

THE NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

According to Mr. J. Pierpont Morgan, the Bank of International Settlements to be set up in Europe is "a great instrument for the promotion of world peace." More than that; "it is the one thing the conference was able to discover which would solve the problems arising out of the war." The truth is that it is the one thing the conference was appointed to "discover." Years ago we made the same "discovery" and published it in our "Key to World Politics,"* showing in a diagram the place and function of the "Proposed Central Bank of Europe" in the financiers' "scheme of world-government." We did not call it an instrument for the promotion of peace; but the exact opposite. The intention of the financiers is to co-ordinate the credit-policies of the so-called national Central Banks of Europe. Exactly as Lord Melchett might acquire control of a number of chemical plants distributed over Britain and the Continent, and then decide which of them to work and which to close down, so will the money-monopolists deal with national credit-plants. They have, in fact, been practising and developing their technique of co-ordination to this end since the Armistice. During the war the credit-plant of every nation was constantly increasing its output. For two years after the Armistice the credit-boom continued. During that time the cosmopolitan banker-diplomats were taking secret steps to recover the effective control of credit-production which the exigencies of the war had largely transferred to the political governments, who, all pursuing a popular objective—to wit, the winning of the war—and having the effective control of the army, navy, and other instruments of coercive force, were in a position to command the provision of credits to any extent they thought necessary. This is not a hypothesis of our own, but is affirmed in a recent book † on the subject of central banks—a book, moreover, to which no less an authority than

* Republished as a pamphlet. (Credit Research Library, 70 High Holborn. 1½d., post free.)
 † "Central Banks." By C. H. Kisch, C.B., and W. A. Elkin. (Macmillan. 18s.)

Mr. Montagu Norman has contributed the foreword. Here is one passage from a chapter on the relations between the State and the Central Bank:

"The financial policy adopted by this country during the war and subsequent years, being a matter of legal enactment, was dependent on the decisions of the Government. Such measures as the embargo on gold exports, the de facto suspension of specie payments and the issue of Treasury Notes obviously involved consultation with the Bank by the Government with the view to the formulation of an agreed policy, but had there been a variance of opinion between the two authorities the Government, with its exceptional war-time responsibilities, must in the last resort have been empowered to enforce its will. Thus in times of extreme crisis the Bank, like many other normally independent organisations, is likely to find itself to a large extent under the influence of the Government. At all other times its independence is secure and unassailed." (Our italics.)

No wonder that, of all pacifists, the banking interests are the most earnest and persistent.

To resume our narrative; from 1918 to 1920 the banker-diplomats were creating an atmosphere conducive to their ultimate object of regaining complete and "unassailed" control of credit. They did this by disseminating concerted propaganda through the Press and Platform (and at times even the Pulpit)

- (a) encouraging manufacturers to prepare for a gigantic post-war trade-boom.
- (b) (1) admonishing Governments that the balancing of budgets was a fundamental pre-requisite to national prosperity; and (2) warning the public of the dangers of political interference with credit-policy.

By device "a)" they pumped out a large part of the pool of floating balances of credit in the possession of individuals and business concerns, who lost control of their money by investing it in expanded capital equipment and (or) shares in such. By device "b)" (under "1") they justified the maintenance by the Government of high war-scale taxation (particularly excess-profits duty) although the

war was over, and in that way pumped out another large part of the same pool of floating balances as above described. Again (under "2") they prepared public opinion to support the findings of their own financial experts whom they had set at work to produce "authoritative" reports (already predetermined) on credit-policy; and also, conversely, created in the public mind an antecedent resistance to any person or group who should, later on, criticise such policy. For it is obvious that if the doctrine that Governments must not interfere with financial policy be accepted, any public discussion of such policy is at once invalidated. As an instance of the effect of this subtle propaganda on public opinion, Mr. Sidney Webb's remark is apposite: on one occasion early in the period we are surveying he said: "We get these currency-fanatics after every war." That is to say, criticism of financial policy is fanaticism.

Thus in about two years the bankers had got most of the community's floating money tightly bottled up, and had imbued the community with the conviction that anybody who seemed to talk about corkscrews was a dangerous lunatic. So the bankers could now stack the bottles in their secret-reserve bins, and could hope that, by omitting all record of them from their published cellar-lists, they would get the community to forget it was thirsty, or if not, to attribute the drought to its own misdemeanours.

But up to this time (1920) there was no visible indication of the subtle transfer of control. True that the business community were aware that they were continuing to suffer high taxation of their profits—but they had become accustomed to that during the war-years. True also that they had parted with their accumulations of profit in exchange for increased capital equipment, or securities representing such; but they unsuspectingly wrote their "capital" up by the same amount as they spent (and even more) in the joyful expectation of earning it all back with largely increased profits in the process of re-stocking the world with peace-products.

In the meantime the bankers had set one of their committees of experts to work preparing a report on the currency situation and making recommendations for restoring the finances of the country to a "sound" condition. This was the Cunliffe Committee. Nobody took any notice of its findings. They seemed to be nothing more than academic expressions of sound financial principles having no direct connection with the functions of making and selling goods. But suddenly the Government rose up with the Cunliffe Report in hand and announced that there was too much speculation; credit was being "inflated" and must be reduced to safe dimensions; borrowers must be discouraged; and the Bank Rate must be raised to discourage them. All this was necessary to "restore stability"; the Government had accepted the "Cunliffe" technique for doing this, and had decided to give effect to it. Almost immediately there was a panic; prices began to totter, and capital values to crumble. The ensuing slump did not happen because the banks actually withdrew a large quantity of borrowed credit, but because they declined to increase the quantity.

For it is one of the integral conditions of the present general system of loan-accountancy that aggregated industrial costs are not recoverable in the aggregate through prices unless bank-loan accommodation progressively increases. If it does not increase some sections of industry must become insolvent in order that the others may remain solvent. The technical proof of this fact is one of the main features of Major Douglas's analysis of the credit-price system,

to which we must here refer readers who are not yet acquainted with it. But without going into the mathematics of national accountancy on which the proof is founded, it will be clear that when you have a situation in which it is known that every tenth, hundredth or even thousandth person is going to have his head cut off, everybody will struggle unmercifully to dodge the occupancy of the fatal position.

And so, every manufacturer and trader who had no free money in his own right, said: "I must sell something to-day for what I can get, or I may get nothing at all for the lot to-morrow." And he also said: "I must lock out all the labour I can to-day or I may not be able to employ any at all to-morrow." We may here refer to the wheat-glut in America and the suggestion of a £40 mill. grant to farmers to enable them to keep up their prices and save themselves from ruin. In this present case British manufacturers and traders were in an equivalent position; they had tremendous costs to recover in prices but were told in effect that they must get out of the mess as best they could—there would be no grant.

In our young days the professors of economics used to prove how much more economical it was for a business man to finance his enterprise by drawing and returning money from a central pool than by using his own money. They proved it by arithmetical illustrations in which they showed that when he borrowed money from the bank he would only pay interest on the exact sum he required during periods of activity, whereas if he kept a private fund of his own in a form constantly available for such periods he would be renouncing interest on the whole fund during the intervening periods of inactivity. This was all true enough within its own "frame of reference" (as the engineers would say) but in the wider frame of reference opened out by the events just described it will be seen that all this pedantic puffing concerning margins of saving on interest-charges is nothing but the mess of pottage for which the business man sells his birthright. What is the use of gaining an odd hundred or two a year when by doing so you lose the control of your own business to the banker? The possession of your own funds gives you time during which to sustain a slump in trade; but if the banker holds the funds and a slump comes you will not be allowed to borrow, and if you have borrowed you will not be allowed time to repay—or if you are it will be by the grace of the banker.

