

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

With reference to the letter from a correspondent last week pointing out the frequency with which one is met by the opinion that the Douglas Proposals are "discredited nowadays," it will be useful to bear in mind that older variant of the objection, which consists in the suggestion that these proposals are unintelligible. The latest example of the latter appears in the *Irish Statesman* of September 14. In an editorial note on the resolution passed by the Trades Union Congress asking for a Royal Commission on the relationship between finance and industry the writer refers to the problem of low internal consuming power. He then stops to ask:

"Is there a solution of this problem, which was brought into prominence by the Credit Reformers? With their analysis many agreed. *But the solution put forward by Major Douglas darkened understanding with the majority, however anxious to comprehend.*" (Our italics.)

So we have two notions drifting about. If we accept the hypothesis that they have been launched from the same yard it is easy to see what the objective is. Although, as we shall point out in a moment, they are mutually contradictory in logical content, they are mutually supplementary in psychological effect: they tend to make the thoughtful reader feel that it is *not worth his while* to undertake an independent investigation into the Douglas Proposals. He will say: "Oh, well; only experts can thrash this out"—which is exactly the attitude which the experts were playing for when they sent them afloat. It may be objected that a thoughtful person would detect the incompatibility between them. And so he probably would if they were coupled together and shown to him simultaneously. But they are not; they are floating about independently: it is only by pure and rare chance that they enter one field of view, and even then they are only occasionally sighted through the telescope of some ancient mariner high up on the cliff.

Nobody stops to analyse phrases nowadays. Take the first-mentioned of those under discussion: "The Douglas Proposals are discredited." If this means that they have been *disproved*; why not say so, and inform the public where, when, and by whom? If it means that they are unusual, and sound improbable; again, why not say so, and define what sort of people hold this opinion about them? The second phrase, in itself, is clear: "The Douglas Proposals are unintelligible." But if so, the first interpretation of the first phrase is automatically ruled out. Nobody can disprove what nobody can understand. So we are left to consider the remaining suggestion that the Douglas Proposals are (1) discredited, (2) unusual. The inference is that they are discredited *because* they are unusual. Very good: now we have got some-where. If the people by whom they are discredited are the ordinary public, that is understandable. But at the same time it means nothing. In fact the word "discredit" is invalid in this connection: it would be much nearer the truth to say that the public ignore the whole issue. Further, it happens to be just as true of the financial technicians; but with this vital difference, that whereas the public ignore the issue because they are not familiar with the subject and are not particularly interested, the technicians do so because they *are* familiar with the subject and *are* particularly interested. The real reason why the Douglas Proposals are generally "discredited," and are generally "unintelligible," is because they are boycotted by the very experts on whom the public are accustomed to rely for enlightenment and guidance.

As one result we have the episode of a year or so ago, when a responsible correspondent, who was a generous subscriber to the Liberal Party funds, wrote to Mr. Lloyd George asking if he had investigated Major Douglas's analysis and proposals. A reply came back from one of Mr. Lloyd George's private secretaries saying in effect that of course the importance of all proposals for dealing with the credit question was recognised by the Party leaders,

but that up to that time they had not observed signs of much public support for Major Douglas's proposition. This reply would be difficult to beat for a piece of calculated artlessness. The plain intention of the correspondent was to find out whether the Liberal Party were prepared to mobilise public support for the proposals; or their reasons if they were not. He did not require to be told that this support had not been mobilised. If it had been there would have been no need for him to invite Mr. Lloyd George to take the matter up, Mr. Lloyd George would not have waited for the invitation.

Perhaps we ought to qualify this statement by the reservation that the mobilised opinion must be such that the Liberals could use it exclusively for their own purposes. In the ordinary political game it would be silly to expect one group of party-leaders to expend their time and funds on popularising a policy which one or both of the other groups might themselves adopt when they saw that it was winning votes. Why should the Liberal Party advertise goods that the Conservative and Labour Parties would start to manufacture when the demand was created? So it comes about that the political system thrives on fomenting a three-sided civil war in industry and society. There is no comprehensive political programme which does not consist in a process of picking pockets. All that the ballot decides is: Who are to be the pickers, and whose the pockets? The democratic idea of "government by majority" implies the existence of a coerced minority. A change of Government means nothing more than that it is the turn of a different minority to lose something. Democratic government only differs from autocratic government in the fact that it is an alternation of dictatorships, whereas under an autocracy the dictatorship is continuous. The essence of democracy is the repudiation of responsibility. After every election which changes the complexion of the dictatorship, the incoming dictators invariably warn the public that before they can perform what they have promised they must clear up the mess they have inherited from the outgoing dictators. And as a matter of experience this clearing up of the mess occupies the whole term of office of the new Government. These Governments live by emptying out each other's slops.

Now, if the Social Credit Proposals involved pocket-picking, they would be a marketable proposition. The Party of the workers, or of the investors, or of the landlords, or of this or that other group of interests, would take them up as a lucrative investment. But just because no section of the community would resist these Proposals, its leaders unite to suppress them. Conflict, not contentment, provides the professional politician with his job and the amateur agitator with his hobby. Hence at neither the top nor the bottom of society is there a chance to get anyone to attempt the mobilisation of public support in favour of any proposition that does not involve, in one form or another, the heaving of bricks at some defenceless victim of the financial system. The public are as carefully protected against the "contamination" of Social Credit as are soldiers and sailors against Communism.

