THE
# NEW AGE
INCORPORATING "CREDIT POWER."
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## CONTENTS.



## NOTES OF THE WEEK.

From two independent sources early last week we were advised that an all-Party Coalition Government would be constituted within a few weeks, and that it would proclaim some form of moratorium at an early date afterwards. As we write, the first step is being publicly advocated. What of the second?

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Those who have studied the course of events in the light of the Social Credit analysis during the last several years will agree that no special and direct information is needed to establish the credibility of such a development—the basic principles of the existing system rendering it inevitable. The only difficulty to us who have been denied access to the inner facts of financial operations has been to measure the rate of progression towards insolvency with sufficient accuracy to predict the date of the financial debacle. Now that the first phase of the German crisis has been dealt with, the Press is taking the occasion of the short breathing-space to drop hints as to the critical moments through which statesmen and financiers passed during the fortnight following the downfall of the " Danat " Bank. They are typically illustrated by some remarks by the Marquess of Donegal in the *Sunday Graphic* of July 26, which were as follows:—

" It was pointed out to me when I dined, the other evening, in Mr. W. E. D. Allen's party in the House of Commons, that few people realise how near we have come in the last week or so to the death of capitalism. Moscow was already hailing the beginning of the world revolution when the German Cabinet seriously considered abolishing private capitalism and substituting State capitalism—another name for Communism. That Mr. Montagu Norman's frenzied efforts to get France to take a longer view than is her wont were based on a realisation of the danger is certain. Some months ago he wrote to M. Monet, the Governor of the Bank of France: ' Unless drastic measures are taken to save it, the capitalist system throughout the world will be wrecked within a year. I should like this prediction to be filed for future reference.' "

We imagine that nobody who reads these words is simple enough to suppose that the London Conference has mitigated the situation in the slightest. " We have had a very pleasant talk," was M. Briand's sardonic comment on the proceedings. This realist statesman is not a believer in imitative magic, and he knows very well that the shaking of hands does not cause the balancing of budgets, and that the friendly interchange of views does not eliminate their mutual incompatibility. The prospects of peace are bound to become worse the longer the true remedy for the financial problem continues to be ignored. International loans, however they are arranged, have no power to delay the " death of capitalism." They amount to the same thing as trying to keep a dying patient alive by giving him a transfusion of his own blood. This is a more pregnant analogy than will appear to the uninitiated, for, as our readers will recognise, the complaint from which capitalism is dying is loss of blood, and the financial doctors in attendance are the vampires who have caused it. These noisome creatures, gorged with secret reserves, are circling above a world of peoples reduced to the necessity of biting at other's throats for visible credits. And well-meaning but muddle-headed advisers are recommending them to disarm themselves by drawing their own teeth.

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And now, to revert to the immediate prospect outlined, we must repeat something that we have frequently said before, namely, that when you see the Parties unite, watch your pockets. Practically all the major betrayals of the public's interests have been agreed measures passed without debate. Under a Coalition Government every measure will be an agreed measure, and thus a further attack on the people's standard of living. Of course, anybody may say that in practice we have been living under a coalition ever since the series of inconclusive electoral results began to appear. So we have; but up to the present the Labour Government, in spite of the fact that it represents a minority in the House, has to take formal responsibility for what the House passes, and to bear the consequences thereof when the time comes to appeal to the country. For that reason Labour members in Parliament, with an eye on the safety of their seats, must necessarily call a halt to any measure which threatens to strain the loyalty of their constituents too far. And this has been seen to happen during the latter part of the session, when the Labour left-wing developed activities dangerous to the safety of the Government. But a Coalition Government would eliminate this difficulty; for it would undertake a Coalition-responsibility for Coalition-measures; so that when next the members of the House became Parliamentary candidates the electors would be unable to visit their displeasure on one Party any more than on another for what had been done; they could only express their preference in respect of three new sets of promises. Therefore, only those Members of Parliament under a Coalition Administration whose conscientiousness was their prevailing characteristic would be an impediment to the Government. The safety-first types, in all the Parties, would have no occasion to resist the passage of even the most reactionary legislation. We need hardly add that, this being so, the opposition to such legislation in Parliament would be practically nil.

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Readers will have fresh in their minds the political developments in Australia, where both the Opposition Parties have been promising to support Mr. Scullin and share responsibility with him for all legislation necessary to impose the Niemeyer policy upon the Australian people. This is to say that, for a dirty piece of work, there would be an informal Coalition—a pooling of responsibility, which, as shown, would leave the electors impotent to punish anybody. And so, in this country, the formation of a Coalition Government must be taken as a sure sign that dirty work is contemplated; and our readers will be wise to take precautions accordingly. What is meant by a "moratorium" in the above forecast is not clear—and possibly its exact form has not yet been defined by those who may decree it—but this is a matter of detail, and does not affect one's understanding of the principle, of which the German moratorium is one expression.

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We suppose that the principle applied to its extreme limit would take the form of decree whereby the Government, or a public corporation, or the banks themselves, formally took over the handling of all our incomes and, in effect, did our shopping for us. If this hypothetical situation is not practical, it is certainly logical. If it could be brought about it would empower the Government, among other things, to tax everybody's income at the source, and so make sure of its revenue irrespective of the hardships imposed on the taxpayer. It is true that in the end everybody at present has to pay his taxes if he has any money, but in a vast number of cases the payments are allowed to be spread over a number of instalments. This practice involves the Inland Revenue staff in an enormous amount of work in assessing the ability of the taxpayer to pay; and as requests for time to pay are spreading so widely the staff must soon be increased if an adequate flow of revenue is to be collected. The average tax-collector hates his job, and from that point of view would be relieved if the dirty work he now has to do were taken away from him and reposed in a central body. In certain respects the Inland Revenue Authorities have been trying to capture the whole machinery of assessment and collection; and if they were able to have first dip into every item of personal income on its way to the citizen they would be spared all the trouble and expense of investigation: the money would come in automatically (and largely in mass payments of wages and salaries diverted from the earners) and the amount of the money would automatically register the assessment. Complications due to existing scales of reliefs and allowances, and to the composite character of incomes, need not be an obstacle, because, *ex hypothesi*, the Coalition Government would be in a position to abolish by decrees all reliefs, and levy a lower rate of tax on the whole of the income. It is significant to notice that when the German banks put a limit on the amounts the depositors could draw for themselves, they were prepared to let them have whatever money they needed to pay taxes.

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The big bugbear of the bankers is what they call "improvident expenditure," so it is only reasonable to say that in principle their policy is to control every kind of expenditure as immediately as is administratively feasible. The events in Germany have shown that all banked incomes are controllable as to how fast they shall be spent by depositors, and that the exercising of control, at least as a temporary measure, need not necessarily provoke disorder—at least in Germany. British bankers, therefore, may reasonably calculate that whereas an entirely unexpected and hastily-improvised rationing of expenditure went through smoothly in Germany, a scientifically-planned scheme ought to go through smoothly in this country, especially if the Press is turned on beforehand to impress the public, by cool arguments presented in a confident spirit, with the idea that the new policy has been adopted in their own interests, and is a scientific instrument of Reconstruction!