We know of a firm which came out of the war-period with a large surplus of distributable profit. The directors, like everyone else, proposed to plough the money into a large extension of its building and equipment. Luckily for them there was a strike in the contracting firm which was to do the work; and the operations were held up beyond the time when the Cunliffe ramp had started. When the directors witnessed the consequences they lost no time in cancelling the contract, and have been shaking hands with themselves since instead of wringing them like the majority of their business neighbours. Mr. Micawber to-day might well point the moral: Production-plant, £1,000; private funds, £200: result—solvency. Production-plant, £1,200; private funds, Nil: result—bankruptcy.

In America at that time (1918-20) identical preparations had been made by the money-trust. Corresponding to the Cunliffe Committee was formed the "Bankers' Statistics Corporation" which commissioned, among other economic writers, Professor E. W. Kemmerer, of Princeton University, to contribute views on the soundest methods of carrying

out the bankers' objective. Professor Kemmerer's contributions were subsequently published in book form under the title *High Prices and Deflation*. The introduction to the book was written by Mr. Frank A. Vanderlip, then president of the National City Bank of New York, who summarised its contents as follows:

"Professor Kemmerer shows why prices must ultimately come down, and points out the policy to be pursued in order to bring about deflation. . . . Professor Kemmerer's book is a most useful contribution to a very vital subject."

Just as the Cunliffe Report was adopted by the bankers and endorsed by the British Government, so was this "Kemmerer Report" adopted by the Federal Advisory Council and endorsed by the United States Government. Also the subsequent process of popularising the "findings" of the Reports was the same, except that in some respects the Americans did it more openly, for the Carnegie Institute organised a department of "Economics" for the "education of the public," and set aside a fund of \$1,600,000 for the purpose, which fund was administered by trustees among whom was Mr. Paul Warburg. These facts are only a fraction of a body of evidence pointing to a concerted policy of deflation between British and American bankers.

The ultimate inspiration of this policy proceeded from the Norman-Strong combination, representing the associated interests of the Bank of England and the Federal Reserve Board. It originated before the war ended—in all probability at the time when Britain raised her first loan from New York. We have on two recent occasions shown reasons for suspecting that the conditions imposed by Wall Street for granting war-loans to London included the execution of the promise that the Bank of England would co-operate with the Federal Reserve Bank under the war in putting the world of business back under the control of the money-interests—with the addendum that, as this was likely to be a slow and delicate manoeuvre, Mr. Montagu Norman's official term of office as Governor of the Bank would be renewed as many times as was considered necessary. The fundamental objective of the Norman-Strong pact is adequately indicated by a short passage in Professor Kemmerer's book already referred to, in which he indicts the inflationary principle because:

"In general, it has taken it [i.e., wealth] from the creditor and given it to the debtor. Specifically it has taken from the bondholder and given to the stockholder. It has taken from the mortgagee and given to the mortgagor."

These three statements are variants of one truth, which, if it were frankly expressed, would run like this: Inflation has transferred power from the banks to the producer. Under deflation therefore the power reverts to the banks.

We need not waste time in enumerating the consequential hardships suffered by employers, shareholders, and wage-earners alike since 1920, and still being suffered to-day in this country. The banking interests did what they wished, and did it against the wishes of whole populations. It may now occur to someone to ask why, if the concerted policy of the British and American Central Banks can thus prevail, there should be this latest manoeuvre to set up a Central Bank for Europe, especially since the Central Banks of most countries have followed the Anglo-American lead, whether by reason of coercion or example. Why have a ready be done informally? The reason is in part practical and in part moral. To consider the practical aspect first, it will be remembered that although Governor Strong and Governor Norman co-operated to impose deflation in their respective countries, not

a long time elapsed before Strong stopped the process in America and in fact reversed it, while Norman continued to administer it in Britain. America began to encourage the home-buying of commodities by financing instalment-selling while Britain persisted in discouraging it. And this is the situation even as we now write. The natural consequence has been to engender anti-American bitterness in this country, whose impoverished industrialists have had to put up with competition from ostensibly prosperous exporters across the Atlantic. Now, as we pointed out earlier, the banking interests fear nothing more than war; and while intent on having their own way, and co-operating internationally to get it, they are nervous about stirring up any forces which will set national capitalisms arming themselves. So long as the Federal Reserve Board and the Bank of England are ostensibly self-determined, national institutions, they will be embarrassed by the continuing growth of the malignant rivalry between the industrialists of the two countries, because each party will inevitably call upon its "own" Central Bank sooner or later to take sides with it, and charge it with anti-national intrigues with the "enemy" if it does not. But if both Central Banks ostensibly yield up their responsibility to the control of an international Central Bank they may escape the difficulty. They can say to their respective peoples: "We are very sorry for your condition, but we cannot help it; we, too, have a master—one whose policy is based on a wider wisdom than our own." Yet in reality these two Banks, and pre-eminently the Federal Reserve Board, would dominate the policy of the international bank.

The truth is that the ultimate policy of the bankers has prevailed *only in its first phase*. To put it very bluntly, a war between the United States and Britain would have broken out before now if Mr. Montagu Norman had not assented to America's contracting out of the original deflation agreement. By assenting (or rather, by bowing to *force majeure*) he did help in diverting some of America's potential power of capturing world-markets to the development of her own consumption-market. At the same time this could only be a temporary concession, because he was virtually buying military peace at the expense of the masters and men of British industries, who cannot stand the sacrifice indefinitely. Already the industrialists in Belgium and France are publicly calling attention to the danger of dollar penetration and demanding measures of resistance, while very recently prominent members of the New York Stock Exchange were charging the Federal Reserve Board with pursuing a Bank-of-England policy when it began its attempt to reduce the huge volume of brokers'-loans in operation. The urgent task confronting the world's bankers is that of effecting a fair distribution of trading opportunities between rival countries, and getting each to be content with its share. They will fail in the end because there is not enough trade to be shared, and cannot be until the credit-system is fundamentally reformed. But in the meantime a European Central Bank may prove to be a temporary lightning-conductor in the growing storm of popular discontent.

Some most suggestive clues to what the sponsors of this Central-Bank merger have in their minds is afforded by an incident which took place recently in Vienna. It is described in the issue of *The Jewish Post* for May 13, a journal printed in Hebrew characters, and published in a vernacular commonly referred to as Yiddish. The writer of the report is a native journalist called M. A. Tanenblat, and it was transmitted to London by the Jewish Telegraphic Agency. What follows is a translation of the article which we have reason to believe is accurate. The article commences with the headlines: "Hoover Seeks a Jewish Peace Idealist of Vienna." The

date of the incident is not stated, but it must have taken place after Mr. Hoover became President, and is therefore comparatively recent. It concerns an old Jewish antiquary, a well-to-do man, but a private citizen of Vienna. For the last ten years he has been issuing propaganda at his own expense in pursuance of an ideal of his about the means of securing world-peace. He appears to be an indefatigable propagandist, having even sent private memorials to the League of Nations and the Hague Tribunal, as well as having got letters published in American and other newspapers. One day, Mr. Tanenblat says, the American Ambassador in Vienna received instructions from President Hoover to find the whereabouts of this man. Immediately the Austrian Foreign Office and State Police got busy; for, as Mr. Tanenblat remarks, "all doors open for the United States." In a short time the old man was located and identified. His name is Josef Drack. Herr Drack, when he heard that the police were looking for him, got frightened and wondered what was in store for him. But his fears were quickly allayed. The Austrian Ambassador announced that he was authorised to present to him an autographed letter from the President of the United States of America thanking him for his efforts in the cause of world peace. An official State ceremony was organised at which this letter of "recognition" was duly presented, and in addition Herr Drack was invested by the Austrian Government with the Order of "Councillor of Commerce." Consider, exclaims Mr. Tanenblat, the greatness of the honour when the President of the mighty United States "condescends" to speak with a humble individual like Herr Drack.

