

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

Arising out of the attack of the *Daily Express* on the *Citizen*, which we discussed last week, there are some further observations that we propose to make on the position of the Co-operative movement. (To save space we shall occasionally use contractions of names, as shown below.\*) This movement, as we indicated last week, began as a trading organisation, and won its place on the economic map by virtue of trading. Not until so late as 1917 did it open a talking department—to wit, the Co-operative Party. This is in accord with modern advertising developments, one of which is exemplified by the "eat-more-fruit" and similar injunctions, and another the growing practice of business concerns to issue magazines of their own. But to talk on to trading may just as easily frustrate as fulfil a given objective. For example, a gas company which devotes energy and money to the support of a "Use Gas" campaign, does so in the reasonable hope that it will pick up a share of the increased trade resulting therefrom. If it does not get a share—or if it gets less than its proportionate share relatively to its competitors—its entry into the "politics" of the gas business has at least been a waste of effort and may result in positive retrogression. There is a sense in which a concern can talk itself off the economic map. If this can happen when the talking, as in the example, is logically co-ordinated with a business objective, how much more easily can it not happen when co-ordination is absent? We have now to enquire how this bears upon the Co-operative Party and its policy.

\* Broadly speaking, the Co-operative Party (talkers) is the advertising department of the Co-operative Union (traders); and its literature, including chiefly the *Citizen*, constitutes what may be called the *house-organ* of the Union. Is the Party heading for the same objective as the Union?—or for some parallel objective?—or, unwittingly, for some conflicting

\* C=Co-operative. S=Society. W=Wholesale. U=Union. P=Party. Cp.=Capital. B=Banking. L=Labour. M=Movement. Pl.=Political.

objective? In a word, what trade is the Party bringing to the Union? Last week we discussed one feature in the *Citizen* which, in our judgment, merited commendation as being soundly co-ordinated with the objective of the Union. Unfortunately there are other features in this paper which are incompatible with it, and can, in some cases, be shown to be in direct opposition to it. It is the case of a house-organ divided against itself. Judging by the issues for May and June, we should say that for every inch of Co-operative publicity, there are ten inches of Labour publicity. Now, we can understand how plausible the idea of a joint Co-operative-Labour alliance must have appeared fourteen years ago, but we do not understand how any responsible Co-operative leaders can to-day miss noticing the handicap imposed on the Union by such an alliance.

To give an idea of where the Co-operative Party stands, let us quote two passages from the May issue of the *Citizen*. The first is from a leading article:—

"If attempts ever be made to drive a wedge between the Labour and Co-operative Parties, they will be made only at the instance of the private capitalist interests that are the common enemy of both. And in any case they will fail."

We were not aware that there were any private capitalist interests left worth noticing—but, of course, the point depends upon what the Co-operative definition of "private" may be. The second quotation is from the speech of Mr. Alfred Barnes, M.P., in his Presidential Address to the Co-operative Party's Annual Conference at Blackpool, last Easter. He said:—

"The two foundational organisations of the workers, the Trade Unions and the Co-operative Movement, seek the economic freedom in a Co-operative State, where the workers shall be equal partners in industry and enjoy the fruits of the wealth they create."

"Economic interest is the cement which binds together our democratic bodies in a common challenge to capitalism."

"If Co-operation is to come, Capitalism must go." These sentiments are the product of false reasoning. It is obviously an illusion to think that *because* one



thing is incompatible with two others, *therefore* the two others must be mutually compatible. They may be so in the negative sense that they converge on an objective—in this case, the *destruction* of "Capitalism" (whatever that means)—but what about the positive sense, the *construction* of the Co-operative State? Alliance for an intermediate object is allowable only provided that the achievement of it is seen to lead on to the ultimate object. "Let's biff this Capitalist," cries the trade-unionist loudly ("because I want higher wages," he adds, *sotto voce*). "Let's biff this Capitalist," cries the Co-operator loudly ("because I want cheaper prices," he adds, *sotto voce*). Very good. The Capitalist is biffed. And then the loud speaking alliance dissolves in a *sotto-vocal* riot.

At first glance it would seem that this ought not to be so. Wage-earners and consumers are the same people, are they not? Let us set out two hypothetical tables illustrating the expected effect of the establishment of the Co-operative System.

#### UNDER CAPITALISM.

100 workers at £1 a week .....	£	100
10 capitalists at £10 a week .....	£	100
200 articles produced at a total price of .....	£200	

#### UNDER CO-OPERATION.

100 workers at 30s. a week .....	£	150
10 ex-capitalists now employed as managers at £5 a week .....	£	50
200 articles produced at a total price of .....	£200	

Now, provided the £200 is available in the hands of the 110 individuals the 100 workers will get 150 articles as against 100 previously, at the expense of the 10 capitalists who will get 50 as against 100 previously. There will now appear to have been a redistribution of consumption on the same turnover and price-level as before. And if we like to assume that under Co-operation the production is raised to 400 articles then the workers will get 300 of them, and the ex-capitalists 100.—i.e., the same number as they did before, in which case the latter will be no worse off under the new system. So far, then, there would seem to be ground for saying that a workers' movement can unite with a consumers' movement to absorb an employers' movement in the interest, initially, of the first two, but ultimately, of all three. This, we think, fairly represents the Co-operative point of view.

But it is a fallacious view. In the first illustration the capitalists' £100 is wrongly assumed to come into the consumption market and draw articles out at the expense of the workers; and it is also wrongly assumed that the capitalists and the workers together buy all the goods. The first assumption is always being re-invested; and the second by the no less observable fact that there is a chronic surplus (aggravated by frequently recurring gluts) of unsold and unsaleable goods. Now if, when capitalists and workers get £100 each, they do not buy the 200 articles between them, it is taking a lot for granted to suppose that merely by giving the workers £150 and the capitalists £50, all the articles will become saleable. The remedy does not depend on what classes of persons come into the consumption market, nor in what proportion they get the money they bring there: it depends on their bringing enough money there to pay the sellers' total costs. For if total money-demand is short of total cost, the Co-operative State will show a money-deficit, and unless it is able to make this good by *some method not yet adopted by the Capitalist State*, it will have to do what is already being done—cut down expenses,

scrap plant and sack workers. And it will find, as Capitalism has found, that there is no stage in the descent in production and employment where the deficit disappears.

That there is such a deficit, and the reason for it, was announced and explained by Major Douglas twelve years ago. He proved, *inter alia*, (a) that the bankers' manipulation of credit threw the burden of maintaining and extending fixed capital on to personal incomes: and (b) that the diversion of those incomes for that purpose (i.e., private investment) left the consumption-market short of money. Since then his second proof has been elaborated by Messrs. Foster and Catchings in the United States and confirmed by reference to business experiences in that country. The Political Committee of the Co-operative Society should at least investigate this question of the incidence of investments on consumption. They will soon see that in order to distribute the products of their Co-operative State they would be faced with the choice of either doing without invested money or else of placing in the consumption-market as much money as has been invested. Whichever they chose, they would then be up against the banks, because the banks are deliberately using the investment system as a means of retiring credit from the consumption-market and cancelling it; and will neither assent to the discontinuance nor assent to the compensation of this money-drain from the consumption-market. Capitalism has got itself into trouble precisely because of this difficulty; and Co-operation will have to overcome the difficulty, or it will find itself perpetuating the same evils as it is now attacking in the Capitalist system.

Under existing financial rules there can be no such thing as economic "cement" between the trade unionists and the co-operators: there can only be an identity of negative political sentiment based on a common grievance. Within the arithmetical framework of established accountancy a right wage will always give a wrong price, and a right price will always yield a wrong wage. The only possible basis of unity between the T.U. and the C.U. interests depends on their jointly working for an alteration in the financial rules which govern investment, costing and price-making. It is only when such an alteration takes place that the wage-interest and the price-interest can be mutually compatible. When this is understood it will be seen that their present common grievance does not arise from Capitalism as an institution, but from the fact that Capitalism is a subordinate institution. Capitalism has to take orders from Finance. It is the carrying out of those orders which oppresses wage-earners and wage-spenders; not the structure of the institution which obeys the orders. So any organisation, whether the T.U.C. or the C.W.S., or both combined, which proposes to overturn Capitalism, must *will* to resist the old orders, and *know* what new orders to accept. If these bodies get clear about existing financial policy they will realise that a direct assault on Capitalism is not necessary, and that, on the contrary, Capitalism would have more reason to unite with them than to resist them. The whole point is not who shall administer industry, but who shall prescribe the terms on which it shall be financed—autocrats of the City or representatives of the people. It does not matter a scrap who winds up the economic gramophone if it is only going to play the bankers' record. If so, why throw the political system into a turmoil to knock the Capitalist off the handle—swapping winders in the middle of the tune? The electors are not out for this obsolete game; and they are showing it in their growing tendency to abstain from voting.