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The word moratorium is derived from the Latin *mora*, meaning delay, and is defined in the dictionary as signifying a delay allowed to debtors. (It has no connection with another Latin word, *mortuus*, meaning dead, and does not signify the extinction of debt.) The term is not strictly applicable to the case of a delay which debtors may take without the assent of the creditors. And it is not so applied conventionally except when the debtors helping themselves to time are bankers. In all other cases the term applied is—"default." Thus, when Mr. Lang suspended payment of interest, that was called "default"; whereas when the German banks suspended payment of deposits, that was called "moratorium." Not only so, but, as used against Mr. Lang, the connotation of "default" was distorted by association with a totally inapplicable word, "repudiation," although Mr. Lang had explicitly stated that he was only suspending the interest payment until its amount had been adjusted in a fair relationship with Britain's terms to other debtors. The German banks, by the same rule, should also be called repudiationists; and with better reason; for they have not offered any reason for suspending payment which would re-assure their debtors when or on what conditions they were prepared to resume it. What is sauce for the goose is sauce for the gander; and the lesson from this analysis is that if banks are allowed to default, all other private enterprises and individuals should be allowed the same privilege, or—what is coming much nearer to a practicable lesson—should exercise the right to take every legal precaution to forestall the consequences of a bank default, or moratorium or whatever it happens to be called. It is not unlawful to do things which are not yet made unlawful; and however plain may become the intention of the State to restrict people's access to their deposits, they can still have access to them until the intention becomes a legislative Act.

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According to the *Daily Mail* of July 20 merchants in the south-west region of the United States are now accepting wheat from farmers in exchange for food, clothing, motor-cars, car-repairs, lumber and



other goods. With the price of wheat down to 30 cents a bushel they are allowing the farmers 50 cents in the belief that they will be able to sell it for 60 cents in six months' time. In Kansas, garages and other buildings are being used as granaries. Farmers' wives may be seen driving laden trunks of wheat to towns where they exchange it for summer dresses or autumn coats. Many farmers are declaring that, thanks to the widespread acceptance of this system of barter, they will be able to hold the greater part of their 1931 crop for marketing in 1932. They will also be enabled to refrain from planting a single acre in the autumn. Bankers are extending farmers' "notes" for six months or a year and are advising them not to sell wheat until the price reaches 50 cents. In Oklahoma 300 farm labourers and their wives invaded the town of Henryetta. They were led in prayer by a preacher, who then marched at their head to grocery shops demanding that supplies of food be sent immediately to an emergency relief store at the City Hall. Shopkeepers offered no resistance, and they despatched food as requested.

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The general moral from these and similar happenings reported from time to time in THE NEW AGE is that a real economic emergency will destroy the deepest-rooted conventions. "But I *must* live," exclaims a character in one of Jack London's stories. "Why?" disdainfully queries another. "Because I'm damned well going to," is the dynamic answer.. It is the true answer. Whereas an individual here or there may fail under the burden of poverty, and take his own life, no considerable group, much less a community, is going to sit down and starve while a single consumable article remains unconsumed. "You cannot indict a whole nation" declared Burke—meaning that a nation's conduct could only be judged by reference to its own standards: and it is much nearer a self-evident statement to say that you cannot starve a whole nation. Only a natural catastrophe will do that. For a long time financial contrivances and deceits can maintain in the minds of a people the illusion of natural scarcity, but there comes a definite moment when desperation quickens the soul with discernment; and, though it may be with fear and trembling, such a people will spontaneously begin to "work out their own salvation." Then comes the time when financial mediators and intercessors have to prepare to give strict account of their stewardship.

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Dr. Nicholas Murray Butler, when discussing the German bank-crisis with the *Evening Standard's* interviewer, said that the idea of a complete German default was "unthinkable." That was his way of avoiding the pregnant question of what exactly would happen in case of such default. He left it to be supposed that the German population, at the sight of a visible smash-up of the credit-system, would sit down with folded hands and wait for death, and that other nations' credit-systems would crash with the same consequences. But no man of common sense who faces the question squarely will bring himself to believe this. Take the most extreme limit of default—a situation where the bankers shut their doors for ever, and there remained no more money, nor savings, nor deposits. Well, let a population of sentient human beings be plainly told this, and made to understand that it was irrevocable, and they would instantly proceed to improvise another method of counting and exchanging their common resources. It has always been their instinct to experiment along such lines, so much so that special laws like the Truck Act and the Tithes Acts have been passed through Parliament by the bankers to prevent their doing so. It only wants the bankers to say: "We're finished: the job can't be done our way," and that will be the signal for the people to do it their own way. They may get into all sorts of difficulties, and in the case of a single nation driven to make this change alone, they may be defeated by lack of natural resources, and perhaps by civil disturbance and perhaps by external attack. And yet they may not. What is certain is that the abdication of the bankers anywhere will mean their abdication everywhere. Assuming it took place in Germany the other nations of the world would be watching what steps the population took to counter a financial blockade, and with even greater intensity than when they once watched that population's resistance to the pressure of a naval blockade. If the German people survived, that would start the whole world studying the technique of their survival. If they did not, the world would study the technique of their *attempts* to survive. So, whichever way the event turned, the world would be enlightened as never before on the subject of financial principle and technique, and such enlightenment would be fatal to the banking system in its present form. Whenever a banker says that anything is "unthinkable," the thing so described is something which he himself daren't think about. The truth is that financial default, whatever be its attendant burdens, is one gateway to economic release.

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The sentence passed on Lord Kylsant, whatever the result of the Appeal, will—according to the *News-Chronicle*—necessitate a thorough revision of accountancy principles and of the practice of the City in regard to the publication of balance sheets. Quite so. But it ought to necessitate something much more vital, and that is that whatever revision of principle or practice takes place the compulsion to obey the revised rules should apply equally all round—to banks as well as to industries. Taking the Bank of England as the visible embodiment of the banks generally, we are faced with the anomaly that the Court of Directors—the bankers' Cabinet—claim on some occasions the privilege of a public institution without responsibility to the electorate, and on other occasions the privilege of a private institution without responsibility to the Government. This might be tolerated if it were proven that banking policy coincided with industrial policy. But the truth is the reverse. The bankers' objective and technique clash at every point with those of industry. Central reserve banks, said the Bank of New South Wales (see our "Notes" of last week) are "*organs reconciling private investment with the control of banking in the public interest.*" "The reconciliation" has been conducted in such manner that during a period of about 50 years half the aggregate number of registered companies are not now in existence and £6,000 millions of investors' money has disappeared. Notice that this has taken place under a regime of honest administration. These millions represent premature retirements of loans which have gone into the banks' sub-secret reserves—that is to say they are not held in the form of money, nor in the form of undeclared investments, but in the form of a *reserve-power* to issue credit; and this reserve power has been built up at the expense of the public first and investors afterwards. Thus banks, far from being the servants of industry, or the protectors of industry, are industry's fiercest competitors. They intercept and extinguish credit which industry requires in order to maintain solvency and distribute dividends. Hence individual bankruptcies are an inevitable and constant feature of industrial enterprise. (The truth of these statements is based on evidence given before the Macmillan Committee and as yet undisclosed.) This inevitability does not proceed from natural law but from a system of accounting and pricing devised to subserve the policy of the banks.

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Now, so long as this situation continues, and the banks and industry are competing against each other, it is a travesty of justice for one party to be in a position to invoke the law against the other and the other not to be in the same position. The trend of Company-legislation since the war has been entirely in the direction of compelling the industrialist to reveal more and more secrets to the banker. And it is in pursuance of this objective that the private director has been and is being so widely superseded by the bank-trained auditor-manager. It is time, therefore, for responsible administrators of enterprises to consider what they are going to do about it.

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In a Social Credit economy industry would not have to rely on the investing classes for finance; and the public would not have to rely on investments as a source of income. Such investments as were made would be applied to experimental concerns exploring new ways of satisfying the tastes of the consumer; and the amount of money so invested would not need to be more than the investor could afford to lose. He could "bet" on a promising new product, or new method of making it, in the same spirit as if betting on a horse. If it won out—good. If it failed—well, he wouldn't miss the stake. His investment would be that of the sportsman who backs his guess without risking his living—with the difference that even a wrong guess would add to knowledge by proving errors.

