secret Police to assassinate him. The Pobiedonotsevs and Kurlovs went on triumphant, until under the stresses of a war which strained even the healthier systems of Western Europe the system burst.

In 1916 I was talking with one of the chief officials in the British Treasury. His duties had recently put him in charge of negotiations with the Russian Finance Minister about further financial aid to Russia. He said that this man practically held out his hand for a *pourboire* before he would consider favourably any proposals made for the benefit of his Government. Corruption is a monopoly of no country, wartime not excepted, but Russia took some beating. The Russian Secret Police bribed everywhere and spied on everyone from the chief dignitaries in the State downwards. But its success had limits. Ossendowski writes:

"Another unknown apostle of Bolshevism was the rich and highly educated publisher of sociological, historical, and psychological works, W. Bonch-Bruyevich. His brother, now chief of the Chancery of the Soviet Cabinet, was a General of the General Military Staff. . . . Bonch-Bruyevich was a welcome guest in the best Petersburg society, in circles of higher military officers, and of the best educated classes. . . . During the 1905 revolution he sheltered Trotsky, and, remaining invisible, directed the work of Nosario, the President of the Workmen and Soldiers' Council."

Superstition is no more a monopoly of the Russian people than corruption, but among both the official and aristocratic classes and among the masses it was, and remains, endemic in its most paralysing forms. From what my friends say, I should think that a good proportion of fraudulent mystics formerly to be found near the Russian Court are nowadays exercising their industry in California, but

the vital difference between the Russian and the American superstitious mind seems to be that in an emergency the American has sufficient ability and knowledge to form a co-operative organisation to get out of it, whereas the Russian had not. In the United States, also, the part of the population which is exempt from habitual superstition is fairly considerable, despite the prevalence of Fundamentalism, Ku Klux, Roman Catholicism of the worst sort, and grotesque ignorance of the world outside. The corresponding section of the people in Russia who were reasonably able to think of a plan and bring it about seems to have been found among the Jews. The single-mindedness characteristic of Jews, and their smaller liability to see things as they would like them to be instead of as they are, is probably quite sufficient to account for their preponderance in the organisation of Bolshevist government. How far they remain predominant I do not know.

Given a large population capable of being organised for war by a despotic Government, spread over a large area rich in undeveloped resources (and consequently a lodestone for expansionist States), unable to develop them by itself, of unstable mind and given to millennial dreams, what will our statesmen do? Ossendowski fears Russia may throw up a modern Jenghiz Khan, an aggressive autocracy directed against Europe; civilisation, he says in effect, can save Russia, and possibly itself, too, only by undertaking the task of civilising it. But we have not yet solved our own problems; how, then, are we to set about this task with a promise of success?—to deal with a people to which he, too blackly, ascribes all the sinister, while denying them all the brighter, traits of the East.

Milk and Beer.

By W. Allen Young.

No part of agriculture is more important than the milk industry. The Linlithgow Committee pointed out (a) its importance to the farmer; (b) its importance to the consumer, and therefore to the nation.

As regards the farmer, it is admitted in the report of this committee that "the most serious problem facing the milk industry is that of adjusting supply to demand, and of disposing of liquid milk which is surplus to immediate requirements." Of the total home production of liquid milk, excluding that used for calf rearing, less than half was disposed of in liquid form in 1921 and 1922, the larger portion being manufactured into other dairy products. Nearly half a million gallons was absorbed by the manufacture of condensed milk. Moreover, in 1921 and 1922 less than half of the total dairy products were produced at home, and nearly one million gallons equivalent of condensed milk was imported.

What are the facts about the consumer? The following are extracts from the report of the Linlithgow Committee:—

"The average consumption of milk by a large proportion of the infants and children in this country is authoritatively stated to be entirely inadequate to physiological needs. Taking the population as a whole, the per capita consumption of liquid milk is estimated to be less than half of that obtaining in other progressive countries such as the U.S.A." . . . "It is in the public interest that its consumption should be greatly increased. . . ."

The Committee recommended the co-operation of Government Departments and local authorities, and suggested that they "should, on grounds of child welfare and public health, take every means of stimulating the consumption of fresh milk."

Again, it was of opinion that "the position with regard to milk is paradoxical, in the sense that the consumer can best cheapen his milk by drinking more of it." No doubt there are some consumers

who can afford to drink more milk. But the majority are only hindered from drinking more themselves and buying more for their children, because the price is too high for their incomes. This appreciation was appreciated by the Committee.

"We have been informed," it reported, "that a decrease in price of one penny per quart results in an increase in consumption of as much as 15 to 20 per cent., and hence any such increased consumption compensates distributors by reducing the quantity of surplus milk to be manufactured at a loss. Any effective increase in consumption per head should also tend to cheapen the unit cost of delivery."

From the point of view of the consumer, the position in the milk industry to-day is in some respects similar to that in the brewing industry before the Budget of 1923. At that time, it was recognised that an increased consumption of beer and stout by wage-earners was desirable. Moreover, they wanted it. But the price was too high; and this caused justifiable discontent. If the price could be reduced they would buy more. If they bought more the brewers and the Treasury could afford to reduce the price. Accordingly, without attempting to fix prices by legislative control or to interfere in the brewing industry, the Treasury negotiated with the brewers to obtain their co-operation. An agreement was reached that, providing the brewers could guarantee a reduction in the retail price by one penny per pint (twenty-four shillings per barrel) for every bulk barrel sold at this reduced price, the Treasury would refund twenty shillings per bulk barrel as a rebate on the beer duty. By this means all beers were reduced in price by one penny per pint; and the consumer was able to afford to buy more. The Treasury only refunded the brewers five-sixths of the loss in profit per barrel which the reduction in the price involved. But the increased purchasing-power of the consumer due to the reduction in the price enabled him to buy more beer. The increased trade reduced the overhead charges of the brewers, and gave them a larger turnover. Thus the total profits of the brewers and licensees have remained practically the same as before.