In these circumstances of course the Douglas Proposals are "discredited" and "unintelligible"—which means, disapproved and boycotted. As a matter of fact it is most easy to mobilise opinion in favour of something unintelligible. More than that: it is easy to get the whole population to co-operate in actually working an intelligible proposition. The mere sub-division of function and knowledge among the people must guarantee that result. All you have

to do is to refrain from explaining to them the synthesis of their multitudinous experiences. Look at a few instances of things done which were outside the comprehension of the public. The institution of the cheque system; the substitution of the Treasury Note for the sovereign; the Dawes Plan; the Young Plan; the reconstruction of Austria and other countries by the League of Nations. Let alone the public, how many Members of Parliament understood anything about these matters? So when high party-leaders come pleading that they cannot act in advance of public opinion, the proper answer is: For goodness' sake think of a fresh lie to tell us. *They have never done anything else.* One day a book will be written that will prove it. We would do it ourselves if we had the time and patience to re-read history in the light of what we now know about the nature and function of credit: but others than ourselves are doing so, and sooner or later the fruit of their research will appear. In politics, *action* itself precedes the proposal to perform it; or to extend the scope of the argument, sometimes an *action* compels the performance of another action; and though the proposal to perform the second action may precede it, the cause of the proposal was the first action. Public opinion is really generalised acquiescence in the *fait accompli*: it follows acts of private initiative like thunder after lightning—and usually grumbling like it.

Fortunately the power of initiative is not exclusively reserved to the plotters of vast policies. The best-laid schemes oft gang a-gley through the apparently inconsiderable act of an obscure and innocent individual. He may even be trying to assist the scheme he ruins. A certain combination of circumstances is necessary for such a result to take place; and in this respect our readers will realise how nearly the world is approaching this touch-and-go situation. Anything may happen; and nobody, from the Bank of England to Holloway Gaol, seems to know how, where and when. Knack, not strength, seems now the more likely to precipitate the coming crisis. Your nine-pin champion is often a very little fellow.

Again, acts make news, and news makes publicity. In spite of the subservience of the Press magnates to the bankers' laws of allowable publicity, there still remains a vast force in journalism's hunger for a story. The best evidence of this conflict in Press circles was at the time of the Suffragette agitation. Although both the Government and the newspaper proprietors knew that the publication of the Suffragettes' window-smashings, burnings, and other methods of direct-action were certain to strengthen the agitation, they were unable to suppress the news. Out of the whole lot only one paper (the *Daily Telegraph* we think) arrived at the decision to omit reports of the progress of the "war"—and then only after having exploited the market pretty thoroughly while the news had been novel and lucrative. Again, to descend to a very small particular, a London evening journal published a picture of the wreath laid at the Cenotaph opposite the Bank of England when some credit-reformer laid it there to commemorate the passing of the King's head from the currency-note. We remarked in these Notes some weeks ago that though the bankers can command obedience they cannot command loyalty. Only so long as they can maintain the illusion that on them and their system depends the sole provision of bread and cheese for politicians, Civil Servants, soldiers and sailors, journalists, industrialists and workpeople, can they keep the administration of their policy at a tolerable level of stability. There is no natural affinity between the bankers and these groups collectively, but there

is between these groups individually: and a very remote-seeming incident may instantly cause them to realise it.

We shall be mistaken if the Hatry affair does not turn out to have administered the biggest jolt to the financial system that has happened since the war. Happily the feature about it which is to be the subject of a prosecution, and is therefore *sub judice*, is negligible, and we need not risk commenting on it. When the *Sunday Express* can say, as it does, that "something approaching thirty millions of capital is in the melting pot" and that "the City of London is stirred to its depths," a police-court job about a paltry £200,000 has much the same significance as a street-gutter dispute about a cigarette-end. Mr. Hatry's misfortunes are having the healthy effect of turning the logic of the financial system against itself. The whole of the Sunday Press over the week-end has been concentrating on assuring the public that the City will survive the shock, and that although this disturbing phenomenon has appeared the foundations of the investment-system are as sound as ever they were. They will have to use all their arts; for the investing public are thoroughly frightened, and even the lowly public who hardly know what an investment is are discussing it with the same animation as they would a murder in their street. (Thanks again to the journalistic urge to publish a story, irrespective of what interests it may embarrass.) In a crisis like this one can get a better line on its effect in a public-house than by listening to the Mansion House. For instance, on Saturday morning we heard a working woman telling a barman that "all the banks are in it." She continued: "I hope the Midland Bank isn't one of 'em: I've got ten pounds there." Most amusing, of course; but the joke is that that very intelligence about money matters which would giggle at her unsophistication is the same intelligence that has gone and dropped a million or two in the market slump.

Another healthy effect of the crisis is that it shocks even discreet expert commentators into unguarded statements. For instance, one of these writers said last week in an evening paper that the danger was not simply the slump in the price of worthless shares, but the fact that the slump brought down the price of sound shares with it. He was obliging enough to explain how: it was, he said, because holders of worthless shares had to *sell sound securities to meet their losses*; and the pressure to sell the latter of course sent the price down. This gives us a pretty peep into the conditions on which shares are held. The popular notion about investors is that they are people who, having money to spare, buy shares with their money to the value of that money. But on such an assumption the above expert's explanation becomes unintelligible. For why should anybody who owns two kinds of shares necessarily be obliged to sell any of the good kind just because the other turns out to be a bad kind? He has sustained a loss, it is true, but the loss is retrospective, it is not a *current loss of money*, it is a decrease in the market value of the shares and means that he cannot recover for them the *money he once paid* for them.

But now take another hypothesis: that he has not bought the shares with his own money, but has borrowed money, or (which comes to the same thing) has bought the shares with his own money, but has borrowed money on them afterwards. The expert's explanation at once becomes intelligible. In either case the shares are security for a debt; and any drop in their value necessarily means that the lender, who holds the security, will call in the debt, or such proportion of it as the slump in price renders advisable. The lender may be a bank, or may be a broker. But

it is a distinction without a difference because what the broker lends he has first borrowed from the bank or from some institution which itself has borrowed from the bank. The ultimate lender to the investment market is the bank. This is what all the row is about. It is obvious that the City should be "stirred to its depths" when the City is suddenly made aware that something like £30,000,000 of securities on which it has advanced money may turn out only to be realisable at some much lower price, and possibly at so much lower a price that the borrowers may default when called on to pay back what they owe, or such proportion as the banks require.