## LATER NOTES.

*Covering news up to Sunday, August 2.*

INTERNATIONAL CREDIT TRANSACTIONS.—France and the United States have each lent £25,000,000 to the Bank of England. This, says the *News of the World* to its 3,000,000 readers, is a sign rather of the strength than of the weakness of British credit. This would only be credible if the Bank of England could show that it had no need or desire to borrow, but had accepted the loan to oblige the lenders! The presumption must be that the Bank needed the credit: so the public are asked to believe that the need to borrow is a sign of strength. (Australian Press please note!) Again, it is estimated that during the last few weeks France has taken gold from London to at least the amount of her present loan. On a ten per cent. gold ratio this means depriving the British banks of £250,000,000 worth of their own credit-lending power, in return for which they get the use of £25,000,000 worth of France's credit-lending power.

NEW NOTE ISSUE.—The following is our own version of what happened. The Bank of England, on Saturday, August 1, rang up the Lords of the Treasury and informed them that they (their "Lordships") had passed a minute authorising the Bank to print £15,000,000 worth of new notes. Their Lordships, not having any recollection of having done this, thought it might help them to recall the event if they announced that it had taken place. Accordingly they made the announcement and released it to the Press. This issue of currency is not an act of "*concealed repudiation carried out by inflation*," such as the same action by Mr. Theodore in Australia would have been. The distinction is very subtle; but City experts hold that the subtlety proves the distinction. (Australian Press please copy!)

AN AMERICAN POPE.—The *Sunday Referee* of August 2 states that there is a strong move to ensure that the next Pope shall be an American. Four Cardinals are said to be in favour of this. For ease of reference they can be called the "Dollar Cardinals." They are Cardinals di Belmont, Dean of the Sacred College of Cardinals; Cardinal Pompili, Vicar General to the Pope; Cardinal van Rossum, Prefect of the Sacred Convocation; and Cardinal Pacelli, Papal Secretary of State. There are four potential American Popes, Cardinals O'Connell, Dougherty, Mundelein, and Hayes. The last two, who would be the probables, are Archbishops of Chicago and New York respectively.

# "Practical Politics."

**By C. H. Douglas.**

A story which is current in certain circles at the present time, which may or may not be true, relates that recently a deputation of northern manufacturers visited Mr. Montagu Norman, of the Bank of England, by appointment, to reiterate the desperate state of their industry, and to put before him certain not very revolutionary proposals for rectifying the financial position, to which they attributed their plight. Mr. Norman, always courteous, listened with attention, and replied with a short homily on the sacred nature of a contract, which, to the deputation, did not appear to be relevant to the matter under discussion. Having delivered this, he turned to Doctor Sprague, the American Advisor to the Bank of England, without whom no party can be considered complete, and remarked "In regard to the specific matter and proposals which you have put forward, I will ask Doctor Sprague to answer you," which Doctor Sprague did quite briefly in the following words: "Gentlemen, I suggest that you go back and mind your own businesses, and leave us to mind ours." It is related that several effective retorts occurred to the deputation after they had withdrawn, but none of them appear to have been made at the time.

Whether or no this story is true, it is useful as illustrating one or two points which, in particular, readers of this Review will no doubt appreciate. There is a suggestion in it that even Mr. Montagu Norman is not a free agent. If this be the case, as is quite probable, I do not think that any convention should prevent Mr. Norman from making it clear who it is that is giving him orders which require that matters of importance should be referred to Doctor Sprague. But, perhaps, more important still is the indication which is clear enough from many other sources that the banking system, for want of a better name for the intangible power which rules us, is determined to regard itself as sole owner of the financial system and to administer it as pleases it best.

This state of affairs cannot be too clearly or too steadily borne in mind. There is a constant tendency amongst critics of the financial system to behave as though their task consisted in carrying a sufficiently large body of public opinion with them to the understanding of their views and proposals.

Leaving out of the question as to whether there can be, under modern conditions, any such thing at all as public opinion on a question of this sort, since, if the mass methods of instructing it are perverted, it must be plain that the policy of the banking system has been directed for many years past to the perfecting of arrangements which remove finance completely outside the orbit of so-called "democracy." Sir Otto Niemeyer's report on Brazil once more emphasises the determination to build up a completely interlocked series of central banks specifically outside what is called "political control." Incidentally, it seems evident that Sir Otto Niemeyer is going to be a historical character, like Charles I.

It is fairly evident then, that discussion of this or the other scheme is in the present situation of no practical use. So long as you do not take up too much of their time, I feel sure that the world's bankers will listen to almost any suggestion, because an idea may be obtained which will further strengthen what seems, I must confess, to be an almost impregnable position. But if a still further strengthening of the defences of finance is not the objective, it seems clear that the only practical issue is the formulation of an effective retort to Doctor Sprague, which would probably involve his removal from his present position.



# Economics and Culture.

If Pascal be subject to the fate of the Wandering Jew, he is surely to be found to-day among the contributors to the *Criterion*. The intellectuals of the Metropolitan Age of civilisation appear to be afflicted by a disease not unlike his. The cultivated wish to be of the Christian fellowship while at the same time adepts in refined metaphysic. They wish to be on the side of the world-menders while despising politics as propaganda, and regarding economics as beneath a person of culture. Characteristic of all, and flowing out in strange forms, is an emotional conflict between a desire to be at one with the common-folk and an intellectual compulsion to strive after becoming uncommon persons. Realising the benefit of soul to be gained from baptism by immersion in the folk, they remain on the bank in a *folie de doute* arising from the fear that after emergence they would no longer be the same individuals. They cling to the hope of a kind of immortality by the stabilisation of the personality. Hence the prevalent impulse to listen, choked with emotion, to the church-organ from outside the church; and the longing to cast off all the complexities of civilisation in exchange for the veldt, the backwoods, or the draughty, unhygienic, unrainproof, tottering cottage of an agricultural labourer, living, loving, and multiplying, in dumb simplicity. Hence also alcoholism, problem prose, and problem verse.

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Now that the democratic right to unfettered self-expression has been entirely won, it has become evident that no self has anything to express, and that it absorbs something to express only by spiritual at-one-ness with other selves and inspirational powers. This is not intended as a sneer. Such a conflict as exists among the intelligentsia is more dangerous to Europe than foot-and-mouth disease among cattle. In the present economic plight of the world the custodians of culture resemble an M.C.C. trying to carry on test-matches during a world-war, and putting in a plea of indispensability for their game.

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Probably one fundamental error of the cultured classes to-day is their effort to live apart from their age. That this time is more important than eternity because it is the custodian of eternity is one of those lessons which Jesus Christ perfectly delivered, and hardly anyone is willing to concede. We belong to a crumbling, corrupt civilisation. If culture lives in it, culture is parasitical, since culture should be helping to clear away falsehoods, economic as well as spiritual, and to build afresh. The metaphysical problems of Christianity are better relegated to the evening after a day of Christian work than turned into a specialised profession. Apprentices can learn only as fast as they can do. Theory, in short, follows practice.

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In the July *Criterion* Mr. C. M. Grieve writes on the ascendancy of the English language in British literature, and reminds all those who only English know how ignorant they are of the wealth of poetry, literature, and song, that properly comes within the British sphere. Mr. Grieve is immune to any accusation of theorising without practice. He has made a great individual effort to revive Broad Scots as a living medium of expression. He has tried to whip the Scots into creating a destiny for their own Gaelic, as well as a destiny for their own race and nation, nobler than domestic service in a millionaire suburbia attached to London and New York. He has feared no field, economic or political, for the sake of reputation. He recognises and affirms that Socialised Credit is as necessary to a Scot Renaissance (why that foreign word, by the way?) as separation from London and new-faith in Scots feeling and intuition. He asserts uncompromisingly that the motives which St. John Ervine, for example, defends for writing in a foreign speech, namely, that more people buy tickets, are, by being fundamentally commercial, both against culture, and a corruption of it.