There has not been a single "scrap" in the economic field (much less the political field) for the last century in which the banker has not held the coats of all the combatants and gone over their pockets. No future scrap is worth while unless the banker is compelled to join in as one of the combatants, and compelled to submit his own coat to the chance of independent inspection by a disinterested coat-holder. If only the C.P., the T.U.C., or the Labour Party would stage the fight on these lines, then at last they would be talking business. Get the income-hiders into the ring with the income-hunters, and then at last there is a prospect of a dividend for everybody.

Of the three, the C.U. ought to take the lead, because of its resources which we enumerated last week, and because it is formally identified with promoting a universal interest—that of the consumer. There is another reason. It is that both the T.U. and L.P. organisations have been tendered the same advice as is now offered to the C.U., and have neglected it. The Miners' Federation was approached on the subject of Social Credit even before Major Douglas had completed his first series of articles in *THE NEW AGE* (later published in book form under the title *Economic Democracy*). Not only that, but at the request of certain members of mining trade-unions he took the trouble to draw up a "Draft Scheme for the Mining Industry" for submission to the Federation. Mr. Frank Hodges, the then Secretary, no doubt had it put before him; at any rate he showed signs in subsequent public speeches of appreciating the importance of credit as a factor in the mining problem. When the present writer met him at Scarborough (at the L.P. Conference in 1919 or 1920) he had a private chat with Mr. Hodges, in the course of which Mr. Hodges, while admitting the importance of the Social Credit Proposals as a subject for investigation, added this remark: ". . . but I can't see how you can possibly sell things below cost." Whether he went on with the investigation at that time we do not know. (Later it came before him again, as we shall explain further on.) However, we have since suspected that his subsequent translation from the Secretaryship of the British Federation (which might have started, or agitated for, a Social Credit Mining Scheme) to the Secretaryship of the International Miners' Federation (which obviously could not do either) was the outcome of bankers' inspiration—a suspicion which was sharpened when later on he was promoted to the position of "expert adviser to the Bank of England" on the financial situation of various national industries. But however it happened, the point is that the Miners' Federation made no attempt to instrument, or even to give a backing to, the Social Credit Proposals.

The same thing happened in the case of the Labour Party. The Scottish Council of the L.P. wanted the Executive of the L.P. to recommend the Miners' Federation to undertake an enquiry into Major Douglas's proposals; but the Federation preferred that the enquiry should be conducted by the L.P. Executive. The Executive appointed a Committee to do this: it consisted of Mr. Sydney Webb, Mr. R. J. Davies, M.P., Mr. Frank Hodges, and Mr. F. B. Varley of the National Executive, together with Mr. G. D. H. Cole, Mr. Hugh Dalton, Mr. J. A. Hobson, Mr. C. M. Lloyd, Sir Leo Chiozza Wood, Mr. R. H. Tawney, and Mr. Arthur Greenwood. This Committee (so the Report stated when it appeared) "had the advantage of the active co-operation of an experienced bank official"! (Our Proposals and recommended instead the "nationalisation of the joint-stock banking system." (The Report has been out of print for some time now.)

The Committee's arguments amounted to no more than saying that the Douglas Proposals would not work within the existing rules of orthodox finance, and therefore begged the whole question. For example, in one place they say that *because* an existing factory represents money once paid to wage-earners, *therefore* a part of that factory must be charged in current prices. This is one of the financial axioms which Major Douglas had challenged; so its mere reiteration by the Committee is an avoidance of, not an answer to the challenge. But this is not the occasion to examine the Committee's "refutations"—we are only concerned here with the fact that it commits the Labour Party to the maintenance of the bankers' price-calculus as against the Social Credit price-calculus. The bearing of this fact is that the nationalisation of banking under the auspices of Labour will still leave the bankers virtually arbiters of the conditions on which consumers shall get goods. If the Co-operative Party means business it will take up the responsibility neglected by T.U. and L.P. leaders and make independent investigations into what the Social Credit Proposals can contribute towards solving the problems of the C.U. The directors of the C.U., unlike the leaders of the T.U. (whose function is haggling), and the leaders of the L.P. (whose function is moral exhortation) do possess a working knowledge of finance in relation to their functions as employers of labour and producers and distributors of goods, and they should be more ready to appreciate the significance of a discovery which in practice would enable them to lower prices to their members without reducing the wages of their employees, and at the same time recover all their costs without recourse to loans or to tax-raised subsidies of any kind whatever. The C.U. at present stands to be hit at by its employees, its competitors, and its customers. Its duty to the last brings it into conflict with each of the other two at different times, and, now and then, with both at the same time. And the whole problem is one of how to keep costs down at the revenue-level or to raise revenue to the cost-level, without causing injury and provoking hostility. Major Douglas has solved that problem; and we say that it is to the C.U.'s interest to investigate the solution.

We referred last week to the Co-operative Wholesale Bank. Since the C.P. is linked up with the Labour Party (as partner or agent or tout) it is probable that it will be acquainted, or become acquainted, with the L.P. Committee's Report just mentioned. Part of that Report dealt with Major Douglas's suggestion of the formation of banks under T.U. auspices, and discussed it with particular reference to his draft scheme for the mining industry. (Cf. appendix to *Credit Power and Democracy* for the provisions of the scheme.) More than one and a half pages of the Report were devoted to criticisms tending to show that such banks would not work; and it is almost certain that the C.P. would read up those criticisms if the subject of raising the status of the C.W.B. to the level of the Big Five came up for consideration. There is no harm in that—all the better if they do—provided that they bear in mind that the criticisms were arrived at with the help of an "experienced bank official," and therefore need just as much scrutiny as would be criticisms by brewers on a proposition to set up a Trade Union brewery. As a matter of fact some of the criticisms could be easily disposed of by any ordinarily intelligent student of credit to-day—which may be one of the reasons why the Report has been allowed to go out of print. As for the others, they can all be effectively answered, and would have been by Major Douglas before the Committee if his requirement as to its constitution had been complied with. (As it was



not, he did not attend. An account of his attitude on this matter is to be found in the second section of *These Present Discontents*.) Even, however, if there were any weight in the arguments against "Producers' Banks" (as the Committee designated them) that would not necessarily mean that they were valid against a Co-operative Bank, because the resources at the disposal of the Co-operative Union are larger and more diversified than those belonging to any Trade Union or to the Trade Unions as a body. Anyone who reads, for instance, the Committee's enumeration of the administrative difficulties in running a Miners' Bank will see for himself that some of them would not arise in the running of a Co-operative Bank. Again, a Co-operative Bank, if it handled the accounts of the Trade Unions, would virtually be a T.U. Central Bank, and, given an agreed policy, could fulfil the functions of a workers' bank, an employers' bank and a consumers' bank with one staff under one roof. For the Co-operative movement's resources, in terms of men, machines and organisation, make it more self-contained—more like an Economic State within the State—than any other existing institution. Therefore, provided it were ready to adopt principles of finance which were consonant with the interests of everybody connected with it in any capacity, it could reasonably demand at least the same measure of financial self-determination as is accorded to the five big joint-stock banks. These principles have now been formulated; and they are capable of being expounded and advocated in terms within the comprehension of the rank-and-file membership of the Trade Unions, the Labour Party and the Co-operative Union. Furthermore, the C.U. possess the means of publishing and disseminating such information among all three bodies. Take the *Citizen*; for example. Instead of trailing behind a political party it ought to be at the political head of an economic non-party movement against external financial domination.