It is easy to see that the initial slump could spread like wildfire. The investment market is so top-heavy that a very slight inclination of its angle is sufficient to bring it to the ground. It may be objected that, after all, the ratio of £30,000,000 of capital to the country's twenty (odd) thousand millions of capital is very tiny. But this does not happen to be the ratio that is relevant to the situation. The true ratio is more nearly to be indicated by a comparison between the £30,000,000 and (a) the bankers' total deposits or (b) probably only some proportion of their deposits. It is impossible to do anything but guess at the measure of the menace. One thing is quite obvious, that whatever the ultimate valuation of the suspected shares, the writing down will tend to involve withdrawals of money from the community—i.e., to a further act of deflation on top of nine years of previous deflation. We are not forgetting that the banks need not call in any credit if they do not wish to. Moreover, with so much at stake, we may take it as a foregone conclusion that they will not risk a show-up by too rigid an adherence to their own "classical law," as Mr. McKenna calls it. At a pinch they could put up the £30,000,000 and buy up the shares in question. Credit costs them nothing.

The *Sunday Express* of last Sunday afforded another instance of unguarded statements. In a flaming article on its leader page its City Editor tries to keep up the pecker of the public by recounting how successfully the City has weathered worse storms. "The Hatry crash," he begins by observing, "colossal though it is, is merely one of the many crashes with which the history of investments is punctuated." He proceeds to survey the most celebrated panics of the last two hundred years. One of them is described thus:

"Less than a century and a half ago the Bank was besieged by a mob so violent and so panic-stricken that the Bank staff had to fire on their own customers; and troops charged with fixed bayonets the men who came with open cheque books. It is said that even the leaden inkstands were melted down to make hasty home-made bullets, and after two mass attacks the besiegers were driven off." This is the soldierly way of protecting the Credit of the City. Next follows the conjuring method.

"In 1745, when the Young Pretender was only 120 miles from London, and the King had made ready to flee, the Bank was so besieged that the Consols of the day fell 14 points and the Bank had to adopt the trick, to save itself, of sending squads of people with demand notes in at one door, paying them out in sixpences, and then admitting them at another door to pay in their sixpences. That ruse delayed the run and saved the Bank, but even then it had to obtain guarantees from eleven hundred wealthy people before it could place itself on a sound footing again."

We understand that the charge against Mr. Hatry and his associates is that they "adopted a trick" to save their companies—a "ruse" that "delayed the run" on them. But then, the Bank "had" to adopt the trick, and that makes all the difference. It is curious that when banks' debtors come after their money they are described as "violent" and

"panic-stricken," and characterised as a "mob": also, they never call on the bank; they always "besiege" it. Well, we congratulate the City Editor of the *Sunday Express* for his timely contribution. It is a splendid piece of work.

A further indication of the delicacy of the situation is the unprecedented action of the Stock Exchange Committee in suspending dealings in the shares of no fewer than seven companies, covering a wide diversity of activities. The reason is pretty clear when one considers the almost vertical drop in the market value of some of the shares involved. Thus Photomats, which were 15s. 7½d. not long ago were 1s. 9d. on September 19, and dropped another 6d. to 1s. 3d. the next day. Associated Automatic had been 15s. 3d., and were 4s. on September 20. Retail Trade Securities had been 16s., and were 1s. 9d. on September 19. The shares of the five companies in which Mr. Hatry is interested had at one time a market valuation of more than £10,000,000. "To-day," says the *Evening Standard*, "no one in the City will conjecture what the real value of the companies is." What is known is the fact that the market value of the group has dropped by more than £8,000,000 during this year. But for the action of the Stock Exchange Committee their value would have fallen to zero by now. It is surprising on the face of it that the action was delayed so long, but there are several reasons which people familiar with the tricks by which shares are driven down by powerful interests which purpose to buy them cheaply will readily appreciate. The Committee, although nominally independent, acts by the advice of the banks, and one must assume that for some reason or other the banks deliberately permitted the slump to proceed until last week. We would very much like to know who are in possession of a majority holding of these shares to-day, and at what prices they acquired them. However, we must wait to see what prices the shares fetch when dealings are resumed before we make any more guesses at what has been happening during the last month or so.

This crisis provides an excellent opportunity to Social Credit advocates to drive home the obvious moral. The event itself is driving everybody towards a more ready recognition of the basic unsoundness of the investment system. These crashes are not avoidable accidents: they would still have happened if every company promoter that had ever existed had been a person of strict integrity. And it is all very well to say that little people ought not to risk their savings in more or less speculative enterprises. What are speculative enterprises? What is more; it can be shown that a good many very useful enterprises have had to be "speculative," in the sense that they had to run risks, because the high financiers had what they called a "better use" for their money, and therefore left these enterprises to fish for their capital in the shallow pools of personal savings. If everybody restricted his investments to what are called gilt-edged securities, he might be immediately more secure as an individual, but in the long run the community, including himself, might easily find itself face to face with the fact that its collective savings had been used by the City to finance trade competitors outside this country. Moreover, the security of any investment at all is only relative. What do Consols fetch now?

The M.M. Club's next Meeting will take place, not at the Holborn Restaurant, but at Kingsway Hall (Room No. 22), a few yards down Kingsway on the same side of the road as the Restaurant. The date is Wednesday, October 2.

About Things.

A few weeks ago an editorial reference was made in this journal to an article in the *Cape Times* by Mr. E. S. Tomalin, in which he showed the anomalies existing in the Work-State. I notice that another article of his appeared in the same paper on August 16, entitled "Are Wars Caused by a Bad System of Finance?" It has a double-column spread of headlines with an editorial synopsis; and fills two full columns. Like the former article, it is an excellent piece of straightforward, entertaining and practical exposition. In my judgment it proves the case for expanding home markets as the prescription for preventing war as well as it could be done in any journal produced for the everyday reading of busy people. In popular propaganda erudition and sincerity are all very well, but a writer can only too easily overdo the evidence of those qualities. A good article along these lines must be like a good play with an educative purpose: it must not only teach a lesson but it must *give a show*—with the emphasis, if any, rather on the *show*. That is how Bernard Shaw markets his nimble notions so effectively. I think it was Casanova, or at any rate some other notorious rascal of his kidney, who said that the more he could get a woman to laugh the nearer he got her to seduction-point. It is certainly true of the public. They'll guffaw themselves into any sort of nonsensical opinion. And similarly they will weep themselves or rage themselves anywhere at the will of a clever demagogue. A man in a crowd who is holding his sides in merriment, or wiping his eyes, or waving his hat, or stretching his arms towards heaven for vengeance, is all right if he has left his valuables at home. But if he has got them in his pocket, then he has got his hands everywhere but where they ought to be. The bearing of the analogy consists in this; that whereas a malefactor can easily sneak something out of an unprotected pocket, a benefactor can just as easily sneak something into it—a little bit of "National Dividend" for instance. So the advocate of an honest reform may assist his objective by the stealth of his methods. He has to seduce the public from their renunciatory "chastity," and can best do so by entertaining them. He need not behave like a mountebank. For instance, here is a neat little passage from Mr. Tomalin's article:

"The plea for disarmament can be placed in the same mental category as a movement to abolish umbrellas because they are believed to be the cause of rain."

That is the kind of spot-light we want for our show.

Here is another sort of propagandist entertainment. The invective is in the right vein, and is by no means overdone, having regard to the facts disclosed in the argument—which is an excellent piece of précis-writing. It was published in the *Scottish Co-operator* recently.

The "Young Plan" Wrangle at the Hague.

Sir,—Most people seem to be so desperately intrigued over the wrangle at The Hague that no one seems to have thought of asking a few questions which, in this country at least, ought to be obvious. Here are a few of them:—

- (1) Who the devil is Young?
- (2) Who asked the blighter to make a plan?
- (3) Did any Government or group of Governments appeal to him to produce his plan, or to form a committee to do so?
- (4) If not; then who did?
- (5) Is it not an established fact that both gold and paper payments are equally impossible, and must ultimately be expressed in goods and/or services?
- (6) Is it not the case that all the nations are trying to achieve the impossible, namely, to pay and receive payment, respectively, of international

debts without ultimately giving and accepting goods?

- (7) Is it possible under the present system to accept goods (free) without decreasing employment in the recipient country?
- (8) If employment is decreased as a result of a free gift of reparation goods, how is it proposed to distribute them in the recipient country, seeing that no wages can be distributed as purchasing power in respect of them?
- (9) Why is any nation in such a ridiculous position that a free gift of goods is something to be avoided?
- (10) Is not the whole business a damned silly farce?

PHILIP CARLYLE.

The letter will not be to everyone's taste—but this is merely to say that such compositions must be framed for particular audiences. One could not very well recite it at a Brotherhood meeting, for instance. On the question of the use of the word "damn," I remember a great-uncle of mine. He was a Plymouth Brother, and was fond of theological controversy. To him the word "damned" was taboo; not in itself, but because he had observed that infidels had captured it and made it merely an intensive adjective. But *damnable*—that was Biblical, logical, and allowable; and right good use of it did he make, especially when wishing to characterise some "heresy." For him to have said: "That is a damned heresy" would have been to exhibit him simply as having let his feelings get the better of him, and as having made a complaint on his own behalf. But when he thumped the table and said: "That is a damnable heresy," he felt he was echoing God's feelings and pronouncing His judgment. Anyone who reflects what a number of damnable things exist that are not damned will agree that the old man had reason on his side, even if he was mistaken about the precise part which the "Old Adam" in him played in those verbal explosions of his.

A frequent writer in the *Evening Standard*, "A. A. B.," contributed an article, on September 17, on "The City's Lure to Ex-Ministers." He gave reasons why he did not think they would come back to politics, and raised the question of what the Conservative Party must do about it. The article is useful because it gathers up the names of the Ministers in question.

Sir Otto Niemeyer—from the Treasury to the Bank of England.

Lord Birkenhead.

Sir Basil Blackett.

Sir Josiah Stamp.

Mr. McKenna.

Sir Robert Horne.

Sir Philip Cunliffe-Lister.

Lord Peel ("has rejoined boards").

Lord Brentford ("is holding himself out for practice").

Sir Austen Chamberlain (has received an invitation from Lord Birkenhead to join him on the board of the Greater London and Counties Trust).

Sir Laming Worthington-Evans (has received the same invitation).

Are these people, asks "A. A. B.," whose salaries will be of an order touching £20,000 a year, and will be "practically assured for life," likely to come back to the "drudgery" of politics for a precarious £5,000 a year? Ruling this out, he considers whether they would come to an arrangement to vacate their seats on the boards for the period during which they held office in another Conservative Government. He does not think so: in addition to reasons of etiquette is the following:—

The financial arrangements of England and America were never more critical and delicate. The economic interests of the two countries are crossing and clashing with one another every day. Indeed, we are told that these very corporations, of which Lord Birkenhead is president, and into which he is introducing his friends, are so interlocked with American corporations that seven

or eight British public utility companies are controlled by foreigners.

He further refers to the inevitability of diplomatic negotiations with America about tariffs and debt, and asks how it would look if the Cabinet contained men who were, or had been, directors of American corporations, or English companies controlled by Americans. His only answer to his own initial question: What must the Conservatives do about the problem, is the suggestion that political salaries will have to be raised!

I see that, following Mr. Snowden's example in getting an order for coal from Italy, Mr. J. H. Thomas has got a trial order for coal from the Canadian Pacific Railway—a company in which, by the way, one of Mr. Thomas's sons holds a manager's post. It appears as if, while the Conservative Party is throwing up national directors, the Labour Party is throwing up national commercial travellers—a sublimation of the old class distinction between master and man which Labour came into existence to abolish.

Lord Birkenhead has signalled his arrival in America by queering Mr. MacDonald's pacifist pitch. He has pointed out that in any disarmament discussions it must be remembered that the British Empire is situated differently from any other nation or collection of nations, and must have a certain number of light cruisers for its protection. "No British Minister could survive a Parliamentary debate if he made an agreement falling short of the necessary minimum." Here is the case of a £20,000 director, Lord Birkenhead, instructing his £5,000 traveller, Mr. MacDonald, on British policy. General Dawes may do Mr. MacDonald very well as a host, but he cannot thereby do Mr. MacDonald's boss as a negotiator.