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Nevertheless, it is impossible not to wonder whether Mr. Grieve is fighting for a lost cause, and whether anyone is justified in fighting for a lost cause if he knows it to be such. Only Celts would, of course. Americans do not fight for lost causes, but merely about them. The population of Scotland decreases. That is, perhaps, a matter which can be corrected. But the proportion of the population which speaks Gaelic decreases much faster. A Gaelic which became the language of a London club is not what Mr. Grieve wants, but a Gaelic alive, vigorous and expressive, in common use among a people. There is little poetry being created in English. What we have instead is philosophic doubt expressed in telegram prose; or farfetched metaphor; or lyric which expresses faded emotion according to a worn-out convention. Nothing lives here and now as a new-born poetic force. It is all technique and nothing to say, like the Radio. But that may be because the present soul lacks poetry, not because the language has dried up. Our regard for dialect, our cognisance of real feeling in dialect poetry only may itself be a symptom of desire for immersion in the folk-soul necessary for the re-birth of the individual. I am as eager as Mr. Grieve to see Scotland reborn, whatever may happen to dialect and Gaelic. By some means inner resource, the right to aesthetic contemplation and meditation, have to be won back, and the external forces that turn people inside out night and day have to be confined. Until that object is attained, by economic re-foundation, there can probably be only poetry which is either attack or escape; neither of which is true poetic revelation.

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For all one knows, great poetry may be in chrysalis in languages unknown to any white men but a few professors. It is for those who stumble across it to translate it if they can. They are discoverers. But no language can be revived or kept alive for the sake of the poetry it might give, or the poetry already crystallized in it. In spite of the Latin verses and speeches at the Universities, and the Latin of the more cultivated competition journals, Latin is a dead language. Sooner or later all that will remain of it will be the translations and idioms which live in living languages by their own vitality, which is breathed into them by the people who use the language. The renaissance of Gaelic depends on those who use it becoming a triumphant, significant people, either according to current conventions, or by the creation of a convention which others will later adopt. Modern literature of all kinds, including the poetic, becomes more and more a catalogue of detailed impressions. It shows little evidence of the titanic mind hammering impressions into a coherence. Mankind, instead of sweating for significance in a coherent world, surveys its environment in dismay, and merely records its disjointed impressions. The vital in culture aims at coherence, as it does in everything else. Ireland cannot preserve Gaelic if Ireland wants to attain significance by current mercantile standards. English rapidly perishes, except for law and commerce, precisely as Irish Gaelic perishes because it has next to no commercial use. English, Gaelic, other languages can be revived when the human soul to which the speech is native is revived enough to have original feeling, passion, and the desire for significance in a coherent universe; the first step towards which is a coherent economic system giving an assurance of leisure for aesthetic contemplation. At present the white man's mind, individually and collectively, is focused on the economic paradox. It will listen to the comedian, the fool, the optimist, the thrill-maker, the cynic, the impressionist, the reporter. It will not listen to the poet, unless, for them, he serves the same purpose. A dictionary resembles a plate of iron filings, and a poet a magnet. The present generation is unmagnetized soft iron, exhausted by contact with the Hive-City. All language deteriorates to the level of the tired-business-man, and its users call superficiality by the name of clarity. The later developments of style of such as James Joyce are also not for poetry. Mr. Joyce is engaged in converting a beautiful instrument of meaning, forged over thousands of years, into a photographic instrument for merely recording impressions in an infinite gradation of shades.

A. N.

## Drama.

**Take a Chance: Whitehall.**

Marion Lorne has this in common with the Spring that, in spite of each new appearance closely resembling the last, she is eternally fresh. There are comedians at whose play one can laugh once, after which one has seen them. Their tricks gain their humour through clever cross-talk or witty definitions, or somewhat mechanical tricks. I never want to see another drawing by Heath Robinson, for the simple reason that he exploits one tiny idea infinitely multiplied quantitatively, and never heightened in quality. Occasionally there is such a comedian, or, rather, clown, as Grock, to whom mankind appeals unanimously to give them the old delicious turns for ever and ever, so essential are they in their humour. With use the witty becomes hackneyed; but there is a combination of the humorous and the comic which, no matter how simply it be conceived, wears as long as, or longer than, a myth. The fundamental fact of the combination of the humorous and the comic is that it ensures the audience becoming as little children. Charlie Chaplin combines the aspirations of an adolescent with the cerebration of a child. Hence he is eternally defeated in the most pathetic circumstances, which, because of the incongruity between the "effort" and the "load," forces laughter to burst fountain-like from the pathos.

Walter Hackett's writing for Marion Lorne gives her opportunities comparable to Chaplin's. All the thinking she is called on to do is of the short-cut variety, with a delightful "Of course, who would have thought of that?" when the obvious things missed are pointed out. How delightful it is to see her working her way through for virtue's sake, completely bewildered at every step, and yet over-coming the most impossible odds simply because the clever people lack her saving simplicity. On the present occasion she is partner in a garage, which would be, instead of on a by-pass, on a by-path. When she is drawn the favourite in the Irish sweep, she would learn, after paroxysms of child-like glee, and after the receipt of avuncular explanations, that the owner was proposing to scratch the horse. Nevertheless, it was equally certain that she would stumble on wisdom, and learn that the reason was the owner's wife's affair with a man who had backed the horse into its favouritism. Thereafter the mind of the babe and suckling is pitted against detectives, jealous husbands, and others to see that the horse runs. Whether it does can be found out by sitting through the play.

It is not a new idea to set a novice tinkering with a car, mending the cash register or the electric-bell. It was not a new idea when Mr. Brember Wills did father laying the carpet on the stairs at the Children's Theatre. It is not a brilliant idea to glue a detective to a chair to prevent his joining in a pursuit, or clever to make him tear his trousers' seat out in the effort to free himself. It is impossible for a car of the breed of Marion Lorne's to pursue the presumably 1931 model owned by Cecile Burton. It is unlikely that at a lonely spot on a main road miles from anywhere one would meet the policeman from whom one purchased the favourite lottery-ticket. But with Marion Lorne, and preferably, as on this occasion, Hugh Wakefield, and the situations developed by Walter Hackett, the treatment ensures a freshness that makes the auditorium a happy place. Real cars, real petrol tins, real dungarees, a real telephone kiosk, may cause a fanatical inquisitor for naturalist heretics to cry out for a burning; but dungarees cease to be real when either Marion Lorne or Hugh Wakefield wears them. A real kiosk becomes a fantastic repository of humour when Marion Lorne enters it. Mr. Hackett is right to go on providing her with these backgrounds of simple actuality. Her reactions to them, as if she bumped into everything for the first time in creation, make them all anew. Everybody has thought of the comedy of bringing a toy hammer to crack a cocoanut, or a sledge to crack a hazel; but it requires Mr. Hackett to make the toy-hammer—wielded by Marion Lorne—succeed, and the sledge—swung by her opponents—fail. There is, of course, always a reason, always a subtlety at the bottom, which the audience is as delighted to see as the board-school boy is to elucidate a cross-word clue when the professor is at a loss. So may Miss Lorne and Mr. Hackett go on doing it for a very long time.

The whole job has been done thoroughly. It would be unfair to enjoy the work of the principals without testimony to the work of the rest, although they cannot be catalogued. Thomas Reynolds managed the production superbly, getting the best out of everybody, and Alick Johnstone's scenery, as well as the use of it, is an object lesson in stage-craftsmanship; an outstanding example being the inside of the motor-car, and the blacking out on the main road, with Barbara Hoffe and Ian Hunter inside the car, as, respectively, the race-horse owner's wife and lover. The first scene seemed long, but after that time ceased, at least to me, to have any meaning. The play is likely to be a clear success; and it should make a film, either silent or "with sound-effects," much of which will be genuine cinema.

Paul Banks.