This principle might be extended to solve the milk problem. The milk industry is now so organised that the Treasury ought to find it as easy to make an agreement about price with farmers and distributors as it did with the brewers. By agreeing to cover all or a large part of any reduction in price by the issue of a credit, the Treasury could reduce the price of milk and stimulate its consumption with as much benefit to the farmers and consumers as it has already conferred on the brewers and those who drink beer.

For purposes of illustration, let us assume the wholesale price of milk to be 1s. per gallon delivered at a distributing centre, and the retail price to be 6d. per quart (2s. per gallon). Let us assume that by the inducement of an increased turnover both farmers and distributors will agree to maintain a certain profit per gallon, and not to exceed it, and that the benefit of any Treasury credit will be passed on to the consumer in the form of a reduction in price. On condition that the farmers lowered their price to the distributors by 4d. per gallon, making it 8d. per gallon, and that the distributors reduced the retail price by 1d. per quart (4d. per gallon), and sold milk at 5d. instead of 6d. per quart, the Treasury would agree to pay to the credit of farmers' accounts a sum equal to 4d. per gallon on all duly authenticated receipts for milk sold to the distributors and resold by them as liquid milk to the consumer.

An alternative method would be to arrange with farmers to sell at the same price as before—namely, 1s. per gallon, and to issue the credits to distributors on the basis of 4d. per gallon for all liquid milk sold to the consumer at 5d. instead of 6d. per quart, a reduction of 1d. per quart (4d. per gallon).

Whether the wholesale price is 1s. per gallon or any other figure makes no difference to the application of the proposal. All that is essential is that the price of milk should be reduced by means of Treasury credits, and that whoever received these should pass on the full amount to the consumer in the form of a reduction in price. Moreover, the Treasury credit would only be paid *after the milk has actually been sold to the consumer*, and only in respect of every gallon sold *at the reduced price*.

It must be granted that such a policy would effectively stimulate the consumption of milk. The estimate of a 15-20 per cent. increase has already been quoted, and, assuming it were 15 per cent., i.e., that the sale of liquid milk rose from, say, 700 million gallons (1922) to 805 million gallons, the Treasury credit required would be under £13½ millions.

Next, how would this credit be accounted? It would be an increase in the floating debt, and could be dealt with in two ways:—

(a) It might be created by the banks in the usual way and loaned to the Treasury, who would then have to pay interest upon it;

or (b) it might be created by the Treasury, and credited by the latter to the banking accounts of the persons concerned. In this case, it would rank with the currency note issue, and no interest would have to be paid.

Borrowing from the banks would be an unnecessarily expensive method, but if the banking interest were powerful enough to enforce its adoption, the Treasury could at least feel confident that both interest and principal would be forthcoming. The Treasury possesses, in the taxing-power of the Government, a mortgage upon all industry more effective than any paper security. Credits issued to reduce the price of milk would so stimulate the milk industry that its increased output would provide ample security that principal and interest could be repaid out of taxation.

It must be remembered, however, that the object of the issue of the credit is to increase the production and consumption of milk by raising the purchasing-power of consumers; and any *repayment of that credit out of taxation must reduce the purchasing-power of consumers and again restrict the consumption of milk*. But the Treasury ought never to regard industry and the consumer with the eyes of a money-lender anxious to extract value. The Treasury ought to be the trustee for the national finance, which it ought to administer with a single purpose, to enhance the prosperity and health of every individual British citizen.

From this standpoint, the duty of the Treasury would be to create the credits itself, paying the banks only a sum to cover the expenses of the clerical work involved. The credits would rank with the currency note issue. They would form part of a floating debt which would remain outstanding so long as the assets against which the debt had been created maintained their value. So long as the milk industry and the consumer prospered, the credits ought to remain outstanding. They would correspond to the irredeemable mortgage debenture stock which industrial firms often carry when their credit is good.

It may be recalled that currency notes (Treasury credit) were first issued in 1914 to save the banks from bankruptcy. Are not the health of the nation and the prosperity of agriculture sufficiently important to justify a similar, but much smaller, issue to finance a reduction in the price of milk?

The rebate on the beer duty offers the Chancellor of the Exchequer a precedent. A credit to the milk industry is the most effective way of carrying out the recommendation of the Linlithgow Committee to "take every means of stimulating the consumption of fresh milk."

The Epoch of "The Men of Business."

By Dr. Frederik van Eeden.

IV.

WHAT FORD IS GOING TO DO?

"Seek ye therefore the Kingdom of God and His justice, and all these things shall be added unto you." Matth. VI., 33.

"And His justice." In these words are contained the force of this Gospel-saying. Injustice is having sway in the world of men, a cruel and despicable injustice. Injustice in the quest after earthly treasures, injustice in the production of indispensable necessities, injustice in the distribution of the daily bread. There is wasting and squandering on all sides, there is still poverty everywhere.

The truth of this is no longer contradicted, but the possibility of coping with it is being denied. It is being said: "The course of things cannot be altered." It is being said: "The poor and the rich we shall always have with us, the Lord has said it." As if it should be the wish of the infinitely good Master, that want should be endured. As if He who charged us with helping the widows and orphans, to do good to the infirm, to feed the hungry, should also mean that we must neglect righteousness and countenance injustice!

It is impossible to manfully stand up against unrighteousness without being overwhelmed with derision and slander in various iniquitous ways. Every unjust man tries to whitewash himself.