As will be supposed, the inspiration of the condescension was not Herr Drack's personality but his ideals. These we will reproduce without paraphrase from the translator's disjointed notes.

- "United world currency on a dollar-value basis."
 - "World peace through united dollar valuta for the whole world."
 - "World peace-dollar against weapons and frontiers. No national bank to finance war."
 - "Sound finance-economic basis through a universal bank . . . internally controlled valuta taking the place of the different moneys of the world . . . every monarchy."
 - "Abolish guns and frontiers."
 - "No supervision by accountants."
 - "On the dollar [i.e., the world-peace currency note] will be engraved the names of all the Governments in the form of the tablets of our Ten Commandments; and the first national bank in the world-bank federation will be the Jewish bank with the name Schma Israel."
- Such are the concepts of Herr Drack, this "world-peace dreamer" as the writer calls him. He (the writer) calls on his readers to observe that "only Hoover" has been "large enough to take the ideas in." We should rather say that Hoover has been astute enough to exploit the ideas. Although himself of Quaker antecedents, as we believe, he recognises the value of enlisting the rank and file of Jewry on the side of America and her high-financial objective.

The rest of Mr. Tanenblat's article deals with Herr Drack's supporting arguments for the scheme. One of them is as follows:

"All the banks [presumably central banks] are supported by the United States and England (through) reciprocal credits, insurances, sureties and shareholders—they are now led by one invisible controlling hand. Only externally, for preserving the egoistic prestige that every bank of the different Governments, is a so-called independent national bank. Is it not better and more practical to recognise a united world-valuta and money of a

* "Listen, O Israel: the Lord is our God; the Lord is One." (Fifth book of the Pentateuch.)

unified world bank? War would cease . . . etc." (And then the usual rhetorics.)

Herr Drack claims that his propaganda has been a factor in inspiring "Hoover's first Congress-Message," "Dr. Schacht's world-bank plan," and the decision of the Reparations Conference under the chairmanship of "Mr. Owen Young, banker-diplomat." Mr. Tanenblat states that during the last several years all sorts of people have met Herr Drack—even American bankers have visited him in Vienna—and have had "long interviews": "his memorandum book contains the original signatures of statesmen, artists, financiers, and even famous generals."

We suppose that it is sound psychological truth to say that men are prone to deify a distant oppressor. If national economic ills can be referred to an extra-territorial financial agency such as the world-bank—an institution on the earth but not of the earth—will the nations stretch their toleration yet further, sacrificing their hope of terrestrial prosperity for the sake of a good conscience? The international financiers seem to be counting on it, but they cannot destroy the law which says that to every action there must be an equal and opposite reaction. Where there is friction there will be heat; and the law applies equally whether you apply the brake to a cart-wheel or to human aspirations. This truth is seen in the fact that during the last nine years while the financiers have been continuously approaching their objective the rumours of war have been continuously growing louder. Everybody can feel the danger, but nobody yet dares to take the one means of escaping it.

But to resume. After Herr Drack, Mr. Ramsay MacDonald. He is another dreamer. And just as Mr. Hoover has exploited Jewish sentiment through the one so he is trying to exploit working-class sentiment through the other. And both by the same method—the flattering condescension of the autographed letter; for General Dawes is announced as having brought one for our new Prime Minister. We should not be surprised, by the way, to hear one day that the General's own signature is in Herr Drack's memorandum book. Doubtless this letter of the President's is in the same terms as his other, and records his "recognition" of Mr. MacDonald's "efforts in the cause of peace." This follows the dollar-subsidy to the Labour election funds sent by the American Federation of Labour, and it is pretty evident that all this cajolery is part of a scheme to inspire the Labour Government to rely for its reputation on an international policy instead of a national one. The Press publicity concerning Mr. MacDonald's intention to pay a visit to President Hoover, and another later on to the League of Nations, amounts to so much concealed advertisement tending to convert the rank and file of Labour politicians with their constituents to the view that domestic problems are *vieux jeu*, and that the up-to-date thing is internationalism. It is difficult indeed to see what else is left for the Labour Government to dabble in. Mr. Lloyd George is on the watch against signs of "Socialism," Mr. Samuel bars the door against Protection, Mr. Snowden wants to abolish the safeguarding duties, both Oppositions are against subsidies, and neither will tolerate loans even for development beyond the point where adequate revenue-earning power can be expected as the result. The consequence is that the Government will have to pretend that the cures for domestic ills are obtainable only from the International Pharmacy at Geneva.

According to the *Star* the credit of arranging for Hoover's intended gracious reception of Mr. MacDonald belongs to Mr. E. Price Bell. He is a foreign correspondent of the *Chicago Daily News*, and the *Star* describes him as "a worker for the peace of

the world." Another of them! In an interview on how he brought off this world-peace move, as the *Star* calls it, he told a story about Mr. Hoover having been rather depressed about things on his return from his tour on a battle-ship to impress Latin South America, and asking Mr. Bell, who had accompanied him, what he thought of the outlook, which was not much, and would he cross over to England and try to "get a measure" of the real feeling there. "I agreed to go," Mr. Bell relates, "and to let the American people know through the great chain of newspapers with which I was connected (adv.) the result of my investigation." As a result of the visit by which he could now say that he had "tested the pulse of both nations," he was able to tell America that he had certain knowledge that "whichever Party formed the Government after the General Election, it would go ahead with the desire above all things to establish a broad basis of co-operation with the United States." This formula conveys nothing new at all. Sir Austen Chamberlain could claim the same policy for the late Government. The only pulse that Mr. Bell tested was that of the credit-monopoly, and we suggest that what he got his "certain knowledge" about was what would be the bankers' attitude under any Government to policies affecting American interests. No doubt his private notes were completely satisfactory. One of them undoubtedly was concerned with Mr. Snowden's violent attack on France, the one country in Europe which has been realistic and courageous enough to size up and resist America's efforts for economic domination. The *Star* recalls that when in 1916 Britain and America were "on the verge of serious trouble" about the latter's entry into the war, "Mr. Bell, without consulting anybody, but with a shrewd understanding of what was in the minds of his own Government, wrote five letters to *The Times* which, on the one side, convinced the British that America was coming into the war, and on the other helped America to make up her mind."

We like to hear of these old episodes; they give things away. The manner of recounting this one is really amusing. We know for instance that what was in the mind of President Wilson was the idea of keeping out of the war. If Bell's letters to *The Times* "helped" Wilson to make up his mind to come in, it was because the President was aware of the influences which inspired the writing of them and knew that they were too powerful to resist. We refer to the War Industries Board which was presided over by Mr. Bernard Baruch and was administered from top to bottom by officials who would take his orders and not Wilson's. Mr. Baruch was the dictator of America. On his "yes" or "no" depended the granting or denial of financial accommodation to every business concern in America—including the newspaper which provided Mr. Price Bell with a living. Now, Mr. Baruch and his group wanted war. In fact he began to finance mobilisation in a small way at Plattsburg nearly two years before America came in. In these circumstances it did not matter whether Mr. Price Bell could read the mind of President Wilson, but a great deal to know that Mr. Baruch's intentions were. We presume that at least he consulted his own editor if no-one else, and got an assurance that what he would write to *The Times* would not offend the Financial Dictator. There is not the slightest doubt in our mind that Mr. Price Bell was used as an agent to force Wilson's hand.