## The Films.

**Hollywood's Big Stick.**

I recently made a brief reference to the determination of the American film producers to force the single-feature programme on native exhibitors. The plain English of this policy is that the public is to be made to pay the same money for less in the way of entertainment, and that the producers will, if anything, get more money for each individual "feature" picture, while programmes will be eked out in length by the inclusion of more "comedy shorts" and the like, which represent on the whole about the lowest depths of banality to which the entertainment industry has ever sunk.

It is not impossible that Hollywood may be able to impose the single feature on native exhibitors, since the film makers own or control a large number of "key" theatres, and are able to force their terms on most of the independent owners, while behind the film-producing business are the immensely strong twin forces of the American electrical industry and banking. America's troubles are her own affair, but since the immediate and most important result of the single-feature policy will be a marked reduction in the annual output of new films, which is the raison d'etre of the producer, it may also lead to a shortage in every other



country that depends on Hollywood for a large proportion of its pictures. The United Kingdom comes into that category, since about four-fifths of all the full-length pictures shown here are still American.

The traditional policy of the British exhibitor, and one to which the British filmgoer has become accustomed, is to present the double-feature programme, which our trade has no desire to abandon. It could, however, be compelled to do so if the reduction in the American output led to a shortage that could not be made good in other directions, and the London agents of the American producers have made no secret of their intention to force the single feature on England. It would be extremely unwise to prophesy the outcome, but Hollywood would certainly seem to have chosen an extremely inopportune moment for swinging the club on this side of the Atlantic.

Thanks mainly to the quota scheme, there has in the last two years been both a remarkable improvement in the quality and a very large increase in the number of English films. Both these tendencies are being further accentuated since so many native pictures have shown themselves to be bigger box-office attractions than the average American product, for which the dislike of the British public for nasal accents, crude dialogue, and mass-produced films is largely responsible. Moreover, a not inconsiderable section of our public has taken kindly to the best German, French, and Russian pictures, both sound and silent, so that the Continent provides us with an additional alternative to Hollywood. Also, as the quota scheme compels the renters of American pictures to handle a minimum percentage of English films, the American interests have lately started to produce in England on a relatively large scale. Taking all these factors into consideration, there would seem to be no essential reason why the double-feature programme should be put out of business in this country even if it is abolished in the United States.

Since the American proposal was originally launched a few months ago, it has become still more inopportune. The Government is now being asked to tighten up the quota scheme so as to provide for the eventual exhibition of 50 per cent. of British pictures. This movement has influential support, which is strengthened by the fact that the Chancellor of the Exchequer receives nothing from the millions of pounds a year representing the profits from the exhibition of American pictures in Great Britain. If Hollywood proposes to squeeze our exhibitors still more, and to deprive the British public of legitimate entertainment, the result should provide further excellent arguments for an extension of the quota scheme that would render our film theatres more independent of American producers, who would then find it worth while to placate a market over which they have hitherto tyrannised.

In any event, Hollywood will have learnt a salutary lesson if it is made to realise both that it can no longer compel our theatres and our public to put up with any rubbish, and that it has no divine right over the British market.

**A British Film Week.**

Point is added to my remarks above by the fact that just after I had finished them I was informed by British International Pictures that during the present week their films will be shown at no fewer than nine hundred of the four thousand odd picture theatres in the country. British International is our largest producing concern, but the Gaumont Company and the British and Dominions Film Corporation are also well in the running as regards both the number and the box-office value of their films, while there are a number of smaller producing units in the country. So if British International pictures alone are being shown at nine hundred theatres, which is, I believe, a record, the total proportion of houses presenting the native product this week must be much higher.

**Current Films.**

Selections from this week's programmes include "Seed" at the New Gallery, "The Flying Fool" at the Pavilion, Ludwig Berger's "Waltz Dream" and the Russian "Roof of the World" at the Academy, "The Man at Six" at the Regal, "The Middle Watch" and Cherry Kearton's travel picture "Dassan" at Tussaud's, and "Dracula" at the Stoll. "The Flying Fool," "The Middle Watch," "The Man at Six," and "Dassan," are British.

David Ockham.

## Money Troubles.

By A. W. Coleman.

*[Extract from a longer thesis written by the author.]*

### I.

We must next proceed to industrial matters, and note the accounting in terms of money which accompanies the production of goods and services.

Before doing so it will be necessary to make a few explanations of terms used:—

1. *Production.* Under this term are included all operations of growth, manufacture, transport and dealing up to the time of sale. Products are divided into two main classes; ultimate commodities on the one hand and intermediate products and capital goods on the other. Ultimate commodities—goods or services—are those purchased by individual consumers for their own use and consumption. They are the commodities which it is the sole business of industry to provide. Intermediate products—the raw materials of later processes—and Capital goods, such as buildings, plant, machines, railways, ships, docks, etc., are goods required by industrial organisations at various stages of productive processes, but these are all designed to serve one end only, viz., the delivery of ultimate goods and services for individual consumption.

Some things may be both intermediate products and ultimate commodities, depending on the purpose for which they are used. For instance, a unit of electricity used to light a private residence is an ultimate commodity; the same unit used to drive a motor in a factory is an intermediate product.

2. *Costs.* In any industrial undertaking, the costs of the product are accounted under three main heads. Firstly, the wages and salaries paid to employees; secondly, the prices paid to other businesses for materials or services; thirdly, overhead charges, or plant charge.

Plant charge includes such items as the cost of power for running the machinery, of repairs and upkeep of buildings and machinery, of lubricants and other stores, of depreciation of all equipment, of insurance and banking charges, etc., etc.

In many industries to-day, plant charge forms the most important item in costs.

All these costs are added together, and a profit superimposed, in order to arrive at the price of the product.

The costs of all capital goods are accounted into the costs of ultimate commodities through the agency of plant charges. For instances, the cost of a locomotive is spread over the prices of a large number of railway-tickets sold during the lifetime of that engine.

3. *Prices.* Price is the sum total of all production-costs, plus profits at the various stages of production.

Prices are generally supposed to follow the so-called "law" of supply and demand, the term demand here being used in the sense of effective demand—demand backed by money to buy. Under this law, the prices of goods brought to market rise and fall according as the supply of money brought to market against them rises and falls.

This, however, is only partly true. Certainly prices rise if demand increases faster than the supply of ultimate goods and services, and there is no limit in the upward direction; but when prices fall owing to shortage of demand we soon reach an obstacle to further fall in the item of production-cost. Goods cannot be sold at less than production-cost over any considerable period without entailing the bankruptcy of the producer. Briefly, prices of goods are "what they will fetch."

4. *Capital*. As with Credit, there are two forms of capital—Real and Financial. Real Capital comprises the land, buildings, machinery, equipment, etc., necessary for industrial processes. Financial capital comprises the money assets of industrial firms, etc., whether in the form of Reserve funds deposited with Banks, or invested in Stocks, Shares, etc.

With these definitions and explanations in mind, it is now proposed to view Industry as one gigantic and self-contained organisation apart from consumers. This will be found quite possible in spite of the fact that the large majority of consumers are also producers in some industrial capacity or other.

We begin by emphasising two facts which have already been mentioned. Firstly, the sole end of Industry is to *deliver* ultimate goods and services to ultimate consumers, i.e., to distribute as well as to produce them. If distribution does not take place, production has no *raison d'être*. Use and consumption (and use is a form of consumption) are just as important in the general economy as is production. Secondly, Industry carries on these dual functions of production and distribution by the use of money.

In order to induce production, money is distributed, as income, to those engaged in it, however remotely; and the incomes form the sole means of distributing, by purchase, the ultimate products of industry. If the whole of the money issued by Industry, including total profits distributed as dividends, could be used to purchase ultimate products, it is clear that supply would equate with demand, and industrial activities could proceed unhampered by any shortage of either—at least, in theory.

In practice, what happens is something very different.

There is a continual flow, week by week, of ultimate goods and services on to consumers' markets, accompanied by a continual flow, week by week, of incomes into consumers' pockets; and we have to analyse this flow.

