

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2027] NEW SERIES Vol. XLIX. No. 11. THURSDAY, JULY 16, 1931. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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## NOTES OF THE WEEK.

The Inspector of the Ministry of Transport concludes that the cause of the Leighton Buzzard railway accident was the "failure of the enginemen to obey signal indications." The cause of this cause was not investigated. An engineman is a frail mortal, and he cannot help bringing his private worries on duty with him. Suppose a case. Say you are an engineman. A wage-cut is announced to you. You go home and announce a housekeeping-cut to your wife. She responds with an hour's instruction on the needs of the children and the inelasticity of money with observations on the equitable division of sacrifices, followed by a minute account of all your sins since the honeymoon. But she's a good girl; and you know by the very length and vehemence of her exposition and admonishment that she is already preparing to accept the whole burden.

And swearing she will ne'er take less,  
She'll make less do.

Beyond her adverse signal there's a clear road. And so to bed you go, and lie awake reflecting on the illusory nature of outward appearances. That's a nice mental exercise for the morning! You get up sleepy, chastened and contemplative, and go off in that condition to perform a duty which requires the highest degree of alertness. Accidents! It is a miracle that they do not happen every week. The Inspector drew the moral that railways ought to have "automatic control equipment." The best control-equipment is automatic domestic security for railway servants—well-equipped larders, kitchens, bedrooms, and wardrobes for their wives and children—and not *ad hoc* safety-gadgets designed to save the cost of paying good wages to good drivers.

We have said nothing, hitherto, in these Notes about President Hoover's recent debt-suspension proposal. We preferred to wait until its official formulation had been supplemented by popular

elaboration by American and other propagandists of the idea. Of these Dr. Nicholas Murray Butler must be regarded as the chief for the reason firstly that he was described at the Lotos Club Dinner by Mr. Owen D. Young as "the master interpreter of nation to nation in our time," and secondly that he has been bobbing about in Central Europe since the commencement of June interviewing politicians in Austria, Hungary, and Czecho-Slovakia in the same manner as Colonel House used to follow before and during the First World War. It is significant that he was in Vienna on the day when the Hoover Plan was announced in New York—i.e., in the capital of the country where the Credit Anstalt had just failed, and threatened to start the ninepins of Default tumbling all over Europe. Dr. Butler is President of the Carnegie Endowment for International Peace, and it has been in this role that he has penetrated the high-political counsels of Central-European nations, trying (as he explained to the *Evening Standard's* interviewer) "to discover what we can do to aid them in their difficulties." He omitted to mention whether his mission was not also to discover what they would pay for the aid; and he did not explain what sort of aid the Carnegie Endowment, as such, was in a position to afford. Our submission is that he was sent over to Europe to sell the Hoover Plan—the Plan having been predetermined at the time he left the United States. As everybody is now aware Europe is expected to pay for her year's debt-holiday by adopting a policy of economic and military disarmament. Dr. Butler states that the Hoover Plan is a first step to debt-revision. But debt-revision is not the second step: the revision is contingent on disarmament; and the degree of debt-remission depends on the extent of the disarmament. Dr. Butler lays down the dictum that: "This tangle of debt payments is part of the heritage of post-war psychology." This is the typical Lotos-Land method of fogging economic issues. It suggests that the efforts of European nations to solve their respective debt-problems are the cause of the international debt problem—which is just like saying that the struggles of a fish are the cause of the hook. He gives a hint as to what



he means by "psychology" in this context. He points out that:

"If furniture is ordered in Michigan for Bukarest, in Rumania, it comes under five different classifications, it has to pay five different kinds of rates; one in America, another crossing the Atlantic, a third on the Belgian railways, a fourth in Germany—and so on. All that could be smoothed out and made infinitely simpler."

Simpler for whom and what? United-States exporters and the Young Plan. This is why Dr. Butler wants a trading area consisting of "Europe west of Russia," for then the flow of Michigan furniture would meet with only one tariff check on its way to the young couples of Rumania. And similarly with his other trading area, the British Empire. Of course it is true that tariffs operate both ways, and that their abatement or removal would, or could, facilitate the movement of goods into America as well as out of America. But Dr. Murray's friend, Mr. Owen D. Young, does not contemplate any inflow into the United-States "trading area"—the whole object of his Plan is to promote an outflow. "When we lend dollars abroad," he told his audience of business men at San Francisco, "our goods may not be exported direct to the borrowing country, but they go somewhere, and we *do* move them out of America." If such is the consequence of lending dollars abroad, it must also be the consequence of excusing repayment of dollars from abroad. And hence Mr. Hoover's Plan is an installment of Mr. Young's. Mr. Hoover's offer to let Europe off paying dollars means letting her off exporting goods. But in practice that sort of letting off will let Europe down. Once again, France has been the only country to make a difficulty about accepting the Plan. Whatever her immediate motives may be on this occasion, she has made a lone stand, as on all previous occasions, for national sovereignty, and for the business principle of looking a gift horse in the mouth.

Dr. Butler's philosophy of economic reconstruction is a throwback to the pre-scientific epoch. It revives in a new dress that most ancient of superstitious practices known as Imitative Magic. The idea of the savages was that Nature would produce any desired phenomenon if the medicine-man would imitate it. Many examples are to be found in Dr. Frazer's *Golden Bough*. One of them was the mimicry of a break in the weather in order to make the rain stop. In this case the medicine-man would stand among the assembled tribe, and, having previously made certain preparations with a ball of red clay, he would now bend down and extrude it *per ano*, thus graphically symbolising the sun's breaking through the clouds. This primitive magician was a prototype of Dr. Butler and the financial conjurers whose plans he is furthering. The only difference is that the magician from Lotos Land is a prophet of the singular rite rather than a performer. Listen to his description of a parallel extrusion during the speech at the Individualist Luncheon last Wednesday (*The Times*, July 9, p. 11).

"The mere statement . . . three weeks ago [that the U.S. Government would make some such proposal as Mr. Hoover subsequently made] . . . changed the minds and habits and reflected the feelings of people in the economic relationship, so that in two short days the calculated values of property and securities increased five times, until they were worth more than all the war debts added together. That was psychology, but awfully real." (Our italics.)

Hooray—the red ball of hope is safely out; and now the sun of solvency is about to burst through the stormclouds of debt! That is magic, and awfully real magic—it is beyond all systems of rationalisation. We can bring in some mythology here. There was a nymph called Lotis, says the ancient story, who fled from the embraces of Priapus, the god of

fertility, and was changed into a flower whose name is now the appropriate emblem of that band of sterile uplifters known as the Lotos Club, New York City, and its ineffable President, Dr. Nicholas Murray Butler.

His thesis at the Individualist Luncheon was that the world was passing out of an old epoch during which liberty had been developed on a national basis, and developed so much as to endanger liberty. "The great process of nation-building" which had been going on for 1,500 years "was over"—it was no longer the "key to civilisation"—to-day hardly any important problems remained which a nation could solve by itself—all the major problems had become "multinational"—and hence national liberties must be subordinated to "judicial arbitrament" by a "disinterested judicial body"—thus we would have "international co-operation in terms of liberty." These are only a few of the flaming red balls of uplift spurted forth by this philosophic Roman Candle. The man seems to speak in good faith, and probably has no more guile in him than any other firework—he goes off because it is in his nature to do so, and because he enjoys hearing the people exclaim A-a-ah! Unfortunately the promoters of the show who set light to him have a different object. They know that the dazzling of eyes facilitates the picking of pockets.

We have already seen that the Hoover Plan is an American export plan. Nothing would help this Plan better than the merging of protectionist nations into the two international trading areas visualised by Dr. Butler. For an international trading area, besides having only one tariff ring round it, would have to decide internationally what that tariff should be. This would inevitably mean the withdrawal of the function of tariff making from the control of political Governments, and its transfer to the control of what Dr. Butler calls a "disinterested judicial body." Now an essential condition of disinterestedness is that the judicial body should be composed exclusively of members whose personal interests would be unaffected by its decisions. Since its decisions would of necessity apportion opportunities for trading among competing member nations in the area no trading representatives could be members—it would be wrong in principle, and it would not work in practice, for there would be divided counsels, which would impair the authority of the decisions. Inevitably, then, the judicial body would be composed of bankers. National Governments would have to renounce the right to interfere with tariff-policy just as they have renounced the right to interfere with credit-policy. The bankers would now have the direct, as well as the indirect, power of rationing trade—a power which we stated was their objective some five years ago in our article "The Key to World Politics."