These journalists, statesmen, colonels and generals who throng the stage of international politics made up to look like supermen are nothing more than "supers" there though they be men in private life. Mr. Price Bell, Colonel House, President Hoover, General Dawes, and all the rest of these billed stars of the diplomatic "talkies" are the product of

hidden producers, and are only faintly aware of what their postures and declamations are all about. At best they are apprentices to Secret Service craftsmen; and if any one of them should deserve and receive promotion he is never heard of again. As Herr Drack said, the controlling hand is secret; for the nature of the policy necessitates secrecy. For instance, another paper than the *Star* has let something out. *Barron's Weekly* states that neither General Dawes nor Mr. Owen Young should be made responsible for the Dawes Scheme, because some parts of the Dawes Report were written two years before the Dawes Commission sat. And without a doubt the same thing could be said of the Cunliffe Committee. All these Commissions meet together not to work out any scheme but to sign one. They find their findings on the agenda-sheets; and what they are assembled for is to pass the agenda just as shareholders pass a balance-sheet.

There is another type of person who is a bit higher in the confidence of the secretive banker-diplomats, and that is the private secretary. There are all grades, but the important grade is that of the permanent private secretary who keeps his job while master succeeds master. Mr. J. H. Thomas has had one planted on him. The *Evening Standard* (June 15) says that Mr. Thomas has "appointed" Mr. E. H. Marsh to be one of his private secretaries—but that is a concession to what Herr Drack would call "egoistic prestige." Here is Mr. Marsh's record as given by an admiring Special Correspondent:

"Cambridge—distinguished career—entered the Civil Service in 1896—assistant private secretary to Joseph Chamberlain in 1900; to Alfred Lyttelton in 1903; to Mr. Churchill in 1905, following him in his career through the Colonial Office, Board of Trade, Home Office, Admiralty and Duchy of Lancaster. Joined Mr. Asquith's personal staff—returned to the Civil Service in 1916, but in 1917 joined Mr. Churchill, who became Minister of Munitions, and remained with him until 1922. He remained in the Colonial Office after Mr. Churchill left it, first with the Duke of Devonshire and then Mr. J. H. Thomas. Then in 1924 Mr. Churchill again and at the Treasury, and now Mr. Thomas again, and all the multifarious duties that Mr. Thomas has undertaken."

Another type of private secretary is afforded by Mr. MacDonald's—Miss Rose Rosenberg. He found her, or she him, in 1923. According to a newspaper article she began her business career as an only assistant to the editor of an American and Mexican mining journal published in London. She joined the staff of the Labour Party in 1918 and was promoted to the general staff of the Parliamentary Labour Party in 1919, and went to work at the House of Commons.

Private secretaries of the type of Mr. Marsh function as coaches to Ministers. When Labour took office for the first time, practically every Minister was a greenhorn and had to be crammed with the technique of his job just as a student will cram a subject for an examination. This is why it never matters what Minister takes what State Department; because wherever he goes there is always someone placed in intimate association with him to advise him what to do. It follows that a Cabinet Meeting is really a convocation of pupils each of whom contributes to the discussion what his private coach has told him. (Herr Drack's "egoistic prestige" applies again.) Mr. Marsh is conspicuous for his versatility. He is a universal coach. In fact if a complete Cabinet happened to be blown up by a bomb one day, Mr. Marsh could easily "carry on the King's Government" in all its departments by himself. He was, in fact, the acting Colonial Secretary while Mr. Thomas was being presented with a parrot in South Africa; and when, soon, the "Head" of the King's Government goes to Washington, a colleague of Mr. Marsh's will handle the team.

A Critic of Stabilisation.

By Hilderic Cousens.

If you live in hopes of keeping a price-level steady, you must first choose your index; and that is no light work, for there are retail and wholesale indexes, several of each sort, and mostly open to objections. But the choice once made, you may take the view that it is both possible and desirable to "peg" the recorder at a given point on the index, or at least to keep the variations extremely small on either side of the chosen level. About half the economists of the world are of this mind. In the other half is Mr. Lawrence, who takes kindly to the ideal, but argues forcibly against every scheme for realising it that has so far achieved any publicity.* He himself has no plan to offer. He is vague and empirical: War is the chief upsetter of stability, so promote peace among the nations; retain, and, if possible, improve the existing mechanism of the gold standard; increase the discretion of the Federal Reserve Board by freeing it from constant harrying and endowing it with more of that leadership which is the tradition of the Bank of England. Finance must rest on gold and rule of thumb. Being no lover of stabilisation, my perusal of this most solid work was cheerful. Many of the more advertised economists come in for hearty buffets. Specific and collective assault is delivered on Messrs. Irving Fisher, Maynard Keynes, Hawtrey, Cassel, Commons, Synder, Knapp, W. C. Lewis, Lehfeldt, the Genoa Conference, and an assortment of American politicians, with the aim of showing that what they have said about the history of prices is wrong, and what they propose to do about them worse. The author quotes from them liberally, and reinforces this precaution with charts and statistics galore. On the whole I think he is right. What is missing is a discussion of the various price-indexes in use or proposed.

Stabilisers are wont to base their schemes on the Quantity Theory of Money, and address themselves to the task of getting control of price levels by controlling money, or rather its issues. Mr. Lawrence grants considerable *deductive* justification to the theory, but proceeds to attack it historically to prove its inductive error. He concludes that in general changes in the volume of money do not precede changes in price level, and infers from this the general futility of stabilisers' plans. But, further, even if we admit this non-existent money-control, we have Fisher's admission that the control operates nine and a half months after the change. And the difficulty of true prophecy amid the complex variables of economic life is emphasised by quoting the false prophecies of eminent stabilisers. The Federal Reserve System cannot, according to the author, exercise any such control, for it is related to only one-third of the banking business and to only one-third discount and open market dealings in securities have not managed to control prices. Nor has the much more powerful Bank of England succeeded in this, for since 1850 the bank rate and the price level have moved upward or downward together twice as often as they have moved apart, as they should have done if the former had any ascertainable effect on the latter. The witness of France and Germany is the same.

This historical argument is buttressed by an impressive argument on the effect of interest rates on trade activity. Its gist is that, when trade is brisk, traders will pay any rate which may be demanded, for the position of interest in their scale of expenses is low. But when trade is bad low rates fail to stimulate it for the same reason. Some other recent

economic writings have stressed the same point, which appears to be substantially sound, with the two provisos that the rate of interest must affect mechanically and psychologically a number of businesses which operate on a very small margin, and probably affects the rate at which orders are placed by intermediate consumers over a fairly large part of industry at certain "crises" in the upward or downward variation of trade activity because of the traditional prestige of the Bank Rate as commercial fogleman. Discount rates, then, must have little influence on trade conditions as a general rule, and least when trade is either booming or slumping. Specific credit rationing or restriction by banks, which is quite a different thing from the operation of an automatic selector like an interest rate, must be credited with a wider power. Even less can interest rates restrict such speculative activity as has been current in New York in recent months.

More batteries unmask when international trade comes to be dealt with. A popular argument for stabilisation urges the need for securing justice between debtors and creditors (see, for a criticism of this, THE NEW AGE, April 9, 1925). Here we are treated to an account of the greater mishaps and injustices which are likely to accrue to exporters and importers in turn under any plan which involved arbitrary determination of exchange rates: We must also bear in mind that if we set about maintaining a price level which is being affected by the rise of price for some of the components in the index used to calculate the level, we must endeavour to depress the prices of other components, so as to keep things all square. But these will probably have no cause in themselves to change, and even less to change downwards. If copper goes up, why should wheat or tin be forced down? If wool goes down, why should copper be pushed up? Any such scheme for balancing the misfortunes of one set of buyers or sellers by the imposition of similar misfortunes on other sets stands self-condemned.

We may add to these shortcomings the criticism which the use of price-indexes even without stabilisation well deserves, at least, in England. Fundamentally, the practice of adjusting wages and salaries according to the fluctuations of a cost of living calculated for the lower middle and working classes assumes that their recipients are rightly debarred from taking advantage of the improvements in the standard of life outside the goods and services reckoned in the index; that is, they are to be put on a "fodder-basis," albeit the fodder may be good fodder. I suspect that the propaganda for stabilisation has in view the completer establishment of this system.