This can most conveniently be done by imagining the normally continuous flow of goods, etc., to be split up into batches. If we imagine the flow to be stopped at any given moment, there exists an enormous batch of goods upon the market of which, it will be admitted, only a small percentage could be purchased by the unspent portions of incomes remaining in consumers' pockets and banking accounts. Broadly speaking, the public can only purchase the whole batch by producing a second batch, in the course of which they will obtain the necessary purchasing-power as wages, etc. Similarly, the second batch of goods can only be purchased by making a third, and so on; the goods and the purchasing-power being thus out of step. It is important to note the time-sequence; in respect of a particular batch of goods we have, firstly, the issue of incomes accompanying the productive processes; later, the appearance of the goods upon the market; and, later still, the sale of the goods by drawing upon the incomes issued in respect of a future batch of goods.

(It must be observed here that wages and salaries are issued ahead of the goods and are principally obtained from credit-issues; dividends are only issued after the sale of the goods, and are obtained from profits. But as dividends are only a small proportion of total incomes, the correction does not affect the general statement to any extent.)

Again, keeping our attention upon a particular batch of goods we have to note that the incomes issued in respect of them will be used to purchase an earlier batch and that the money so recovered will be whirled back to the banking system, via retail traders, and to a large extent destroyed in the act of cancelling the loans of these traders. The money that will be used to purchase the particular batch in view will be largely new money, created and issued in respect of a future batch.

It is admitted on all hands that this procedure is working very unsatisfactorily; it is failing to "deliver the goods." Socialists claim that the chief reason for this is the unequal—sometimes violently unequal—distribution of the purchasing-power. Mal-distribution may be freely admitted, but there is a far more serious defect in that THE TOTAL PURCHASING-POWER ISSUED DURING ANY GIVEN PERIOD OF TIME IS *INADEQUATE* TO BUY THE GOODS, ETC., COMING UPON THE MARKET DURING THAT SAME PERIOD.

This arises owing to various causes of which three may be considered as all-important in comparison with the rest, and will be considered separately. These are:—

(A) The Investment of Savings.
(B) The Accounting of Costs.
(C) The Monetary Policy of the Banking System.

(A) The Investment of Savings. In considering this subject it is more than ever necessary to regard Industry as a closed organisation, with its final customers—the consuming public—outside it. During productive operations, Industry is continually distributing incomes to consumers and, concurrently, entering these in its ledgers as costs. It must be obvious that Industry must recover all these costs if it is to proceed and remain solvent; more than that, Industry must recover these costs from the consuming public—there is no one else from whom they can be recovered. When one industrial firm sells capital goods or intermediate products to another industrial firm, Industry as a whole does not recover any costs; they are simply transferred within Industry. The latter firm, in this case, must defray its own particular costs by transferring these, with profits added, to yet another firm, and so on, until the mounting costs arrive at retail stores or other place of contact with the consuming public, from whence the ultimate products can be taken right out of Industry, and the final costs defrayed. If they cannot be so defrayed, Industry is left with unrecovered costs in the form of surplus goods, etc., over and above current demand, either on the market or piling up behind it.

It will now be apparent that the whole of the money issued by Industry must be used for the purchase of ultimate products, because the purchase of capital products does not recover Industry's costs. Money once issued to induce production must be used to defray the costs of production by means of consumption; i.e., it must be used alternately, first for production and then for consumption. If money is not so used—if it is saved and invested—it is used primarily to purchase capital and intermediate products instead of ultimate products, so that it is entered as costs in industrial ledgers twice in succession, instead of defraying costs in between two such entries, thus leaving Industry with unrecovered costs. If, later on, Industry recovers these particular costs



out of future incomes, which will be entered in Industry's ledgers as costs of future product, the unrecovered costs still remain outstanding, and are not merely unrecovered, but irrecoverable.

It may be objected that Industry can recover its costs by the export—the sale to foreigners—of either ultimate or capital products, or both. This is true from a national standpoint, the standpoint of a single group of world-industrialists occupying a single credit-area and using a common currency. But World-Industry, as a gigantic whole, cannot recover all its costs if money is saved and invested in new productivity. If some nations manage to do so, it can only be at the expense of the others who do not. The bearing of this upon international amity will be considered later.

It should be carefully noted here that the above reasoning is quite independent of the velocity of circulation of money. Every time money makes a *complete* circuit it is entered as a cost on the outward swing and defrays a cost of the same amount on the inward swing. If consumers are to spend money faster they must earn it faster, but in so doing it will be entered as costs against them faster. No increase in velocity will prevent its being entered as a cost as often as it defrays one. But every time money is saved and invested it makes an *incomplete* circuit—a double outward swing but no inward swing—leaving Industry with irrecoverable costs.

Moreover, every time money is invested in industrial expansion it increases the ability of the industrial organisation to produce, while at the same time it leaves consumers less able to defray Industry's costs even on the earlier scale of output.

In short, the practice of "saving" progressively increases our ability to produce while it progressively decreases our ability to consume.

This question of saving is a most serious one, in view of the insistence with which the practice is being urged upon all and sundry at the present time. The prosperity of this country depends upon up-to-date industrial development, but it depends quite as much, if not more, upon its manufacturers and merchants' finding markets for their wares. If the home consumer saves, he reduces the effective home demand relatively to the producer's capacity; while if the foreign consumer saves the effect is similarly to make the sale of all goods, both home and foreign, more difficult in that foreign country. Yet, under the existing system, it is regarded as most desirable that industrial development should be financed by these savings. The position is quite pitifully ludicrous.

Those to whom the moral aspect of "thrift" is supreme will conclude that there must be some snag in the foregoing. The snag lies in the fact that what we are urged to save is money. Money, however, is not wealth; it is only a claim upon wealth. Because it is necessary and right and virtuous to save certain portions of real wealth under certain conditions—as, for instance, seed for subsequent crops—it by no means follows that it is equally virtuous to save indiscriminately money tokens which are claims upon *any* wealth.

(B) The Accounting of Costs. The important factor of plant-charge in costs has already been noted, and some of its constituent items specified. Of these we shall now confine our attention to *depreciation*. In cost-accounting, a worker may be regarded as a human machine who is paid wages, out of which he must provide for his own depreciation. Similarly, to provide for the depreciation of a non-human machine, a "payment of wages" to it must be arranged. This is done in the following manner:—

When any machinery or plant of any sort is installed, an estimate is made of the number of years that such machinery is likely to remain in use before replacement becomes necessary owing to decrepitude or obsolescence. The cost of the machinery is then divided by this number of years, and the figure obtained—the annual depreciation charge—is spread over the annual output of this machinery as a cost which goes into the price of the final product. This depreciation charge is, year by year, placed to a Reserve Fund which will ultimately provide for the renewal of the machinery.

Now this cost differs from ordinary labour and material costs in that it has never been distributed as income in any form. The money will be used in the future to defray future capital costs; but at the time of production of the machine-product the money neither exists, nor has existed, at all in the hands of the public, although it is charged into current prices; it may thus be regarded as wages paid to machines.

It must then be obvious that, as the industrial system pays wages to machines as well as to individuals, the incomes of individuals cannot possibly purchase the product in respect of which these dual wages were paid. And this inability increases as the machine-factor in industry increases.

But the Reserve Fund must be taken into account. During its accumulation it is continuously taking money off consumers' markets, and tending to reduce prices. After years of growth as frozen credit it becomes a demand for new capital goods, and the order for these forms a backing for a new issue of credit to finance their construction. This new money arrives upon consumers' markets with no ultimate products whatever to balance it, and tends to raise prices. The rise will always outweigh the earlier fall, other things being equal, because prices normally do not fall below cost plus a bare margin of profit, whilst there is no corresponding check operating against a rise.