While politicians are negotiating, the Cunard Line are busy turning the process into nonsense. They announce that they are going to place the Mauretania on the New York to Havana service during the winter. The Mauretania is the fastest British liner, and until beaten by the Bremen held the record for the Atlantic crossing. If Mr. MacDonald wants to win America's friendship he would do twice as much to succeed if he were to disarm the Mauretania—turn it into a paddle-steamer. And if Lord Balfour would found a new national home for the Arabs, the paddle-steamer could be used to take them there.

The British Mission to the Argentine under Lord d'Abernon seems to have completed a barter-transaction by which Britain takes cereals and delivers railway material to the same value. The Argentine Government is to provide Britain with a £8,000,000 credit, and Britain is to provide the Argentine Government with an £8,000,000 credit. Provided that both parties can make serviceable use of the products to be exchanged, and provided they play fair over prices, this is international trade as she should be done—i.e., a level swap and no balance, favourable or adverse—a cross-cancellation of credit and no debt. What is required now is to extend the principle to home activities. The population of Britain, if allowed to do so, would be quite willing to provide a new credit to enable industry to buy their services; and industry, if allowed to do so, would be equally willing to provide a new credit to enable the population to buy its products. The only obstacle is that the bankers are unwilling. The result is that the parties cannot do a level swap: industry must try to get a "favourable balance" out of its dealings with its employee-customers. The favourable balance is unsold products and irrecoverable capital.

HERBERT RIVERS.

Current Political Economy.

HERD-GOVERNMENT.

Dr. Temple, Archbishop of York, addressing a meeting of co-operators in the North of England on Saturday last, complained that

"The necessary methods of democracy tended to encourage herd mentality. Before anyone was elected to Parliament he should be cross-examined on his speeches by a competent barrister in a small room before people who smoked pipes, where everything that made for passion was damped down, and everything that aroused the critical faculty was done."

In his anxiety to damp down passion and arouse the critical faculty Dr. Temple is of one mind with Professor Bertrand Russell, but it is more than possible that were the pair of them set to govern England they would bring about civil war. As a suggestion for improving the methods of selecting Parliamentary candidates, however, the Archbishop's opinions are amusing. All that he asks for, except that the people who sit round smoke cigars instead of pipes, already takes place before even a candidate is nominated. Democracy does not vote for any but candidates already approved by a critical and passionless minority. Even the disinterested men of goodness and scholarship who sit in solemn conclave with the Holy Ghost when a bishop is to be appointed go to the Holy Ghost, as Emerson said, with a nomination. Any person who wanted to get into Parliament would go to the party offices, and not to the voters, and would be cross-examined by a barrister, competent or not, before acceptance. Whether his replies on questions relating to unemployment or Colonial development would have more weight than his reply to the question as to how much he was to contribute to the party fund may be left for Dr. Temple to say. He seems, however, to underestimate the resources of democracy for ensuring minority Government; and not to understand that democracy is merely a system for making the people believe, when Government is bad, that it is popular and popularly chosen.

In complaining of herd-mentality, Dr. Temple is, of course, right. An effort to wipe it out of existence, however, would require new educational, political, religious, and economic systems. In addition it is not easy at all times to distinguish between herd-mentality, which is unconscious, and therefore incapable of giving direction in a new situation, and, on the other hand, true social thinking, which, while individuated and conscious, nevertheless gives direction in accordance with social, not individualist, values. There are *docentes* in Dr. Temple's own church whose theology, creeds, and politics, belong to the lowest order of herd-mentality, and who make fools of themselves every time they are criticised by a conscious atheist. The system of government in the Church cannot be described as democratic; its references to absolute values and the limitations in the size, personnel, and election of its councils, leave it still with a fair remnant of aristocratic form. Nevertheless the fight against herd-mentality is as hard in the Church as in Parliament. If the idea that candidates for Parliament ought to be questioned by a competent barrister in a small room where men sit round and smoke pipes, expresses a serious suggestion on Dr. Temple's part, it ought to be extended. Candidates for advancement in the Church ought to be cross-examined by a competent psycho-pathologist while men and women sit around with note-books. Candidates for the directorships of the Bank of England ought to be cross-examined by engineers while women sit round holding shopping-bags.

Herd-mentality crops out everywhere. A paragraph of news in the *Daily Telegraph* of Septem-

ber 21 is headed "Economic Laws: Dangers of State Interference." The paragraph gives a condensation of a speech by Dr. Duisberg, president of the Federation of German Industries, before the Federation's annual congress. The Federation had decided that a complete revision was necessary of the nation's economic, social, and taxation policy. The State's present policy, Dr. Duisberg said, prevented the creation of capital. The speech ended on the necessity for the individual to subordinate his interests to those of the whole economy. No-where in the paragraph is the slightest suggestion that State interference is dangerous, but only that the wrong sort of policy, by whomsoever decided upon, is injurious. The maker of the headline took out of his memory a rubber-stamp idea, as Mencken would call it, and used it without reading the paragraph carefully. Nine readers out of ten would read the headline and not the paragraph; for all the contents of the paragraph on trust. There was to the contrary in Dr. Duisberg's speech, he might be an advocate of socialised credit. That State interference is sure to be bad is one of the myths inherited by present-day industrialists from their grandfathers, those inefficient, life-wasting and material wasting upstarts. To-day the one thing required by the industrialist is intelligent State interference. The only person whose interests may be opposed to it is the financier, the life-wasting and material wasting upstart whom the nation inherited from the obsolete method by which it financed the war. But the industrialist still listens to the droning of his grandfather's shibboleths about State interference, in spite of the fact that without it over the past hundred years England would have become a charnel house.

BEN WILSON.