Now we have to consider what would be the relationship between the three areas. For convenience let us call them respectively the Hoover Area (U.S.A.), the Beaverbrook Area (British Empire), and the Briand Area (Europe). We choose the last designation because Dr. Butler mentioned Briand in connection with European co-operation and told his interviewer to watch out for M. Briand's next pronouncement. The three bodies of bankers would not only be severally disinterested in trade movements *within* their respective areas, but would be collectively disinterested in trade movements *between* those areas. Of course, they would work in concert, which means that each body would have a say in the tariff policies of the other two. (Being bankers, their distant objective would be to

do away with tariffs altogether, but we will leave that aside at present.) The question arises: how would these bankers ration trade between the areas? Would the "Beaverbrook" bankers, for instance, hold out for the interests of their area, or would they let the "Hoover" bankers fix the tariff schedules for the Empire at such rates as would help Mr. Owen D. Young to move his goods out of America? What would it matter to them which they did? They all belong to a world-trust, and their interest is not in any peoples or places, but only in a doctrine—in the doctrine that the cheapest product shall capture the trade, wherever it is made and under whatever conditions.

This is where the question of Disarmament comes in. For the more multiform a politico-economic area becomes the less power has any single economic interest inside the area to affect by peaceful methods the rules of the game or to escape their incidence. This is true of a rate-payer in a town, a town in a country, a country in a continent, a continent in a world—and (in Lotos-Land phantasy) a world in a "co-operative universe." The power of the vote becomes so attenuated as to be non-existent, which means that even the expression of desires or grievances becomes impossible, let alone their satisfaction or redress. This truth was set out diagrammatically in *The Key to World Politics*, mentioned above (now obtainable as a pamphlet) where it was shown that even in a single nation the *representational* principle ceased to apply directly a member was elected to Parliament; and that it was then replaced by the *nominal* principle. All that the electorate does is to choose from below a body of persons who are to carry out orders from above. The voter proposes; the nominator disposes. And when one comes to international politics, the *representational* principle does not apply at all. For instance, no voter in any country was invited to select the delegates to the League of Nations Assembly, much less members of the Council, and much less still the financiers who shape the policy of the Council. Nor was any voter, or even member of Parliament, invited to discuss the merits of such legislative policies as the adoption of the Kellogg Plan, the Dawes Plan or the Young Plan. They could only admire the stars—and suffer the stripes—of these three symbols of Yankee domination.

And in the case of the three envisaged economic areas, even supposing that the *representational* principle were to be strictly applied to the selection of the highest Administrators of the areas; the actual administration would nevertheless have to be autocratic. Each area would be a Tower of Babel, and the most ingenious advocate of democracy would be left without a single practical argument against giving some authority or other the power to make decisions. How else could anything be settled in the confusion of multi-industrial, multi-national, multi-lingual, multi-cultural and multi-religious desires and grievances—a confusion intensified by the geographical separation between the various component peoples? No: the larger areas of co-operation the more imperative that decisions shall be taken by an independent non-cooperator—a dictator who has no part, lot, or interest in the economic, political, and social consequences of his edicts on any group or person under his governance. That is what is implied and involved in Dr. Butler's vision of an "impartial judicial authority dispensing justice in terms of liberty"—an authority who—in the language of common men—shall be indifferent and merciless. Very well. Then to maintain a dictatorship of that character—the military disarmament of the nations is imperative. There is no way in which to persuade flesh

and blood peoples to put up with it: they must be dispossessed of every kind of means of resistance.

It should be particularly noticed that even under the purest forms of democratic representation there have frequently been outbreaks against majority-enacted legislation by sections of the community, although they have accepted the majority-rule principle. "Minorities must always suffer," said Augustine Birrell in the House of Commons some twenty-five years ago. He was mistaken; and the reason was that he overlooked a fundamental defect in the voting system, which is that whereas a vote expresses assent or dissent apropos of a given policy, it does not register the intensity of the feeling behind it. Nor does it allow for the fact that the consequences of a majority-policy may somewhere create an urgency of distress of such a degree that the minority *won't suffer it*. "We can't stand this" decide the distressed group: "It must be redressed at once: it's no use waiting for another election (even if we knew that that would put the matter right), we must do something to force the authorities to give us priority of attention." The late Lord Balfour, in 1899-1900, when complained to about mob-violence used against Radical speakers (of whom Lloyd George was one) who were criticizing Chamberlain's policy during the Boer War, implicitly condoned and encouraged it by making the observation that there were "limits to human endurance." That is to say, freedom of speech (a universally approved principle) must be exercised within the limits of Press-inspired law. About a dozen years later occurred the much graver instance of a direct military preparation in Ulster to prevent the operation of Asquith's Home Rule Act. A third instance, happening coincidentally with this, was the Suffragettes' militant campaign. If such revolts can take place by a section of a population against the formal will of the majority of their own countrymen, how much more likely are they not to take place by national populations against the will of a distant cosmopolitan dictator—unless they are disarmed at all points?

From this arises an important corollary. It is that so-called "militarism" is logically a corrective to the above-described defect in the voting-system. For military action supplies the missing clue to the true interpretation of voting-figures. In deciding policy by counting voting papers no distinction can be made between a "Yes-this-seems-all-right-to-have-don't-you-think?" backing to one vote, and a "No—I'm-damned-if-I'm-going-to-have-this!" backing to another. And a similar uncertainty applies to formal international political pacts, where a minority of dissenting Governments sign because the majority of assenting Governments sign. "Come on," said Mussolini, "bring your assent." He spoke thus ironically because he knew that pact-signing was a bluff which could be called by any nation which came to find the consequences to itself beyond the limit of national endurance, and which formed the intention and possessed the means of resisting by force—thereby compelling the other nations to prove the "intensity" of their signatures by a similar resort to force. Militarism thus performs the useful function of disclosing the alignment between passive opinion and active conviction; an alignment completely concealed by the voting-system, which draws no such distinction. Further, if the world comes under a financial dictatorship, militarism will ascend from being the last resort to being the only resort possible to a nation whose endurance is over-tested.

So far we have spoken of militarism in its defensive aspect. It has, of course, an aggressive aspect.



But we shall make good this paradox:—that reliance on militarism at the present moment is ultimately a defence against aggressive militarism. We can begin with the *Morning Post's* aphorism that the function of a Foreign Office (backed by armaments) is to secure overseas trade opportunities for the maintenance of its nationals. The securing of such opportunities is a necessity, and is due to the fact that these nationals cannot live on their domestic trading opportunities. But neither can the nationals in overseas countries. The securing of overseas trading opportunities for Britain means the yielding up of domestic trading opportunities by other countries. These will resist, and in the last resort (always inevitable, and at this time proximate) will only yield to force, because it is a life or death issue for them. Yet, so it is for Britain. If Britain uses force, that is aggressive militarism. Yet it will be exercised in defence of her economic stability; non-aggression meaning domestic starvation leading to domestic militarism—riots and perhaps civil war. Very good. But what is the cause of this? The answer is: the policy of and methods of the bankers, of which the chief consequence is the restriction of domestic trading opportunities. It is a policy which is unsound technically and can be put right. But it is a policy which they do not propose to put right, or allow to be interfered with by "politicians." They will yield only to superior power. This power cannot be mobilised against them through the electorate, because they have shaped the Constitution to prevent it. The power must be of the military order, taking the form, in the last resort, of physical coercion. Such is the logical conclusion if anything is to be done. There is no other alternative. So we come to the resolution of our paradox: namely, that only through militarism can the cause of military aggression be removed. Humorously enough the "great Peace Procession" of last Saturday, according to an account in the *Star*, started off on its march to the Albert Hall to the strains of military music and with an *aeroplane* circling overhead.