The Co-operative Party considered as a publicity organisation is not worth its keep to the Co-operative Union. In a leading article in the *Citizen* for May, the opening passage is as follows:—  
"The Co-operative Party's programme, ratified by the Party's annual conference during the Easter Holidays, abundantly justifies the decision of the Co-operative Congress, fourteen years ago, to enter politics."  
That is your politician all over. To him fourteen years' expenditure of money and effort is well repaid by the production of—a programme! That would be bad enough even if the programme were a good one. But it is a bankers' programme. The Conference was invited to applaud or pass the following items: Naval reduction; Free Trade; Public ownership of services which are "uniform, universal and internal" in character; Nationalisation of the coal industry. Not one of those things can be shown to

\*The Committee completely misunderstand Major Douglas's position. One fundamental mistake is their confusion of the term "purchasing power" with "credit," which leads them to argue that when the banks' rate of issuing credit is equal to the rate of withdrawal this is a proof that issues and withdrawals of purchasing-power flow at equal rates. This would only be true in a situation where the community's capacity to produce and deliver goods remained constant. If maximum productive capacity is, say, 10, then the potential purchasing power of a monetary unit is governed by that fact, and may, for convenience, be designated by the sign 1/10. (The "10" is not to be read as a "power" of the unit.) If, however, productive capacity is increased to 20 and the quantity of monetary units remains the same, then the potential purchasing-power of each unit becomes 1/20. If therefore a bank-loan of 1 is issued at the beginning of the interval, and is recalled at the end, the community is delivering up to the bank twice as much potential purchasing-power as it has borrowed. The fact of its doing so is hidden from it because its maximum productive capacity is only fractionally brought into use, and therefore it cannot see how much wealth it is renouncing.

put a penny in the pocket of an employee of the Co-operative Union, or in that of a customer. On the other hand every one of them can be adopted and used to consolidate the worst features of the old Capitalism in a disguised system of super-Capitalism. Mr. Alfred Barnes claims that the Party consists of 3,500,000 out of a total of 6,250,000 "consumer-traders," yet his programme does nothing to promote their consumption or their trading. It will simply fritter away affiliation fees in futile controversies. Mr. Barnes is reported to have "directed a crushing reply to the Co-operative opponents of political action who had predicted that participation in politics would be disastrous to trade." The reply was that the societies affiliated to the C.P. "are in the main responsible for Co-operative progress in trade, membership, capital and service"—a reply which amounts to saying that the more prosperous societies subsidise the C.P., whereas the question is whether the C.P. is earning the subsidy.

#### A Correction.

An error in spelling last week—namely the reference to Lord Tavistock as "Marquess" instead of "Marquis" has caused some misunderstanding. A correspondent points out that "Marquis" is a courtesy title, and thus the holder of it is a commoner, not a Peer. We regret the slip, but it does not affect the general sense of our argument, which was that the Marquis of Tavistock, by virtue of being the eldest son of a Duke (not by virtue of his own title: if we had thought so we should have said so: it would have strengthened our argument) stood higher than Viscounts and Barons in the Table of Precedency. We are not competent to say what the strictly technical signification of "Precedency" may be, and we shall be interested to receive information on the point from anybody who knows. In the meantime, we must suppose that some signification is intended—or why should there be this careful grading and placing of persons according to certificates of honour or certificates of birth?

### Current Political Economy.

Parliament receives the limelight of publicity only on unimportant occasions, when the manners of the members are entertaining to the press-herded crowd, and the matter under debate of little interest to anyone. When the Sabbath Day Observance Act was debated the Press gave an unusual amount of space to reports of the speeches, and congratulated the speakers on their force, realism, and sincerity. Mr. McGovern's ejection last week provided a further sensation. His willingness to die rather than obtain magisterial permission to address a public meeting on Glasgow Green might, however, be either a trivial or an important thing. Freedom of speech is a fine-sounding phrase, but the right to speak on the greens does not necessarily secure the reality. Since the growth of the Press and the herd-society, speeches in public places contribute little to anything, but the satisfaction of the speaker's personal vanity, for the reason that the audience is not called upon to do anything, and could not do it if it were. On every green, worst of all in Hyde Park, the questions on which oratory is spilt are of no importance, even their emotional importance, except to persons whose minds are no longer green, having died years ago.

The worth of freedom of speech on Glasgow and other greens depends on two things: the worth of the message to be delivered, and the worth of the audience to whom it is addressed. If a voice were to arise with a message capable of stirring up the people, it could not be prevented from doing so by any laws or bureaucratic controls intended to stifle it. Yet opinion is now so much herded, and expression so constrained by the incredibly strong and invisible chain of financier-advertisement press, that the only alternative loophole of expression, Glasgow Green, may be worth defending. The immediate

importance of defence would be more demonstrable, however, if it were established that either Mr. McGovern or any of his fellow-defenders had any message to deliver anywhere that was not, in the present plight of England, as frivolous as taking a sand-pail to wash an elephant.

That the American Press is dirty is asserted by the English Press, which quite generally used an American play with the conduct of newspapers as its theme as an occasion for thanking God that it was not as other presses are. Granted that a large section of the American Press regards newsvending as a sort of game the rules of which were formulated by a club of gunmen, it has nevertheless a certain immunity to the kind of hypocrisy which afflicts our own Press. Is it the work of a people without tradition who have frankly accepted financial success as the only standard of value. The English Press, on the other hand, makes extravagant claims for itself; it adopts a Victorian pose of puritanical incorruptibility; pretends never to "expose" anything for mere financial gain, but solely because it has to uphold its solemn obligations to democracy; and alleges with enthusiasm that it strives with singleness of heart and mind to elevate, educate, and entertain, by bringing to the notice of the public, and commenting on, those matters of primary public importance. Under this sign the British Press succeeds in being the most dirty at heart, and the most dishonest in conduct, of all the presses in the world. The unanimity with which it calls for optimism, begs the public to do rash things, pretending that salvation will "emerge" if only we are all silly together, suggests that all the views expounded are dictated in one office. The news from abroad is ceaselessly falsified, the Press itself, under command of its real controller, having carried on the war censorship. Knowing the education, origin, and intelligence, of many of the persons who earn their living by actual writing and editing, one knows also that they must be aware of their prostitution of mind, in sinking their free intelligence entirely, and writing what they know to be false. It is their necessity, not their fault.

If one's judgment and senses be kept awake while reading, no newspaper of any size can avoid the verdict. A paragraph in the *Observer's* review of the world week by week gives a tabloid view of Canada:—

"Canada . . . setting her teeth . . . adversity  
Partial failure of wheat crop throughout Prairie  
Provinces . . . farmers . . . embarrassed . . .  
collapse of market . . . starvation."  
But, come let us be cheerful:  
" . . . Dominion Day . . . darkest in Canadian history  
darkness that precedes the dawn . . . A short  
crop will clear away the accumulated stocks that depress  
prices."

If this is true, something should be done about it, this summer. Let the two and a half millions of unemployed be gathered together by their pastors, teachers, and ex-officers. Let them march to Salisbury Plain on a fine Sabbath, and kneel about Stonehenge. Then let one of the proprietors of the large newspapers, with all the other press-proprietors dressed as choir-boys, pray somewhat as follows:—

Oh, Lord, we thank Thee that Thou has sent a famine upon Canada. In Thy mercy and loving kindness, Oh, Lord, we beseech Thee to send famines to all the other countries, that the curse of accumulated stocks may be cleared away, and the dawn of prosperity be thus upon us."

Then let somebody appointed for the purpose solemnly set fire to a stack of sacks of wheat, another of Brazilian coffee, others of all the things of which Satan has sent plenty, as a symbol of that destruction which alone can increase prices. As the smoke of the sacrifice ascends, the Lord will surely

smell a savoury smell, and will vow never again to raise plenty on the face of the earth, lest food be available for everybody, and mankind be again thrown into despair and want thereby.

