

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

"British engineering is in a very grave position," states the Engineering and Allied Employers' National Federation (Broadway House, Tothill Street, Westminster, S.W.1) in a pamphlet entitled *Realities and Problems* issued on December 3. An official *précis* of the pamphlet fills a column and a half in the *Times* of December 4. We find it difficult to understand what the Federation hopes to accomplish for the engineering industry by issuing such a document as this. Its thesis is that costs of production in general are increased by State and Municipal extravagance, and that the incidence of these costs is especially heavy on engineering industry because it has to pay the "pre-charges" created for it in the pricing of materials, etc., which it has to use. Its conclusion amounts to nothing more than the vague suggestion that since "all industries are inter-related," it is the "duty of all to contribute to the solution" of present difficulties. It looks as if industrialists of all sorts are settling down to make a living by taking in each other's pamphlets. The pamphlet under notice is choked with unsupported or ambiguous statements expressed in bankers' terminology and reflecting bankers' sentiments. The printing of it may not have cost much money, but, all the same, if we were affiliated to the Federation we should want to know who inspired, and who composed, this official document in our name. If the banker wants to push his views let him do so in his own top-hat, and not in borrowed blue-overalls.

"There is no such thing as an inexhaustible supply of capital" declares the anonymous writer of this pamphlet. Well; suppose not: why publish the statement on behalf of engineers when its implication is a general one? And so we might go on quoting passage after passage of the same type as this, all of which, whether true or untrue, have no more to do with engineering than with any other form of economic activity. If the Federation has no more to say than "Hear, hear" to the City, it

should have written a short letter to the *Times* to say so, and, if it liked, recommended some speech or other pronouncement made by an expert financier, instead of doing the job on its own account and making a hash of it. Listen to the following passage for example:

"What is needed is an effort by each and every branch of industry so as to produce a reduction of costs throughout the whole range of industry."

This is exactly what Sir Otto Niemeyer has been telling the Australians—and engineers belonging to the Federation can judge for themselves the practical value of such a declaration by taking note of its present consequences in the Commonwealth generally and New South Wales in particular. Here is another passage which is almost a verbatim quotation from Sir Otto:

"The whole nation is living beyond its means. The standard and mode of living which have grown up in recent years have outrun the national income . . ."

Now, if this is true as a financial statement its mere repetition by an engineering authority serves no purpose. What the Federation should have done, if it could, would have been to apply its technical engineering knowledge to demonstrating the truth of this declaration in terms of energy and energy-products. What, for example, is the physical process described as "living beyond means?" What is "living"?—and what are the "means." Suppose we say that the population lives on energy-products. Are we to understand that it consumes these products faster than they are actually being made, or faster than available energy can make them? "There is immediate necessity for a national stock-taking" is one accidental piece of wisdom let drop by the writer of the pamphlet. There is: and it should consist in taking a physical inventory and using it to check financial calculations. Is the population depleting stocks of finished goods? Are industrialists advertising to induce people to buy fewer of them? Or is Lord Melchett scrapping plants with the humane-killer of rationalisation to prevent the poor animals collapsing through overwork? "Democracy . . . must be told the truth," is another remark of the writer's. Quite so: let the

engineers tell it in their own terms. If, as we contend, they prove that the population, after consuming all it can, still has a surplus of manufacturing energy in existence, they have proved it to be living *within* its means. If, then, this situation is expressed by the financiers as one of living *beyond* means, evidently there is a fundamental contradiction between two systems of measurement. It follows that before anything else whatever is considered this contradiction must be resolved one way or the other. Which way, no man with scientific training should have the least doubt about; for whereas the measurement of things is objective, the measurement of money is subjective. You cannot conjure with things: but you can conjure with money. Hence, of all systems of measurement, the bankers' is antecedently the most open to suspicion.

We have received a cutting from the *Sydney Morning Herald* of October 29 describing a meeting of the caucus which considered the Australian Government's proposals for balancing the Budget. As was to be expected, this local report gives a very different impression of the critics of the proposals than that which would be received—and was no doubt intended to be received—from the reading of the cables from Australian "Correspondents" in the London papers. The "extremists," as they are referred to in most of these cables, spoke with authority and moderation when resisting the economies recommended by Mr. Fenton and Mr. Lyons. To picture them as hot-headed ignoramuses is really to invert the truth: they were performing the responsible task of preventing a stampede of the moderates in the Labour Government into ill-considered and dangerous financial measures. There are two permissible definitions of an extremist: namely, (a) a person who insists on doing something against the balance of technical evidence as to its practicability, or (b) a person who insists on doing something against a manifest balance of adverse public opinion. Neither of these definitions holds good with these critics in the caucus. They are able to show, and have shown, that what Sir Otto Niemeyer wants done is technically unsound, i.e., that even if there were no psychological resistance to his policy it would fail to produce the results at which it aimed. They are also able to show, by reference to the New South Wales election, that in any case public opinion is definitely against the policy. Sir Otto Niemeyer, Mr. Scullin, Mr. Fenton, Mr. Lyons, and Sir Robert Gibson (chairman of the Commonwealth Bank Board) lose on both counts, and are therefore the real "extremists." This group could, of course, reasonably criticize the alternative proposals of its critics, but the arguments which it would have to use to make good its case are such that it refrains from undertaking the task. For these arguments would have to be directed to showing that an expansion of credit would raise prices, and to explaining the technique of the process. That might be easy enough in London, where the ignorance of politicians about finance is denser than in any other Capital in the world; but it is extremely dangerous in Australia, where, we should say, the ability among politicians to conduct an intelligent cross-examination is greater than in any other country in the world. The bankers' airy: "Of course" will not work there like it does here.

To begin with Mr. Lang, the New South Wales Premier, although probably not possessed of all the items in the Social-Credit brief, certainly knows enough to open up technical issues embarrassing for bankers to face in public. Then there is Mr. W. M. Hughes's statesmanlike pronouncement which we recently published to show that he is at least going

in the direction of demanding that current financial policy shall be tested by reference to physical facts. He has the engineer's type of mind; and is not far from realising that the bankers' financial figures, which purport to measure physical achievements, should be proved to reflect them, otherwise they are no measure at all. He will see sooner or later that the bankers' manipulation of credit-statistics results in a complete inversion of physical truth, producing exactly the same delusions as would a pressure-gauge with its calibration reversed. For instance, imagine a steam pressure gauge on which the index—sequence of pounds-to-the-square-inch were engraved backwards on the dial! Then look out! You would see the stokers frantically raking the fires out when there was no steam, and nonchalantly feeding them up when the boiler was on the point of bursting. This is a faithful picture of what the industrialists of the world are doing to-day. They inspect the bankers' debt-meter; and since the index figures of debt are shown under the designation "over-consumption of goods," they consume the least goods when the pressure of production is highest, and the most when it is lowest.

In addition to Mr. Lang and Mr. Hughes, there is another influential critic of banking policy in the person of Mr. Frank Anstey, M.P., Minister for Health in the Australian Federal Cabinet. Like Mr. Hughes, he has issued a pamphlet. It is called *Facts and Theories of Finance*, and consists of a searching analysis of orthodox financial assumptions and pretensions. Mr. Anstey's method is to expose their ambiguity on the one hand, and to show that whichever of possible alternative meanings you attach to any orthodox definition or declaration you discover self-contradictions. "The experts are not agreed," is Mr. Anstey's opening theme, and you hear it re-stated in every movement of his polemical symphony. Thus, at the outset, he says:

"The old economists of the 18th and 19th centuries were *dabblers* in definitions. . . . Their doctrines, definitions, theories and assumptions have passed into the dustbin of discarded and forgotten things. . . . A few years before the war a new school of economists appeared. . . . This new school and all its alleged science was *shattered* by the first blast of the war. The *mic* necessities of nations created by the war alleged theories were *disproved by facts*, and what was alleged would happen under a given set of circumstances did not happen. . . . The post-war economists coined new phrases, and gave their attention, not to a new force, but to an old force that had become more massive. They gave to banking, to currency, to the monetary system of exchange, attention never previously given, because those factors had become the predominant agents in the economic life of nations. But the *old impulse* dominates the study. The new experts are to the banking power what the old economists were to the landed and commercial powers. They surround the subject with a shelter of *mysterious words*—make it a Holy of Holies into which the masses may not enter except with bated breath." (Our italics.)