It has often been said that an increase in armaments tempts nations sooner or later to use them. Disarmament is apparently supported in the expectation that it would remove the temptation. But this is contradicted by the proposal, now more or less openly discussed, that the international directorates shall have control of armed forces. What for, unless to stop a fight?—and why a fight if nobody is tempted? This is not disarmament: it is a centralisation of armaments. The bankers, as was stated by the Lord Mayor of Newcastle, control the bulk of the world's tramp-steamer tonnage. Apparently they want to have an army, navy and air-force of their own thrown in—in which case they could blockade, occupy, or bomb any country they thought required it. They would need only a small force, because outbreaks would be sporadic, and because a disarmed nation could not undertake long-distance fighting but could only claw at its next-door neighbours when it became desperate enough to take on the risk of fighting them. Besides that, the dictators of an international area would be able to foretell where a fight would first start up just as certainly as would the British Government if it decided, for instance, to transfer all shipbuilding from the Tyne to the Thames, and to leave the Tyneside population to shift for themselves. Of course, no British Government would be able to do such a thing in such a way; but what on earth is to stop a group of international bankers from transferring all heavy-metal manufacturing from Essen to Pittsburgh when once Germany were deprived of the means of challenging the United States. People will say: "Ah, but trade is not distributed like that: the most efficient manufacturer

gets the orders." Other things equal, this is so. But the banker can make them unequal by discriminating between manufacturers who need to use bank-credit. Further, when efficiency is considered, the banker's idea of it leads him to favour the concentration of the manufacture of one thing in one place rather than its diffusion over many places. His present policy is to see that every national economy is incomplete, in the sense that it has to rely for one or more indispensable materials or service on some external area—for the less self-sufficing a country is in this respect the less its power to achieve financial self-determination. Britain, for example, was cheated into smashing up the "Landlords" and abandoning agriculture: and the consequence is that on every hand to-day you hear the statement: "Yes, but Britain is dependent on overseas food, and would starve in a few weeks if supplies were cut off." Precisely. That is what the financial interests intended should happen, and what brought us, by the way, perilously near to losing the war. It was really a process of disarmament (for domestic agriculture is a country's first line of defence) and the irony is that it was carried out to facilitate the arming of other countries with British machinery which is now firing its products at British markets. We abandoned food-production to export manufactures, and we are now told that we must export manufactures to get food. It may be argued that at least our dependence on overseas food gave us a good argument for keeping a large navy; but the answer is that we got the navy first and argued afterwards.

Under a sound financial policy there would be no harm, and all good, in the inter-dependence of nations; because each population would be able to put down a penny for every pennyworth of goods that their industries could put on the home market. Consequently, for every pennyworth of such goods as went overseas instead of into the home market, they would have an unspent penny in their pockets. Their industries would be satisfied because for every pennyworth they had not sold at home they would have sold a pennyworth abroad—they would have received all the pennies required to keep them solvent, and could go on with their job without financial interruption. In the meantime the population would have the means of paying for imports to the same value as the exports, and their doing so would be a matter of indifference to the home industrialists, for these would have no need of any more pennies on that round of production. Now, assuming that this situation could be brought about, and could persist indefinitely, in every country, we shall be interested to hear what occasion for even international friction—let alone war—could arise.

If then we say, and offer to demonstrate, that this assumed situation can be brought about; and if we say that the method of actualising the above situation is known to some, and can be made known to all, the responsible statesmen of this and other countries; and if we can offer presumptive evidence that high-banking authorities know all about it—of course, at any rate sufficient to make them place obstacles in the way of its dissemination through the usual channels of publicity; and if we can show that the removal of obstacles by the bankers will leave no other obstacles, but disclose an impulse to co-operate, on the part of everyone else; we are entitled to condemn all attempts to impose military disarmament on nations until our diagnosis has been honestly and authoritatively investigated. The degree of abuse in armaments as a potential instrument for interfering with other nations' business is less than the degree of use in them as a potential instrument for establishing the right of every

nation to mind its own business. The impulse to mutual international interferences is not natural, but is induced by bankers' interferences with their respective financial policies. Inter-dependence can be an amicable by-product of national development, instead of being, as at present, a provocative objective for which internal development is sacrificed.

### Current Political Economy.

In a brochure entitled "A Brief History of the C.W.S. Bank" the present manager, Mr. T. Granville Davies, writes with great enthusiasm of the progress of this institution. The idea of a Co-operative Society Bank was first discussed in 1870, the question being raised by Mr. J. M. Ludlow, later the Registrar of Friendly Societies. But the union of distributive, productive, and credit functions, was not easy. Co-operative Societies were expressly prohibited by law from the privilege of banking. In 1872 the obstacle was overcome by deciding that the business of banking should be undertaken as a separate department, called the "Loan and Deposit Department." By 1897 the bank kept over 500 current accounts, including colliery companies, weaving and spinning mills, foundries, and provender factories, which fact, Mr. Davies notes, indicated that the line of demarcation between commercialism and Co-operation was not then so definite as it is to-day. Indeed, to-day no private, competitive business account is acceptable by the bank!

The difficult corners which the bank has had to turn in its short history are of great interest, as are also the bank's relations with the trade unions. In the coal strike of 1912 the Northumberland Miners' Association, in spite of offering excellent security, was refused an overdraft by its bankers, but secured one from the C.W.S. Bank. Mr. Davies writes that "the excellent relations between the Bank and the British trade union movement then commenced have continued ever since . . . almost every national trade union and trade union branch in England and Wales conducts its banking with the financial centre of the Co-operative movement."

In the general strike of 1926 the Bank was called upon to provide practically every trade union with cash. Between May 3 and 25 the Co-operative Society's agents cashed a million and a half of cheques, the total amount withdrawn being two and a half millions. Overdrafts to trade unions came to a million and a half. The C.W.S. Bank, operating internationally, has not financed only grain imports from Russia. It has financed Australian Wheat Pools, New Zealand Dairy Farmers, and other true blue undertakings which should commend the C.W.S. even to Lord Beaverbrook.

The number of current accounts now dealt with is over 26,000, and the total assets amount to over £43 millions, "the last decade of progress being surely without parallel in British banking." Undoubtedly it is an achievement to have created so great an institution, and to have organised it so that every co-operative stores, for the whole time it is open as a shop, may be used as a branch of the bank. But Mr. Davies does not, in this brochure at all events, refer to the disabilities under which the bank works, or what further powers are requisite for its fulfilment of total possibilities. An examination of its assets indicates that the bank, through its subsidiary relationship to the Clearing House, has to finance according to the theory of Mr. Walter Leaf, and not according to the practice of Mr. McKenna. The total liabilities to depositors, over £43 millions, are accounted for as follows:—

	£ million.
British, Col. Govt., and municipal stocks .....	26
Cash in hand .....	3
Advances to customers .....	8

From this it is evident that the bank is a deposit not a credit bank, in much the same position as the Birmingham Municipal Bank; that it is a kind of investment corporation genuinely taking care of its customers' money and indulging little in the creation, expansion, or deflation of credit. It can work only with what is brought to it out of the flowing and ebbing credit controlled by the banking-system of which it is but an annexe. So limited, however, it can pay substantial interest on balances of even current accounts, and thrive within its limitations.

Whatever may be the degree of permanency between (1) the co-operative societies and political Labour, (2) the trade unions and political Labour, the link between the trade unions and the C.W.S. Bank appears as permanent as the two institutions. Both have as their immediate objective the reduction of distributive cost, production for consumption, and the elimination of absentee profit-taking. They desire to hold the fruits of labour and co-operation within the membership. Both appear to be limited by the fact that credit flows into debt cancellation and production before it reaches consumption, which, in fact, receives only the overflow after the "sponges" are soaked. As a true credit association, in direct touch with the State's National Credit Account, financing consumption to the limit of productive power, the C.W.S. Bank and the Trade Unions would be revolutionised as to both procedure and objective. Indeed, instead of every union having a current account, every member and every member of his family, would have a current account, to which would automatically be placed not only his wages, but his periodical portion of the social dividend. The amount of the deposits in the bank and the rate of flow through it would be a gauge of the amount of the purchasing power about to flow into the trading departments, and the pressure of demand on the producing departments. The C.W.S. could become a complete credit area, its expansion no longer limited by its power to gain customers, but only by its power to deliver the goods.