It will go the same way this time. A strong, just man has arisen. One who is not to be trifled with. He fed and clothed thousands, and had no truck with the unjust. The idle gossipers he allowed to talk. He has attained the age of sixty amidst steady work. He did not worry about political movements and economic theories. Now he is having his say as a simple and honest man. He bears witness to the possibility of an honest life. He is a believer. He believes in God's goodness, and the good inclinations of men. He does not behold them as saints, but as human beings capable of improvement. He does not speak of God's kingdom on earth, but he has done more than most of his fellow-men to bring it near. He does not covet money, yet does not despise it.

However, a yet more important and grander work is awaiting.

Ford is also an agriculturist. The place in which he was born and has lived in up to this is Dearborn, a farmstead. It is there that Ford has laid out his experimental farm. And after five years of experimenting, the final conclusion came to was: that, whatever the prices of crops, bigger profits had been made than by any other farmer.

We are not agriculturists, says Ford, but industrialists who are running a farm. When the farmer shall also begin to feel like an industrialist, and to loathe the waste of material and men, agricultural produce will become so low in price that everybody will have plenty to eat. And the advantages will be that big that people will begin to look upon *farming as the least risky and most profitable of trades*.

In this matter Ford takes for starting point: (1) that the earth produces enough or is capable of producing enough for everybody—not only of food, but of everything that man needs—for everything we use has come forth from the earth; (2) that it is feasible to organise labour, production, distribution and remuneration in such a way as to make everyone who contributes towards it partake in the products after a perfectly equitable system; (3) that, putting aside the foibles of human nature, our economical system can be re-adjusted in such a way as to put the perpetration of yet further economical injustice without the pale of human avarice.

We are standing at the beginning of a new phase in agriculture. Agriculture is something different from employment on the land. A farm is an undertaking for the production of food, and if that undertaking be managed in the right way, *all the necessary work for the whole year can be done inside of twenty-four days*. The remaining days can be taken up with other work. "Nothing but beautiful day-dreams," say the followers of Marx. But then the man who is telling us knows more of the practice than any politician, be he who he may. A food trust would never get a chance to spring up into existence if we could produce such enormous quantities of food as to put the handling or the exploitation of them out of the question. The agriculturist who limits his production promotes the game of the speculator.

Then perhaps we shall see the small corn-mills come to life again. The disappearance of the village corn-mills was a nuisance. Co-operative agriculture will develop to such an extent that we shall see the farmers' unions in possession of their own warehouses, to salt their provisions of meat in and to stow them away, as well as of their own mills and to grind their corn in. Mind you, practical reader, this is being said by a man who will have to float no loans like our poor Fatherland—but who, on the contrary, will have the disposal of at least a milliard of guilders to be advanced without interest. And this every year! Ford sees something sacred in a big enterprise, which finds food for hundreds and thousands of households. When one thinks of the children that are being born, of the boys and girls going to school, of the youthful workers who marry and settle down because the enterprise finds them a good livelihood; of the thousands of dwellings, the rent of which is being paid out of the workers' wages—and when one considers that that one productive organisation makes all that possible, then such an organisation grows into something holy, which must be shielded in preference to everything else. It gains in importance even beyond the individual's themselves.

Productive organisation, joint production, productive association, people's universal co-operation are so many names which delineated more or less defectively the image of the future of us idealists. The word "antiparasitical" appears to me in this connection to indicate in the clearest manner the course for future activity. Names are of minor importance, the deeds point out the way which aims to God's justice.

Here, in virtue of Ford's doings, agrarians attain the realisation of their ideal theories; that which Henry George, Robert Dale Owen, Blatchford, Flurschheim, and Dr. Franz Oppenheim wished to bring about—were promises which shall be fulfilled by the work and justice of mind of this strong and noble American. Ford winds up his book with the words of St. Paul to the Hebrews: "Now faith is the substance of things to be hoped for, the evidence of things that appear not."

It may naturally be expected that Ford will be hated, secretly laughed at and slandered.

But I have no fear. The facts will make themselves heard across the hemispheres. Therefore did I entreat you with fervent instance, do not restrain me, though with threats and ridicule they should scare you away from van Eeden's hobbies and those of his rich friends.

My sentiments on this matter are as follows: If the Lord of heaven and earth should offer ten full years brimming with health, to be awarded, after my own choice, either to Ford or to myself—I should let the American have the preference. Not because I am not fond of life, or should shirk my task—but because his actions are of greater usefulness than my words.

The Theatre.

By H. R. Barbor.

MR. BARRYMORE'S "HAMLET."

This Hamlet of the Haymarket must be seen and heard—perhaps because he is a Hamlet of the Haymarket. It is perhaps a slight injustice to call it a scholarly Hamlet, for the word has been debauched in this context since this supreme acting part became the almost unchallenged fief of elderly gentlemen obviously destined for the church. ("I do live by the church; for I do live at my house, and my house doth stand by the church," and to playhouses, too, Feste's jape is apt enough nowadays, alas!) But it is a Hamlet which will delight the scholar. Some critics, I perceive, have called this an athletic Hamlet, and Mr. Barrymore's alert agility serves him effectively, yet never intrudes upon nor destroys the scholarliness which is an equally necessary aspect of this universal character. It is a very suave and smooth Hamlet, as a Haymarket Hamlet should be, but it is also a Hamlet unafraid of, yet not insistent upon, the essential bawdry of the character. But to confess this is also to take our Hamlet out of the Haymarket, and Mr. Barrymore is perhaps right to temper that spark-laden wind to the piled trusses. Above all, it is a thoroughly discerning and extremely enjoyable Hamlet, played with a conclusive sincerity, with an artistry that never for a moment nods or flags and which carries the perpetual interest of the onlooker however familiar the play may be. This is a great deal to ask, but Mr. Barrymore has given it to us in full measure.