Another example of Press unanimity developed during the last month is about the number of persons who will make up the "permanently unemployed" after prosperity has been completely restored by the generosity of America and the "revival of trade" which has waited round the corner for so long. It is obvious that this army of permanently unemployed, which is to be not less than a million, ought not to be demoralised by the continuance of the dole. For Englishmen payment without work, even insurance benefit, is unthinkable. Hence, a further ceremony on Salisbury Plain, also at Stonehenge, is required. We will not try to distribute the functions for this ceremony, but rather leave the distribution to those whose hearts do not sicken with sentiment where science, logic, and economic laws are concerned. Let the presiding priest read a few chosen texts from the "Holy Essay on Population" by the Reverend Thomas K. Malthus. Then, for every sack of wheat, bag of coffee, bale of cotton, bag of coal, or basket of fruit, burned, let one of the unemployed be burned also. As the odour sweeps over the globe, the world will know that England did not shrink from her due sacrifice. If the ceremony of the previous Sunday left the Lord in any doubt, this time should settle it. The whole million of unemployed so disposed of, the Revival of Trade, no longer shirking an impossible task, will appear in the smoke above the scene, dressed in the white nightshirts worn by the angels of Mons, resplendent against the blue sky. With two such ceremonies annually, the Money-system, anyhow, can be saved. BEN WILSON.

### Australian Propaganda.

Communicated by a Reader in Sydney.

Sydney, May 27, 1931.—The Douglas Social Credit Association is a very live body in N.S.W. We are opening centres in various districts, i.e., Paramatta, Manly, Bathurst, etc. Our speakers are addressing and explaining Douglas to all kinds of other Associations, as well as to all the political parties. We addressed the Nationalist Party speakers at their headquarters on May 26. The interest aroused was excellent: extended time was granted for discussion—and an invitation to come again! We have a talk over the Wireless every Tuesday, and notice of our weekly meeting in the Lesser Savoy Theatre broadcasted every Thursday. This weekly meeting is always crowded with an eager and earnest audience. We hold three meetings each week. We are now forming a Young People's Douglas Association with younger people from College and University, to make known to this younger generation how their careers and opportunities are to be frustrated owing to an obsolete banking and financing system. We expect good work in this direction to be done. We are issuing many thousands of leaflets and making good progress before the Collapse.

"This only touches the fringe of, in fact only hints at, the idea of Major Douglas. There is far more in it than that. He has very carefully considered the whole nature and structure of currency and devised what he believes to be a constructive scheme of currency issue, which will enable industry, if he is right, to develop at a rate never previously possible. In the forecast of the MacMillan recommendations, however, I find no mention of the scheme at all. It is said that these include a reduction of ten per cent. on all wages and earned incomes throughout Great Britain; a special tax of two shillings in the pound on all unearned incomes; certain measures of reform for the Bank of England, but not, as the Labour Party hopes, nationalisation of land, but institution. Well, these are no pleasant proposals. On the other hand, the Douglas scheme has, at least, a very cheerful philosophy behind it, and, for that reason, it is to be hoped that the committee, in its report, will not dismiss the scheme without some explanation (if there be one) as to why it cannot be recommended."—From "Outshots" by "The Ragman" in *The Waste Trade World* of May 30, 1931.



## The Films.

### Svengali: Marble Arch Pavilion.

There are at least half a dozen excellent scenarios in "Trilby," but although this picture is officially described as having been adapted from du Maurier's novel, most of the original has evaporated in the process. That Svengali should elbow Trilby out of the limelight is explained by the fact that the film was primarily designed to exploit John Barrymore, but the story itself has become largely unintelligible, save to those who remember the book; most of them will probably be annoyed. Svengali's hypnotic control over Trilby is largely left to the imagination. Five years elapse instantaneously and without explanation, and at the end of that period Trilby suddenly blossoms out as a prima donna with practically no indication of the metamorphosis. Nor does the film explain how an impoverished teacher of music who sponged on his acquaintances for meals should suddenly find himself in possession of enough money to hire a *diligence* from Paris to Brussels.

With these reservations, there is much in Svengali that lifts the film out of the ordinary rut. Mr. Barrymore's acting is, as usual, of the highest degree of virtuosity; that this distinguished artist should never be more himself than when he has most soaked himself in the atmosphere of his part, one has by now learned to be inevitable. The rolling of his eyeballs until only the whites are visible was not so inevitable. Trilby is played by a newcomer in the person of Marian Marsh. Miss Marsh is one of the most delightful things that have recently happened to the screen, but it will take another picture before one is justified in acclaiming her as a star. In "Svengali" she does just what she should do. It has yet to be seen whether she possesses the necessary personality for a role that stands by itself.

The real star of this picture is the photographer, whose name, I regret to say, is not given on the programme. I have never seen a film in which the travelling shot is used so superbly and adroitly; the technique is flawless, and the décor of many of the interior scenes is reminiscent of the best period of German silent pictures. Archie Mayo directed, and made a good job of it. He deserved a better scenario on which to work.

### Originality Barred.

This choice of a late-Victorian novel as the quarry for a film plot is incidentally interesting for the manner in which it again demonstrates the paucity of original material characteristic of the talkies, which rely almost exclusively on stage plays or novels. It was recently stated that two of the most important American organisations, Paramount and Metro-Goldwyn-Mayer, had not a single original theme scheduled for production, and Radio-Keith-Orpheum, who have just announced an imposing programme for the coming year, are also largely relying on borrowed material. According to an elaborately produced brochure which this company has sent me, its "featured" productions include "The Bird of Paradise," based on a novel by R. W. Tully; "The Dove," founded on a play by William Mack; "Girl Crazy," to be adapted from a current Broadway success; "The Slander Girl," adapted from a Rex Beach story; and "Too Many Cooks," another Broadway success. Among the company's British quota productions are adaptations of "The Likes of 'Er'" and "Nine to Six."

I am neither quarrelling with nor criticising the choice of any of these themes, which in themselves seem to represent an excellent selection. But because its dependence on the stage has hampered the development of the talkies and handicapped the

materialisation the possibilities of the new medium, which has in turn inflicted a grievous injury on the whole art of the screen, it is essential that scenarios should so far as possible be based on stories specially written for the talking screen by authors with a knowledge of its potentialities and with a sense of the cinema. The present method cramps the film and is not only tending to convert the screen into a mediocre imitation of the stage, but also to concentrate on what the stage can and does do much better.

English producers also fight shy of original themes. That is, however, understandable. While Hollywood pays large sums every year for scenarios which are promptly heaved into the wastepaper basket, Elstree would swoon with horror at the suggestion that it should offer a thousand pounds for a story written specially for filming, and not hashed up by scenario carpenters from a stage play or a best seller.

### Current Films.

Among this week's presentations are "Within the Law" (Tussauds), in which Joan Crawford shows herself a really powerful dramatic actress; "The Squealer" (Stoll); and "Always Goodbye" (Capitol), the first of Elissa Landi's American pictures to be shown in England. At the Academy both "The Marriage of Figaro" and "Waxworks" are being shown. The star of the first is Alexander Moissi, who, I believe, makes his first screen appearance. "Waxworks" is one of the classical German silent pictures, and has Emil Jannings, Conrad Veidt, and Werner Krauss in the cast.

DAVID OCKHAM.

### UNEMPLOYMENT AND POVERTY.

James Ed. Tuke said people were inclined to regard this question of Unemployment hopelessly. During the last few weeks four addresses were given in one of the City churches on the question of Unemployment, and it was asked, "Was it a problem or an opportunity?" He hoped that as a religious society we would definitely make up our minds that this problem was not an insoluble one, but that it furnished a great opportunity. He had been reading lately an imaginary account of a visitor from Mars who asked an Englishman what were the two most difficult social problems in this country. The Englishman said they were Unemployment and Poverty. The man from Mars said you could not have both at the same time. You might have Unemployment if everybody had got all they required, or you might have poverty if there were no more men left anxious and able to work, but you could not have the two side by side. Unfortunately we had that paradox in the twentieth century. We ought to thank God that, after all these thousands of years of human life, there was not the same sordid struggle for material things: a new epoch was opening out before us. The hope of the future was that we should have the opportunity of exercising our personalities, of choosing our vocations, of employing the creative faculties which God had given to us, of reaching out to higher trains of thought and action of both mind and spirit. Sir Josiah Stamp said that science had done so much during these last fifty or one hundred years that scientific development might well cease for the next ten or twenty years, while we were adjusting our economics to that wonderful development. He believed we needed to see how our economics could be altered from the Hebrew basis to the Christian. The old system was the only practicable one when the world was poor, but to-day the world was potentially rich, and to-day we were able to put into operation those Christian doctrines which are sanctified in our spiritual life as being "without money and without price."—From a report of the Yearly Meeting of the Society of Friends, 1931, printed in *The Friend* of May 29.