The success which the Co-operative Society movement has had within the framework of the existing economic system is due to its having begun at the right end. Consumers with purchasing-power set about obtaining the maximum in exchange for it. When the productive enterprise grew out of the consumer organisation, its object was to satisfy an actual demand, to produce what would be consumed. But the financial side does not yet dovetail into the whole. What goes there has been diverted from the tills of the distributive enterprise. The bank depositor goes into the local stores and says of the money he hands over, "Please take care of that," which the C.W.S. does by investing it in trustee stock. If any part of the goods rising out of the producer side pass over the distributive counter, it is at a late stage, and by accident. What is wanted is a pump at the consumer end to draw the goods off, i.e., consumer accounts with the bank, based on total productive capacity. Then the two sides, productive and distributive, will be brought into true relationship by the financial side.

BEN WILSON.

	£ million.
Treasury Bills and municipal loans at short call .....	7

"I am convinced that the driving force in these wage cuts in every industry comes from the banks, the object being to safeguard the loans and interest of the debenture holders."—Mr. W. H. Hutchinson, in his recent Presidential Address to the Amalgamated Engineering Union.



## The Content of Cost.

I.

The thing, or factor, which we describe by the word *Cost*, has existed since the beginning of the world. It existed before man existed. When man existed he existed ages before he noticed its existence; and ages more before he commenced to measure it; and, again, ages more before he adopted that notation of measuring it which to-day we speak of as Money.

Against this everlasting background Major Douglas inscribes the true saying: *Cost is the core of the economic problem*—which means that the solution depends upon our comprehending, and obeying, the immutable law of Cost. Without such comprehension we cannot know the law of measuring Cost. And if we misconceive its nature our systems of measurement will avail us nothing. The lesson for us who live in a monetary-economy is that the law of Money—whatever that may be—must operate within the law of Cost, and as a component of that law. For Cost is an eternal reality, whereas Money is simply a mutable human contrivance for expressing that reality. It is given to few to comprehend the reality, but it is given to all to apprehend the expression. Hence a perfect monetary system will be like a signpost from which the least instructed being can read directions for his economic journey. "The wayfaring man shall not err therein." In a fundamental sense a monetary system, considered as a directive code of conduct imposed from above, is not a permanent necessity. This is to say, it is not irrational to visualise a time when the intelligence of men shall have been so quickened that they will see their directions in reality direct, and will dispense with those on which they now have to depend. For when once a truthful monetary expression of reality is adopted it must in time diffuse among all people a concept of the reality itself. Hence, even a perfect monetary system is a temporary crutch which humanity will throw away when it is able to walk. This may be a far distant end, but it is one which men must inevitably progress towards directly their rulers give them, for the first time, their correct monetary bearings on the changeless ocean of Natural Cost. While the Social Credit principles will be quickening the evolution of mankind, mankind will quicken the evolution of the Social Credit technique. Gradually all the precautionary elements which it must necessarily embody in this time of transition will become superfluous and be stripped away, one by one, as men become habituated to the use of the new system, and their economic fears are swallowed up in economic faith.

In Bellamy's *Looking Backward*—which was a book of devotion among political idealists in the latter part of last century—he conjured up a vision of a society in which there were no prices attached to goods: whoever saw anything in a shop window walked in and asked for it, and got it for nothing. Here was a vision of an economy in which collective production was equal to, or exceeded, collective need, and in which, therefore, Cost did not count. There was nothing intrinsically fantastic in the conception. It appears foolish only when examined in relation to the mechanics and psychology of the existing economic system. But students of the Douglas Theorem will realise that the concept of *selling for nothing* is theoretically the ultimate logical extension of the principle of *selling at "under cost."* Bellamy's was, to quote the Scriptures, "the voice of him that crieth in the wilderness, Prepare ye the way of the Lord." The apparent futility of his prophesying arose from its having been heard before Social Credit—the mechanism of the preparation—had been made known. Whether his vision will ever be completely realised need not be argued. What is certain is that the evolution of the world under

Social Credit will proceed a sufficient distance in that direction to fulfil the highest ideals of the world's humanitarians. The immediate problem is that of preparing the new way while the world is living in the old way—to build the bridge of transition from the old order to the new. Once get the people across this narrow bridge, and there is no limit to what they will do in the vast region of opportunity into which they will enter—a region where they can develop their economic expansion on the foundation of nature's Law of Cost.

Any engineer will tell you that when a ship is to be built the task of the designer is not simply to stiffen her against the heaviest stresses and strains that she is likely to bear on the high seas; but against something much more searching, namely the stresses and strains to which she will be subjected *during the process of launching her*. Nothing that the sea can ever do to her afterwards will test her strength so much as it will be tested at that half-way moment when her stern will be in the water and her stem on land. Then it is when the designer, too, goes through his worst psychological crisis—torn between the impulse to see and the impulse to flee, in a manner of which a virgin playwright has not the slightest conception. Similarly with the Social Credit Proposals. Major Douglas has had to design them to stand the strain of launching. There is this difference between his task and a ship-designer's, namely that whereas the latter cannot alter his design after the ship is afloat, no such restriction applies to Major Douglas or to anyone else who sees ways of improving his design after it is once afloat—the "improvement" meaning not of course any change in principle, but the gradual elimination of administrative safeguards against abuse, as and when they become unnecessary. (For example, such a safeguard as imposing a limit of profit on production financed under Social Credit may be necessary initially, but it will be seen not to be an essential factor as time goes on.)

We have to ask the question: What was Cost in a pre-monetary—even a pre-barter—era? What was Cost before any man was alive to count it? We can answer that question by observing plant-growth. Assuming that one grain of wheat sows itself and fifty seeds proceed from it. The cost of the fifty new grains is the one old one. If the process is carried on, a yield of 2,500 grains appears for the cost of fifty grains. Suppose next that instead of the 2,500 grains sowing themselves, some of them were blown where they could not grow, but began to accumulate.

To save having to deal with a multitude of figures, suppose a case where one grain produces only four grains. Let us start with two grains, and suppose that half of the crop falls where it cannot sow itself. Over a series of cycles the results would be as follow:—

	New yield.	Accumulated.	Self-sown.
	—	—	2
a.	8	4	4
b.	16	8	8
c.	32	16	16
d.	64	32	32
e.	128	64	64
f.	256	128	128
g.	512	—	—

Along this sequence there would be the following progressions:

a. b. c. d. e. f. g.  
Cyclical yields: 8, 16, 32, 64, 128, 256, 512.  
Accumulation: 4, 12, 28, 60, 124, 252, 512.  
It will be seen that while the quantity of each yield increases at every step the accumulation increases faster. Its ratio at first is 4 : 8, and narrows down to 252 : 256 at the end, or virtually unity. Now, supposing the process stops at this point, and that the last yield of 512 grains is not sown. The number of grains now existing will be these 512 plus the accumulated 252: a total of 764. What has

## The Films.

Old Soldiers Never Die: Pavilion.