The American actor has almost all the requisite gifts of the gods—youthful appearance, a svelte responsive physique, a rich and variable voice, both manner and manners; he carries the weight of the play easily, speaks the words as poetry and not merely as verses (it is worth going to the Haymarket to hear him say: "For God's sake, let me hear"). His intelligence is, like Hamlet's own, never in doubt, and both in his individual performance and in the production as a whole he shows a skilled and careful discrimination. In contradistinction to so many Hamlets, he does not play for sympathy, and he can lighten his portrayal with gleams of whimsical humour, although the occasions for it are rare. It is a feat to send a ripple of laughing appreciation through the house, when Hamlet says of Polonius to the Player: "Mark him not." But how it lightens the sombre mood of this middle portion of the play. For that as well, it is worth making a visit to the Haymarket, and there are a hundred other such insidious delights in his performance.

If I were forced to a criticism, it would be to say that this Hamlet of the Haymarket, while possessing the necessary spiritual vigour, somewhat lacks the physical and therefore the tonal strength of the "Smiling damned villain," he can get all the cynicism, contempt, and conscious superiority requisite for the word "smiling," but the "damned" seemed typically lacking in strength, typically, that is, of the whole of this facet of Hamlet's character.

The play is extraordinarily well cast. Ben Field's First Grave-digger and Vadim Uraneff's half-minute appearance as the Poisoner remain as vivid memories. Fay Compton's Ophelia is easily the finest performance which I have ever seen this fine actress give. Ian Fleming as Laertes and Frederick Cooper as Osric demand the scantest courtesy of mention. But the performance of supreme and outstanding merit was the King of Malcolm Keen.

Mr. Keen has earned my always unwilling admiration in a number of parts during the last few years, and to say that he exceeded all my expectations is to say much. Yet the measure of his exceeding was

in such excess that I will not essay the tempting eulogy. Praise of every purposeful detail of his performance must be unqualified. His distinction, his villany, his authority, his suggestions of passionate uxoriousness, the lovely rush of words in his speech to Laertes, his essential kingliness and his essential badness provided indeed "the motive and the cue" of Gertrude's passion and Hamlet's aversion. Mr. Barrymore is an extremely fortunate producer as he is an extremely generous player to have acquired the services of such an exponent of a rôle which I now know I have never before seen played.

The simple but eminently variable built scene designed by Robert Edmond Jones is a fine example of adroit and economical stage-craft. But the pity of the built scene is that it cannot be expeditiously unbuilt, and this doubtless explains why the graveyard scene is cloistrally inadequate. But what mechanics had made difficult the superimposed art of Mr. Norman Wilkinson marred disastrously. Alteration of this setting at this date may be difficult, but it is importuned.

The Kindly Fruits of the Earth.

By "Old and Crusted."

"I have heard Dr. Johnson protest that he never had quite as much as he wished of wall-fruit, (except once in his life.)" (Piozzi's Anecdotes.)

* * * * *

"Eat more Fruit." (Morning Post.)

* * * * *

"There's Pippins and Cheese—to come."

"Pippins! Does not the word . . . conjure up thoughts of Hesperian gardens—of immortal trees, laden with golden fruit; with delicious produce, the growth of a soil where not one useless weed takes root, where no baneful snake rustles amongst the grass, where no blight descends, no canker withers?"

"Think of it, ye oppressed of the earth! Ye, who are bowed and pinched by want; take this consolation to your wearied souls—apply this balsam to your bruised hearts. Though all earth be to you as barren as the sands—

"There's Pippins and Cheese—to come!"

(Cakes and Ale. Douglas Jerrold.)

Some of us are not quite so fortunate as the truculent Doctor, and can safely protest that on no single occasion have we ever had so many greengages, nectarines, or peaches as we could comfortably stow away; not to mention the underfed thousands who have never tasted sound "wall-fruit" in all their pinched existence.

Now, here we have the *Morning Post*, combining business with precept, devoting a whole page to the commercial interests of Covent Garden by inviting us to "Eat More Fruit." There is no avoiding the fact that our old friend and daily comforter has been getting a move on lately. Not only have we a "home page" and a "country page," but a tentative experiment in the just price, whereby the clergy can obtain "the only paper" at half the charge to the laity; with extra spiritual attractions, in addition to the usual Thursday column of "doubt and sorrow" by the Dook's private chaplain. These generally take the form of about a quarter of a page of Erastian theology by unattractive-looking ecclesiastical dignitaries and hortatory epistles by clerically minded laymen who, having failed in politics, have found religion.

But to return to our raspberries. With a never-to-be-sufficiently-admired adherence to sound principles, the *Morning Post* creates the right neolithic atmosphere by introducing its exhortation to the simpler life in the following appropriate strain:—

"To the people of the Stone Age and those who had gone before them the fruits of jungle and steppe, oasis and forest clearing, had one outstanding attraction—they could not run away and hide."

Those simple souls had not discovered the modern methods of dealing with a glut of plums and apples—and "how to hide a surplus." We, however, do not

live in the Stone Age, but in the "stone-broke post-War period," which has produced quite a crop of financial obstacles to the attainment of the ideal 80 per cent. fruit diet so eloquently and strenuously advocated.

Dealing with English fruit, the lucid writer on this fascinating topic says in the innocence of his heart, "that more will be grown when more is eaten."

Disdaining the obvious retort that planting and culture generally precede consumption, it would be as well to point out that fruit-growing "for profit" in these islands is a somewhat precarious business—as the plum and damson cultivators in my district know to their cost. Growing for domestic consumption is quite another story. Furthermore experience teaches us that if "berries" and stone fruit are to be enjoyed to perfection they must be gathered and eaten with the dew and the bloom on them unsoiled by the doubtful fingers of casual pickers and packers; therefore, one way to improve our dietary would be to give the people access to the land and enshrine each homestead in a bower of fruit trees; moreover, is there a fairer picture anywhere than a cottage in an orchard, or a sweeter, more wholesome fruit than an English apple? But I wander from my subject. It is the present supply which is the burning question. Now for the Dominions and the Imperial solution.