"I do not know the exact figures for new novels last year, but I do know that 80 per cent. of them might have been left in manuscript without either the author, or the publisher, or the reader, or the bookseller, or indeed anybody except the printer and binder, being a penny the worse for it, were it not for the miserable fact, which is that all big business concerns in these days are run in such a way as to necessitate the issue of hundreds of superfluous products in order to keep a huge staff occupied. A depressing thought which I commend to readers of this paper is that there is never enough money circulating in the world to buy what the world is producing; and so long as this state of affairs continues, so long the present wasteful system of cluttering up the world with superfluities in the hope of finding necessities among them will continue. The remedy is a simple one. Major Douglas has proved that in a series of fascinating little books; but unfortunately the simple remedy would involve the immediate destruction of certain omnipotent vested interests. So the remedy, though simple, is also so drastic as to make people afraid of it."—From the leading article in *The Gramophone* (edited by Compton Mackenzie) for May, 1929, discussing the problem of the alleged unnecessary duplication of recordings by different companies and the consequent congestion of dealers' stocks.

* Stabilisation of Prices. A critical study of the various plans proposed for stabilisation. By Joseph Stagg Lawrence. (Princeton University.) Macmillan. 21s. net.

Views and Reviews.

ON INDIVIDUAL PSYCHOLOGY.

One of the censures brought against the principles of Individual Psychology is that they would establish as the norm of psychic health pedestrianism and Philistinism. The danger of their doing so has been recognised and struggled against by several of the writers on the subject. Dr. Wexberg does not preserve himself from the net, and his chapter on the community is a mass of contradictions which betray his uneasiness. His statement, for example, that one finds more neurotics in the extreme wings of political parties than in the centre is hedged around by other statements that one can as well hold advanced as conservative views without being neurotic; that mysticism and superstition are often found in neurotics is in close company with the statement that a normally healthy person may be either religious or atheist, individual psychology not being involved in the truth of any view or philosophy. The individual psychologist struggles, as with a serpent in the dark, against the suspicion that he might diagnose genius as neurosis, and consequently attempt to "cure" it.

In the past when mind healing was practised with the aid of categorical imperatives in association with a religious creed, the way with heretical genius was to suppress it, if possible. Its right to live was based, like Herbert Spencer's definition of truth, on the impossibility of denying it. If grave-stones were set over the place where an idea was planted, it triumphed provided it was vital enough to crop up in a score of other places. The tyranny of the average over both the criminal and the genius is as strong to-day as at any time, though its special lines of operation are somewhat different. The average, indeed, by reason of its freedom from the pain of either growing or decaying consciousness, exerts a far more powerful magnetism over the growing consciousness than over the criminal consciousness; since the growing consciousness is more allured by the prospect of animal happiness which throwing in its lot with the crowd offers.

There is for the present no real danger of genius suffering at the hands of individual psychologists. First, individual psychologists are as yet prophets; they have not become a church. Second, the person who becomes a patient confesses thereby that he has broken down, which is not the way of genius, either in its own consciousness or under the pressure of the mass-opinion of its relations. One does not, no matter how anxious to take care of genius, look for it in the religious processions through the streets; nor in the crowd surrounding the New Thought pulpit; nor at the foot of the platforms of American psychologists who offer the secret either of business success or peace of soul. One looks in such places with the knowledge that one will find cripples in body, soul, and spirit, who search not to create something hitherto unmanifest, but for an anchorage. Those who have inspiration do not need to beg for consolation. They do not go to the doctor to confess their sins.

Any danger there might be would, of course, arise rather in the application of individual psychology in other fields than the purely medical. As it is certain to be increasingly applied in other fields, in education, domestic life, industry, and even politics, the position will require to be clarified as it has not been. There is, of course, one fairly firm line: the realistic against the unrealistic attitude. In Jung's system of analytical psychology the distinction is insisted upon frequently between fantasy thinking

* "Individual Psychological Treatment." By Erwin Wexberg. (Daniel. 6s.)

and directed thinking, the first of which does not fatigue, and has no practical utility, and the second of which is concentrated on the solution of real problems. In Adler's system all thinking is directed, though the thinker may be unaware of the goal to which he directs it. If neurotic, however, it is directed towards maintaining a false prestige not justified by services rendered. It is generally accompanied by nervousness and uncertainty as to whether the impression on environment aimed at is being produced. The healthy person struggles on with the work, allowing prestige to take care of itself. Such a standard could not harm that part of any genius which is of worth. It rather diagnoses as neurotic the poseur who, instead of getting on with the work, spends his life in reassuring himself of his superior worth by depreciating the efforts and persons of all who are working. That he regards himself as a neglected genius into whose hands a malicious God fails to put opportunity deceives neither the individual psychologist nor anyone else.

The great service rendered to mankind by psychoanalysis, Freud's, Jung's, and Adler's, is that it fits men and women more to distinguish what comes from inside themselves and what from outside. They are strengthened and clarified in their perceptions as to whether their discomforts of mind are due to their own conduct or to the ill-treatment meted out to them by others. The grounds for their condemnation or approval of their neighbours and society are separated from their wish to approve or condemn their own actions or motives. Genius is already more conscious than those who reap its harvest. The poet of *Œdipus Rex* was more conscious of the Father Complex than was the crowd which reviled Freud when he constructed a system of analysis around it. When psychoanalysis—individual psychology, or analytical psychology, or a combination of the three—has become an orthodoxy, genius will undoubtedly have to fight it, as he has to fight all orthodoxies. For the time being, however, instead of genius being in danger from these modern mind lores, one branch of genius should be looked for as the source of them.

R. M.

War and the Predatory Instinct.

For upwards of forty years Mr. Cowan tells us* he has been exercising his uneasy and impatient intelligence on the problem of War, and it has reduced him to a state of exasperated despair. Such a man is cut out to be a moralist, and consequently he doles out "moralic acid," as Nietzsche would call it, by the bucketful. All the same, he has produced an extremely interesting little book, and the simplicity of his thesis makes him easy to follow through the kaleidoscopic rise and fall of civilisations (roughly about one to a page). In passing, it is a pity he has weakened his trenchant style by such expressions as "no end of" and "galore." These should be left to servant girls for the enumeration of their beaux.

The thesis is simply this, that man is the most predatory of all the animals. Hence all cultures are fated to go down before his omnivorous blood-lust. Anyone with the most superficial knowledge of history can see, at a glance, how easy it would be to make out a historical case for this view, which is true enough so far as it goes.

Mr. Cowan can point triumphantly to the fact that while the only hope of early civilisation lay in agricultural communities, such have almost always

* "War in World History." By Andrew Reid Cowan. (Longmans, Green. 6s. net.)

originated in the most unlikely and infertile regions, e.g., the valley of the Nile, Mesopotamia, Mexico, and Peru, all of which must have needed heart-breaking toil to render them habitable, and yet had this advantage, that they were less likely than more fertile areas to be attacked by predatory nomads.

But this matter of predatoriness needs closer examination. It is easy to see that such an instinct would be of the utmost biological value in primitive conditions. Yet the formation of any kind of society, no matter how primitive, entails some restriction of predatoriness inside the community. Consequently, the only hope of such a primitive society would lie in being able to employ the predatoriness of its members on outsiders.

It thus happens, as Trotter pointed out ("Instincts of the Herd in Peace and War"), that the earliest type of herd is organised for attack (e.g., the wolf pack), to be followed by groups first built on defence (as the sheep flock), and finally by a highly specialised type of herd in which corporate life can flourish in much more complex fashion, as in the bee-hive.

In Man, who epitomises the whole animal kingdom, we find all these types of herd. Thus the primitive and nakedly predatory nomad is followed in order of appearance by the agricultural tribe, and on the whole in this case, the meek do inherit the earth in the long run.