This is the general theme on which the curtain goes up—and we may add that before it goes up the audience is invited to study the slogan: "*Financiers are the Dictators of Policies—the Unseen Power in Democracies.*" This is an excellent way to present the subject to public opinion. For, whatever views people may hold about Dictatorship, they want to see the Dictator and to know what he is doing. They might excuse him his anonymity if his policy were reflected in their own prosperity; but in the present opposite circumstances they certainly will not. When things are going well, explanations why they are going well are popularly ignored as superfluous—as M. Tardieu blandly reminded his constituents in Paris not long ago. "If you approve the results of our policy," he said, "of course you approve the policy itself." But when

things go ill, explanations are bound to be insistently demanded. *Who* is the Dictator, *how* does he govern, and *why*? Mr. Anstey supplies the demand under all three heads.

Take some definitions. *Inflation*. What is intended to be meant by that? he asks—and answers:

"An increase in money is presented as 'Inflation': an increase in anything else is just an increase—nothing more. A decrease in money is 'Deflation': a decrease in anything else is simply a decline—a falling-off. Around these surnames of 'Inflation' and 'Deflation' the experts build their mysteries."

Then, as regards the *Quantity Theory of Money*:

[This] "also presents itself in the name of 'Purchasing Power of Money'; but no matter what the name, the object is to teach that prices rise and fall with the money volume—that two shillings in wages is no better than one shilling, and that threepence will buy as much as either. This gospel is specially directed to wages and productive costs. It is never mentioned as having any application to money-lenders, money-lending institutions, or the charges they impose on production." (Author's italics.)

Mr. Anstey repudiates the "Quantity Theory" apparently without reservation. This may pass in a popular political pamphlet intended to create an atmosphere of hostility to the bankers; but we hope he will be more discriminating in his technical controversies. He quotes *The Times* as having said that while between 1919 and 1928 money facilities increased by 60 per cent. and trade by 25 per cent. [these statements are themselves ambiguous] "the wholesale price index should have risen by 28½ per cent.; it actually fell 30 per cent." (This quotation is from *The Times*.) In America, too, says Mr. Anstey, additional bank credits have been accompanied by falling wholesale prices. He concludes:

"The facts prove that increased bank credits do not necessarily mean a corresponding, or any, increase in the price of commodities." (Author's italics.)

This is a more guarded statement, but not guarded enough either politically or technically. Politically, because the facts adduced refer to *wholesale prices*, whereas it is *retail prices* which govern the purchasing power of the people to whom Mr. Anstey is addressing himself. Taking industry as a single unit, its price for anything at all is the price charged to the private consumer at the shop counter. Wholesale prices are transfer-prices within industry, and do not necessarily affect the prices paid by the wage-earner. In fact, at the present time a great many complaints are made in the Press on this very account. "Why," people ask, "are things so dear in the shops when they are so cheap (sometimes to the point of being unsaleable) at their places of origin?" We concede that it is possible to adduce statistics which show a declining retail price-level accompanying an increasing issue of bank-credits at certain periods in certain places; and if Mr. Anstey had published some of these, our foregoing remarks would have been irrelevant.

But even this would not disprove the "Quantity Theory" as such, because it omits to take account of the fact that neither the retail nor the wholesale markets for commodities—nor both put together—handle the whole of the credit in circulation. This credit is always being competed for by the investment market as against the consumption market. Everybody with money in his pocket is being invited by advertisements at one and the same time to buy more goods and to buy more Savings Certificates. He cannot spend the same money for both purposes; and, according to which he chooses to do, so does his action affect price-movements in one market or the other. So it is not enough to test the validity

of the Quantity Theory merely by watching what happens to commodity-prices. We could extend these remarks much further, but this is not necessary to our present purpose, which is only to suggest that Mr. Anstey's "disproof" is incomplete. In *THE NEW AGE* of September 18 (p. 244) and November 13 (p. 16) we made some comments which elucidate this subject. The first were a technical analysis of the Australasian Council's proposal to "de-water company bonus shares," and the second showed how bankers divert money away from the consumption market—or, as we might now express it, how they are able to make the Quantity Theory work, or not work, in that market as they please!

The proper attitude to adopt with regard to the Quantity Theory is to show that it is a "law" invented by the bankers (and taught by economists) to explain away the consequences of their arbitrary acts. Expressed briefly, the "law" is that the greater the number of money-units put into circulation the less each unit will buy. The offered explanation is that sellers act on the principle that the price of what they sell is "all it will fetch"; and that an increase in the money brought into the market by consumers is no inducement at all for manufacturers and traders to increase the quantity of goods offered in that market. It is less troublesome and more profitable for them to limit production. The moral drawn is, as a rule, that human nature is at fault—that the trouble is the acquisitiveness of the producer exploiting the impotence of the consumer. The just, impartial, and benevolent banker, so it is insinuated, cannot cure this: he can only exhort people to cure themselves of self-interestedness; and meanwhile, in his wisdom, he decides that he will not lead them into temptation by releasing more credit.

The short answer to all this is that there is a practical financial method of inducing "acquisitive" sellers to reverse their policy and sell a maximum quantity of goods at minimum prices. So human frailty is no impediment to reform. Take any manufacturer you like, and let him be selling at present, say, 100 articles a week for £100, out of which revenue his fixed costs are £40, his fluctuating costs £50, and his profit £10. Suppose he were able to raise his output to 200 articles without additions to fixed costs. If he did so his costs would be £40 plus (at the most) £100; Total £140. If he added the same rate of profit as before this would be about £15, giving a price of £165 for 200 articles. Now, to get him to do this, two conditions would be necessary. First; could you lend him the extra £50 he would require to finance the production? Second; could you guarantee that he could collect from his customers the £165 necessary to cover his cost and profit? If you could, then there is no doubt about his agreeing to produce and sell the 200 articles for the £165. In that case you and he would have abrogated the "law" of the Quantity Theory by mutual consent. This manufacturer would still have proceeded on the principle of selling his product at "all it would fetch," but with the vital difference that the price it *actually could fetch* had been decided between two parties bargaining on equal terms, and was not a price inflicted by himself on an impotent body of consumers. On the other hand, if your method had been to put extra money into circulation without any attempt to regulate price, this manufacturer would have collared the £165 by delivering 100 articles at 33s. whereas he now delivers 200 at 16s. 6d. Now you, as an individual, could not carry out such a scheme with the manufacturer unless you were prepared to make his customers a present of

£65 (or whatever sum they needed to bring their purchase-money up to that figure). But a Government, or a national bank, is able to do so. The answer to the traditional Quantity Theory is Price Regulation, as proposed by Major Douglas and explained in his books and in other Social Credit literature.

We hope that Mr. Anstey and others of his group will pay careful heed to this, because until any policy of increasing loan-issues of credit is linked with a co-ordinated policy of regulating retail price-levels, the condition of the population can easily be worsened by the new loans. *Credit* is like the prongs of the economic rake: *Price* is like the handle. Neither is any use without the other. We suppose that some few among our readers will have had the experience of unwittingly treading on the prongs of a reclining rake and getting a horrid smack in the nose from the handle. If so they will see our moral that the economic problem is more safely approached from the price-end. Many warnings the bankers give are true warnings. The great thing is to recognise *why* they are true and to design a policy which will make them come untrue. Again, some readers have perhaps tried to lift an ostensibly heavy weight made of painted cardboard. If so they will know what we mean when we warn Australian Labour not to construe the bankers' apparent insistence on carrying the weight of credit-manipulation themselves as solely reflecting their fear of passing it over to politicians. There is much craftiness about their resistance; or it induces the politicians to over-magnify the importance of this weight-carrying, and also to delude them into the belief that the bankers are afraid to give them the chance of proving what strong men they are. We do not say that fear is not present, but we do say that this fear is not based on anything that Labour has as yet proposed to do. So far as its intentions have been published, the bankers could suddenly say to it: "Yes, you've beaten us: here!—catch hold!—got it tight?—mind you don't drop it when we let go." And when they did let go, Labour, all braced for the strain, would find itself on its back, while the bankers would pick the weight up and complacently remind the electorate: "There, we told you it would be too heavy for them!" We do not believe that they will do it now. They might have done so ten years ago and got away with it. But since then there have sprung up plenty of Australians in every walk of life whose study of the Social Credit analysis has taught them all about the trick.