### THE MACMILLAN COMMITTEE.

#### Original terms of reference.

"To inquire into banking, finance and credit, paying regard to the factors, both internal and international, which govern their operations, and to make recommendations primarily for the relief of industries, and calculated to enable these agencies to promote the development of trade and commerce and the employment of labour."

## The Banker as a Calculator.

Some time ago we remarked of the banker that he was the most easily dispensable functionary in the economic system. His essential job is to do something which everybody else is equally able to do from the age of, say, twelve years old upwards—namely, *counting*. He is like Uncle Remus's brer rabbit who allotted himself the task of "measuring and marking" while all the other animals were building the house. The banker does sums only; while everybody else does things *and* sums. For counting and calculating in some form or other enter into every economic activity, and have to be carried out by every doer of things incidentally to his doing of them, and as an essential condition of his doing them efficiently. Doers of things, moreover, dare not count wrong: if they do, the things done do not come right—and the whole world can see that the things have come undone. (The R101 came undone.) Of course, in practical work, there is often differentiation between *doers* and *counters*. This is not because the doers cannot count (in general they still have to calculate from the counters' countings), but because doers want to have their counting done by proxy to save time. But this would not happen if the doers could not rely upon the accuracy of the counters. It is no use hurrying up a job that is going to fall down. Hence the counting classes in the industrial system are an essential factor where the highest speed and quality of concrete performance is the objective. They are indispensable—not because they count, but because they count right. If not, the doers would immediately resume the function of counting for themselves: they would not hesitate to sacrifice speed of performance for quality of performance: the counting would have to be accurate however long it took. Such is the co-operative relationship between the *constructing* and the *calculating* forms of service within the industrial system. Ideally, the relationship is one of exact co-ordination of effort in the attainment of an objective approved by those who contribute the effort.

Against this background where does the banker stand? He counts and calculates, but, unlike his counterparts in industry, his methods of doing so are not open to inspection by those who have to rely upon his calculations. Nobody but himself can ascertain whether they are right or wrong. This is a minor point. The major point is that the rightness or wrongness of his calculations is not worth checking in a technical sense unless first of all it is made quite clear what objective they are designed to further. He may be a competent draughtsman; but which way up do you hold his blue-print? It may be a vertical section, say, of a slightly tapered cylindrical structure,  $x$  feet long,  $y$  feet wide at one end, and  $z$  feet wide at the other: and every lateral measurement along its length may be asoundingly accurate. But does he mean it to represent a tall chimney or a deep well? Is it *something*, with nothing all round it, or (like the schoolboy's definition of a hole) *nothing*, with something all round it? Is the sign *plus* or *minus*?—positive or negative?—male or female? Does it represent the objective of the people who are asked to work to it—or does it invert that objective?

Constructors and administrators in the industrial system would soon kick out any counting functionaries whose methods and results left questions of this nature undecided. Unfortunately the bankers are in a position not only to pursue their unchecked methods but to resist enquiry into them and to penalise anyone who attempts to interfere with them. They are the only known example of "servants of industry" who can sack the boss. This, among other reasons, is because capitalist administrators have got the notion that, since the banker sees most

of the game, he describes it correctly, and is also best fitted to decide whether the rules are satisfactory. They do not realise that the reason why the banker insists on being the sole national book-keeper is because this office enables him to achieve, and yet conceal, control over policy. They do not suspect, when the banker produces his figures purporting to prove the necessity for a given course of action in which they must acquiesce, that the figures have been *written specially to indicate that action*, i.e., are in effect a numerical expression of the banker's pre-determined policy. The customary plea of the banker that he must obey the directions indicated by the figures means nothing other than: "I can't help doing what I want to do." It is the modern version of the ancient trick of consulting the oracle.

"The replies given by the oracles were usually exceedingly ambiguous, and were in all probability pre-arranged by the priesthood, clever machinery being used where it was necessary that the reply should proceed from the image of the god." (Cassell's pocket *Dictionary of Mythology*.)

And so, in banking, the god in the ledger speaks through the clever machinery of the balance-sheet. (Incidentally it may be observed that when company-directors consult oracles they are put into prison for it.)

If this analysis is accepted the nature of the remedy is clearly indicated. Doing and counting must be co-ordinated, and the co-ordination must be related to a recognized policy. This is true no matter what the policy may be. The two *hows* must converge on one *what*, even if the *what* is a wrong one—otherwise there is waste of effort and loss of efficiency. There are three alternative methods of bringing this about.

- That the banker absorbs the function of the industrialist directorate.
- That the industrialist directorate absorbs the function of the banker.
- That the two functions are merged and vested in a body independent of both.

This means—to use an engineering analogy—that (a) the designer shall make the things he designs; or (b) the maker of things shall design the things he makes; or (c) the designing and the making shall be co-ordinated by a third-party.

Which alternative you choose depends upon practical considerations, not upon a moral principle. There is nothing *necessarily* wrong in finance openly taking over and running industry, nor in industry openly taking over and running finance, nor in somebody openly running both. Postulating that the objective is known, and that those who take over control of method assume public responsibility for the results, then the choice of the respective competences or aptitudes for the task. It is a dual task, and the question arises: in which kind of control will this element of duality offer least resistance to progress towards the objective? Will it help if industrialists run banks, or if banks run workshops?—or will it be better to let a third body run both banks and workshops?

If we mean by "running," *administrative* running—or (shall we say?), *routine* running—the first two alternatives are superior to the third, because in either case the controllers would be trained in one of the two functions, whereas a third party would have had no training in either. But suppose we assign another meaning to "running," and define it as an extra-administrative non-routine form of control, then the third alternative would appear to be the best, from the point of view that it would spare both the routine-banker and the routine-industrialist the necessity of learning the other's job.

Can this be done? Is such a control practical?—are there any persons who, without having had a



training in either of the two techniques, could nevertheless co-ordinate them? The answer is yes. And the reason is that it is possible to co-ordinate them without altering either. For the basic defect in the economic system is the *misdirection* of these techniques, not in their intrinsic qualities. The banker's technique is intrinsically good: so is the industrialist's: but they are pulling against each other to reach divergent objectives, instead of with one another to reach a single objective.

Pride and Prejudice.

When one is too tired to reason, or has grown impatient with the other person, or after an hour of discussion the other person repeats what he said at first, one falls back on one's prejudices; and asserts dogmatically that such are one's views anyhow, and that the other can take them or leave them. This may not matter much on most occasions. One recovers. The person, however, who has become a public figure because of his reason has forfeited this right. Presumably, Sir Arthur Keith was invited to deliver the Rectorial address at Aberdeen because he was Sir Arthur Keith, scientist, not because he was Arthur Keith, fellow citizen of John Smith and Sandy McNab. He nevertheless elected to appear as fellow-citizen of John Smith and Sandy McNab, as the fellow-citizen might be after reading Sir Arthur Keith and little else. Almost every sentence of the address contained a statement which Sir Arthur Keith, scientist, ought not to admit, at least, not if expressed in those terms, and which Aberdeen University ought not to have listened to willingly from anybody. Sir Arthur Keith, John Smith, or Sandy McNab. Such statement as "every tribe in the prehistoric world represented an evolutionary experiment, that Nature, established her real and effective barrier in the human heart, that she had arranged the world on a competitive basis," are not science; they are animism, and they are also bunk. If a theology is necessary at all to a scientist, it may just as well be a thought-out theology, and not a puerility in which Nature is enthroned as the one god.

Possibly Sir Arthur Keith regarded the Rectorial address at Aberdeen as a holiday for Sir Arthur Keith, scientist, and as a day out for Arthur Keith, a poet that might have been. Alas, the poetry is as bad as the science. In science plus and minus may be interchangeable, but they are not so in poetry. To support a thoroughly muddled case, Sir Arthur Keith, poet, addressing the students of the most serious university on the threshold of their serious lives, chose the minus solution of every involution, which is no service to life.

"Our modern masters of football (with its championship, promotion, relegation) have but copied the scheme of competition which Nature had set up in her ancient world." Thus Sir Arthur thimberlegs an identity among such terms as competition, opposition, resistance, and antagonism, which leads him to the statement that a world without war is impossible. The football league is, first, a competition from which antagonism has been ruled out. A display of antagonism results in somebody being sent off. Second, the important, the positive beat of the rhythm, in the opposition between football teams, is the co-operation among the members of each team.