"The Story of South African Fruit" is heralded as "A Miracle of Efficiency," and 'tis interesting to learn that,

"South Africa sent to this country last year nearly six hundred thousand boxes of citrus fruit and approximately a million boxes of deciduous fruit. Twenty-nine different kinds of fruit were shipped," including "oranges, grape fruit, pineapples, tangarines, naartjes (what the holy smoke are naartjes? Will someone please send me one?), grapes, peaches, pears, plums, nectarines, apples, and apricots."

Quite a nice little consignment, but barely sufficient to keep one moderate-sized city in wholesome breakfasts, and a mere trifle compared with what the growers could supply if the "effective demand" were guaranteed.

The fact is this appeal is directed to the wrong address. If the Imperial and Domestic fruit farmers are wise they will begin to stir up the money trusts and City editors, who have yet to grasp the possibilities of financing consumption. What we want are fewer bullion banalities and more bananas, Mr. Kiddy! As the concluding paragraph of one of these appetising articles puts it:

"The fruit of the Tree of Ignorance is only a trifle less poisonous than the kind Adam fell foul of."

So it is my son—but the ignorance is not with us who are only too eager to consume "the kindly fruits of the earth," but with the manipulators of a crassly stupid financial system which—with considerable difficulty—manages to provide Park-lane with strawberries out of season at 2s. 6d. each but somehow or other cannot roll a barrel of apples up a back alley!

The neighbouring city which is known as the Queen of the Midlands possesses the finest open market place in the Kingdom. Marshal Tallard, when he was a prisoner here, wrote to his royal master counselling his majesty to give up the war, because he had seen as many men in one English market-place as could conquer the whole of France. Let the booths of this great space be piled high with fruit from all parts of the Empire; then hand a £ note stamped "fruit ticket," and a big basket, to every housekeeper within the area of a 2d. tram ride, and I warrant you, that between dawn and dusk, they will clear the lot—whereas as things are to-day there is just one beggarly corner devoted to the distribution of tired apples and oranges in their season, plus a mild annual epidemic of straw-

berries and stone fruit: and the rush to "secure delivery" of these has not yet caused a riot.

Shall I live to see those trams on the return journey packed with flushed ladies swapping comments on their recent purchases?

"Mine's nectarines and naartjes, Mrs. Brown, mum—what's yours?" "Well, ye see, Mrs. Smif, it's our Bill's birthday to-morrow, and he do like a bit o' dessert wiv 'is port, so I've got 'im a pineapple, some peaches, and a box of them there yaller plums—It gits the coal-dust out of 'is froat!"

Question Time.

THE CHURCH AND SOCIAL CREDIT.

By Rev. V. A. Demant, B.Litt., B.Sc.

[Reprinted from the *Church Times* of January 23, by the courtesy of the Editor. It was headed by the following editorial note:—

"We are convinced that Christians should know something of all reasonable schemes for solving social and economic problems, and for this reason we print this careful explanation of Major Douglas's 'Social Credit' theory, without endorsing its suggestions and conclusions."]

I.

The efforts which have been made by the Church, both officially and otherwise, to give a spiritual lead in adjusting the major evils of industrial civilisation, have been rendered largely ineffective for lack of a clear conception of what industry should exist for. It has been taken for granted that the policy which the industrial system is actually carrying out is irremediable, and that "social evils" are morally reprehensible defects in the administration of that policy. Even Catholics who have the social problem at heart have hardly approached this matter with the thoroughness which they apply to other spheres of human endeavour, by asking first: "What is the end?" and "Is it a Christian end?" This should precede any discussion as to the morality of the means of attaining it.

One may safely say that the whole of industrial society owes its origin to the only economic law which can lay claim to universality, that "human beings endeavour to satisfy their wants with the minimum expenditure of effort." The ingenuity of man has so succeeded in this task that he has elaborated a vast technical organisation which enables an increasing number of individuals to devote their activities to non-material ends, such as the work of churches, hospitals, schools, theatres, museums, libraries, etc. This is pitiful, to say that a decreasing fraction of the world's population has been able, with its labour-saving processes, to support both itself and the remainder who are engaged in work which is not directly productive.

Is this objective a Christian one? If it is not, then the whole of industrial and scientific progress must be condemned, as our medievalists and our pessimists like Mr. Bertrand Russell are inclined to do. But even the most literal minded theologian must admit that, according to the letter of Scripture, work for subsistence is stated to be not a value in itself, but a consequence of sin, and therefore presumably an obstacle, which in the process of man's redemption he is encouraged by his God-given faculties to overcome. It would be a fruitful historical and psychological investigation to explain why industrial and scientific progress have occurred predominantly in the area of the world covered by the term of Christendom.

But when we turn to proffered remedies for our economic ills, whether from Government experts, Labour Movements, or Archbishops' Committees, we find the Industrial System criticised not from the point of view of its end in providing goods and services, but from the point of view of employment. They deal almost exclusively with the relation of two factors in production, Capital and Labour, or the conditions of employment among the latter, instead of the relations between the productive organisation, Capital-Labour, and the consuming public as a whole.