But it is further to be noted that when a new and more complex set of circumstances arises, the herd mentality tends to slip back to its primitive form, so far as these circumstances are concerned. Thus these agricultural units become predatory again as they grow and develop commercial aspirations and entanglements. Moreover, in default of the evolution of a more advanced herd-morality to deal with the new problems, every effort will be made by the group to stimulate the predatory instincts of its members in this direction. Thus the octave changes but the "motif" remains the same.

The external authority of the fighting group ordains that every man must be a warrior, and therefore it is forced continually to seek new foes to keep the group together.

Similarly when the big modern commercial and industrial unit ordains that every man must be a worker it is forced in turn to go raiding foreign markets to keep them busy. This ultimately entails another step backward and the reappearance of war, naked and abominable.

Individual "predatoriness" is then labelled Patriotism, and fiercely stimulated by every means of public appeal at the State's disposal, so that it is not surprising that Mr. Cowan should note that in all the recent wars the jingoism of individuals was probably greater amongst the dregs of society than elsewhere. But to say that such predatoriness causes modern wars is futile. It is a mere ebullition of popular emotionalism, which in spite of deliberate fostering by the newspapers, disappears like smoke before the grim realities of war.

Readers of this journal do not need reminding of the real cause of modern wars, but Mr. Cowan has not yet realised it.

Curiously enough, however, he does get glimpses of it, which he embodies usually in footnotes, which therefore make the best reading in the book.

And another footnote comments on the fine muddle caused in German finance and economics by the payment of the French indemnity after 1871.

But the red herring of predatoriness always drags him away from the true scent. Yet it is to his honour that he sees the apparent inevitability of war, at present, and his pertinent question about the possibility of war between America and Britain—"If not, why not?"—will take some answering.

NEIL MONTGOMERY.

Drama.

Caprice: St. James's.

All that was the matter with Counsellor Albert von Echardt of Vienna was that he could not lie on his right—or was it his left—side. Otherwise he lived the full life. As a famous divorce court lawyer specialising in the dissolution of unholy matrimony, his prettiest clients were honoured, after the event, by his flirting with them. He was loved, in addition, by two women, who together embraced such variety as to have satisfied together even Solomon. With either of them in hell, heaven would be only half perfect. Counsellor Echardt was almost in heaven already, for he was married to neither, and neither wanted to marry him. One of them had produced a male child to his paternity sixteen years before, but she had not troubled him since. The other bothered him all the time, with the art, however, that men leave home to experience. Complications arose at last; the mother, although wanting nothing for herself, wanted a father for the child. Once the child is here, the other woman reasoned—such women can reason—the mother will follow, whereupon she departed for ever. To women such as Ilsa von Ilsen for ever is ten days; after which she burst upon the reunited family in all her glory again. In sixteen minutes she drew more out of the boy than his mother had learned in sixteen years was in him; not as the schoolmaster's wife drew it out of Young Woodley, but, bless her heartlessness, with all her wits about her. Then the mother realised that hell for her, whatever it might be for Echardt, was where Ilsa von Ilsen was, and with her fallen and ashamed poet son she went out into the night.

"Caprice," adapted from Sil-Vara by Philip Moeller, by whom the production is directed, is the second work of the New York Theatre Guild brought to London. It is almost an effort to discover, after London has allowed "Porgy" to fail, if there is anything we do like. It does not compare with "Porgy," of course, in human or dramatic interest. It shows dull patches, the worst being the medical examination in the first act. In mood it is facetious rather than comic, and in construction it is a series of exits and entrances designed to facilitate tête-à-tête sketches. Echardt is more a shuttlecock between the two women than a character on his own account. The "delicate lady" in the opening scene is a foil to illustrate Echardt's part, after which she disappears for ever. The lawyer's clerk is a nonentity. The servant, Minna, betrays Echardt to the reinstated mother by the story of a green slipper in the old, old-fashioned way. The doctor had a thankless job of converting monologue into duologue.

All this said, "Caprice" is to be seen and enjoyed. The performance of Mr. Douglass Montgomery as the sixteen-year-old boy, truthful, poetic, ignorantly and innocently gasping to be seduced, is acting of great understanding. But the play is to be seen for Miss Lynn Fontanne's performance alone. Miss Fontanne creates the archetype of the woman that every man dreams of; for whom bachelors remain single in the hope of becoming rich, only to learn in senility that she does not exist. She is a Bohemian brunette this week, and at the instant the man begins to sigh for variety she strolls in as a dignified blonde. As the naïf Robert said, she is not as other women are, but more as they are on the stage; had he been more sophisticated, he would have likened her to the women beyond the plate glass of Hades. She understands men. If God, instead of making Eve in the dark while Adam slept, could have fashioned her to a poet's specification, Ilsa von Ilsen would have spared posterity, had there been any, much misery. This woman is both responsible and irresponsible; childlike and of mature wisdom; tantalising and consoling; kittenish in earnest and tigrish in jest.

It was the actress, however, not the authors, who created her. Miss Fontanne's performance contains no naturalisms; it is high comedy, recalling Miss Edith Evans's Millamant. With much less fine lines, on just as halting a plot, Miss Fontanne squeezes, cajoles, or tickles, rich meaning out of every word, her deportment, gesture, and flexibility of voice matching one another. Her performance has the magnificent rhythm and independence that appear to hall-mark the work of the theatre-guild. Between her and Mr. Montgomery a moderate play becomes a fine show.

Adverse criticism, I learn, has been delivered on the trick of allowing more than one actor to speak at once. The trick gives an impression of the breakdown of conversation where two people suddenly cease to take notice of one another in their determination to say what they have to say. Between the persons who do it in this play it is quite appropriate. The amount of American accent in the play is small; it merely gives substance, as dialect often does, to the words, and the articulation of all the actors is perfectly clear.

Let's Leave It At That: Queen's.

The only good part in a play by an actor is usually the one with which the author identifies himself. The authors of "Let's Leave It At That," Miss Jeanne de Casalis and Mr. Colin Clive, an actress and an actor co-operating, have shared out the parts fairly. Yet they have not made a good play, nor one likely to succeed commercially. In substance what they describe as a comedy is little more than a burlesque of modern marriage; in manner it is full of reproductions of actuality which are no more entertaining in the theatre than in real life. Vera Martin and Michael Stern, after living together for two years, marry to make the lady's parents respectable. For two years they have alternated between spells of violent quarrelling and mutual pity. Within an hour of the departure of their wedding guests they have had another violent quarrel. He, an aspiring musical comedy artist with a passion for golf, cannot bear her highbrow taste for art, or her literary aspirations; she will not hear herself compared unfavourably with his previous wife. After they have separated each succeeds. When they meet seven months later she is a best-seller with a passion for golf exceeding her capacity, and a preference for soothing pictures. While he dresses in the depth of Bohemian fashion. Although her father, a logical Frenchman, attends the meeting with the necessary documents for divorce, the pair cannot escape from one another. By this time they are no doubt separating again.

It is a theme on which a good dramatist may break down. O'Neill broke down with it in "Welded," the one good scene of which is almost unconnected with the theme of the play. "Let's Leave It At That" fails for many reasons. First it is not a collection of parts whose function is not dramatic. Their chief task is to facilitate the narration of developments which the audience does not see, whereas development before the audience's eyes is essential. One of the first persons to appear, Miss Swallow, bores the audience as much as the person to whom she speaks, and is, as a device for arousing the audience's curiosity about a wedding that has taken place, awkward and discouraging. Poppy Bruce-Carter and Jackie Armstrong are similarly almost passengers. They do little but illustrate a statement in the last act regarding the husband's conversion to highbrowism. The narration of the wife's affairs during the seven months which elapse between the second and third acts is arranged by her interviewing a newspaper man. As a whole the play gives the impression of having been written to accommodate the available members of a repertory company, for each of whom something had to be put in whether required

by the theme or not. Finally, much of the dialogue, especially at the wedding-breakfast, was of the quality heard in actual life, which can be accommodated in comedy only when the universal significance of the character behind the dialogue is itself mighty enough to overpower the audience, and when every common-place links itself up uncannily with the theme; which does not happen in this play.