Mr. Anstey, in a section headed, "Loans from Bank Capital," says:

"That a bank can come into being, can exist, operate, and develop into power without capital is evidenced by the history of the Commonwealth Bank; and it does not stand alone.

"A bank does not lend capital [i.e., its subscribed capital]. On the contrary, it is the owners of capital and wealth who pledge their capital—their property, products and plants—their homes, farms and factories—and pay interest to secure from the banks circulating symbols of securities deposited by the owners of material wealth." Mr. Anstey ought to widen this a bit and point out that an integral part of the "security" on which money is loaned is the existence of a population, with its needs and desires on the one hand and its power to render service on the other. No population, no needs: no needs, no demand: no demand, no production: no production, no loans. Child-birth widens the foundation of credit.

In our issue of November 27 we referred to the late Mr. R. H. Selbie's speech on railway finance to transport students last February. (We were not aware

of his death when we wrote.) We refer to this speech again because it gives a clear and comprehensive account of how the railway companies have to raise their money and how they have to "manage with" it when they get it. Four kinds of Stocks are described, also "Lloyds Bonds," which are like the ways-and-means advances on which Governments temporarily work. Readers will be familiar with the restrictions which all enterprises experience in obtaining loan-capital, and we need not discuss them here. But railway companies suffer under additional restrictions by reason of their semi-public character. Parliament regulates their prices: it imposes legal maxima on passenger and freight rates. It also virtually compels the companies to pay dividends on their ordinary stock (Trustee Act, 1925). The 1925 enactment, when admitting high-grade railway Stocks to the list of securities in which trust funds could be legally invested by trustees, made it a condition that the railways should have paid a dividend of not less than three per cent. for ten years previously without a break. The enactment was subsequently softened by an Order of the Supreme Court which waived the 3 per cent. requirement and decided that if the railways paid *any dividend at all* on their ordinary stocks for ten years running their higher-grade ("gilt-edged") stocks would qualify to remain on the list of Trustee Securities. Mr. Selbie said:

"From this it will be realised how important it is for a company to maintain a dividend even of 5s. per cent. on its ordinary stock in evil times in order that its prior stocks may remain on the trustee list. An omission to do so for only one year would be a serious blow to the credit of the company concerned as it would not only prevent trust moneys being invested in its Debenture and Preference Stocks for a period of at least ten years, but it would lead to a wholesale selling of such stocks by trustees and their re-investment elsewhere in stocks that come within the four corners of the Act and Order referred to."

It is significant to observe that this Order of the Supreme Court amounted to a writing-down of the ordinary-stockholders' security without the slightest attempt to consult them about it. In the circumstance of the rapid development of road-transport which has been proceeding since 1925, to excuse the companies from paying any definite rate of ordinary-dividend was bound to result in their charging their loss of revenue on the ordinary shareholder.

On October 15 last the Government of India sterling loan, which opened in London at 10 a.m., closed at 10h. om. 15s. a.m., having been over-subscribed. The closing-time here stated is our own suggestion—the official news being that the loan closed "immediately" on opening. According to the *Statesman* (India) of October 16, a gentleman called Mr. G. N. Andrews had a good many things to say about financial intrigues behind the Indian agitation for self-government. He said them at a meeting of the Calcutta branch of the European Association.

"We have all been told for some time past that India wants Dominion status and self-government. Speaking generally this is absolute rubbish. The truth is that established financial interests want a hold on India and . . . have gulled or bribed certain of the articulate British and Indian intelligentsia into voicing these demands. . . ."

Speaking of the Indian loan he criticised the policy of floating a gilt-edged security at 6 per cent. at par when 5 per cent. War Loan was standing at 104½. He criticised the *Statesman* for saying that "there is no help for it" and that the Government of India was "doing the best possible in the circumstances." He quoted further from the leading article in which this was said:

"To obtain even these terms Sir George Schuster has had to make a special journey to London, and it is quite

certain that neither New York nor Paris would have lent him the money at anything like this rate." "How does the *Statesman* know this" asked Mr. Andrews. We are afraid that this gentleman was unnecessarily incredulous on this point. He seems to be unaware that before a large foreign loan is issued the question of what group shall float it, and on what terms, is arranged between all the groups of international financiers in the same way as rings of contractors have arranged together which of them should take an order from a Government or Municipality. We gave an instance quite recently in connection with the United States' loans to South American countries. Moreover, it is on record that a few years ago Mr. Montagu Norman discouraged flotations of foreign loans in London, while Mr. Benjamin Strong was encouraging them in New York. Less than a fortnight ago Mr. Norman, Mr. Frederick Harrison, and M. Moret—the respective central-bank Governors of London, New York, and Paris—met in private conclave in London; and there is every probability that their discussion centred round loan-policy. We would not mind betting that steps were taken by them to stop Mr. Lang, the new Premier of New South Wales, getting any loans independently of the Australian Federal Loan Board; and that the same object took Sir Otto Niemeyer to New York when the New South Wales electorate gave Mr. Lang his mandate. So when the *Statesman* pictures Sir George Schuster coming to England to beat down the terms of the Indian loan it betrays the same innocence as led Mr. Spenlow's clients to believe in the separate existence of Mr. Jorkins.

Mr. Andrews talked of the "hidden hand" behind the Indian trouble, and of "sinister interests" at the Conference, and he also suggested that if the European Association did not take action to frustrate their policy it would rest under the suspicion of having been "endowed by our semitic friends." Now, while inter-Jewish contacts and influences are important enough to be watched and discussed, no good purpose is served by disseminating indiscriminate and vague anti-semitic doctrine. Name your Jew and say what you think he is up to. Then the public can tell what to do about it, if anything. These dark hints of magic play into the Jews' hands if they do anything at all.

The policy of Mr. Lang's Government in New South Wales is to abolish the power of the Legislative Council over the State Legislature. During last week he called on Sir Philip Game, the Governor, and it is supposed that he asked him to appoint forty fresh members to the Council, pledged to vote for its abolition. Sir Philip apparently refused, probably giving the reason that it would be better for Mr. Lang to wait and see what attitude the present Council would adopt towards the Legislature's major measures before seeking to alter its complexion in this drastic manner. As we see the situation it seems a pity that the new Government proposes to start its life with a row about a constitutional principle. Mr. Lang's programme was to have begun with legislation giving him power to carry out its main items. It may be that he foresees opposition from the Council to such legislation, but he would be in a stronger position if he went forward with his plans and waited for the Council to interfere with them; for in that case he could claim that it was acting in opposition to the will of the electorate, whereas at present he can only say that he believes it will do so. Another consideration is that, if he had put his economic legislation forward first, the Council would have had to debate

the measures before it vetoed them. The present policy puts the Council in a strong tactical position, because its refusal to bring about its own abolition when it "hasn't done nuffink" will appear quite natural and reasonable to the majority of the public. We can understand Mr. Lang's policy if we adopt the hypothesis (a) that he has not got his economic measures ready and wants time to think them out or (b) that he has got them ready, but is afraid of the effect of the arguments which can be brought against them by financial experts in the Upper Chamber. We hope that neither hypothesis is true, and that there are considerations that we have overlooked which justify Mr. Lang's policy. At the same time we feel that every day lost in coming to grips on the financial issues raised in his programme weakens his power to deal with them. If Sir Philip Game declines to give way on the constitutional issue, and Mr. Lang appeals again to the electors, he will be virtually asking them to sign a blank cheque to cover *any sort of legislation he likes* (Single-Chamber government) whereas the earlier cheque was filled in with a more or less definite objective.