But, further, taking a complete cycle of accumulating depreciation charges culminating in capital equipment renewal, the effect of the accounting operations is the same as if prices had been less by the total amount of the depreciation charges, and consumers individually had saved small sums amounting in the end to this total, and then had spent it all on *capital* products instead of ultimate ones—a procedure which, as we have seen, leaves Industry with irrecoverable costs.

It should be noted that Insurance charges are in a somewhat similar category.

(C) The Monetary Policy of the Banking System. If Banking institutions are following a deflationary policy then, apart from the discrepancies between incomes and prices dealt with under (A) and (B), the incomes issued during a given unit period cannot possibly buy the production of an earlier unit period when the incomes, and consequently the costs entered in Industry's ledgers and carried forward into prices, were larger.

If, on the other hand, an inflationary policy is pursued, the incomes issued during a given unit period will be larger than those of an earlier unit period, and might conceivably purchase the product, if prices did not rise. But an increase in credit issue always, and necessarily, arrives upon the market *before* the new production induced by it, and prices will either rise, or, if they were previously falling due to the cheapening effect of technical improvement in processes, such fall will be checked.

The way in which prices rise faster than incomes, and the evils attending this state of affairs, in spite of reduced unemployment, are too well known to call for comment. But the money which is thus abstracted from the bulk of the consuming public finds its way into the hands of wholesale and retail manufacturing and trading firms, etc., and we have to trace its subsequent course.

In the first place, such businesses will use their increased profits to pay off their old bank loans and overdrafts, which will wipe out of existence the money so used. Beyond this they will partly distribute increased dividends to shareholders and partly use the money for the expansion and capital development of their businesses. In the latter event, the effect is the same as if the shareholders had received it and promptly invested it in the same business, except that no interest is now paid to them. In the former event, the shareholders will probably invest a portion of such dividends, and spend the remainder on goods and services. These latter will tend to be mostly luxury products, and this new demand at a time of increasing trade prosperity (due to inflation) will mean that the luxury trades will obtain an undue proportion of industrial credits. Such money will, to a considerable extent, be paid out as wages to additional workers, and instead of entering the market against luxury goods it will enter the market against the food, clothing, amusements, etc., of the working classes, and further inflate the prices of these.

But, apart from all this, there is a further cause of discrepancy between incomes and prices on account of the normal Bank policy of keeping bank-assets as "liquid" as possible by dealing in *short-term* loans, so that there is continual pressure by Finance upon Industry to recover its borrowed bank-credit from the consuming public at the earliest possible moment.

The issue of a definite amount of financial credit calls into being a definite amount of real credit, which in the nature of things begins forthwith to depreciate. If Finance is accurately to reflect physical reality, the financial credit should be cancelled at the same rate as the real credit depreciates—just so fast, and no faster. The existing system results in a rate of cancellation of financial credit, via repayment of loans, far in excess of total physical depreciation.

It thus becomes plain, on all these counts, that under the operation of the present system the rate of out-flow of incomes on to consumers' markets is less than the rate of inflow of prices of ultimate goods and services, so that Industry is unable to recover all its costs in its prices.

In 1923 Sir Leo Chiozza Money calculated that the total amount of money invested by Great Britain in various industrial enterprises at home and abroad during the previous fifty years was approximately £8,000 millions, and that out of this total no less than £5,000 millions had been lost. These striking figures may be taken as offering a very rough indication of the extent to which British Industry during the period 1873—1923 had been unable to recover its costs in its prices.

(*To be concluded.*)

## News Notes.

WATERLOW APPEAL.—We learn on reliable authority that this appeal to the House of Lords is going forward. The statement that it had been abandoned was made in the *Manchester Guardian* of July 7. Readers in Manchester might point the contradiction out to that newspaper, asking for confirmation or otherwise of its statement.

WHAT IS THE GOLD STANDARD?—The *Evening Standard* on July 25, referring to gold-withdrawals from the Bank of England, made this statement: "The New York Exchange has moved sharply *in favour of London* to 4.85⅝ dollars to the £ thus renewing the probability of *gold exports to America*" (Our italics). This means that when the exchange moves against a country gold moves into that country. That is why gold is pouring into Australia—if it is! Apparently the explanation is that the Gold Standard is now "managed"—the management consisting in fitting it with a reversing gear.

"THE NEW ECONOMICS FOR AUSTRALIA."—The rapid growth of interest in Social Credit in Australia is reflected by the sudden enlargement of this monthly journal from four to 12 pages. The price is now 3d., as against 2d. previously. The change takes place with the issue of June 1, which has recently arrived. All correspondence and subscriptions should be addressed to the Manager, *The New Economics*, Box 956, G.P.O., Melbourne. The articles in the present number are excellently selected for their educative purpose, and are soundly argued and clearly written. Reprinted articles include Major Douglas's address at Swanwick in 1924 ("Social Credit Principles") and at the last New Age Dinner (reviewing the world-situation): also extracts from the "Notes" in THE NEW AGE, discussing a criticism of Social Credit printed in the Sydney *Morning Herald* of February 17. Major Douglas directly contributes a short message entitled "Advice To The Unemployed." The Marquis of Tavistock writes on "Why I Advocate Social Credit." The Rev. Paul Stacy's letter to THE NEW AGE of April 16, "An Appeal to Churchmen," calling on them to repudiate the Archbishop of Melbourne's speeches ("playing into the hands of Finance") is reproduced. The leading article is a reasoned indictment of the banks as "The Arch-Repudiators." In general this is a most effective combination of propagandist talent, and deserves all the support which can be given to it. Taking a line from the fact that Mr. Rhys's booklet, *Real Wealth and Financial Poverty,* has now gone into its 7th edition, we should say that there will be a growing demand for a paper which regularly amplifies his thesis and applies it at every turn to the changing situation in Australia. Readers at home should bear in mind that the population of Australia is only about one-seventh of ours; so that, other things equal, the influence of a unit of propagandist effort out there is seven times that of an equivalent unit here. And, as things seem to be going, we should not be surprised if the number of units at work in that area were soon to outnumber those in Great Britain. At any rate, the Australian Social-Credit groups will soon be able to call themselves the "Advance Australia Movement," with complete political, as well as technical, justification. An army marches on its stomach. The bankers' "All For Australia" army seems to think this means *trampling down* its stomach—"Let all Australians Starve for Australia"!

A COALITION GOVERNMENT.—The *Daily Mail* of July 31 refers to talk in the Lobby of the House about the probable necessity for a "*national government*" to carry out the recommendations of the Economy Committee. The *Times*, in its first leading article on July 30, entitled "The State of the Nation," reviews the economic problems facing the country, says that Britain's prestige and power are declining in the estimation of other countries, and, in reference to the Economy Committee's Report, declares that it will provide "a *final test* of the capacity of the Government to face a national emergency." (Our italics.) Mr. Snowden, in the House on July 30, said that the responsibility for passing economy proposals must be "shared by the House as a whole." Mr. George Lambert endorsed this. "I should like to see," he said, "a *political moratorium* whereby the Chancellor would put into operation the proposals of the Economy Committee and no other Party would endeavour to make political capital out of it."

THE KYLSANT CASE.—On July 30, Lord Kylsant was found guilty of issuing a false prospectus and sentenced to twelve months' imprisonment in the second division. The case had lasted nine days. Sir John Simon gave notice of appeal.

THE BANK RATE was raised from 3½ to 4½ per cent. on July 30. As the banks' rule for interest charge on overdrafts is one per cent. above Bank Rate with a 5 per cent. minimum, overdrafts will have to pay an extra ½ per cent.

NEW SOUTH WALES: SEPARATIST PLANS.—"Plans for splitting New South Wales into five separate states within the framework of the Australian Commonwealth are being pushed forward by dissatisfied rural leaders in the north, south, and west. On the southern border the secessionist leaders, headed by Mr. Charles Hardy, are drafting a proposed constitution for a new provincial state of Riverina. They are also conferring with the secessionist leaders of western New South Wales, the New England area in the north, and the Eden-Monaro region on the south coast, with a view to concerted action."—(British United Press cable in the *Evening Standard* of July 31.) Readers will remember our forecast of Mr. Lang being left with a "cabbage-patch" to govern.