"Governor Norman is said to have spent most of his visit (in America) at Bar Harbour, although his activities were shrouded in the greatest mystery. At various times it was reported that he was in Washington, was visited by members of the Federal Reserve Board, and was in touch with representatives of the State Department. Bankers in touch with the situation have said all along that he was concerned with two important questions—the present weakened position of the Bank of England, and the discussion of details connected with the formation of the Bank for International Settlements. Only lately, however, has it appeared how closely the two problems were intertwined. The French have recently taken some £5,000,000 in gold from the Bank of England when its reserve was below the unofficial minimum of £150,000,000. The ultimate aim of the French policy is believed to be to coerce the British into a more friendly attitude towards French plans for staying in the Rhine zone. By securing Norman of aid and support for his plans here Mr. Montagu Norman has vastly strengthened the position of the British, who standing alone, are actually at the mercy of the Bank of France, in view of the fact that the latter has large credits in London."—*Journal of Commerce*, August 2, 1929.

"Sir Josiah Stamp, who represented England at the Conference of Experts on German Reparations, has said that the fall in prices during the last four years has been tantamount to a rise of about \$5,000,000,000 in the debt burden of Great Britain. That is to say, the appreciation of debt to that degree. He has further declared that if central banks has automatically multiplied the burden of prices, England may not stop this downward trend of prices, England may find herself reduced to a second-rate economic position at the end of another ten years. These are not alarmist statements; they are literal indications of the seriousness of the situation to that country."—*American Bankers' Association Journal*, April, 1929.

"No nation as a nation is respectable or honest. They are all trying to get what they want, and if they can get it by power or threat they will. If you don't want your policies interfered with you must have a naval and military force strong enough to make it too dangerous for others to interfere with it."—Admiral Sims in an address to business men. *Daily News*, May 25.

The Way the Wind Blows.

Just lately it has been part of my work to read carefully a number of the more serious monthly, fortnightly and quarterly reviews published in this country. Having done so, I find two definite streams of ideas running through them all, and I notice exactly the same trend running through the serious leaders and book reviews in our great daily newspapers.

I was struck first of all by the number of articles appearing in the reviews bearing upon a particular subject. This subject is always cropping up, but it seems to me that it is cropping up so often just now as to call for special attention. There must be a reason why it should crop up like this.

I can explain what the subject is by faking some titles for the kind of articles that are now appearing. For instance:—

"The Reactionary Movement in France"—"Can Democracy As We Know It Survive?"—"Has Our Parliamentary System Failed?"—"The Dictatorships in Italy and Russia: Can They Last?"—"Democracy in the Melting Pot"—"Could Parliament be Made Representative?" and so on. Each one of these faked-up titles (all very like those I have found in the publications referred to) poses a question. It is a question of high political importance: as to what kind of State is possible and desirable. And the curious thing is that every one of the writers answers the question in one particular way, from one point of view only. In order to explain what I mean I shall now fake the conclusions that apply to the above faked titles; the conclusions that, so it seems to me, the writers of the articles I have just read have come to.

"The reactionary movement in France—the Action Française—is doomed to failure . . . the logic of the French people . . . and the extraordinary durability of democratic régimes . . ."

"Democracy as we know it may change, but it will change, as it has always changed, by the slow, but honest, will of the general community expressing itself in and through the traditional political channels."

"All Parliamentary systems fail, as all human systems must, to some extent, fail . . . but it is as good as can be expected, and, as the great mass of citizens become educated . . ."

"The dictatorships of Italy and Russia may last for a time . . . but they cannot last for ever" (therefore they are of no use?). "Such violent upheavals may suit the particular psychological tempo of the Italians and the Russians. . . . But the great traditions enshrined in the broad principles of liberal democracy . . ."

"Everywhere one hears of the breakdown of democracy, especially amongst the younger people . . . and no doubt Western political traditions and all that they represent are in the melting-pot. What will emerge? Only one thing . . . a greater, and wider, and more uplifting—liberal democracy . . ."

"Parliament could be made representative . . . and perhaps it should. But there are many sides to the question, for and against. Whatever happens, and something is always happening, we may be quite sure that nothing very drastic will happen. Everything is pointing to great changes, especially in this matter of Parliamentary representation . . . yet nothing is more certain than this, that whatever the changes, no one will notice any change at all."

In other words, all these writers, without exception, are defending liberal democracy. Why this great journalistic rally to defend it? Is there any serious threat to its continued existence as the

great and only political institution of Great Britain and the Empire? Surely not? But there is. It is breaking down of its own rottenness; decomposing, rusting, rotting away. Political "dry-rot" has set in.

The other general trend that I notice affects all, or nearly all, the so-called scientific articles, whether they happen to be written by scientists or laymen. Here the general doctrine that emerges seems to be, "Science has proved that Science cannot really prove anything." They do not say it quite so plainly as that, but that is what it amounts to. Some writers put it very gently, as a kind of sop to those who still feel some sort of twinge in their religious beliefs, and who are so happy to know that "even Science has abandoned materialism nowadays" (so, of course, very soon Science will proclaim Christian Science, or Bahai'ism, or something).

Now why is there this general gloating about the fact that Science does not know what it never pretended, or ought never to have pretended, to know? Why this great frothblowing and handshaking jamboree of scientists and religionists and laymen?

I think we can see a fairly clear connection between this and the great boost of liberal democratic idealism. For if Science can be shown (to the children) to have, more or less, abandoned its claim to know anything absolutely (you see, everything is so frightfully Relative—one cannot be quite sure of anything, can one?), then all our nice, comfortable, gradual, uplifting, noble, beautiful and lofty liberal democratic political idealism, and all our faith in the intrinsic unselfishness and high endeavours of all those who uphold our present Parliamentary system (and, believe me, there are good men and self-sacrificing men in every party)—why then, I say (and how I wish I had a table to thump upon as I say the word "then")—then, I say, all these great things, this great heritage of Human Liberty and Human Freedom, become once more the only possible foundation upon which the Human Race can build a better, a more gracious, a more—damn it! What's the word I want?—well, very much better, State; a State that shall stand for Right against Might. As Gladstone said in 1891, and as Mr. MacDonald will say (when General Dawes has jotted down the speech) . . .