Professor Harold Laski, in an article on Mr. Montagu Norman—spread over four columns—in the *Daily Herald* of November 29, says that "in a democracy, decisive power ought not to be held by people who are unanswerable to the public." His idea of putting this right is as follows: "I should like to see the Bank of England a public corporation related to the State like the Electricity Commissioners or the B.B.C." This change would do nothing. Whereas, under criticism, the banker answers nothing, the public official answers back. Both sorts yield exactly the same illumination. Mr. Laski ought to get on famously with Mr. Wells and Mr. Garvin; he shares their weakness for substituting sounds for things.

The gossip-writer in the *Evening Standard* says that when listening to Mr. McKenna's address over the wireless the other day he "missed the rapid change of timbre which makes his flexible voice so interesting in conversation." He appears to be unaware that speeches over the wireless have to be written out beforehand and submitted to the B.B.C. in duplicate. On the night the speaker reads from his copy, and in another room an "observer" checks what he reads, and could shut him down if any substitution took place. This procedure may not be followed in the case of addresses on cultural subjects by persons of proven harmlessness, but it is certainly applied to political and financial discourses. Mr. McKenna was not conversing, he was reciting. It may also be stated that Bank Chairmen do not necessarily compose their own speeches throughout; a good deal of preparatory work is done on them by subordinates. The late Mr. H. W. L. Hacker, who managed the intelligence department of the Midland Bank until his death early this year, is said to have been the author of most of the late Sir Edward Holden's famous speeches. So it is quite conceivable for a bank chairman to read a wireless address that he had not even seen until he came to the microphone.

Sir Oswald Mosley's Manifesto had a good Press last Sunday—a fact which, in itself, proves it to be of no importance. His Council of Five could easily function as the permanent Cabinet of the Economic Parliament which Mr. Churchill is advocating, or the Business Government which Mr. Barnard Baruch says must supersede Parliament.

On Casting Pearls.

When the conscious mind first realises that the Social Credit State will have no use for most of the irksome restrictions which society imposes to-day the convert eagerly starts telling the world about it; and the resentful attitude of the world to the glad news is somewhat bewildering to the hopeful propagandist.

That millions of human beings should be aware of the widely announced acts of sabotage and fail to connect their pressing need of the wasted foodstuffs with the faulty financial system is singular, and the persistent efforts of groups of supporters for the past ten years having unaccountably failed to arouse the expected clamour for distribution of, at least, the "undisposable surplus" by a credit issue and price adjustment, it is, perhaps, an opportune moment, for those with undiminished faith in Social Credit, to consider why the general public refuses even to look at our display.

Historical movements which gain support of the masses always hold some ideal, or point a goal, which captures the imagination and provides a driving force shared by each member of the crowd, and the modern method of publicity is to seek, or manufacture, the psychological appeal. Most probably there is an image of some kind of Utopia at the back of everybody's mind—the mental compensation for painful social contacts; when, therefore, an understanding of the new economics is allied with the zeal of the reformer we can anticipate an active propagandist. He is furnished with a true diagnosis of the national malady, and the clearly defined remedy. The subsequent well-being of the patient, together with all the possible happy consequences, presents such an attractive vista that the urge to arouse the world with his conception is irresistible.

If a practical view is taken of the Social Credit theory its primary objective is, perhaps, recognised as the production and distribution of the physical means of life with utmost adequacy and the least expenditure of human effort, *within the framework of existing capitalist organisation*. The endeavour of different sections of industry is to reach one or more of the foregoing goals, but, under present conditions, the success of one section is almost inevitably at the expense of another. That the result of Major Douglas's unique discovery could enable these conflicting aims to succeed without sacrifice or victim is "mathematically demonstrable," and this is the objective principle, concrete and novel, which our movement offers to the world.

The conception of the consequences which might ensue, however, is, of course, a matter of conjecture and belief which will vary with each individual. Expanding trade, fewer unemployed, increasing profits, higher standards of life, are all feasible deductions and meet with little or no resistance as propaganda. But something of the strength and splendour of a poet's vision seems to emerge in the outlook of the true convert, and it is highly probable that propagandist efforts of our movement have partly been wasted by evoking altruistic images before an audience still in the depths of materialism. Facts, logically capable of proof, have been presented mixed with every degree of idealism, and the irrefutable essence of the Social Credit thesis has been hopelessly hidden in a fog of sentimental fantasy. This does not imply that truth does not exist in the fantasy, but it must not be overlooked that a cogent proposal to adjust an immediate economic crisis is likely to gain more effective support for our purpose than that of the idealist.

For "producing the goods" the association of human effort in industrial activity has been excellent, but, without going too deeply into economic analysis, it is, perhaps, safe to assert that so long as the chief incentive in industry is financial profit some flaw will

persist in the result. Despite this flaw, or perhaps because of it, industrial achievement to-day is, without doubt, adequate for meeting all requirements, and the existing grave emergency is, of course, almost wholly due to ineffective demand. So soon as the Douglas remedy is permitted to be applied the appalling results of the "error in accountancy" will commence to disappear. The necessary data will be compiled by official departments and the scheme's administration will then take its destined place among social services just as any other national undertaking. If a taint clings to the reward of industry when it is profit then Social Credit will, at least, render the evil effects almost negligible.

The basic significance of Social Credit, rightly appraised, rests in its potentiality to liberate from pain. It means not creation, but release, and because we believe that the existing economic stress hampers man's spiritual, cultural, and physical growth we do but manifest our instinctive faith in the essential Godlikeness of man. The validity of such belief lies in the womb of time. This faith cannot be implanted by propaganda, and any attempt is more than likely to alienate support.

Meanwhile, does not the calamitous state of the nation proclaim the urgent need of our simple truth? Then let propaganda concentrate upon linking the visible evidence of plenty with the Douglas project for releasing the inhibited abundance. With this victory humanity arrives at the path leading to the realisation of our loftier hopes.

A. MCGLASHAN.

Current Political Economy.

ONE YEAR OUT OF THE DIARY OF THE SNOWBALD-GEORGE.

I.

For the benefit of those who may not have heard of it, the Snowbald-George was the democratic offspring of Mr. Wells's Mr. Parham, and he was the dictator of England at its most serious national crisis. He gained his position in the most honourable way. When it was perceived that no one man could save England, a paper of political intelligence was prepared which would require the brains of three men to answer it. The Snowbald-George won his pre-eminence in competitive examination. He was subsequently certified by eugenicists free from any pre-disposition to early Victorian tranquillity, a young-man-in-a-hurry-in-the-wrong-direction symptoms. How long he governed England is not known. But here is his diary for one year.

Jan. 1.—Received report from Manufacturers' Association that they could not compete with the Foreign Manufacturers' Association because wages in England were ten per cent. higher.

Jan. 1 (later).—Reduced all wages 12½ per cent.

Jan. 15.—Received reports from Salesmen's Society that orders were almost unobtainable in industrial areas. Advised them that things would stabilise themselves in a month or two.

Jan. 16.—Received petition from Wholesalers' Association that in consequence of reduced sales their taxes should be cancelled.

Jan. 17.—Visited Bank of England for advice.

Jan. 17 (later).—Advised Wholesalers' Association that things would stabilise themselves in a month or two.

Jan. 30.—Received report from Intelligence Bureau that Foreign Manufacturers' Association had reduced wages by 10 per cent.

Feb. 1.—Met deputation from Manufacturers' Association. Understood that in view of lowered

wages abroad they required protection to retain home market.

Feb. 2.—Ad valorem duty of 20 per cent. levied on all imports from outside Empire.

Feb. 3.—Report from Intelligence Bureau that all prices had increased by 20 per cent.

Feb. 4.—Received deputation from Federation of Trade Unions asking for 20 per cent. increase of wages on account of increased cost of living. Advised them that increase probably temporary. Things would stabilise themselves in a short time.

Feb. 5.—Received deputation from Retailers' Association, who complained that their takings had not increased although everything was costing them more. Referred them to their local banker to tide them over immediate difficulty. Advised them that conditions would stabilise themselves shortly.