Mr. George Zucco's production seemed to me too quiet. A little more entertainment could perhaps have been drawn from the play in places by allowing burlesque a freer rein. In that way possibly more of the players could have become significant. As it was Miss Buena Bent as a servant girl, and Mr. Morris Harvey as the French father, stood out, the former entertaining all the time, and the latter entertaining except when he had to threaten to continue the speech after the wedding. Every other part seemed to me underplayed. The actors did not make the characters look as ridiculous as they should be.

PAUL BANKS.

The Screen Play.

"Bulldog Drummond."

"Sapper's" stories offer a more promising field for talkie melodrama than the customary American mixture of crooks and cabarets, and "Bulldog Drummond" (Tivoli) is uncommonly good entertainment. It has a similarity with "The Perfect Alibi," which I reviewed last week, in that its producer not only uses sound intelligently and as an end in itself, but has also evolved a technique of a kind which should encourage those who believe that an art of the talkie will eventually be created. It is not, however, so good a film as "The Perfect Alibi," and has been much overpraised in preliminary puffs. Ronald Colman's extremely pleasant personality is heightened in a speaking part, but I am disappointed to find that he has acquired a slight American accent. It was a pleasure to listen to Claude Allister, but the "silly-assiness" of his part was overdone. Possibly this is due to the strange conception which Hollywood has of England and the English, as is also exemplified in this film by giving a village inn near Godalming a bar-room spacious enough for the lounge of a West End hotel. This same bar was enlivened by rustics ready at the slightest provocation to burst into eighteenth century arias (in real life it would have been "Sonny Boy" or "Ramona"), and continuing the concert until 2 a.m. Presumably, Mr. Goldwyn, despite producers' alleged meticulous attention to accuracy, of detail and correct local colour, has never heard of Dora.

If "Bulldog Drummond" is not a great film, I certainly enjoyed it immensely.

"Would You Believe It?"

Frankly, I would not, and did not, until the evening, when I saw "Bulldog Drummond." In the same programme was the item with the interrogative title, which is that of an excellent English film. And when I say excellent I mean that it is good when judged by the most exacting standards. Here is a delirious farce, but it is something much more, since it is directed with real brilliance. I single out in particular a scene in which clockwork animals and other toys move across a shop floor, and two or three sequences in which "The Spy" is caricatured with good humoured malice. The latter is one of the cleverest and wittiest things I have seen on the screen. Archibald Nettlefold is the producer, and the film rests almost entirely on Walter Forde. Would you believe it that this notable contribution to the limited number of good English films is merely indicated on the Tivoli programme by its title and the brief description, "silent

comedy," as though it were just thrown in as make-weight?

Eppur si Muove.

Another encouraging British development to record. The sound film of the Derby made by the British Acoustic process is so realistic, that one can do everything but smell the crowd. I chronicle this the more gladly, because not so long ago I said some extremely unkind things, with extremely good reason, about this particular process of sound recording, which makes it all the more pleasurable to chronicle the improvement.

"Broadway."

It is one of the paradoxes of the screen, that its very absence of limitations as compared with the stage can become a source of weakness. By employing all the resources at its command, it may end in attaining a smaller degree of realism than is achieved within the narrow physical confines of the theatre. "Broadway," which has been shown privately to the critics and the trade, is an example. It is a film version of the play, made by Dr. Paul Fejos, the Hungarian who was also responsible for that work of art, "The Last Moment," and for "Lonesome," one of the first and one of the first good talkies to be shown in London. "Broadway" is characterised by over-spaciousness; the cabaret scenes would have been more effective, and more in the atmosphere of the original, if they had not been laid in a building which appeared about the size of a considerable railway terminus. This is, however, a notable film. It grips, and its direction and photography are alike admirable, as are also the reproduction of speech, music, and sound effects. The high level of the acting is specially noteworthy, since most of the players had had little if any previous screen experience. This was also the case with "The Perfect Alibi," which suggests some interesting considerations as to the development of the talkie. Glenn Tyron, in the most ambitious part he has yet had, was markedly better than in any silent film in which I have seen him. In "Broadway," a travelling crane camera is used for the first time. This invention of Dr. Fejos permits of most remarkable "shots" and camera angles, and the device represents one of the most important recent innovations in film technique. It is, of course, the logical sequel to the travelling camera, and opens up very interesting possibilities.

DAVID OCKHAM.

The Common-Sense of Professionalism.

Every now and again print and conversation seem to be flooded with the snobbery with which the Rugby Union protests its conservatism. When two Northern teams played their professional Rugby final at Wembley a month or so ago many self-righteous critics were unable to consider the merits of the game, or of the differences between the rules under which it was played and those of the amateur game. They could keep in mind only the objectionable fact that the players were professionals. At cricket professionals are generally segregated from amateurs as belonging to the servants' quarters. Amateurs are regarded as sportsmen, professionals as employees. In every sport the amateur is looked upon as of different clay from the professional, the one gentleman, the other merely man. Whether one be particularly interested or not in the various forms of sport, one can scarcely help being interested in this attitude of snobbery towards professionalism.

The actual distinction between professional and amateur is not necessarily, of course, his proficiency, although Colonel Pickering rightly tells Professor Higgins in Shaw's "Pygmalion" that "there is always an air of professionalism about anything

done supremely well." At most games there are first-class amateurs, though they are rarely as good as the first-class professionals, for the reason that the professional, with a similar natural aptitude, has more practice and is under economic compulsion to defend his market value by maintaining it. A man with a better source of income than is derivable from professional sport plays in his spare time for nothing, or for expenses and hospitality. One whose job is not so good as a professional sportsman's gives it up if he has faith in his power to maintain his form. That is the crux of the whole matter. The Welsh miner, with a genius for football, loses no prestige worth having by giving up unemployment and his amateur status for a place in a northern league professional rugby team. He would be a fool to allow the status of gentleman in a Welsh mine to count for more than his prospects of a better job, though he suffer incidentally the degradation to professionalism.

The Lawn Tennis Association, which confines its competitions to "pure" amateurs, and has a set of complex regulations as to what journalism its players may do for money, is not itself amateur. The Wimbledon Championships are as much professional showmanship as a Cochran revue, and rather more certain to make a profit. Amateur cricketers are not amateurs, since much of the expense of the game is borne by the spectators who come to watch. Cricket, football, tennis, and other games have ceased to be games. They are spectacles, the provision of which is in many cases calculated to remunerate shareholders. The crowd that goes to these affairs pays for its spectacle, and snobbishness about amateurism is no more excusable in the provision of another sort of spectacle than in the provision of another. A theatre, an opera house, or a newspaper are just as much a show as a football match. Professionalism in the one is no more degrading than in another; and amateurism no more entitled to special marks for gentlemanliness. Nobody sneers about professionalism to the singer or violinist. The amateur singer, actor, or musician never wishes that he were good enough to be a professional. The amateur sportsman's affectation of personal superiority over the professional is one of the remnants of the English aristocracy's contempt for trade. Now that Viscounts write professionally weekly articles and Countesses advise professionally about interior decoration, their miserable imitators ought to still their tongues about professionalism of any kind. Let them damn professionalism all round, if they like, from that of ex-Cabinet Ministers, company directors, and journalists to poster artists and emporium sculptors; from aristocratic memoir writers to schoolmasters of journalism, and those who create their advertisements. English snobs are in a bad way if they can satisfy themselves only by making a special case of the man who can play a certain part in a public spectacle run by a joint stock company better than they could.