PRUNING THE COTTON INDUSTRY.—A scheme inspired by the Treasury provides that production shall be regulated automatically to demand through the operation of "pools." Each firm's quota will be fixed, and if a mill runs in excess of quota a *penalty* will be imposed; and if *less than* quota, *compensation* will be paid. In order to purchase and dis*mantle* redundant machinery to eliminate uneconomical competition a levy will be ordered not to exceed £500,000 per annum. The joint Committee of Cotton Trade Organisations have resolved that a *reduction of machinery,* shown by a census to be surplus, must be undertaken as a step to permanent recovery.

[Note.—The fewer shirts the consumer can afford the more they are pruned.]



## Reviews.

**The Gates of Ur.** By Hole. (Cecil Palmer. 3s. 6d.)

The dialogue of Mr. Hole's "The Gates of Ur" impressed me as belonging to the literary rather than the spoken, and many of the speeches exceedingly long. How the play would act, and how much work would be necessary to make it act is not ascertainable without making the attempt. Nevertheless, those who are prepared to sacrifice something for a fine theme ought to make the attempt. Whether or not Abram and Sara left Ur because of the motives provided by Mr. Hole, the play is convincing. Its conflict is many sided, social ambition, truth, social stability, and family honour. The scene in which Nahor receives the great secret (see Maeterlinck's version, possibly his best and least romantic writing) could not be less than deeply impressive. Whether in performance "The Gates of Ur" turned out to be theatre or interpretation after the manner of George Moore's "Last of the Essenes," in the reading it is exciting and enjoyable.
P. B.

**Mustapha Kemal.** By H. E. Wortham. (The Holme Press. 5s.)

This is published in the same series as D. S. Mirsky's *Lenin*, and contains a good deal of useful information. But, alas, the author cannot resist "journalese" of the very worst brand, and so fogs the portrait of a remarkable man.
S. R.

## LETTERS TO THE EDITOR.

### THE DOUGLAS SOCIAL CREDIT ASSOCIATION, N.S.W.

Sir,—The Association is now developing into a large organisation, having a central office and club room at Adyar House, 29, Bligh Street, Sydney, with which are affiliated branches at Bathurst, Lithgow, Eastwood, Manly, Bondi, and the Trades Hall (the last four are situated in the suburbs of Sydney).

A reorganisation scheme with a constitution has been carried through and we are now forming various sub-committees to deal with the following aspects of our work: 1. Extension, i.e., the formation of groups and branches throughout the State. 2. Propaganda, Press, and publications. 3. Technical, preparing a definite presentation of Social Credit.

A Junior Douglas Social Credit Association for people between the ages of sixteen and twenty-five has been formed. They have issued 5,000 leaflets inviting the young people in our Universities, colleges, high and public schools to organise to save themselves from the almost certain idleness and frustration of their lives caused by the existing financial system. This body consists of very active and earnest young people who are preparing themselves as writers and speakers to demand that the younger generation of Australians shall not be denied their great heritage.

Public meetings are held weekly at the Lower Savoy Theatre every Thursday at 8 p.m. to large and keenly interested audiences. The meeting on June 18 was exceptional, inasmuch as the lady members gave their exposition of the Douglas System from the feminine point of view. Study and business meetings are held on Tuesday and Thursday each week.

Every Tuesday at 11 a.m. one of our members gives a short lecture which is broadcasted through station 2GB. On Thursday, at the same hour, the same station broadcasts announcements of our meeting to be held in the evening. On Sunday, June 21, one of our speakers (Mr. G. M. Morrisson) gave a public lecture at the large Savoy Theatre, which was broadcasted by the same station. We are extremely fortunate in getting our work broadcasted, for it gives us a wide field, which would be otherwise impossible to get in touch with. We are receiving a number of letters from "Listeners-in" enquiring where they can secure literature on the subject.

Last week we addressed sixteen associations, the most important of which was the delegates of the Nationalist Party. They have invited us to lecture them again at a date to be fixed.

A high official of the Bank of N.S.W. requested a bookseller to let him have all the available literature on the Douglas System, and on receiving same, promised to go into the matter.

The members of the association ask me to express their deep appreciation of your masterly analysis of the state of affairs in Australia. It is extremely difficult to find from the local papers what is happening in other parts of Australia.

Articles on the Douglas proposals have appeared in four country papers, and a number of letters on the subject in the City Press.
R. P.

### DISARMAMENT.

Sir,—There is one prime reason why Social Creditors, Mr. Meulen, and other financial heretics, should not engage in disarmament propaganda. It is that they are few in number, while those who preach disarmament are many. Has not the League of Nations Union getting on for a million members? The addition of Mr. Meulen or the Editor of the NEW AGE to these serried ranks would be of negligible account. Their defection from the active propaganda of economic sanity would be serious.

There are, of course, other reasons, too. It is quite true that direct economic causes have not been responsible for the majority of wars. Even if we extend "economic" to cover the secondary cultural phenomena, we might still admit that the effective causation of wars has often been non-economic. Nevertheless, the question at issue is, What is most likely to avert further large scale wars? And here I can only suggest as the most hopeful measures those which are specifically economic. If we assume that the populations of the potentially combatant states are supplied with a consistent prosperity, I would argue that the consequences would include a widespread feeling of security, a sense of personal dignity, an increasing interest in cultural and the other pleasant and harmless activities of life, and probably an increasing disbelief in the inspiration of (largely self-constituted) national leaders. This would, I hope, break up that mood of acquiescence which furnishes the background for malevolent national policies, as well as removing positive irritants to national outbursts.

On the other hand, I think that visions of the awful consequences of a world hegemony arising from the League of Nations or disarmament are unlikely to arouse opposition. For most people are certainly not at present enamoured of individuality. They want security to follow their manifold and customary interests. And most of them still feel so unhappy without "leaders," that what these leaders say is enough to gain support for what they do.

Furthermore, the ablest advocates of disarmament, such as Major Victor Lefebure, the poison gas expert, certainly do not envisage a world hegemony as possible. Their own programme is distinctly modest and reasonable. They argue that it is technically possible to reduce armaments to such a state as to prevent any nation making an effective attack on its neighbour without such a long period of preparation as to give a fair chance of its occasion being removed That is, they do not propose (nor do they think it possible) to divest any state of a sufficiency of armaments for defence. Unfortunately, the conditions to be fulfilled are, on their own showing, extremely complex, and of course there may be serious flaws in their technical arguments—but on that I am unqualified to pronounce.
HILDERIC COUSENS.

### FILM NOTICES.

Sir,—David Ockham's are the best criticisms of films which I know: but twice when he has praised a film exhibited in a central London picture-house, it has been "off" by the time I have received the issue of THE NEW AGE containing the criticism of it.

Would it be possible to append to his notice where the film in question may next be seen? One would go to a picture-house in outer London, if one knew where to look for it.
S. GASELEE.

### A JIBE AT JARGON.

Sir,—Here is a short extract from a humorist weekly, the *Passing Show*:—

> From a little discussion that took place behind me in the bus the other night, I understand that the postponement of war debt what's-their-names will act as a kind of thingmabob on the what-d'you-call-it and affect the hoodjakapleuve between the gold thingummy, the you-know-old-man and the dashed-if-I-can-remember-its-name, resulting in a terrific thingmyjig on the doings.

One of the methods of exploding a superstition is by laughing at it. The writer of the above may not know what he is doing, but he is certainly helping to challenge the bankers.
R.

## The Social Credit Movement.

**Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.**

## SUBSCRIPTION RATES.

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