Feb. 6.—Received deputation from Wholesalers' Association, who complained that orders had fallen off, and that they could not obtain payment from retailers for past supplies. Referred them to their local bankers to tide them over immediate difficulties. Advised them, etc.

Feb. 20.—Received deputation from Trade Union. Men would not stay at work unless wages were increased. Trade Union leaders not disloyal. Men were getting out of hand. Replied that men were unpatriotic. They refused to give system a fair trial. Authorised increase of five per cent. for a month, out of taxation.

Mar. 15.—Received complaints from Manufacturers' Association of dumping. Increased protective tariff to 40 per cent.

Mar. 16.—Received report from Intelligence Bureau that prices had risen by a further 20 per cent.

Mar. 31.—Retailers are unpatriotic. Again received complaints that takings not increased in spite of increased costs.

April 1.—Received deputations from Manufacturers' Association, Salesmen's Society, and Federation of Trade Unions. Had a round-table conference. Manufacturers complained that demand had not increased. Wanted Government to economise. Salesmen's Society reported similarly. Wanted Government to finance instalment buying Corporations. Federation of Trade Unions reported similarly. Wanted Free Trade back again. Salesmen said postage, telephones, telegrams, petrol and railway-fares too costly. Manufacturers agreed, adding coal and wages. Trade Union Federation wanted to argue. Promised to consider.

April 1 (later).—Visited Bank of England for advice. Had it proved to me that all the trouble was due to excessive cost. Said I did not like the abolition of Free Trade. It was in interests of freedom that I won the dictatorship. Was instructed how all classes could co-operate to bring back prosperity. Produce more. Consume less. Manufacturers—faster machinery. Salesmen—more persuasive—preach optimism. Trade Unionists—not always thinking about leisure—work harder and longer. Bring prices to what demand showed to be necessary.

April 1 (later still).—A busy day! Advised trade union federation for a genuinely patriotic effort, such as they made in the war. "Posterity will thank you for prosperity."

April 5.—Decreed (a) each worker to watch ten machines instead of five; (b) all machines to be keyed up to double speed. Those which would not key up to be sold to the Foreign Manufacturers' Association at scrap prices. Staffs of salesmen to be doubled at half previous commission. Rationalisation. Science.

April 3.—Received report from Intelligence Bureau. Two out of three workers unemployed. Many retailers and wholesalers bankrupt. Much machinery sold. Protective tariffs in all other countries increased by 100 per cent.

April 15.—Received deputation from Manufacturers' Association. Demand had fallen seriously. To produce for export, they said, over the tariff walls, costs must come down. Reduced wages by five per cent.

April 30.—Received report from Intelligence Bureau. Food prices down by four per cent. Demand falling.

June 1.—Manufacturers' Association pleaded for entire remission of rates and taxes as three-fourths of machinery idle. Bank-interest exceeds total income.

June 2.—Went to Bank of England for advice. Had a headache. Was informed that, as demand was not in evidence prices were still too high. Was advised to remove all duties from food and reduce wages accordingly.

June 3.—Decreed free trade. Reduced wages 50 per cent. Lengthened working day by two hours. Abolished Saturday half-holiday and overtime rates. Halved own salary as a patriotic example. Had my face smacked and hair pulled out by my angry wife and daughter. Women don't appreciate science.

June 15.—Received deputation from Retailers' Association. Thanked God that His wisdom had enabled me to satisfy manufacturers, at least temporarily. Retailers—narrow individualists—could not collect their debts from unemployed. They had abolished credit trading, but what about their own debts? Removal of duties left them with old debts at the higher rate. Turnover and profit both halved. Told them that things would stabilise themselves shortly.

July 1.—Decreed a dole of a pound a week for every unemployed worker. They keep themselves more cheaply than they can be kept in institutions. Keeps them quiet.

July 2.—Deputation from Manufacturers' Association. They cannot produce at present prices if they have to bear new taxation.

July 2 (later).—Was visited by Director of Bank of England. Wanted to know why I had no more sense than to increase the dole. Told him it was necessary to ward off revolution. Asked me if I knew whose money I was flinging about. Asked me if I knew that even dictatorship was government by somebody's consent. Asked me if I wanted to keep majority of unemployed to only half-benefit. There's nothing like co-operation. No, "co-ordination," that's the word. Professor Haldane.

July 9.—Deputation of Retailers thanked me for my wisdom, but hoped no further taxation would be necessary, and wouldn't it have been better to pay the dole direct to the retailer, and let the unemployed draw goods. They might use the money to emigrate, or to take holidays at such places as Deauville.

July 30.—Report from Intelligence Bureau. Demand slightly increased by dole. Effect when taxation collected to pay back Bank of England not yet clear.

Aug. 8.—Deputation from Manufacturers' Association. Remitted the whole of their taxation.

Aug. 9.—Intelligence Bureau. Demand everywhere falling because of new taxation.

Aug. 9 (later).—Intelligence Bureau: Wages abolished in Germany. Workers being fed on grass and hay by the State. Fifty shiploads of goods

steaming for England priced at customs dues plus a margin for bank interest.

Aug. 10.—Deputation from Manufacturers' Association. All imports prohibited; exceptions, wine, peaches, grape-fruit. No person to purchase these without permit. Bankers and deans exempted from application for permit.

Aug. 14.—Intelligence Bureau. Exchange against us because exports too small to pay for wines. Had a headache.

Aug. 15.—Deputation from Salesmen's Society. Could not the State give them some stone-breaking? They had walked to the meeting. Advised them to increase export trade.

Aug. 16.—Deputation from Manufacturers' Association. Taxation too heavy all round. Simply moving it from them to others had stopped demand. They were in debt to the banker without prospect of paying. The retailers were in debt to them without prospect of paying. Advised patience.

Aug. 16 (later).—Visited Bank of England for advice. Bank agreed to take over industry and remit Manufacturers' debts. Manufacturers appointed managers at reasonable salaries. Went to bed much relieved.

Aug. 17.—Deputation from Consumers' Association. Fellows seem to need locking-up. They said it was nonsense for the bankers to scrap three-quarters of all the machinery when there were people without clothes who would be glad to have other things. Told them that the bankers were bringing down costs, including wages, for the consumer's sake. They said that the banker had brought down all personal costs to next-to-nothing. I said in that case they would have to be nothing. Told them I would sacrifice nearly anybody, including myself; but not the consumer. "You can't get money in if you don't put it out," they said. I replied that the process of adjustment of exchange values must necessarily entail temporary dislocation at certain points of abnormal pressure which would stabilise themselves by the natural tendency of all fluids to attain their harmonic level, taking into account the forces permanently operating. The deputation did not seem satisfied. Promised to consult the Governor of the Bank. They hoped I would not. "But he is the expert," I replied.

Aug. 18.—Rang up the Bank of England. Was told that the deputation consisted of credit cranks. Nobody took any notice of them. They couldn't understand that only expert fingers could manipulate the delicate mechanism of finance. They have the notion that a budget can balance when one side adds up to less than the other.

Sept. 30.—System of industrial control by the Bank of England working fairly well. Workers living on grass and hay. All imports embargoed. All workers part-time, and reporting other days on the off-chance of a job to do. Have a scheme in hand for exchanging the geographical location of the Highlands and the Welsh Hills. Tourists would come a long way to see that.

(To be continued.)

Mr. Leslie Runciman spoke as principal guest at the Bristol Steamship Owners' Association banquet last week. The report says: "There was no shortage of anything in the world to-day. He was not at all sure it would not be a good thing to fill all the ships with these commodities and scuttle them in the Atlantic. . . . The people on whom their censure must firmly and vigorously fall were the bankers. He had it on the authority of Sir Josiah Stamp that . . . the principal cause [of the trouble] was gold."—*Lloyd's List and Shipping Gazette*, December 2.

The Films.

Renegades: Capitol.

"Better than 'Beau Geste.' A Woman was to Blame! She, the Siren of the Desert, made Men the Slave of her Charms. Ruin, Dishonour, were the prices they paid, but Love changed her for just One Man." This publicity effort is so much better than anything I can do, that I reprint it without comment beyond questioning the entire accuracy of the comparison with "Beau Geste."

Compromising Daphne: Empire.