Encouraged, perhaps, by the Socialist fallacy that labour creates all wealth, the Church has sought the main problem in the grievances of the workers as a section of the producers, either because they are not employed or because the conditions under which they are employed are bad. The aim of this article is to show that industrial civilisation is in danger of extinction because it has not resolved whether its purpose is to provide employment for it, and that goods and services or to provide employment for it, and that the Church is to give any kind of lead, not only in providing a better world but also of preventing a catastrophe, it must make up its mind which of these two aims it is to

encourage. If it is wrong to provide subsistence with a minimum of effort, then the industrial system must be ended, not mended. If it is right, as we assume, its policy must be judged from the standpoint of the public as consumers, and not from that of all or any sections of producers. As for the workers, outside their fields and factories, they form part of the consuming public.

II.

What are the facts? "The productive power of this country alone is shown to be so vast that, on a conservative estimate, it would appear possible to produce all the essential needs of the population, and pay for all necessary imports, with less than half the work we now devote to this unambitious end" (E. H. M. Lloyd, "Stabilisation," 1922). This is typical of statements of many industrialists who are in actual touch with productive services, as distinguished from the business and economic "experts" who tell us that "we are a poor nation after the war," and exhort us to produce more and consume less!

The fact is undeniable, as Lord Milner pointed out in the *Observer* (1923): "All the physical conditions exist for a degree of production which should place the whole population beyond the reach of destitution." The actual situation can be summed up: "Producers want to produce but cannot sell, consumers want to consume but cannot buy." Whatever destitution and economic insecurity exist must therefore be due to purely artificial causes, and these must be sought in the mechanism which relates the producing powers of the community with its demands as consumers. That mechanism is money, and we urge that the secret of ineffectiveness in most recognised efforts at social reform lies in the failure to realise that the Money or Financial System, as at present administered, has a policy of its own, quite unconnected with the need of getting the goods over from the producer to the consumer.

This country to-day is the field of a fortuitous scramble for a redistribution of the available purchasing power, whereas the fact is that the total amount of this purchasing power is inadequate to bring about the long-promised trade revival. Hitherto most activities for social regeneration have confined themselves to the question of equitable distribution, and the bitter conflicts which these have engendered are based upon ignorance that it is the total volume which is deficient.

Socialism is the oldest of these redistribution theories, but since the war we have witnessed a futile succession of them. First trade was to be revived by cutting down wage costs, but the result of taking so many pounds off prices for the benefit of one set of consumers was that exactly the same number of pounds were taken out of the pockets of the wage earners. Then came "Economy," which purposed to reduce manufacturers' taxation costs and so cheapen production, but again every pound that comes off prices comes also off salaries of school teachers, army officers, civil servants, etc.; and now we have a Royal Commission which hopes to revive trade by curtailing the profits, *i.e.*, the purchasing power of the unfortunate middleman!

It is obvious that neither of these redistributive schemes will enable the British public to buy more of the goods which their industries and agriculture could provide in abundance. Every drop in prices is accompanied by a drop in somebody's income. The cause of individual shortage of goods and the slowing down of production, with the consequent ruin of many producers, is clearly due to no natural cause but simply to the public having insufficient purchasing power. This being bad for the community, both as producer and consumer, why is not sufficient purchasing power forthcoming for the public to enjoy the high standard of prosperity which the actual resources could meet? Because the creation and distribution of money has become an independent business, just as if railway travelling were held up because ticket production was an independent business whose success depended upon a "corner" in tickets. The policy of finance is to keep the purchasing power of the public much below what is necessary to buy what it can produce.

How this policy is maintained is a somewhat technical matter; a full analysis of it has been made by Major C. H. Douglas, an engineer, who was engaged by the Government during the war as a costing expert. His work and that of the Social Credit Movement which it inaugurated are receiving increased attention all over the world among people in all spheres of life who are not hypnotized by the catch-phrases of financial orthodoxy. Such phrases as "we are a poor nation" have been shown to be false, and the consequent injunction to produce more and consume less an aggravation of the existing evil.

But the main bogey is the "inflation" fallacy which states that it is no use putting more money into people's pockets, because prices will rise and the money, therefore,

be worth less than before. Unless it can be shown that more money need not result in a rise in prices there is no possibility of using our enormous powers of wealth-production. It is the main point of Major Douglas's analysis to show that it need not be so, and that it is paraded as an "economic law" because it fits in with financial policy. The analysis can be stated briefly only at the risk of being technical, but it must be attempted, and should be of vital interest to Catholics in that it leads to a remedy which consists in the application of a "just price," which was the pivot of medieval economics.

Since the Industrial Revolution, by far the greater part of the world's money takes the form of bank credit—*i.e.*, claims on real wealth which are transferred from one person to another by means of cheques and banking accountancy. "The cheque currency is ninety-nine and a half per cent. of the total bank turnover." All increases in the volume of money now originate with the action of the banks in issuing credit. According to the above-mentioned "inflation" theory, any increase in money which gets through industry to individuals is taken back in increased prices. Now the Real Credit of the community is its capacity to produce, and is represented not only by the production of consumable goods and services (*output*), but also of artificial capital or means of production, factories, plant, machinery, and intermediate products (*development*).

This Real Credit is made the basis of so much Financial Credit whenever a bank issues a loan. But the public, as consumers, only buy the "output"; the cost of both "output" and "development," however, is included in the price of the "output," so that when the "output" has been sold and the loan repaid there is none of the extra purchasing power left with which the public can avail themselves of the increased capacity to produce represented by the "development" they have paid for. Under such an arrangement—*i.e.*, is clear that the greater our industrial development—the smaller fraction of the product we are able to buy. This is a deductive explanation of the situation as we actually see it. Major Douglas points out that the cost of development should not enter into prices at all, but should be met by a new issue of credit (money), on condition that the seller only charges the public for what they actually consume—namely, the output plus depreciation (wear and tear of real capital). That is the "just price," and will automatically regulate the public's purchasing power by their powers to produce.