Hardly a statement in Sir Arthur's speech was reasonably balanced. The world, he said, and nobody doubts, is sick. Physicians surround the beds, and

"assure us that there can never be health in our modern world until all mankind sleeps under the same tribal blanket."

"Nature keeps her human orchard healthy by pruning. War is her pruning-hook."

Sir Arthur Keith, scientific observer, must know that this is special pleading, amounting to bunk. The way of securing peace, even in some modern homes, is for husband and wife to sleep under separate blankets. No Aryan needs to go yellow, to adapt the American phrase, to respect certain Chinese more than he can respect certain Englishmen, Frenchmen, or Germans. A scientist with a white skin might be better taught as a novice to the Indian philosophers than as an initiate into the crude animism of the conventional European mind. Miscegenation is not necessary to decide whether the pragmatic, hustling, progress-worshipping white man, has injured something valuable in polluting and subordinating the persons and aristocratic cultures of folk with skins of other colours. Co-operation among races may one day be as natural as co-operation among parishes, villages, and counties, and one may hope so without being unrealistic or romantic about the world's present chaos. As for Nature's pruning hook, if Sir Arthur looks back on the European War—which was not interracial except insofar as the allies imposed on the blacks—as a weeding out of what Nietzsche called the bungled and the botched, God help Sir Arthur! The mentally fit and emotionally sociable, the physically fit and the nervously strong, were killed. The case-hardened, the anti-social, the unfit, considered by any standard worthier than the ridiculous one of natural selection, were left unfeared to run the belligerent countries in such a way as to accumulate problems, and to render chaotic, spiritual and economic, inevitable.

After this priceless realism, Sir Arthur delivered a statement which suggests that he took out his handkerchief:

"This harsh and repugnant forecast of man's future is wrong from me. The future of my dreams is a warless world."

No doubt Sir Arthur winked at Lewis Carroll's crocodile. But Sir Arthur has a policy. He has advice to give. Though only one race can rule, there is one fit to rule.

"The English-speaking peoples become more and more the custodians of peace . . . if all her members realised the part that prejudice plays in determining the fate of mankind."

Give our prejudices a place in our civilisation, but keep them under the control of reason."

Why did not Sir Arthur, before calling on the young university man to respect (or excuse) prejudice, define it. That would at any rate be scholarly if not scientific. Prejudice is mainly the shortsighted reasoning of previous generations. Respect tradition as such, instinct as such, feeling as such; but for the sake of sense, clear them all of prejudice, which is as useless in life as in the law-courts, and invariably goes hand in hand with cant.

The trouble with many scientists appears to be that they value the metaphysical nonsense in the formula of natural selection more than they value either the creative imagination or the detached consideration of facts. They apply their "natural selection," under the term "competition," to sociology, in which competition is only one among many factors, and often a useless and destructive one. For the sake of the emotional egotism of loneliness given by the materialist philosophy they defend against observation and sense. They become muddled romantics crucifying themselves upside down. Their views are neither science nor philosophy, but the reflection of mental masochism. And in spite of themselves, they are all unconscious animists, personifying Nature, or the Atom, or some other force equally impersonal. Thus the most advanced intellects are combined in the same persons with the most primitive spirits and emotions; and the chaos of modern society is allowed to continue.

PAUL BANKS.

News Notes.

**Zionist Congress.**—The seventeenth annual Congress opened at Basel on June 30. It has special interest because of the Hope-Simpson Report which has created a feeling of uncertainty, about the attitude of Britain towards Zionist colonization in Palestine. An informative article reviewing the problems to be dealt with and the clash of opinion within the movement about them appeared in the *Times* of June 26, p. 15. Mr. Solokow presides—Dr. Weizmann having decided not to withdraw his resignation of the presidency.

**Australian Politics.**—Mr. Lang recently introduced a Bill to impose a graduated income tax covering every section of the N.S.W. population. It passed the lower house but was rejected by the upper. Sir Philip Game, the Governor of N.S.W., has declined to sanction the appointment of new Labour members to the upper house. On the other hand, he has "declined to ask Mr. Lang to surrender his commission as Premier." He has suggested a round-table conference of all parties under his Chairmanship to deal with the situation. Mr. Lang has refused to entertain the idea. Incidentally Mr. Lang has set things alight by publishing correspondence in which Mr. Bavin (ex-Premier) was concerned in connection with the distribution of New-Year honours. Mr. Bavin tabled a motion of censure against Mr. Lang, but has had to withdraw it because Sir Philip Game has written to take the responsibility for this breach of confidence, which arose, he says, out of a misunderstanding between himself and Mr. Lang as to what matters should be published. These developments are reported in various cables from *The Times'* correspondents during the week ending July 4, but there is no information as to the nature of the "New-Year" disclosures. (If of any importance, will our correspondents in Sydney send us particulars?)

**Indian Finance.**—Sir George Schuster, on June 30, told the General Purposes Committee of the Retrenchment Committee that for any new Constitution to start on a sound foundation, three conditions were essential:—

- "Budget equilibrium."
- "Sufficient resources to start a Reserve Bank immediately."
- "Unimpaired credit."

Referring to the relief to be afforded to India by Britain under the Hoover Plan, amounting to about £600,000, he suggested that in thanking the British Government they ought to say: "We regard your offer as a spur to us to help ourselves"; and that they should in fact do their best to "reduce to a minimum the need for that help."—(Cable from Simla in *The Times*, July 1, p. 13.)

**Freemasonry and High Politics.**—At the Court in Gotha zu Dohna. He had said of the Count that he had known and that he omitted to warn the German Government, so placing his duties to the Fatherland second to those of Freemasonry." (The Count was formerly Grand Master of the German National Lodge of Freemasons). The Court found that the General had not acted from dishonourable reasons, but had acted

"in consequence of the fight against Freemasonry as a super-State power which he carries on for patriotic reasons. Nevertheless he had uttered a serious slander which was likely seriously to damage the Count's reputation." The General was fined mks. 500. (*The Times*, July 3, p. 13.)

**Miss Douglas Pennant.**—At a meeting (July 2) in the Central Hall, Westminster, organised by the Douglas Pennant Defence Committee, a Mr. J. J. Edwards revealed that Miss Douglas Pennant was accused of a certain type of immorality, and, without any enquiry, she was dismissed. [This was in 1918.—Ed.] The evidence of this charge, he added, is contained in documents sworn before a Commissioner for Oaths. The charge was made by well-known people and was never authenticated. A resolution was unanimously passed by the meeting (2,000 attending) calling upon the Prime Minister to "take public action to redress a wrong and make complete reparation."—(Quotation from report in the *News-Chronicle*, July 3.)

**Incendiarism to Create Work.**—Referring to large forest fires in Manitoba, the head of the Manitoba Provincial Forestry Branch "reiterated reports that fires had been caused by settlers seeking employment in fighting

the outbreaks." (Cable from Winnipeg, dated May 15, published in the *Halifax Chronicle*, and reprinted in *Lloyd's List*, dated June 3.)

**Bartering in Canada.**—In the *Daily Herald* of June 13 a correspondent describes how the barter habit is extending among the wheat growers. At Lethbridge, Alberta, a cinema advertises: "Best seats, one bagged bushel of No. 1 Northern"—"Throw two or three sacks in the back of the car and enjoy the best picture show in Southern Alberta." A restaurant at Morden, Alberta, will supply a meal of bacon and eggs, potatoes, toast and pie for two bushels of barley. "Every Saturday night the house is crowded out with farmers and their families." Farmers are "jumping at the chance to get rid of their surplus grain in this manner"—some of them are "asking if they can trade their live-stock for automobile licences." During the past six months Mr. Bennett, the Canadian Premier, has been devising credit schemes to help farmers dispose of their surplus stocks.

**The Labour Vigilants.**—A new organisation of workers in New South Wales, formed (a) to abolish public borrowings and get a Commonwealth currency based on goods and services; (b) to tax ground-rents. Works within the Australian Labour Party, and backs the Lang Plan. Apparently not a Social-Credit organisation. Its first leaflet issued May, 23, 1931.