This picture might have been specially made to justify my criticisms of British producers of a fortnight ago. It is as bad as only a thoroughly bad English film can be. A photo-play with no cinematic value or interest, it has been adapted from a mediocre stage farce with a puerile plot suitable only for the entertainment of morons. The would-be humour is of that dreadfully forced and would-be arch variety which only English audiences appear to be able to tolerate, and there is not a redeeming feature in the whole production. The average standard of entertainment provided at the Empire is so high, that it is regrettable that the management could not have chosen a better English picture.

The Immortal Vagabond: Regal.

Here is something charming and distinctly out of the ordinary, with the incidental advantage of a plot which does no violence to the spectator's intelligence. It is in that excellent tradition of the balanced screen play in which no one has an excessively "fat" part and the individual players are subordinated to the whole, a result attainable only with first-class direction. This is in the hands of G. Uccick, the producer being Joe May, who was responsible for that great film, "Homecoming." "The Immortal Vagabond" is definitely cinematic, and is so well acted that much of the dialogue might have been eliminated. The photography is of unusual excellence, as is also the recording by the Klangfilm process, particularly that of the music. The cast includes Gustav Frohlich, Liane Haid, and Hans von Schlettow, while Haddon Mason and Janice Adair "doubled" for the version which is being shown in England. They are not seen on the screen, playing what are, literally, only speaking parts, and this voice doubling has been accomplished in a manner which entirely prevents the audience from realising that they are not hearing what they are seeing, a result that is remarkably creditable to the Ufa Company's technical experts.

Films Worth Seeing.

The management of the Metropole Theatre, which this month celebrates the first anniversary of its opening, inform me that their future policy will largely be the showing of "pre-release" films, i.e., pictures not yet available to the general public throughout the country. "The Unholy Three," Lon Chaney's first and only talkie, and "Our Modern Maidens," which stars Joan Crawford and Anita Page, are being given this week. Forthcoming presentations include "The Blue Angel," "The 'W' Plan," and "The Laurel-Hardy Murder Case," of which the first two have already been reviewed by me. I commend the enterprise of this theatre in breaking away from the general release system, an enterprise which is the more noteworthy in view of the extent to which renters largely determine what pictures shall be shown by exhibitors, who have as a rule as little voice in the matter as electors have in the selection of the Parliamentary candidates for whom they are asked to vote.

This is an appropriate place to mention that "Ramona" is being shown at Tussaud's during the current week. The film, which is silent, gave Dolores del Rio, the Madonna of the Screen, her most successful and most moving role. DAVID OCKHAM.

The Nihilist States of America.

"Do you think that a State can exist and not be overthrown, in which the decisions of law are of no force, and are disregarded and set at nought by private individuals?"—"Crito XI."

As befits a country without leisure, whose gospel is work for work's sake, no one in the United States favours Unemployment Insurance—at least publicly. To cope with an unemployed roll variously estimated as three and a half, four, or six million, plans for relief works are being formed on a gigantic scale. Fifty-five million dollars are being collected in 220 organised cities for relief during this winter, and the Government is lending fifteen million dollars to advance the Merchant Marine's fifty million dollars programme, which will provide employment for 20,000 men. Similar measures are being taken in public building construction, the contemplated expenditure being five hundred and twenty million dollars, of which three hundred and ninety-two million dollars has been authorised by Congress, and of which sixty-five million dollars will be spent during the present fiscal year. These measures are typical of the public and private efforts throughout the country; the States of New York, Massachusetts, Ohio, and Illinois have organised committees to deal with the problem. Chicago alone aims at collecting two million dollars by private subscription for unemployment relief.

There is no evidence that unemployment is regarded as anything more than a temporary phenomenon, a vexatious but momentary hitch in a hitherto victorious progress. At the recent elections it shared the political honours with the Prohibition Amendment as a mere question of national policy, and not as a matter involving a fundamental re-adjustment of national values. It should be added that the extraordinary apathy of voters called forth considerable newspaper comment.

The cost of Prohibition enforcement during 1929 in the United States, plus loss of revenue to the Government, was nine hundred and thirty-six million dollars—more than the total contributions of all taxpayers to the Federal Treasury. The same people during the same period spent three thousand million dollars upon contraband liquor. The situation has a certain humour, and occasionally produces some amusing results. Stories like the following are a common feature in the daily newspapers.

On October 16 the Prohibition agents and police discovered 14,151 gallons of rye whisky in an abandoned leather factory in Newark, N.J. After disposing of this beer to keep guard during the night. In the early hours of the following morning Patrolman Kelly, seeking more light, turned a switch in a second-floor room. Instead of the expected illumination, gallons of whisky poured from a length of rubber hose connected with a pipe in the wall. The switch had started an electric pump connected with an underground tank containing a further 5,200 gallons of rye whisky! The cinema, in its more melodramatic moments, is not so widely divorced from reality as we are apt to imagine.

As they had now no means of transporting the liquor the police decided to pump it into the street and let it find its own way to the Passaic River. A crowd watched the stream, and soon scores of persons armed with tin cans, bottles, and mugs jostled one another for the privilege of dipping up the liquor. Scandalised by such conduct, the police intervened, but had eventually to send for reinforcements and block the street. A Mr. John Matthews, who seems to have been a believer in the methods of Big Business, succeeded in filling a gallon demijohn. He fled with his prize through the streets of Newark, hotly pursued by the police and causing considerable amusement to the spectators, but one regrets to learn, was finally overtaken, subdued, and locked up on a charge of disorderly conduct.

But the broad results of Prohibition are deadly serious. It has given the underworld money—money in such amounts as it never dreamed of possessing. Beer costing the racketeer \$7 a barrel fetches \$55, and Canadian whiskey costing \$45 a case (but tampered with to bring the price down to \$20 a case) sells for \$90. "Six million dollars a week is the estimated income for Chicago's racketeers poured down from seven thousand speakeasies, twenty-five hundred disorderly houses, and two hundred major gambling places, in addition to the fifteen hundred handbooks on the races."

Such an income has rendered corruption upon a national scale not only possible but easy. A culture which expresses

* "Chicago Surrenders." By Edward Dean Sullivan. (Vanguard Press. \$2.)

all values in terms of money cannot make an arbitrary exception in favour of personal integrity. The first business of a criminal gang is to make police and political "hook-ups," for without official assistance they are helpless. The amount of their profits is a measure of their success. Enquiries are "blanketed" and evidence suppressed, witnesses are intimidated and the judiciary bought. The shooting of Arnold Rothstein, a modern genius in crime, in New York in November, 1928, brought about the prostration and death of Joseph A. Warren, then Police Commissioner, the discharge and reprimand of many police officers, and the termination of the political career of a District Attorney. In short, almost every conceivable consequence save the arrest of the murderer.

Organised crime, entrenched behind its enormous profits, has become a national menace. In Chicago alone there have been nearly 5,000 homicides during the last eleven years—and 64 executions! And in the ratio of murder to population twelve of the larger American cities lead Chicago. The ordinary citizen seems to obtain a secret and unconscious relief, a vicarious revenge upon the oppressive system, by the existence of violent crime. A responsible New York paper, commenting editorially upon British newspaper remarks on the shooting of Jack Diamond, observed that apparently Europeans could see "nothing romantic" in the gangster wars. The average American seems to take a pride in the fact that "the gangster never squeals" (he does so quite often, although the consequences are for him disastrous), and the schoolboy ritual observed in entering a speakeasy has become almost a national sacrament.

While the heads of the underworld are men of considerable initiative and ability, the rank and file are little better than vicious children. Some hundreds of these minor gangsters were examined during the last ten years by Dr. William Hickson, head of the psychopathic laboratory of the Chicago Municipal Court, who found that the general mental age was about twelve years. Such men are utterly contemptuous of common honesty and humanity, and are convinced that they are being made society's scapegoats for crimes which everyone is committing, or with opportunity would commit. All the racketeers, both high and low, sincerely believe that they have the right to supply liquor to their customers, and that they are only breaking a law which nobody wants.