III.

The present inability of our population to buy its own production is the cause of the most ominous fact in the present situation—namely, that we, in competition with other industrial nations, are compelled to seek an ever-increasing market abroad, in order to keep industry going and to provide employment. This is more than a matter of international exchange, it is an imperative demand for a "favourable balance of trade"—*i.e.*, an ever-expanding surplus of exports over imports. In a limited world, and with newer countries becoming industrialised with the same economic problem, need we seek further for the cause of the veiled preparations for war going on all round—and, apart from High Policy, whatever their ideals, men will fight if the only alternative is starvation.

The Social Credit Movement is unique in the history of social reform in that it traces the cause of the two interconnected major problems of civilisation, poverty and war, to the appropriation by finance of what is really a social product, the Real Credit of the Community. The predominant factor in that real credit to-day is neither actual labour nor actual management, but the accumulated technical heritage from past generations, and should therefore be a public asset. It is now made the basis of Financial Credit which is returned to the banking system in the way just outlined instead of being an efficient mechanism for the delivery of the goods capable of being produced. If money were allowed to do its work, there would be no need to nationalise any part of the administration of industry, and the unreal conflict between Capital and Labour would disappear. The first thing to realise is that money is an artificiality and costs practically nothing to produce. The only question is: Which policy is its control to encourage, that of a private financial business, or that of resolving the public's absurd deadlock: unemployed men—producers waiting for orders—the public short of goods?

The danger of war becomes greater every day, and the work of all institutions for human betterment—churches, hospitals, schools, etc.—is being held up for lack of money. The only economic question these works should raise is: Can productive industries supply the goods and services needed by those engaged in them? There is no doubt of the affirmative answer. The maladministration of Money is the only obstacle to Peace and Prosperity.

In your reply to my earlier questions you took exception to my "hurrying on to next week" and viewing things "backwards from the future," when I should have confined myself to one definite time and have observed what was taking place then. In my last question I therefore took a definite moment of time, and stated that at that moment A was not required to buy A + B. In reply, you hurry on to next week and next year, and say that "eventually" all costs must be recovered in prices from the consumer. This is true, but at the definite moment under consideration, these costs have not passed into prices to be liquidated by the consumer.

I agree that we are unable, as a body of consumers, to buy what, as a body of producers, we can produce, but I do not agree that this is due to A's being unable to buy A + B.

E. V. C.

In our earlier answer we only dragged you back from "next week" in order that you should start the discussion from the facts on which the Theorem is based. Our later answer was written after you had admitted these facts. That finished the "tense" difficulty. You then advanced an alternative proposition to ours, namely, that "A" was not required to buy "A" + "B." We endeavoured to consider the future implications of it. You now expressly rule these out, and tell us to confine our observations on the proposition to the precise moment when "A" is being distributed as a cost. But the only possible observation under such a ruling is that which you make yourself to the effect that, at that precise moment, "A" cannot be buying anything at all—which amounts to the barren truism that the same credit cannot flow in two opposite directions at the same moment.

LETTERS TO THE EDITOR.

POSITIVE AND NEGATIVE CRITICISM.

Sir,—Aremby is quite right, we have not yet escaped from the social system, but only from the industrial productive system which demanded of everybody a life of toil to the doing of the necessary work of the world. Indeed, the essence of the Douglas scheme is the recognition of this reality and a simple proposal to turn actual achievements to account. I cannot agree, however, that the "will to do things" is well developed by the present system of education. On the contrary, it seems that the system is so obviously directed to vocational training that the average product is only capable of "doing what he is told." Educated impotence seems to be the general defect, and it is a pitiable sight to observe people who have read everything and can talk of anything faced with a simple practical problem, or deprived of somebody else's work to tide them through their leisure hours. Education for work induces laziness, education for leisure induces the will to accomplish.

One would naturally expect that professional critics like Mr. McDiarmid and Mr. Sorabji would have a keen sense of the crux of a contention. It is easy enough to write nasty criticism, but it is not permissible for the critic to pose his subject as a fool in order to make his shots appear effective. Mr. McDiarmid knows very well that I would not consider a Socialist Art Exhibition as satisfying the notions I expressed, for such a concern is quite clearly a Socialist and not an art exhibition. No true amateur would ever be so anxious for praise of any sort to exhibit under such auspices, or even to exhibit at all. The show is not the thing; the doing of something is the prime object; and because there are many who would try to achieve something (were it not for this ghastly cult of epigrammatic naggery called criticism which bewilders them), I want criticism to be more positive. Ruskin was not content to climb into a rostrum and rail in well-turned phrases. He wrote the excellent "Elements of Drawing"! Johnson, old boor that he was, was a father to the little ones, even though he rated many soundly. But who amongst this cocksure crew of critics ever helped anybody to do anything but sneer or be anything but a devalued prig with borrowed opinions.

Mr. Sorabji could, I suppose, be counted upon to use half a column to say what I had previously said in one sentence; but it is not clear why he should offer it in castigation of my remarks. I know perfectly well that the teaching of music is 90 per cent. roguery; but is it not then the business of the critics to deal with the declension of music at this, its source? Both Mr. McDiarmid and Mr. Sorabji seem to argue that there can only be a few poets and musicians, and that for the rest of us the practice of the arts should be taboo. We can only be appreciators, and our education as appreciators consists in reading yards of bad language which without the practice we can only pretend to understand. This is drawing a distinction between the executant and the auditor with a vengeance; and curiously enough leaves no ground of complaint against popular judgment. For if it is quite sufficient for the reader to be a reader, and the listener to be able to hear, then the critic's function is an impertinence.