Once a thing becomes a public entertainment the object of the promoter, to the degree in which the matter is understood by the spectators, is to present the best possible show. If he does not, somebody else will. If the show is a game, he has to put in the field the best available exponents of the game. He is prepared, within limits—decided by monopoly in the case of Association football—to pay for the skill he employs, precisely as is Lord Beaverbrook. When Mr. C. B. Cochran thought of really organising tennis because of the inefficiency of the present organisers, he naturally wanted professionals. It is the only way of gathering together enough performers of the quality required to keep the show going. Leave snobbery to those who live on rent or interest without knowing whence it comes; until such time as anyone who wishes can be pensioned off to join them. The rest of us are professionals at some-

thing, as regards payment if not as regards the quality of the performance.

Amateurism is, then, an antiquated expression of class-distinction. Those amateurs who are keen about this class distinction, and determined to mix only with their own sort, keep to places where no professionals are employed. Those who wish to play well take lessons from professionals, and grow visibly if ever they accidentally beat one. They may even be as keen to be seen playing with the professional inside the playing ground as they are not to be seen drinking with him outside. So their eagerness to do whatever they do supremely well cuts across their anxiety for superiority, and forces them to live on the dilemma of two relationships; pupil and tutor, and master and servant; out of which arises the necessity to see an antithesis between player and gentleman.

A. N.

Reviews.

Constructive Essays: Sign-Posts to the New Age. Under the General Editorship of Theodore J. Faithfull. (John Bale, Sons and Danielsson, Ltd. 2s. 6d. per volume.)

This series of books, of which several further volumes are promised, deal with current problems by applying to them the "new psychological" knowledge.

I.—Bisexuality, and **II.—Plato and the New Psychology**, both by Theodore J. Faithfull, develop the thesis that, in everything save bodily function, the two sexes share something of one another's characteristics. Men and women alike can be categorised as "extraverts," who give to others psychic life energy; and "introverts," who absorb this energy and use it to carry out creative work. He draws an analogy between this process and physical impregnation. This view, Mr. Faithfull declares, was held by Plato, many of whose dialogues can be reinterpreted in its light.

III.—Credit Control. By Frederick Thoresby. Prefacing his argument with extracts from the speech made by Mr. McKenna to the Midland Bank, Ltd., in January, 1927, Mr. Thoresby tries to show that the troubles of this country are due to the policy of the Bank of England, which is more concerned with international financial interests than with the needs of English commerce. He advocates that the Treasury and the Chancellor of the Exchequer, in association with the Bank of England and representatives of our chief industries and the leading banks, shall "act with full discretionary power with regard to the Bank Rate and the volume of credit to be put into circulation at any given moment in view of the national necessities then existing," and that we should get a representative body to decide on our financial policy. This should be composed of members elected, among others, from "the Federation of British Industries, the principal Chambers of Commerce, the Trade Unions, the banks and discount houses, and it should be presided over by the Chancellor of the Exchequer." Mr. Thoresby has overlooked the Salvation Army. But it does not matter, for all the elected representatives would be chosen from panels nominated by the Bank of England, and would represent the interests concerned with squeezing prices and taxes out of the public.

J. G.

"It is a pitiable and almost ludicrous situation that the United States should now be threatened with an increase in their gold stocks, which they do not desire, while we should have to fear a loss of gold, which entails the possibility of higher money rates here at a moment when the whole system seems to demand lower rates. As Messrs. Henry Schroder remark in their quarterly review, 'Critics of the gold standard could hardly have imagined a set of circumstances more pleasant from their point of view than the spectacle of British and European industry trying to stagger on to their feet . . . and being subjected to the penalty of a higher rate for money owing to demands for gold based on exceptional and artificial conditions having little or no connection with the state of trade and industry.'"—*Manchester Guardian*, May 17, 1929.

"A largely attended meeting of the Ormskirk Agricultural Parliamentary Association last night decided that they could not accept the agricultural policies of either the Conservative or Labour parties. Mr. Robert Rawlinson, the chairman, said he hoped members would be loyal to the Association, and would refrain from the election. If members voted for either candidate, they ought to resign."—*Manchester Guardian*, May 29, 1929.

LETTERS TO THE EDITOR.

THE ACCOUNTING OF BANKERS' LOSSES.

Sir,—In "Notes of the Week" for June 6, you cite the case of a bank which excused payment by a cotton-manufacturing firm of an overdraft of half-a-million pounds, and draw the conclusion that this action involved no loss on the part of the bank or depositors because the bank "created" the amount it wrote off, and did so for that purpose.

I consider this statement to be at variance with the facts. A bank cannot "create" money to write off bad debts. It would be interesting for you to show the process in action. When a bank creates credit, it creates a corresponding liability against itself, how then could such a process assist it in clearing off bad debts without loss?

The fact is that the bank in question must have taken the amount from reserves, which, of course, had not been "created" as such, but had been accumulated out of the profits of the business, the same as in any other business organisation, and the resources of shareholders would be correspondingly diminished. With a weak bank such a step might easily have involved depositors in serious loss. With my knowledge of accountancy I am entirely unable to see how a bank could create a cool half-million and write off a similar loss without leaving a trace in its published records.

HERBERT MILNE.

[Mr. Milne must have heard of the *private ledger*—the book where "wangling" is done. Writing off half-millions is not part of the routine-accountancy which he evidently refers to. Probably no clerk in the bank was aware even of the overdraft, let alone its cancellation. But apart from this, the loss in this case could be hidden by writing up the value of bank premises and (or) investments.—ED.]

Retrospect.

JUNE 18, 1925.

Mr. Frank Hodges on low-temperature carbonisation as the cure for the coal problem.

Mr. Snowden attacks the Communists. Mrs. Barbara Wootton's criticisms of Major Douglas's proposals in the *New Leader* (June 12)—the problem of "retiring" consumer-credits.

The F.B.I.'s advertising scheme—"Buy British Goods." The Chinese turmoil—America and the European Powers' loan-policy—Moscow and Wall Street.

JUNE 17, 1926.

The Banque Industrielle de Chine's attack on the franc. The interest "red-herring"—banks' actual profits. Communist comments on and accounts of the General Strike. Miss Wilkinson on the strike—reference to trade-union finance, and difficulty of getting banks to lend on securities.

JUNE 16, 1927.

The murder of M. Voikoff in Poland—what does force settle? Mr. Bruhanoff's plan to mobilise Russian money as a reply to boycott of British bankers.

Mr. Alonso Taylor on Argentina as prospective largest wheat-exporting country.

Mr. Christopher Turnor on British agriculture—lucerne as a fertiliser—the physics of agricultural enterprise and the law of diminishing returns.

The Midland Bank's chequelet scheme squashed—Mr. Churchill's statement.

JUNE 21, 1928.

Sunderland proposes to offer the freedom of the borough to Mr. McKenna in recognition of his "fearless demand" for a financial inquiry—Mr. McKenna declines.

Insurance of children and tax-abatement—the North British and Mercantile Insurance Company's advertisement.

Sir James Ewing on "A Century of Inventions"—the liquefaction of air—purchasing-power considered as the temperature of credit.

Low's cartoons—attack on the coal-owners. The rejection of the Revised Prayer Book.

The Arlington Row of Cottages—projected sale to America. Mrs. Pankhurst's death—the W.S.P.U.

Mr. Horatio Bottomley re-enters public life—"John Blunt."

"Nor can we find in employment statistics any basis for the present policy of the Federal Reserve Board. For several years there has been a decline in the numbers employed by railroads and by manufacturing concerns as a whole. 'Technological employment' it is called. In some of our large cities the suffering from lack of jobs has been greater, during this period of restricted bank credit, than at any time since the deep depression of 1921. . . ."—W. T. Foster and Waddill Catchings, in the *Christian Science Monitor*, May 13, 1929.

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