Yes, well, there you are. There we all are, in fact. As you were. Except, of course, that liberal democracy is rattled because it is doomed to pass away. Three cheers for Mr. Snowden, who knows how to say "No!" And down with anyone who might say "Yes!"

J.

Sir,—Having read Mr. A. Mills' letter on postal wages in *The Post* of August 24, I wonder if he realises that there are many of us with longer years' service than his receiving a wage less than £2 2s. per week?

For instance, take my case. I entered the Service as a messenger boy in 1914, and have been an auxiliary postman since 1916, totalling fifteen years' service.

My morning duties commence at 6.10 a.m., and I finish my midday duties at 1.40 p.m. I do not feel much like other work after pushing a Post Office cycle for over twenty miles along country lanes in a day.

My weekly wage is £1 11s. 8d. From this is taken 1s. 4d. insurance, 4d. Union, 1d. relief fund, leaving me with £1 9s. 11d. to meet house-rent and provide food, clothes, firing, and light for myself, wife, and two children.

I have tried for several full-time rounds, but there is "nothing doing."

It makes a man think that the Post Office does not appreciate his service very much after he has travelled the country for so many years in all winds and weather for less than a living wage to see the established rounds given to men who have not done an hour's work in the Post Office.

W. ROBERTS.

Worcester.
[Letter in *The Post*, September 7.]

of the world to the only thoroughfare of which Hollywood ever seems to have heard. It is also pertinent to draw attention to the fact that these productions have introduced to the screen a new species of hero in the shape of a most intensely unpleasant type of young man, of whom it may aptly be said, "manners none, customs beastly." I am not specially enamoured of the *matinée* idol, but he is preferable to the "tough" and the "plug ugly" who are replacing him. Possibly the new development embodies America's idea of the he-man. Or it may indicate a homosexual leaning which characterised many American films long before the advent of the "screamies."

DAVID OCKHAM.

Verse.

By Andrew Bonella.

The slackness of the summer season has left me with only one book to review in this column. Perhaps it is as well: like some other critics, I am uneasy about "modern" verse, and if I had two or three more volumes in hand I might be tempted to shirk Mr. Lowenfels's book.* As it is, I shall make the best of a bad job, dismiss those parts of the poem which approximate to the formal, and ask my readers to consider this page taken from the book just as it stands:

"A non-return vertical indicator. Crushing chamber. Mind. Death. Stare. Conversational. (And.) So. Hardened worms with thread ground. Gyrating steam crusher.

II.

Either three musicians or a man.
When I awoke
it was a dream in which
no one was playing the accordion.

Full of. Yes. We are all in different parts."

I think this extract is long enough to be fair to the writer. On the face of it, it seems the merest jabberwocky; yet the book is prefaced by Mr. Humbert Wolfe, a real poet, published by Messrs. Heinemann's, a real publishing house, not one of your twopenny-halfpenny highbrow concerns, and we are told that some passages from the poem have appeared in such papers as the *Criterion* and the *London Mercury*. That is to say that a number of clever people believe it to be worth the printing: we cannot therefore dismiss it without a word.

To be fair to Mr. Lowenfels there are several lines which are amusing or even witty. For instance:

"Is there any kind of sandwich but a ham sandwich?"

This cuts very deep into things; and this (though here I trespass on the province of a colleague) cuts even deeper:

"What is so moving as bad music?"
And this is good:

"God is where the edelweiss grows
but in the back-yard of my brain
persists a red geranium. . . ."

We will grant, then, that Mr. Lowenfels is an amusing person: the question is whether his talents are being used to best advantage. The book is described as a lyrical narrative. We will grant, too, that in parts of the more formal verse the writer shows a distinct lyrical gift; but, though I gather something about a love affair, and visits to the barber, and though I boldly guess that the whole thing concerns a journey from little old New York to the city which Mr. Lowenfels is bound as a good American to visit in this world or the next, the reader must take my word for it that there is no narrative in the ordinary sense of the word.

* "Finale of Seem." A Lyrical Narrative. By Walter Lowenfels. (Heinemann. 3s. 6d.)

Perhaps there is what might be called a subjective narrative, a narrative which only the narrator understands. I suggest that Mr. Lowenfels had an actual story in his mind, but that, instead of writing it with conventional continuity, he has merely jotted down the personal associations which are evoked in his own mind as he relates the story to himself. It may be that he addresses a set of readers who possess similar sets of associations, or possibly to a set who feel they ought to have them; but naturally they mean little to you or me.

No doubt Mr. Lowenfels has made an honest attempt to discard what he feels are outworn formulas, and to jot down the rhythm of the passing moment in his poetic notebook. The trouble is that so little of his material has been "worked up" enough to justify its publication. Perhaps Mr. Lowenfels believes that it would lose its bloom and freshness under the chisel: and yet, however smart and up-to-date his own set of readers may find it now, its rather obvious modernity will make it old-fashioned in a year or two. The writer may be admitting this in the following lines:

" . . . The unpenned sonnet
we live is my sweet unimmortal verse;
it stays with us—the balmiest of works—
mute with young Death when these lines groan their
age."

He might go farther and contend that there is a place for contemporary verse which does not attempt immortality; and there, I think, he would be wrong. There may be a place for "light" verse of that kind, but Mr. Lowenfels's work is too serious to fall into the category. A competent but undistinguished novel may pass the time agreeably; verse must have some distinction to make it readable. Poetry is not the art of the circulating library.

After I had read a passage from this book to Mrs. Bonella she asked me whether we couldn't turn out the same kind of stuff and make a bit of money. I said we might be able to turn out the stuff. . . . The question gave me an idea. Of the two following passages one is from the book and the other has been composed for the purpose by some friends of mine, over the luncheon table.

(a)
Exuberance
orchidaceous
prattles a scherzo
like an inseparable tramline
is dun-coloured.

(b)
Geodetic in trousers,
erotic in cap.
Ogling is the rhomboid
gyring in the elliptical
dimension of the lap.