I think the time has come for somebody to blow the gaff on this indecent business. Time was when a critic wrote because he was moved to protest against fundamental error; and such criticism had a purpose in adding to the knowledge of mankind, and carrying on the succession of the arts. Macaulay's criticism of Montgomery's poems, Spohr's denunciation of artificial harmonics, Bacon's censures of false reasoning, and, again, Ruskin are some examples. But what conceivable purpose is being served by the pages and pages of stereotyped articles which appear day after day and week after week under the heading of criticism. Gad! The whole of art, literature, science, and sense would need to be awry to support such a load of vituperation. And when one thinks of the awful cropper that some of these gentry have executed on such a fundamental and simple proposition as Social Credit one is in possession of the clue to the business.

I offer my opinion, for what it is worth, that it is merely a pandering to the general and vicious tendency of the mob to jeer. That such a traffic should occasionally be paraded as the protector of some precious culture is the last limit of unbridled conceit, though I should imagine the game is now so overwrought that it cannot do much harm.

But as I have said, it is a pity that the people who are so anxious to do something get so little help—in short, that criticism is considered more important than knowing how.

FAITCHA.

WHAT CAN WE DO?

Sir,—The recent letter on "Art and Propaganda," signed by "R," and the one in last week's issue, appearing under the above heading, and signed by "H. B. S. L.," should have moved the thoughts of NEW AGE readers into what I consider to be the right and proper channels. We shall most certainly go moribund if we do nothing but theorise, demonstrate, draw up diagrams, and spell-blind ourselves and others with figures. I am convinced that A + B is proved, and that unless the defect in "our" economic disorder is remedied by Social Credit we shall drift on to an un-social Niagara. But Social Credit should not begin and end here. For surely we should be anything but philosophical fatalists. At least, I am not a member of the Social Suicide Club.

Then, if we are not fatalists, we must agree with "R" in his (or her) contention that Social Credit is incomplete unless it includes an appeal to the social instinct in human beings; an appeal to the higher passions of men and women; an appeal based on the principle that the good of each should be the outcome of the good of the whole. We should realise that Social Credit has not come to "save us" or to put a gloss or veneer over the present un-social "system," but, to the contrary, has come to lift us out of social sloth, degradation, and ugliness. Social Credit should not only give us the means to a fuller life, but should also show us the fuller life; it must explain how the means should be used to attain a New Social Order. This temperamental approach to the social problem is certainly preferable to one in which grinding teeth and unending courses predominate, although the latter is excusably acceptable in preference to the temperament of the arm-chair cynic.

But idealising in itself is incomplete unless it is based upon sound foundations; the practical and the ideal must go hand in hand, the one must spring from the other. We must have a rational synthesis. This brings me to "H. B. S. L.'s" letter. "R" pleads for the social appeal; "H. B. S. L." appeals for the social action. I plead for both. There must be an essential and logical union. It would be illogical to stress one at the expense of the other. There is a danger in becoming over-idealistic in the sense of being described as impractical dreamers. There is certainly a danger in "dreaming" so long as we do not lose sight of a virtue in "dreaming" so long as we do not lose sight of a danger in becoming over-practical in the sense of being described as opportunists. Perhaps it is doubtful as to whether there is any virtue in opportunism. Opportunists are usually political careerists who live solely for to-day; to-morrow can go hang.

What is required is an idealistic-realism. Now, we might lecture the ordinary man on the ideal, and he would most certainly ask, "Well, that's all right, but how are you going to bring it about?" The answer may be, "By Social Credit." But that would not satisfy him. And I do not think "H. B. S. L.'s" co-operative agricultural colony would either. Personally, I think our practical policy is already fairly well defined, but only to those who understand Social Credit. What is desirable is that our policy should be brought down to brass tacks, so that the common man, the despised one of intellectual snobs, shall understand it.

and be enthused to do battle for it. Every man has his worth, and whether he be an inquiring son of the soil or a moneyed gadabout he is entitled to plain answers to plain questions. In struggling for the realisation of our social aspirations we do not struggle for one alone, nor for a few, we struggle for all, high or low; for the regeneration of mankind; for the full fruits of social and economic freedom.

H. E. B. LUDLAM.

THE POWER OF GOLD.

Sir,—I dislike even to appear to disagree with the writer of "Notes of the Week" in his interpretation of real economics as against governing anti-social interests and so-called popular "opinion." I agree, moreover, that the circle at last is complete; that in effect it now works both ways. But is it not more correct to say that control of credit involves control of gold, than vice versa?

"The possession of gold," we read in last week's NEW AGE, "measures the power to create credit." Surely not! Credit control is surely precedent, not sequent, to the control or power of gold. In his evidence before the Congressional inquiry into the Money Trust in the States, and while admitting his own control of the credit and financial institutions of that country, Morgan senior at the same time confessed entire indifference as to who, if anyone, controlled the gold. May I add that I drew attention to this evidence in THE NEW AGE twelve years ago (March 20, 1913).

A. G. CRAFTER.

We refer to this subject in our "Notes."—Ed.]

MR. KITSON'S CLASS.

Sir,—Will all those who have replied to my notice re Mr. Kitson's proposed Speakers' Classes accept this acknowledgment of their letters. Mr. Kitson thinks we still need more members.

As soon as we are able to make a definite arrangement for the classes I will make the facts known to the applicants through the columns of THE NEW AGE, if you permit.

ALISON NEILANS.

THE SOCIAL CREDIT MOVEMENT.

The Second Annual Conference of the Social Credit Movement will be held at "The Hayes," Swanwick, Derbyshire, during the week-end March 27th-30th.

In addition to addresses by Mr. Arthur Kitson and prominent members of the Movement, the Conference will decide matters of the utmost importance concerning the future policy of the Social Credit Movement.

The inclusive charges for the Conference will be 40/-.

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