**A 'Douglas' Sales Equation Act.**—Headline of pamphlet issued by the Douglas Social Credit Association, Sydney, N.S.W. The hypothetical "Act" would embody the principle that new production shall be financed by new credits and not old savings. The Treasury should open a "Sales Subsidy Fund" which would "subsidise prices" to an amount equal to the overheads contained in them; thus making any given wage go further. Technical reasons given to show why and how this could be done. (Specimen copy received June 30, 1931, from the Secretary, 215, Adyar House, Bligh Street, Sydney.)

**Taxes in Kind.**—According to a Reuter cable from Vienna, dated June 30, the Executive of the Farmers' League of Lower Austria declares that unless their conditions are not soon improved by new commercial treaties they will not be able to go on paying taxes. They will not withhold payment, but will pay them in the produce of the soil according to cost price.

**Franklin v The Westminster Bank.**—Mr. Leon Franklin, whose £450,000,000 claim was dismissed by Mr. Justice MacKinnon (see comments on the case in THE NEW AGE of June 4) has been granted a stay pending an appeal. The costs of the action in the lower Court were stated to be £600. Lord Justice Scrutton said: "Mr. Justice MacKinnon took an unfavourable view of your claim." "That is so," replied Mr. Franklin, "He said it was ridiculous and absurd. I say it was just as ridiculous for the bank to have issued such a cheque." Mr. Franklin is appealing on eleven grounds, one of which is that Mr. Justice MacKinnon "misdirected himself regarding English, German and international law concerning cheques and currency." (This information, with quotations, is from a report in the *Daily Express* of June 26.)

**Dr. Nicholas Murray Butler in England.**—This distinguished visitor from Lotus Land arrived in England from Paris on July 1. A two-column interview with him appears in the *Evening Standard* of July 2. He is advertised (in *The Times* of July 4) to be the speaker at the next Individualist Luncheon, at the Hotel Victoria, on Wednesday, July 8. (Anybody may attend who pays 5s. Time not stated, but presumably 1 p.m.) In the interview (which readers will find is worth while to read in full) his idea for dealing with the economic situation is to have "three great trading areas within which economic movement is substantiated—unrestricted—Europe, west of Russia; the United States; and the British Empire." He wants to see "an international conference of economists and men of affairs"—"men like your Keynes and others"—not politicians or Governments. "You must not think of Europe. There is no more Europe. This is a world affair. . . . This is an international problem"—"it can only be restored by international co-operation." [Next year he will probably be communicating to us a Lotus Vision for Interplanetary Co-operation.]

**The Pope and Mussolini.**—On Saturday, July 4, the Pope issued an Encyclical defending the disbanded Catholic Action Society (the Catholic Youth organization) and condemning the form of the Fascist Oath as illicit. The State has no right to impose the Oath, especially on young children.



# "The Labour Daily" (N.S.W.) and "The New Age."

[Below are reproduced the extracts from our "Notes" of March 12 which were published in "The Labour Daily" of April 16 in Sydney, New South Wales. The headlines and cross-heads are "The Labour Daily's" as, also, are the introductory references to THE NEW AGE. Italics in the quoted passages represent the passages emphasised by "The Labour Daily."]

LYONS, LATHAM AND NIEMEYER.  
LONDON JOURNAL'S EXPOSURE.  
BANKERS BEHIND DARK DEPRESSION.  
HAMMERING AUSTRALIA'S LABOUR GOVERNMENTS.  
NO ALTERNATIVE POLICY.

The NEW AGE, of March 12, contains some illuminating sidelights on the Federal and State political position as involved in the Theodore financial policy, the "Lang Plan" and the Niemeyer visit and demands.

A highly critical radical journal, the NEW AGE is written by some of the brightest intellects of Great Britain.

The paper's grip of problems so far away as Australia and the inner knowledge displayed stamp its brains a century ahead of the soggy intellects of the "Morning Post" and "Times," which merely redistribute without counter-investigation the poison sent over the cables by the anti-Australian Tory Press at this end.

In a running commentary on the Australian position, the NEW AGE, of March 12, said:—

"The Federal Labor caucus, after the manner of such bodies, has rejected the red and white policies represented by Mr. Lang, on the one hand, and Sir Otto Niemeyer, on the other, and has endorsed a pink policy of which the white constituent is budget-balancing (but on a three-year instead of a one-year plan), and the red constituent, currency-printing.

"As a result, Mr. Beasley and Mr. Anstey, the extreme anti-Niemeyer members of the Federal Cabinet, have been replaced by Ministers who support the compromise.

"Mr. Lyons, the acting Federal Treasurer, has retired to where he belongs—into the bankers' camp; and his place is occupied by Mr. Theodore, who is now responsible for carrying through the agreed Labour policy.

### Niemeyerism.

The Opposition, after the manner of such bodies, is attacking the Government's policy without saying a word as to what its own is. By implication it can be identified as the Niemeyer programme of immediate wage cuts, prompt budget-balancing, rigid loan restriction, and, of course, no currency expansion.

Nevertheless, following the example of Sir Otto Niemeyer himself, it is extremely careful not to commit itself to any intelligible scheme of administering its impeccable financial principles, or even to formulate those principles explicitly enough to be bound to any particular programme if, and when, it returns to power. It is out on a spoiling game; and, moreover, is not particular about what weapons it uses.

### Bankers' Weight.

"In its objects it will have every assistance from the bankers, not in the form of reasoned public criticism, but in the form of private wire-pulling, designed to produce rates, overdraft, recalls, and so on, all of which will appear to the unsophisticated natural consequences of Mr. Theodore's 'inflationary policy.' Even a strictly and impartial Senate would give way before these 'speaking facts,' and would hasten to turn Mr. Theodore down in order to 'restore public confidence.'

"But the existing Senate is not impartial. It contains a substantial number of gentlemen who are sophisticated enough to realise that to please the bankers is a certain way to make politics safe for themselves, and, even if not, that the bankers have plenty of cosy bolt-holes for their loyal political agents to shelter in should anything unexpectedly go wrong, and democracy start to open fire on them.

### "Popular" Movements.

"This is the time when all kinds of alleged popular movements are organised, whose visible leaders make it appear that they are mostly free from affiliations of high finance. Nevertheless, all such leaders believe themselves to be public-spirited citizens who are really and truly disturbed by the sinister symptoms which confront them and who believe that they know how to diagnose them.

"They may not be conscious deceivers—they may not even be infected with deception—but rather are they the carriers of the infection.

### Niemeyer Peril.

"Reviewing the interests of the Australian public as a whole, and conceding for the sake of argument that they may be motivated without prompting by fear of what may happen to them, we still have to ask ourselves which policy would naturally frighten them more—the present Labour Government's policy of delaying the balancing of budgets and of easing the general burden by expanding the general currency, or the policy of Niemeyer, with its instant crash of wage-cuts and other imposts, falling upon the community coincidentally with a rigid pegging of currency circulation at its present level?"

"As our readers know, we have no particular admiration for Scullin's statecraft, but we have no hesitation in saying that anybody who professes at the present juncture to be more frightened of the Government's financial policy than of the Niemeyer alternative has been got at.

"For several weeks we had been waiting to see what the bankers' reply would be to the decisive mandate which N.S.W. gave for Mr. Lang and against Sir Otto Niemeyer.

### Why Did He Come?

"Our readers will remember our remarking at that time that there was no earthly reason why Sir Otto Niemeyer should have gone in person to Canberra to advise the Government on its economic situation and to propose remedies.

"A private communication from the Bank of England would have been quite sufficient for that purpose.

"The probable explanation is that Sir Otto went out to make arrangements with Australian bankers for direct action against the Government in case of necessity—to upset the whole fabric of Government finance,' as the 'Financial Times' put it to Mr. Lloyd George on a famous occasion.

### Hammering Exchange.

"The general strategy seems to have been that the city would hammer the Australian Exchange, and that the City's agents in Australia, both financial and political, would exploit the resultant disturbance to Australian trade as an instrument of arousing disaffection against the Commonwealth Government.

"N.S.W. having meanwhile become the storm centre, it was inevitable that the disaffection would appear there first.

"This might have taken the form of an agitation for State secession; but Mr. Lang forestalled this by starting one himself, not merely a political secession from the Federal Union, but what was much more vital, from financial independence on the Loan Council.