"Prohibition is a business. All I do is to supply a public demand. My customers include some of the finest people in the city (Chicago), or in the world, for that matter." Thus Al Capone, the reigning underworld despot.

The repeal of the Volstead Act is no solution. It can hardly be imagined that the personnel of these vicious groups, who have become used to an income of \$3,000 million per annum, will apprentice themselves to some useful trade. When the stock market crash of last year temporarily decreased their "business," hold-ups, burglaries, jewel robberies, and blackmail upon the grand scale made up the deficit. What will happen under repeal staggers the imagination.

For this state of affairs the nation as a whole is, of course responsible. The Drys made the opportunity: the Wets provided the income. Widespread corruption did the rest: it is estimated that commercial bribery costs the residents of New York alone about \$100 million per annum.

Such are the visible and logical results of Western culture and machine civilisation—results which must obtain to a greater or less degree wherever that culture takes root. The cultivated minority is helpless, and plays Cassandra to a derisive audience of Elks, Rotarians, and bond-salesmen. Nevertheless, the prophets must ultimately be vindicated. During the second week in October there were 460 business failures, as compared with 359 in the same week during 1929: many of the large brokerage houses are rumoured to be dangerously unstable since the fall of Messrs. Prince and Whitely in October, and the system of instalment-selling has left a legacy of debt which is becoming intolerable under the pressure of a falling market.

R. L. N.

"The outside world will never understand the British attitude towards the Jew. While Hitler is inflaming young Germany with his anti-Semitic outbursts; while America is banning the Jew from exclusive clubs and even certain hotels; while Austria, Rumania, and Russia are joining in the world movement against the Jew—Australia chooses Sir Isaac Isaacs as its first home-appointed Governor-General. Such a choice is a tribute to the man and to the Empire as a whole, and proves once more that the splendid qualities of the Jewish people find their fullest outlet in their adopted British citizenship."—*Daily Express*, December 4.

They Die Young.

I am all for trying out new ways of doing a job. I hope that is why a just-published novel—*They Die Young*, by John Sommerfeld (Heinemann, 7s. 6d.)—has been sent to me for review.

At first I thought of calling this review *They Try Young*. But age has nothing to do with it. Young or old, they try; and sometimes it comes off.

Good! I said to myself, here we have a writer trying out an experimental technique. Let us hope that it helps the story, gives richness to the telling, speeds the unfolding, bodies forth new characters, cuts the cackle, splooms across the landscape, brings out familiar minutiae in unfamiliar enlargements, puts one scene beautifully out of focus while sharpening another to the full blint of light and shadow, fades in strange situations, dissolves into conversational close-ups, and, at the last, sweeps unfumblingly, steering swooft and cleek, to one tremantic trap! . . . or gently gleels and slups anchor.

The danger in trying out new ways of writing is the tendency to play tricks with the trickery: glug for the sake of glug-glug.

There ought to be some perfectly good reason for introducing an experimental technique. *It ought to help the story*. If it hinders, it is a glug-glug. It hinders when it makes the reading of the printed page difficult.

The reader ought to be saying to himself, "*That's a good way of putting it!*" or, "*By jove, that's wonderfully telling—leaving out the letter T!*" or, "*Yes, yes, 'blug' is the right word—exactly right!*"

The fact is, however, that most of Mr. Sommerfeld's experimentalism is typographical, and that is generally tiresome because it is liable to tire the eye.

Leaving out full stops and inverted commas, and beginning sentences on the right hand side of the page without initial capital letters, does not really help the run of the story. If, however, such typographical setting is to be used, it ought to be used consistently throughout; so that the reader's eye may get used to it. But Mr. Sommerfeld's typographical eccentricities are inconsistent. Sometimes full stop, sometimes drift into margin

sometimes begin and end like this
Sometimes like this

Playing ducks and drakes with type and typesetting can be quite amusing. It can even be made to help the story. The author of *They Die Young* does not yet know how to do that. It is not easy.

What would have pleased me would have been to have come across some new turn of words, some new point of view, some new situation, or some new character.

Mr. Sommerfeld's novel is not difficult to read, in spite of non-stop sentences and a good deal of ubfdge in the way of spooling out unwanted words. His novel is easy to read, but—honest-to-God—there is nothing of any particular interest to read about.

A reviewer ought not to spoil the story by telling it in synopsis in his review. In this case, as in most cases nowadays, the publisher has already blown the gaff by printing a canned version of the story on the inside front flap of the dust-cover. Therefore I feel no qualms in quoting it in full:

"The restless Christopher of this book wrote verses, acted in little theatres, travelled to New York, went into business, and ultimately to sea before the mast—searching everywhere for reality, and perplexed because he saw more of life than he could grasp. Time, the succession of unavoidable days, was a thing he could never fully understand, and so he never found a purpose. He lived in the present, and it seemed for ever unreal to him. It may be, however, that such a life is favoured by the gods, for he died young."

As a working novel-writer myself, I do protest against this dust-cover spoilation. "One story is good until another is told," but no story is good after being stripped and laid bare in ninety or one hundred words. Try doing it with any book and see what happens. Jot down a dust-cover summary of *Pickwick*, of *Tess*, of *She*, of *Robinson Crusoe*, of *Tono-Bungay*, of *If Winter Comes*. You may want to know what a book is about, but you do not want the whole theme in the form of a potted digest before you have a chance to open the book. Who wants to hear a story after the guts of it have been told? It is gutted. We know what it is all about—so why bother to plow through the book?

They die young. All these new novels die young. Is it any wonder? They are put to death (stabbed in the

front) almost before they are born, firstly by the publisher's dust-cover dope, and then by the reviewer's regurgitation of the dope plus a glance through the pages here and there. So much for that. I hope this will meet the eye of a publisher or two and set them thinking about this dust-cover habit.

And now for Mr. Sommerfeld's ability to spin the ditt. Spinning the ditt—story-telling—need not depend upon a plot. One thing, however, is certain: the account, story, narrative, history, or whatever it is, must gripfix the reader's attention right the way through from first to last. The reader must want to know what is coming next—and then what?

They Die Young begins with the death of the hero. It is called (this first section or introduction) "The death of Christopher."

The story-teller kills his chief character in a motor smash on page 11, last paragraph. And then we begin "First Part, Christopher."

It is fatal. Once a character has been killed off it is only with the greatest artfulness that the reader can be coaxed to go back and take an interest in what happened to the character during his lifetime. I doubt whether any writer could hope to do the trick and make a real go of it.

I may be able to hold your interest in a story about our tabby cat, Tibbs. But if I begin at the end by saying:—

"Tibbs rushed under the butcher's cart and was crushed to death";

and then begin again (First Part: Tibbs):—

"Tibbs was lapping her skim-milk contentedly from a saucer under the kitchen table —"

your interest in the story of the cat has been slaked and slackened *because you know the end*; and you cannot forget that it has all ended (before it begins) under the butcher's cart.

Having killed the hero at the outset, the story should have gone forward backwards—from death to birth. That would have been extremely difficult to do, but it might have been made to arouse and hold the reader's interest.

As it is—let the dead young bury their young dead.

The dust-cover has told the story so plainly that there is no need to go over it. The dust-cover résumé is quite accurate. The restless Christopher wrote verses, acted in little theatres, travelled to New York . . . and so on. There are some good passages, especially in the seafaring parts, where the author obviously knows what he is writing about, probably at first hand.

This book tells of a youngster's purposeless drifting, perplexed, and searching everywhere for "reality." I cannot for the life of me understand how it was that all the things about him—ships, cocktails, mud, shops, trains, dogs, people, trees, together with his own legs, arms, trunk, head, etc.—were not real to him. However, it is a fact that our idiotic economic system has produced its drifting, restless Christophers, and the younger they die off the better. They are dead. They are dud. They are deadly dull. They are duff. They are neither tragic nor comic. They have died in the Young People. As dull as mud. They have died in the husk—and I hope the gods love them to destruction.

So there we are. It remains to examine Mr. Sommerfeld's lit'r'y style. How does he spin his ditt—what word-mongery does he use? A good deal of ubfdge, as I said before. Listen:—

"How infuriating were certain reiterations in different sentences. Infuriating. Infuriating I mean. I mean Infuriating."