To the first of my readers who tells me correctly which is authentic and which is spurious I will send my review copy of the book. And as a further prize I will send a copy of "The Shropshire Lad" to any reader, including Mr. Lowenfels, who can play a similar trick with the poem quoted at the end of this article.

What is poetry? The Concise Oxford Dictionary defines it as elevated expression of elevated thought or feeling in metrical form. Coleridge gives it as an art of representing in words and metre external nature and human thoughts and affections, both relatively to human affections, by the production of as much immediate pleasure in parts as is compatible with the largest sum of pleasure in the whole. How does Mr. Lowenfels's work (except the more formal parts, which I am not discussing) stand up to these definitions? I will not press the point; Mr. Lowenfels might justly retort that definitions are as Scripture in the mouth of the ungodly, and that worse critics than I have by their means

confounded better poets than himself. Poetry is, in fact, impossible to define. So is a gentleman: but we know one when we see one. I shall therefore end my article by quoting a poem that is a poem; and lest I should be accused of partiality for the illustrious dead, it shall be one written by a living poet.

TO AN ATHLETE DYING YOUNG.

The time you won your town the race
We chaired you through the market-place;
Man and boy stood cheering by,
And home we brought you shoulder-high.

To-day, the road all runners come,
Shoulder-high we bring you home,
And set you at your threshold down,
Townsmen of a stiller town.

Smart lad, to slip betimes away
From fields where glory does not stay
And early though the laurel grows
It withers quicker than the rose.

Eyes the shady night has shut
Cannot see the record cut,
And silence sounds no worse than cheers
After earth has stopped the ears:

Now you will not swell the rout
Of lads that wore their honours out,
Runners whom renown outran
And the name died before the man.

So set, before its echoes fade,
The fleet foot on the sill of shade,
And hold to the low lintel up
The still-defended challenge cup.

And round that early-laurelled head
Will flock to gaze the strengthless dead,
And find unwithered on its curls
The garland briefer than a girl's.

Why The Banks Must Bear The Brunt.

"You see," said the Social Credit man, "we are not attacking individuals, or any particular group of individuals—we are attacking the Present Economic System."

"And how does one attack a System?" asked the Common Bloke.

"Well, to begin with, one has to expose the Present System."

"But you've done that," replied the Common Bloke, "what does one do to end with?"

"Well, of course, they may realise that the Present System is unworkable in the long run—and introduce Social Credit."

"They? Who are they?" asked the Common Bloke.

"Well, the—the High Financial People at the top. . . ."

"They work the Present System?"

"Yes. But we're not really attacking them. We're not attacking any particular person or persons at all. That is what is so splendid about Social Credit. It does not attack people—it only attacks the System."

"Does a System exist without human beings to work it?"

"No, of course not. But the same people who now work a Wrong System could work a Right System. It is the System that matters—not the people who work it."

"I see," said the Common Bloke, "it's a bit like chasing after someone else's shadow on a dull day, don't you think?" and off he went to have a drink at the sign of *The Pig's Whistle*.

In the end, the banks will have to bear the brunt; and that means the actual flesh-and-blood individuals who run the Banking System. It will come to a struggle between the Common Blokes and the people who run the present economic system.

As to whether the banker, large or small, is really responsible for the present state of artificial poverty or not—that question will not enter into the struggle at all. They will have to take the blame for it, whether the blame is just or unjust. If they do not want to bear the brunt of the oncoming public attack upon that abstract nothing—"the System"—they had better get out of the banking profession quickly.

"Revolution without victims" sounds fine. But has it ever been done, and how can it be done? Once Social Credit becomes the national demand of the populace we shall find that the Common Blokes fail to understand the

intellectual mysticism of attacking "a System," while, at the same time, not attacking the people who work the System.

The attack, whatever form it may take, will come full on the individuals (individually and as a group) who run the present Banking System. How sad. . . . because, of course, as we all know, "it is the System that matters—not the people who work it."

However anxious the Social Credit movement may be to avoid attacking people, and only to attack the System, the attack on the System when it takes shape will be an attack on certain people and groups of people.

By all the usual standards they may be adjudged popular scapegoats and whipping-boys; for, like the War Office system, it is always someone else who is to blame—a kind of "Pass It On" League. But that kind of diddle-daddle will not suit the Common Blokes, once the Common Blokes begin to move in the matter. They will know, and they will be objectively right, that some human beings—some living people somewhere or other—are to blame. And they will fix the blame upon those who seem to be in control of the present economic system—the Bankers—whether they are to blame or not.

I do not think the Social Credit movement has done much hard thinking about this, and the problems connected with this, question. I think it should. At any rate, those on the political side of the movement should.

S. R.

RETROSPECT.

SEPTEMBER 24, 1925.

The League of the British Commonwealth—Mr. Thoresby on the credit problem.

The coming Australian election—compulsory voting. The West Ham Guardians refuse the Ministry of Health's demand that they reduce scale of relief.

The army manoeuvres—a rehearsal for civil war—General Montgomery's army designated "the rebels," and General Strickland's "Loyal England."

Purchasing Power and Prices. By C. H. Douglas. (Reprinted from *The Clarion*.)

SEPTEMBER 23, 1926.

The Election in Canada—"Canada First"—Lord Byng—the *Round Table* on the responsibilities of Governors-General.

Miss Pankhurst a Second-Adventist. Chicago as the new home for the Vatican—Mr. Baker's idea.

Production for Use. Editorial analysis of this Socialist slogan.

The Coming of Anti-Christ. By C. H. Douglas.

SEPTEMBER 22, 1927.

The Indian Reserve Bank—Sir Basil Blackett and the Assembly.

Sir Austen Chamberlain and the League of Nations—"my own country first."

The rebuilding of London—figures and comments. The Irish Election—returns and comments.

SEPTEMBER 20, 1928.

Mr. Snowden in *John Bull* on insurance companies' "robberies."

Oil and international politics—Mr. Ludwell Denny's book, *We Fight for Oil*, reviewed at length—how Britain has jumped the oil-claims of the world.

Credit Reform and the Election—the *Age of Plenty's* electoral policy.

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