This farce of war-time Army life stars Leslie Fuller. I had hitherto carefully avoided any picture in which he appeared, imagining the humour to be of the dreadful Eighteen-Eighty music-hall type that is such an unconscionable time in dying on the English screen, but I am very glad that I have at last seen Mr. Fuller. The film is frankly of the rollicking type, is completely ridiculous from start to finish, and is an altogether admirable example of fooling. Its humour is essentially English, mainly of the robust Cockney variety, and the whole production, without the slightest pretence at being in the slightest degree a work of art, is excellent entertainment. Mr. Fuller is a cure for the blues; Alf Godard, that sterling actor, impersonates a delicious and traditional sergeant-major; and Max Nesbitt as a Yiddish recruit is funnier than most of the American-Hebrew screen comedians. An excellent feature of this film is that, unlike some more or less comparable Hollywood productions, it makes no attempt to show war either as a picnic or an opportunity for continuous lechery. My only criticism is that the two feminine roles, played by Molly Lamont and Mamie Holland, could have been much better cast. Monty Banks directed.

Keepers of Youth: Pavilion.

Elstree will not accuse me of looking with special favour on a film merely because it is the product of a native studio; it is therefore with the greater pleasure that I can praise this picture without the slightest reservation. Indeed, it is on the whole the most satisfying talkie yet made in England. A good and interesting story, excellent natural dialogue, the right proportion of humour, perfect casting, and superb acting, are among its merits. With difficulty I resist the temptation to refer to some length to all the players; but one must mention O. B. Clarence and Herbert Ross in two admirably contrasted and brilliant character sketches of schoolmasters, Robin Irvine as a sympathetic juvenile lead, Ann Todd as the young girl round whom the drama pivots, and Garry Marsh as the bullying and blackmailing games master. Mr. Marsh is magnificent; he dominates the screen all the time he is on it, and is so truly villainous and repulsive a villain that in a slightly less sophisticated era he would have been roundly hissed in any London theatre, whether North or South of the Thames. Miss Todd is a delightful and sympathetic newcomer, who acts with sincerity and intelligence, and is in refreshing contrast with most of the pouting Pekingese type of young women whom Elstree has recently signed on as leading ladies. I trust we shall see much more of her in the near future. Credit for the direction belongs to Thomas Bentley.

For some reason or other it appears to have been considered necessary to inform the public that "Keepers of Youth" is not merely a work of fiction, but that—I quote from memory—no school of the quality of Bentley exists in England. Of that I profess some doubt, and no such assertion was made in respect of "Young Woodley," which only impassioned defenders at all costs of the public school system have criticised as untrue to life. And if Bentley is not merely untypical but also a mere figment of the imagination, this excellent picture would lose some of its force. Incidentally, this is even a better film than "Young Woodley," and now that we have had two very good pictures dealing with school life and adolescent love, I hope that Elstree has destroyed the mould; one of the

been the cost of this store? It cannot be more than the sum of the seeds sown in the six periods, i.e., 2, 4, 8, etc., amounting to 254. They have been destroyed. But the accumulation has not. So the accumulation is not a Cost. In nature the term "Cost" represents something that *has been* and *is not*. That which *is* is not a Cost. All that can be said is that it *may become* a cost, partly or wholly.

That this factor of accumulation is a vital matter will be seen whatever figures are used. For instance, suppose each crop is only 20 per cent. greater than the grain sown, and that only 10 per cent. of each crop accumulates. The result in that case would be that, starting with 2 grains, the final yield at the point "g," would be about 4 grains and the accumulated grains would number just under 2.

We have here been considering the case of automatic production and accidental accumulation in a no-man's-land where the only consumers are, let us say, birds. As consumers they would not distinguish between the last yield of grain and the accumulated heap. If they wanted the lot they would eat the lot. Of course, by doing so, they would bring the process of production to an end. But the point to be noticed first is not the future consequences of their doing so: it is the fact that the destroyed grains would not stand between them and the undestroyed grains. "What *is* is ours to eat," one can imagine their saying to themselves. To them the destroyed grains, if they thought of them at all, would represent something which they had missed eating in the past: it would not enter their heads to count up the grains they had so missed, and to set aside an equal number of existing grains as not to be eaten, but to replace what had been destroyed. As we say, this improvidence of theirs would *stop future supplies*. On the other hand it would have had *unrestricted access to existing supplies*. The bearing of this argument is as follows: that a sound costing system is one under which the total existing production of a community at any given moment is accessible to the community—this is that the whole of it can be bought by the community collectively, and become their private property, for the money which they possess at that moment. The credit-accounting should be such that if this transaction took place there would be no costs recorded anywhere and no money existing anywhere—in a word, that the community should be able to wind their affairs up square at any moment.

If it be objected that such a system would remove all restraints on improvidence and tend to encourage people to follow the example of the hypothetical birds who ate everything up and dried up future supplies, the answer is that it is not a function of a costing system to impose a policy of providence or improvidence on a community. The function of a costing system is to supply the technical means whereby the community can do what it likes with what it produces. The question what the community shall do is a political matter and has nothing to do with the technique of reckoning cost. If a community chooses to cease all production, divide up what exists, and then starve to death, that is its own business.

(To be concluded.)

### THE SOCIETY FOR FINANCIAL STUDIES.

A meeting convened by the above Society will be held on Friday evening next, July 17, at the National Trade Union Club, 24-28, New Oxford-street, at 8 p.m.  
Mr. John Beard, member of the General Council and late Chairman, Trades Union Congress; Deputy Chairman, Central Chamber of Agriculture and Agricultural Wages Board, will speak on "Agriculture—a National Concern."  
Mr. Beard will deal with the Quota system, Farming Finance, and the conditions of life of the Agricultural Worker.  
Some discussion will be allowed. Persons interested are cordially invited to attend. A collection will be made towards the expenses.  
J. E. DOBSON, Hon. Secretary.



most hopeful qualities of the English film is that it has not tended to run on such highly stereotyped lines as American talkies. That "Keepers of Youth" was made by British International, who also made "Old Soldiers Never Die," testifies to the versatility of at least one of our studios.

#### The Passion of Joan of Arc: Academy.

A few artistic-emotional experiences (the phrase is vilely clumsy, but I think my readers will know what I mean) will always stay in my mind. One was the first night of Tree's production of "Resurrection" at His Majesty's. Another will be this masterpiece of Dreyer's. It makes every other Joan of Arc film and play that I know seem lacking in substance by comparison, and I do not except even Sybil Thorndike's maid. This is stark truth. The spectator re-lives history. Dreyer has made absolutely no concession to the box office; his players do not even make up, and they are photographed with every wart and wrinkle, with crows-feet and grimy finger-nails; not dressed in the fictitious romance that the past evokes in most people. Falconetti is perfect as Joan. Hers is a flawless impersonation, touching and beautiful in its sincerity and simplicity. She is the peasant girl whose mysticism is always strongly tempered by common-sense, who has faith in her destiny and that of France, whose very simplicity baffles her casuistic ecclesiastical judges and tormentors.

The version presented at the Academy, which begins without preamble in the middle of the trial, has been cut. I have not seen the picture in its entirety, but imagine that the cutting, which is very well done, is an improvement, both because most French directors find it extraordinarily difficult to resist the temptation to be repetitive, and because to witness a picture of this type for considerably over two hours without a break is so great a mental and emotional strain on the spectator as to be unfair both to the director and the players. Dreyer has made superb use of symbolism and contrast. In the middle of a prison scene there is introduced a glimpse of flowers waving in the breeze, and as the Maid succumbs to the flames a flock of birds that have settled on a steeple fill the screen as they fly away. In the midst of the pilgrimage to the stake we see jongleurs and tumblers and contortionists and all the fun of the mediæval fair. And as preparations are being made for the execution, and Joan's thoughts hover between life and death, one of the executioner's assistants unearths a skull in whose eye sockets maggots are crawling. A simple touch, but one that has an almost indescribable effect.

The management of the Academy have again placed London in their debt by presenting this great picture. They are adding to the debt by showing "The End of St. Petersburg" this week.