Yes, I know, I know. I know what you mean—infuriating—poor boy, poor restless Christopher; was ums infuriated den? Nem mind—try this:—

"His glassy-bright hair, his astonishing handsomeness and grace, the acute and difficult angles at which he poised himself, and his suddenly appearing and vanishing enthusiasms for everything under the sun, alternating with complete indifference to them, when he would instantly withdraw his mind into himself, and become apart, all these things contributed to the brittle evanescent air that had made everyone who knew him feel, more or less subconsciously, that they could not last, that he must flicker out and vanish like one of his own moods."

Feel better now? Infuriations all gone? That's a good boy. Take another little sip?—

"Their gestures that fell stiffly on the languid air and their conversation sluggishly ripping it were without significance and infinitely remote from him."

The Technique of Credit-Creation.

Orthodox economists are now taking up the question: "Do banks create credit—(money)?" Many go to great lengths in order to prove that banks do not (have not the power) to create it. In a German publication recently the question was dealt with under the heading of "The Credit Myth," and referred to the various opposing authorities, e.g., McKenna, Withers, etc., on the one side, and Leaf, etc., on the other. The greatest effort yet made to dispose of this fact of banking technique, detailed by Mr. Reginald McKenna, was made by the late Dr. Walter Leaf, at that time (1926) chairman of the Westminster Bank, and therefore, to be regarded as just as great an authority as Mr. Reginald McKenna. This was published by the Home University Library as "Banking."

Dr. Leaf said: "It has indeed been argued that every loan by the banks creates a deposit." He then quoted figures showing that between January, 1925, and June, 1925, "a marked growth in the item 'Loans and Advances' . . . accompanied by a marked decrease in the money lodged" (Deposits). An examination of these figures covering Current and Deposit Accounts, Loans and Advances, Bills Discounted, and Investments, shows an increase of approximately £29 millions in Loans, and a decrease in the following: Bills Discounted, £37 millions; Investments, £26 millions; and Deposits, £25 millions.

What has been stated by more than one authority, and particularly by Mr. McKenna, is that every loan or purchase of securities (investments) by a bank creates a deposit. The figures given demonstrate a net decrease in the items, Loans, Discounts, and Investments of £33 millions, compared to a decrease in Deposits of £25 millions. Difference to be accounted for of £8 millions. The figures given by Dr. Leaf are incomplete, in so far as they refer only to the "Big Five," but more so in that no figures are given for Money at Call (Day to Day Loans). This would account for the disparity, and it is safe to assume that there has been an increase in Money at Call amounting to £9 millions in the period under review. The figures of the "Big Five" at December, 1924, and December, 1925, show an increase in Money at Call during the period of £6 millions. However, the explanation of Dr. Leaf's figures is, in the main, that an increase in one form of Advance (Loans) is accompanied by a decrease in another form of Advance, i.e., Discounting of Bills. Further, we have a decrease in Investments, and the aggregate decreases account for the diminution of the item, Deposits. J. O'N.

Reviews.

The Light-Hearted Student.—I. German. By Bryher and Trude Weiss. (Pool, 2s. 6d.)

This novel German teacher, though calculated to shock the grammarian and pedagogue, should be very helpful to those who merely wish to pick up as quickly as possible enough of the language to face a trip abroad or to cope with ordinary reading matter. A few words on the principles of language-learning, a note on pronunciation, and an exhortation to learn slowly are followed by a series of lessons. These consist each of a number of words likely to be of direct use to the traveller—"Reise" (journey) and "Speise" (food) are the first in the book—and linked together either by association of ideas or similarity of sound. With each lesson is a section on grammar, explaining the general rules without exploring after elaborate exceptions. The great fault of this book is its lack of material for translation. Some of its mnemonic rhymes seem as hard to remember as the declensions, etc., for which they serve. I. O. E.

The Cure of Stammering, Stuttering, and Other Functional Speech Disorders. By J. Louis Orton. (Thomsons, 2s. 6d. net)

A concise and popular discussion of the physiological and psychological aspects of the causes and treatment of speech disorders. Dr. Orton realises that there is no clear cut division between physiology and psychology, and therefore uses all methods, from diets and remedial exercises, to hypnotism and mild psychoanalysis to overcome speech defects, wisely insisting that it is the patient who needs treatment and not the disorder. Lord Baden Powell contributes a short preface, in which he manages very gracefully to say nothing of importance.

It were without significance and infinitely remoter from me, more so, and you?

At the same time, and even so, I must thank Mr. Sommerfeld for enriching the word-hord of our tongue, for he (or was it the printer?) has given us a new word. And such a beaut!

Christopher had dragged his toboggan to the top of a hill, and

"had plunged himself stomach downwards upon it and plunged down precipitous slopes . . ." (p. 27).

Yea, two new words. How I wish I had thought of "himself" myelf. But "precipitous"!

And now (fair's fair) I quote a passage that is first-rate. It is about a ship at sea:—

"Inward from the screws ran feet and feet of fat gleaming steel shafting, turning ponderously in narrow, lit, tunnels, on many bearings, to the engines. There, deep below the Atlantic surface hot oily breath of machines charged the air with tumultuous noise and movement as huge cruel rods shuttled and plunged all filmed over with warm, glistening oil."

You see? This writer can write when he forgets the young fool of a Christopher, "searching everywhere for reality," and just writes what he knows of reality.

"Engineers and oilers in (tasteful shades of) faded dirty blue dungarees climbed and stood on flimsy steel ladders and gratings up towards the great sulky cylinder heads. . . ."

Read that without the simping piff about "tasteful shades," and acknowledge that it is as good as need be. It gives a clear picture well drawn in a few slick strokes. But "tasteful shades" . . . the stale facetiousness of the Bright Young.

"In the turmoil dynamos hummed peacefully to themselves oozing crackling blue sparks from shining copper brushes, spreading twisted wires and cables urgent with electricity to every part of the ship—along dancing alleyways plunging decks (aspiring to the sky and) dropping deep towards pits of ocean, bathrooms awash with slopping water, creaking cabins . . ."

Good stuff. And then to talk about decks "aspiring to the sky." Dynamos do hum peacefully to themselves. No one before has said that so simply and straightly in five words: "dynamos hummed peacefully to themselves." First class. And "bathrooms awash with slopping water." I have seen a ship's bathroom in that state in a thooling, slurging sea. But a deck "aspiring" to the sky . . . There ought to be (and there is, "more or less subconsciously," as that mip of a Christopher would say) a high-pitched lisp in it—"athpiring to the thky."

Either this writer breaks free from the inane brightnesses of the Bright Young and writes about people who are not searching anywhere for "reality," and who are not dead before they begin, or he dies young as far as the general reading public is concerned. The Bright Young are a blight. Their outlook is blath. Mayfair mildew . . . take a rag and wipe it away. Zog it off. It is hopeless, sagging, dreary greenhattery.

Let us have the engineers and the oilers. Let us have less, searching, and forever perplexed Christopher—dig a deep, deep grave, lower the coffin, hats off, drop a prayer, and shovel in the earth.

And then (forgetting all about him and the other Intellectual Young Simps) let us have a new Falstaff, a Pistol, Falstaff! Oh, anything—a Mr. Squeers, a Mrs. Gamp, a Long John Silver, a Kim, a Mrs. Wiggs of the Cabbage Patch; Mr. Potts the Painter, Bung the Brewer, Chips the Carpenter, Soot the Sweep. Anything or anyone, perplexed, flummoxed by "reality" as much as you like, restless even, never finding a purpose, perhaps, but—interesting.

Here are the last words on the last printed page of *They Die Young*:—

" . . . the most vital part of the Christopher that was, was dead"—(thanks for the comma between was and was; was-was would have been the last straw). "In two years the cruelty of living had battered on every fine feeling that was Christopher's; and now there was nothing left but a dead husk for his puzzled lonely spirit."

Just as I thought. The "most vital part," eh? In "two years" did you say? Nothing but a "dead husk" . . . Still, can't be helped I suppose. Forget it. Try again.

J. H.

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