### Majority Decides.

"Putting aside the question whether Mr. Lang's policy is right or wrong, a majority of the electorate decided to have it; and since the election this policy, in so far as it has altered at all, has assumed a less rather than a more 'frightening' form. There is not a particle of evidence to show that the number of electors who dislike Mr. Lang's policy is greater than the number who disliked it and voted against it at the election.

"The partition movement is a minority movement; it is less than that, for it represents a minority party within a minority party.

"It may, and probably will, gain ground; but if it does, the reason will not be Mr. Lang's policy as such, but the occurrence of certain disturbing events which the bankers are preparing to bring about by secret manoeuvring, and which their political agents are preparing to attribute directly to Mr. Lang's policy as and when they occur.

### Bankers' Plot.

"The bankers' counter-plan to Mr. Lang's proposed detachment of New South Wales as a whole from the Union is to grab the best part of that State and reattach it to the Union, leaving Mr. Lang with a cabbage patch to govern on social credit lines if he likes."

## Reviews.

Legal Tit-Bits. Published monthly at 620, Grand Buildings, Trafalgar Square, W.C.2. Subscription only. 7s. 6d. per annum.

This is a new magazine edited by Henry Hess, Attorney-at-Law and Public Notary of the Supreme Court, Union of South Africa. The first number (June, 1931) consists of 32 pp., 9½ x 6 inches. It contains a large number of entertaining gossip about the law and legal personalities written

to appeal to the lay reader as well as to the legal profession. Two serials commence in it—both by the editor—one entitled "Joint Stock Companies—From Their Cradle To Their Grave," and the other: "From the Editor's Note Books—Fifty Years of Law and Journalism." In the letter there is an interesting description of how Mr. Hess put an end to the practice of the Standard Bank of South Africa in charging a commission when a note issued by one of its branches was cashed at another branch. In the former there are several side-lights in company law which have a special interest for students of the credit-system. For instance, the law, in regard to misrepresentation in a prospectus, excludes from liability "any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of a company." This, he remarks, lets out the lawyer, broker, jobber, journalist, director, expert, accountant, and banker. He mentions the South Zambesi Development Co., Ltd., whose mining concessions were acquired by the vendors at the cost of a few peacocks' feathers, blankets, and a looking-glass, and were floated on a £200,000 capital. (He quotes this from the First Annual Report of the Board of Trade.) A general criticism of the magazine is that the several sections are not sufficiently differentiated in subject and expression. As, however, the editor invites contributions (which will be paid for at usual rates) there will probably be a wider assortment of matters and styles in later issues. A. B.

The Forum Series. (Watts and Co. 1s. each.)  
XIII. God and Mammon: The Relations of Religion and Economics. By J. A. Hobson.  
M.A., Sc.D., M.D.

(1) The second of these books is an unexpected addition to this series, hitherto devoted to controversial questions on the borderline of science and theology. It consists of six chapters, based on broadcast addresses, dealing with the outstanding features of bird-life, the "triumphs" of fight, song, love, beauty, use, and vision. It is clearly and attractively written, and gives much interesting information: a book for the student of wild life. (2) God and Mammon contains a wealth of suggestive material. The author points out that primitive religion is economic in purpose, aiming at food, warmth, and shelter. Religion, moreover, provides its functionaries with a "living" and, indeed, with worldly riches and power. Revolts against its worldliness in favour of a spiritual worship inspired the Hebrew prophets. Christianity itself is such a revolt. Catholicism interlocks with economics not only through its teaching on "the just price" and on usury. Protestantism is a "business man's" religion, its virtues making for commercial success; yet, especially among the Quakers, it has inspired many attempts at social reform. Finally, the author points out that modern churches are cold to "modern economic movements," though as "moral guardians of the community" they should be foremost in demanding complete financial reconstruction. I. O. E.

## LETTERS TO THE EDITOR.

### DISARMAMENT.

Sir.—Will you permit me a few words of criticism of Major Douglas's article in your issue of June 25. I am strongly in favour of the establishment of an internationally controlled force as a means towards national disarmament. I give this propaganda preference over money reform because I believe that it is the most effective way to lessen the danger of war. Another war will leave so little of civilisation left that barter will probably suffice for our exchange system.

I think that a man is not the best judge in his own quarrel; but I am not, therefore, bound to admit that everybody knows better what is good for a man than the man himself. Would Major Douglas abolish the jurisdiction of our national law courts? Presumably he agrees that we obtain better justice by prohibiting individuals from enforcing their views with a private arsenal. The same argument applies internationally. Nationally we manage to prevent the gross abuse of power by political parties. There is no reason why we should not do the same internationally. The bankers certainly control us nationally to-day; but given freedom of speech and Press, we will in time make the majority aware of the injustice of our present financial system. And freedom is only possible in peace time: the threat of war destroys freedom; and post-war exhaustion is an unfavourable atmosphere for reform.

Finally, I deny the truth of the statement that a reform of our monetary system would abolish all reasons for war.

Individuals quarrel not only for economic reasons, but for many other reasons as well; and the same holds true of nations.

HENRY MEULEN.

[The cause of international quarrelling is so predominantly economic that we cannot think of any other cause worth mentioning.—Ed.]

### "ECONOMICS AND EDUCATION."

Sir.—I plead guilty to the crime of obscurity. When I asked Mr. Cousens to produce specimens of the ledgers to which he would direct our attention, I was not thinking of the ledgers that were "preferred to facts" examples of which have appeared in past issues of THE NEW AGE, but to those which we might expect to see in future issues if Mr. Cousens were the auditor of the accounts of the Royal Society of Teachers, and the book-keeping methods practised were those advocated by Major Douglas. S. M. W.

### SIR JOSIAH STAMP AND RUEFF'S "LAW."

Sir,—Among the comments which have appeared in your paper on Sir Joseph Stamp's recent articles in The Times, one aspect (familiar to all students of Social Credit) appears to have escaped mention. What struck me most forcibly on reading the articles in question was the following:—

Unemployment varies with the Real Value of Wages (i.e., Wages/Prices).

Therefore:—  
Unemployment varies with the Value of Money relatively to Goods.

Therefore:—  
Unemployment varies with the Restriction of Credit, which enhances the Value of Money.

Conclusion:—  
Increased Unemployment and Increased Real Value of Wages are both results of Deflation.

Sir Josiah need look no further for that mysterious hidden "Common Cause of Both" at which he vaguely hinted.

Of course, the increased real value of wages is only a temporary condition, obtaining until these are forced down in accordance with the "fall in prices." But when deflation is continued, the same influence continues. This is, to my mind, all the explanation that is required of what Sir Josiah hailed as a wonderful discovery of the coincidence of the two curves. C. F. J. GALLOWAY.

### FINANCE AND THE PRESS.

Sir,—Apropos your comments on Lord Beaverbrook, the subjoined passage from an article by Hilaire Belloc in THE NEW AGE, September 22, 1921, may be of interest.

OBSERVER.

"When this divergence between national interests and the chief Usurers of the time begins to be serious, it is mortal folly for the nation which has once been identified with International Finance to continue that identification. But it takes some education and tradition to appreciate the beginning of these things. It needs especially some historical knowledge. The newspaper men and their dependent politicians, the Harmsworths and Aitken [now Lord Beaverbrook], George, and Sutherland, Handel Booth, and the rest cannot be accused of these qualities. They are as ignorant as they are vulgar. They have, therefore, drifted into the simple formula of doing whatever International finance demands."

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'Sentence of four months' hard labour was passed on Patrick Barnes, who pleaded guilty to embezzling £15, while employed as a dairy boy.'

The disparity between these two sentences—both pronounced in the same court and by the same judge—illustrates the very grave nature of the crime of counterfeiting, at least, in the eyes of the framers of our ancient laws. For making £8 worth of counterfeit florins and tendering 12s. worth of them, society punishes the resulting inflation of its money by sending John Harte to the hell on earth of three years' penal servitude. The severity of the penalties for this offence arose from the fact that the privilege of coining money was the exclusive prerogative of the Crown or State, and the crime of counterfeiting the king's money, as it was called, was declared to be treason."—T. Kennedy in Nationality (Ireland) of May 9, in article, "The Crime of Counterfeiting."



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