#### Norma Shearer.

When that charming woman and accomplished actress, Norma Shearer, was in London last week, she put a question to a number of my colleagues and myself. Did we think her films too sophisticated for the British public? I assured Miss Shearer that they were not, an opinion that, I imagine, must be confirmed by the box office figures. But the question was interesting. Here is an artist who has won her way to the summit at least as much by persistence and extremely hard work as by virtue of her talents, and who must know that she is one of the most popular of screen figures. That, one would think, should be enough, and would be enough for most film favourites. But Miss Shearer is very genuinely interested in the reactions of her public, and is therefore concerned with knowing whether she is giving them what they want, or whether they would prefer her in other roles. My own view, for what it is worth, is that so long as she

maintains the standard of "Let Us Be Gay," for instance, and appears in a good picture, most of her admirers will not trouble themselves overmuch whether she appears as the polished woman of the world or the ingenue. But I sympathise with her implied disinclination to be type-cast, a studio policy whose bad effects have been so obvious on both sides of the Atlantic. DAVID OCKHAM.

## Music.

With the air of having made a great discovery years and years after other people have been hammering at the same thing, Mr. Newman has, it is to be hoped, been recently both instructing and amusing his readers with animadversions, thoroughly sound ones by the way, on the deficiencies of present-day Italian singers, tenors and baritones especially. But Mr. Newman's remarks lose much of their impressiveness when one remembers some of the people who have earned Mr. Newman's own approval, people who are positive compendia of all the worst faults of singing, one a really notorious Bach singer. I say "notorious," advisedly, and the other a lady much, indeed too much, in evidence at the Opera this season, a most indifferent singer, and a thoroughly conventional, stereotyped, and commonplace actress. Thus, if Mr. Newman could really hear all the faults he so fully details, the inability at the same time to sing, and while never departing from pure singing to infuse into your lives whatsoever emotional or psychological colour is demanded at any given moment, how could he possibly praise Mme. X or Mme. Y, who, to begin with, are unable to sing one single phrase in homogeneous, steady, and consistent quality, even when it is a question of a passage of "straight" singing, and who, when it is a question of dramatic expression, practically cease to sing at all: how could he ignore the really hideous vocal deficiencies of a certain famous Lieder singer, deficiencies that ruin her work as an artist, deficiencies in the very foundation of the work—how could he ever have taken seriously a certain Russian charlatan whose voiceless incompetence, and whose super exhibitionism, extravagance and stunt-mongering make him insufferable to all amateurs of the art of singing? Here he observed I use the word *amateur* in its French sense of a cultivated connoisseur.

#### Emmi Leisner.

Had Mme. Leisner's work been consistently on a level with her singing of the first two of her group of three fine and practically unknown Händel arias one would be entitled to rank her as a singer of supreme rank, of the very elect of the elect, but in spite of her great powers a really marvellous voice used and controlled up to a point superbly, she has certain very, indeed disconcertingly, emphasized limitations. For instance, although the breadth and power of her singing of Händel's tremendous and massive *cantilene* passages is really quite unique except for a certain short windedness, the *foritura*, the very special variety of it that is peculiar to Händel, defeated her rather lamentably, and without a thorough command of this special and intricate florid technique there is no Händel singing. Indeed, this was the prevalent fault noticeable in Mme. Leisner's recital, the inability apparently to cope with any movement above a very moderate speed with a result that she drags songs intended to be sung rapidly such as the Brahms *Botschaft* and *Vergefliches Ständchen* in order to accommodate them to her slow-moving tones with, as can be imagined, unhappy results in songs of this type. Nevertheless, in spite of these deficiencies, Mme. Leisner is a most impressive and interesting artist.

More than a word of tribute must be paid to the really masterly accompanying of Mr. Arpad Sandor. It is not often one hears accompanying of this order except from a Nikisch or Safonoff; both of them as incomparable and unforgettable as accompanists, "at the piano" in the programme cant phrase, as they were as conductors.

#### Wireless.

A very interesting young pianist, Miklos Schwalb, whose name is new to me, was heard in a short recital on Sunday evening last. He has a splendidly clear, clean, chiselled style, his phrases are drawn with admirable steadiness, firmness, and decision, he has a fine structure-sense and a subtle and wide command of tone colour, all informed by a high and noble intellectual seriousness and integrity, suggesting the Busoni circle, at whose feet (Busoni's) it would not at all surprise me to hear that he had sat. The high light of his programme was a splendid performance of the Schumann Toccata, a work that not one in a thousand pianists can grapple with successfully either technically or musically, but it is not too much to describe M. Schwalb's performance as masterly. The so-to-speak mezzanine quasi-lyrical sections which are such a stumbling block to most, who let the whole structure collapse when they reach them, were worked masterfully into their logical place in the architectonic design which was grasped by the pianist and by him conveyed to his auditors as an organic and consistent whole.

KAIKHOSRU SORABJI.

## Drama.

#### Nina Rosa: Lyceum.

A gentleman who patronised the village barber's shop used to end all his narrations with the comment that "you can't mix up right and wrong." Sometimes, he would add, with even greater assurance, that right was right and wrong never could be right. It may be a healthy sign that the institution of which these dicta are true comes back to popularity, after so long a season in which nobody could disentangle right from wrong, and few wanted to do so. Melodrama creates no problems, clouds no issues, demands no introspection. No matter how handsome on the surface, villains are black throughout, their blackness not in the least affecting their transparency as seen from the auditorium. Heroes are white all though, injured, misunderstood, and abused, but never failing in their honour and innocence. Heroic lovers are without desire except for the pure touch of the lips, plotters are all desire and no love. Money, the root of all evil is valued only by the villain. Persons who take bribes to do dirty deeds have twisted mouths, squinting eyes, and hunch backs. Class distinction is less than skin deep, and the lowly born heart can hold more honour than a silver ladle. At any rate, all this is true until the last act. Then the virtue that was its own reward has all other things added unto it. Questions of birth are adjusted so that breed is the reward of honour, not the origin; the ragged heroine is discovered to be the real owner of the mine, and villainy is defeated on all planes, moral, material, and economic.

Tragedy originated in religion. It is the irresistible force of will stalemated by the immovable mass of fate. Comedy grew out of fable, as Farquhar said. It criticised morals and manners seriously, by comparing them with common-sense. But melodrama grew out of fairy-tale. It reverses the spurns of compensation postulated by those who want not to hurt the feelings of God is fulfilled within a circumscribed time. Melodrama delivers the Last Judgment here and now. It occupies that flood of romantic wish which children occupy in day-dreams

of great deeds for mankind, and for which adults have no occupation whatever. I recollect that somewhere about thirty years ago there was a story in which Sexton Blake failed. Probably the author was trying to satisfy his repressed artistic conscience. But such a wail arose and dimmed the blue from John O' Groats to Land's End, and such a depression settled on the Youth Movement, no doubt reflected in the sales, that artistic conscience had to be sacrificed to a greater law, and amends made by giving the great detective a second try and complete success. Thus were the constellations rehabilitated in their courses. Melodrama has to come out right if only because the audience has to join in. Since one is urged to run to the hero's assistance, to pluck the knife from the villain's belt, to shout a warning to the heroine about the trap that waits for her, it is necessary that they should be what they are. Before tragedy one can be only a hypnotised witness; in melodrama one has to be an active participant, or one is not fit to be in the auditorium.

"Nina Rosa" is of the great tradition, lacking only the melodramatic children such as are the mainstay of the "Ticket of Leave Man" or "Ten Nights in a Bar Room." The scenes being in Peru, inside and outside the tunnels of gold-mines, and inside the gorgeous subterranean palaces of the Incas, the children would not have been easy to introduce. But all the rest is here, plot, anxiety, the hero who destroyed the letter that would have explained all, a villainous gang of Gauchos, and an exhibition of flagellation that would have raised learned discussions anywhere but in the theatre of melodrama. Everything is as unreal as life itself, and as real while it lasts. From start to finish the show is full of life, its make-believe is of nursery intensity. Only the audience was wrong. Consisting of the cynical, of newspapermen and theatre frequenters, it knew what was coming, and gained its delight from having told itself so, thus proving that it was not yet grown up enough to enjoy the children's theatre. This "musical play" comes from Germany, where realism and make-believe are both most crude, most mixed, and most separate, where melodrama has to be set in realist technique, and realism has to be wrapped up in expressionist technique, where Father Christmas appears in person, but confesses to having collected the gifts from real uncles and aunts.

The chorus, rehearsed to the degree of a provincial tour, is enjoyable—the males being enthusiastic and full-throated. The music, inevitably not very original, is nevertheless of good pedigree if rather plebeian; the tunes have vigour, and the words of the songs are often sense as well as rhyme. The hero and heroine are weak, both being surpassed in every way by a charming, handsome villain with a good voice and presence, but the latter in a provincial music-hall style which nevertheless went down well, and tickled the superior in spite of themselves. Some parts of the house enjoyed his double-ententes with unashamed heartiness. Nearly everything, in fact, fits the blood-and-thunder pantomime heartiness, and is as good as a dose of emotional castor oil for those not afraid or incapable of joining in. Whether anything of lower social status than oranges may be sucked in the stalls, peanuts being restricted to the gallery because of the noise of cracking them, can no doubt be learned by enquiry. At Collins's, I remember, peanuts were allowed in the boxes, and were on sale in the stalls. Oranges, however, were naturally popular. The audience really needed something for the parched throats surely indicated by those open mouths and staring eyes, and the modern convention of not shouting to the players.

PAUL BANKS.



## News Notes.

"THE NEW ECONOMICS" (E. M. DUNN).—A new and improved edition of this pamphlet has recently been issued by the author. It is, of course, unaltered in its essential features, namely, its statement of the Social-Credit objective, principles and proposals; and its "Chart," or rather tabulation, of definitions. As an example of judicious compression, combined with intelligible presentation, this pamphlet deserves high praise, and should be found useful not only to students, speakers, and writers, but to any new inquirer who is able to concentrate on essentials and leave details to look after themselves. Whether such an inquirer immediately grasps them is a minor consideration compared with the fact that they are all laid out before him in the compass of six pages. He is allowed time to think for himself; and if his thinking does not clear up all his doubts he is at least able to see in what direction to ask for further enlightenment. If the pamphlet does not teach him the subject at once it does teach him *what questions to ask about it*. Every propagandist will recognise how much easier a task it is to convince an inquirer who *knows precisely why he is not convinced*, than to deal with the diffused doubts of dullheads. This pamphlet will undoubtedly help intelligent inquirers to such knowledge. The concluding section contains the complete "Draft Scheme for the Mining Industry," which was prepared by Major Douglas in 1919, and is here reproduced by his permission. Coming events are likely to revive interest in this Scheme—as was indicated by the reference to it in the "Notes" of THE NEW AGE on July 9. (The pamphlet is listed on the back page of this issue.)

"THE BANKERS' FLEETS."—Alderman David Adams, Lord Mayor of Newcastle, has issued a statement defending his advocacy of shipping-credits for Russia. He says that the opposition to Britain's assisting Russia to buy or build ships, coming ostensibly from ship owners, comes in reality from mortgagees who seek to protect their loans on existing tonnage against being jeopardised by the competition of new (Russian) tonnage. There aren't any ship owners. "Not five per cent. of the tramp tonnage of the world is privately owned by individuals or companies in which the managing owner has anything like a controlling interest." The real owners are the mortgagees, and these, "in many cases are the builders, and in a great many more the banks." [He does not say anything about bank-mortgages on ship-building concerns.] These mortgagees cannot recover their loans by selling tonnage at present prices; and, through their neglect to get the directors to give personal guarantees when borrowing the loans, they cannot get their money back, except through profits accruing from a rise in the level of freights. At present they are running the tonnage at a loss, and as they are nevertheless paying salaries to the ex-shipowners as managers, the latter, as well as the banks, have a strong incentive to keep Russia from spoiling things. (See the *Journal of Commerce* of June 29.)

WATERLOW'S APPEAL.—According to the *Manchester Guardian* of July 7, Messrs. Waterlow and Sons have decided not to appeal to the House of Lords against the judgment of the Appeal Court.

THE COAL MINES BILL.—This Bill passed its second reading on July 6 without a division. One reason why the three Parties passed it was because the alternative was a conflict on the coalfields which would have diverted business to foreign coal-sellers. A second reason was that each Party was able to assure the other two of its dislike for the Bill. In other words, Dick votes for the measure because it will hurt Tom and Harry; Tom, because it will hurt Dick and Harry; and Harry, because it will hurt Tom and Dick. And all three vote for it in order to escape being hurt by foreign competition.

FASCISM AND THE POPE.—The *Times* of July 11 has a leading article on Mussolini's pronouncement that membership of the Fascist Party is incompatible with membership of the Azione Cattolica (the Church's Youth organisation). This is the reply to the Pope's latest encyclical in which he speaks of the danger in the declining influence of the family and the increasing power of the State in the education of the young. [Note. There are wider issues than the contest between a religious and a secular monopoly of education. The Pope is fully aware of the fact that all States are in the hands of centralised Finance, which holds and teaches doctrines concerning money that are in conflict with long-established doctrines of the Church. But for this, there would be no necessary clash between what an Italian citizen should render unto Caesar and what he should render unto God. The spiritual power of Finance is a greater evil than the temporal power of the Church is held to be.]

THE COST OF ARMAMENTS.—At the Peace Demonstration at the Albert Hall it was stated that the world was spending on armaments more than £730 millions a year. [It was not stated what would be done about re-employing the soldiers, sailors, workmen, engineers, etc., who would be thrown out of jobs if Disarmament cut off this expenditure.]

THE "CITIZEN" AND THE "DAILY EXPRESS."—In the last issue of the *Citizen* the attack by the *Daily Express* on the Co-operative Party is answered by the publication of a quotation from Lord Beaverbrook's organ of the date September 25, 1929, when, in an open letter to Mr. Montagu Norman the editor of the *Daily Express* said:

"Among your colleagues are several who are closely identified with large foreign interests, and who may be tempted to consider questions of current policy from the standpoint of international finance. But the Bank of England is, or should be, a British institution serving British interests." (Our italics.)

Another quotation from the *Daily Express* of September 27, 1929, reproduces its comments on the raising of the Bank Rate by 1 per cent.

"To propitiate Wall Street, British industry is to be taxed another 1 per cent. From the list of directors of the Bank of England, which we publish to-day, it will be seen how few of them are engaged in the daily uphill task of making goods and finding markets. The voice of Wall Street is heard and obeyed in their councils." (Our italics.)

The *Citizen* asks where the essential difference is between the above comments and its own. Incidentally it publishes a picture of the main doors of the new Bank. The doors bear the Bank's trade sign, the design of which incorporates two intertwined snakes. [These snakes, we have been told, are also the sign of some international diplo-masonic order whose name we have forgotten. Will some reader send us particulars of this, and also of any other possible significations that it may have?]

LABOUR-SAVING MACHINERY.—Miss Bondfield told the House of Commons on February 16 that although more bread is consumed in Britain than ten years previously there were now 10,000 fewer people employed in the baking industry. She also quoted the example of a machine capable of turning out 1,200 cigarettes a minute. It requires three attendants, but does the work that used to require 700 workers. (*Hendon and District Citizen*, issue dated "Summer, 1931.")

## Reviews.

Economic Disarmament, a Study on International Co-operation. By J. H. Richardson, M.A. (Cambridge), Ph.D. (London). (Geo. Allen and Unwin. 7s. 6d.) "The need for a rational operation of the gold standard is shown, and the rôle of the League of Nations and the International Labour Office in world economic co-operation is indicated." J.

The Mystery of the Divining Rod Solved; the Experiences of an Amateur Dowser. By Ernest Christie. (Revised Edn., published by the author, Pollingfold, Ockley, Dorking. 1s.)

"As a rule," says Mr. Christie, "the twig turns against the direction of power, apparently, at a spring it rises against downward pressure, and it turns against a draught. It turns against foul matter, which will be giving off gases. But when a man holds out his hands . . . he say; but when a man holds out his hands . . . he magnetises the lines" (i.e., power) "which occur, and the twig then points in the direction of power." Mr. Christie finds that the twig is a magnet, and that the power of the dowser is Affinitive Magnetism.

"In most cases, if a person who cannot feel the influence releases the right-hand prong and I grasp the prong in my right hand," says Mr. Christie, "the twig turns over, and it is a very good way of settling that tough bogey 'muscular action,' if the dowser then twists his prong hard back against the rising power; it may be twisted into a rope in this way, but that will not prevent its rising."

Towards the end of this booklet of 52 pages, Mr. Christie writes, "I think it will be realised from what I have said that divining is actually wireless magnetism. The spring is the transmitting station," the right and left prongs of the twig are "the tuning discs. The dowser is the receiver."

According to Mr. Christie, if one is interpreting him aright, everything has its own special "wave-length." It seemed to this reviewer that a booklet of this kind should not be dealt with merely by reading what the author

has to say; more especially as his method and style of presentation is highly charged with an enthusiasm that is certain to "put off" the ordinary man in the street and to spoil his case utterly for the scientific type of mind. The writer of this review, therefore, left his desk, went out and, finding a hazel copse, cut fourteen different twigs or divining rods. With these the reviewer tested several of Mr. Christie's methods. The booklet being illustrated with clear outline diagrams, and giving full directions, made this possible. The general conclusion came to was that Mr. Christie's methods, suggestions, and general claims should be further investigated. We have read several books on the divining rod and its "mystery." This is the only exposition that seems to be worth serious attention. E. G. S.

The Circle and the Cross; A Study in Continuity. By A. Hadrian Allcroft, M.A. Vol. II.—The Cross. (Macmillan. 12s. 6d.)

A most learned archaeological contribution of considerable importance written by the author of "Earthwork of England" (1908) and "Downland Pathways" (1924), this book will be read by every serious student of the development of the human mind and of human institutions in their various aspects and ramifications. This, the second volume, deals with The Cross, and is therefore of particular interest to the student of Christianity in relation to paganism. The writing is in good, clear English, and will appeal to the general reader as well as to the archaeological expert. H.

India, Gandhi and World Peace. By R. A. Reynolds. (Friends of India. Price 2d.)

A booklet of 26 pages, giving the ideology and spiritual significance of the Indian Nationalist Movement. It contains a useful list of books on the Indian Revolution and its causes. S. R.

Soviet Dumping. By E. Luboff. (Anglo-Russian Press Association. Price 1s.)

This booklet of 40 pages, "is a summary of the economic war activities and the latest attempts made by the Soviet Government of Russia, against the welfare of the civilised world." Some of the facts and figures given may be useful. S. R.

Haveth Childers Everywhere. By James Joyce. (Faber and Faber. 1s.)

Haveth readeth Childers Haveth? I haveth by rotten phungus everywhere. Dewlapped in ambergic of our nay-be-nay. Sez me (pronto!) in my julip tittytit. S. R.

The Thinker's Library. (Watts and Co. 1s. each.)

XXI. Penguin Island. By Anatole France. Translated by A. W. Evans.

XXII. The Pathetic Fallacy. By Llewelyn Powys.

Anatole France's magnificent satire of human history needs no description: it is a matter for rejoicing that this excellent edition enables it to be obtained so cheaply. It may be added that acquaintance with modern theories of economics gives it increased significance. Two passages may be quoted: "The Penguin democracy did not itself govern. It obeyed a financial oligarchy which formed opinion by means of newspapers, and held in its hands the affairs of the finances of the Republic, and directed the foreign power." Also, a phrase not without relevance to orthodox economic teaching: "It ends with a vivid picture of a super-civilisation based on 'sound finance' that is worthy of study."

"The Pathetic Fallacy" is a brief account of Christian history, written from the point of view of a fervent rationalist. Its style is astonishing: of St. Paul we read: "There simmer in him . . . all the monomanias from Abraham to John the Baptist . . ." I. O. E.

Lenin. By D. S. Mirsky. (The Holme Press. 5s.)

This book should be read by all who are in any way interested in the "werewolf-like" transformation of a man who so intensely identified himself with an idea as to become the living symbol of it. The book is not too long and is well written. It is of special interest to those who feel called upon to study the politico-economic aspect of social credit propaganda. S. R.

The Wasted Island. By Eimar O'Duffy. (Macmillan's. 3s. 6d. net.)

The work of Eimar O'Duffy will already be familiar to readers of this journal; his sardonic Social-Credit satire, *The Spacious Adventures of the Man in the Street*, was fully noticed in its columns. The present cheap edition of one of his earlier works is welcome. It gives a vivid account of

the events which led up to the Irish Rebellion of 1916, written from the unfamiliar view-point of the idealistic Nationalist. Its hero is foremost in leading the Irish Volunteers, and sees all phases of the secessionist movement. *The Wasted Island* is attractive as a novel—the descriptions are excellent, the characters are convincing, and there are passages of a delightful humour. It takes us through the different ranks of the Nationalist Movement, revealing their confusion of councils, their transitory alliance with a respectable parliamentary party, their conflict with authority, their clash of incompatible idealisms, and their final precipitation into premature action in response to a minority and unofficial group of fanatics. It reveals, too, the spirit of determination rising even above their final debacle. "Now that everything has turned as I told you it would," says a Nationalist to his son, "what do you mean to do?" "I suppose," is the answer, "we must begin all over again." RONIN.

## LETTERS TO THE EDITOR.

## DISARMAMENT.

Sir,—*Corruptio optimi pessima*. Mr. Henry Meulen's opinions on free banking seem to me to be a valuable contribution to the subject, but the opinion he expresses in his letter in your issue of July 9th in favour of the establishment of an internationally controlled military force contains perhaps the most dangerous fallacy which afflicts the world to-day. Incidentally I find it extremely difficult to understand how it is possible to be opposed to centrally controlled credit and in favour of centrally controlled military force. The philosophy of both is identical, and only the mechanism varies.

The tremendous body of opinion, usually, if I may say so without offence, of a superficial character, which is being organised in support of similar opinions, derives any logical justification it may possess from, in the main, two propositions. The first of these is that human life is more important than human happiness, with its lesser corollary of "safety first." The second is that which was chastised by the poet Blake when he said that "one law for the lion and the lamb is oppression."

No one who, like myself, has lived in such places as the Argentine Republic, Northern Canada, or any of the other frontiers of civilisation, can be oblivious to the fact that whatever advantages may result from the resignation by the individual to the legal system, of the preservation of his interests, are certainly bought at a high price. It may be that they are worth it, but the fact is by no means proven. Germany before the war was the most law-abiding nation on earth. As a result she formed the weapon for the greatest of the wars which have so far been fought. To-day, Great Britain is probably the most completely law-ridden nation. She is beyond all doubt more completely in the hands of what I can only designate as international crooks than any other country.

So far from the creation of all powerful centres, either of military or financial supremacy, being the end to be desired, the restoration to the individual over his own destiny, which means the elimination of such centres (not, of course, suddenly, but by direction) is the only hope for the continuance of civilisation. The idea that you can go on increasing the load on the safety valve, which is all that a mechanism of repression can possibly mean, involves either the certainty of a catastrophic explosion or that, as seems to be happening in Great Britain, cosmic forces will withdraw the fire from underneath the boiler, and, to abandon the metaphor, of the special culture of the British nation will go the way of Nineveh and Tyre, perhaps to be replaced by something more robust. C. H. DOUGLAS.

## THE AMERICAN "DEBT."

Sir.—The *Times* of July 9 quotes the *New York Times* of July 8 as follows:—

"It is the common conviction of clear-sighted men that the old arrangement can never be restored in its original form. . . . One positive and inevitable change of American policy arises from the demonstration that our co-operation in Europe is more than ever needed for our own sake, if for nothing else. . . ."

The moratorium means, of course, that the "Debt" has gone. Twelve years behind the times, but better late than never.

The next thing to go should surely be the International Bank. This concern was called originally the Bank of International Settlements; it was founded in order to facilitate the repayment of debts and the payment of reparations. The disappearance of its *raison d'être* would suggest the winding-up of the Bank. ARTHUR WELFORD.



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