THE
NEW AGE
INCORPORATING "CREDIT POWER."
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CONTENTS.

NOTES OF THE WEEK.

The insistence by the Press that the block of £2,000 millions five-per-cent. War Loan to be converted is held by 3,000,000 investors is calculated to create the impression that there exist that number of private citizens holding on the average £700 worth each, drawing £35 per annum each, and spending it as part of their cost of living. The dissemination of such an idea is calculated to beguile everyone who has a jealousy—or revenge—complex into the complacent contemplation of a tax of £10 10s. per annum being placed on approximately one-seventh of the adult population of the country. *The Times* of July 2 in its first leading article reminds these hypothetical investors that they have done very well out of their investment since 1917, drawing their £35 year by year while the prices of things purchasable by that income have been sliding down at a catastrophic rate and commensurately expanding its value. On the principle of the "equality of sacrifice" it is now their turn to do their bit in the Peace-war, as have the wage-earners, etc., etc. Thus *The Times*: and it is important to remember that since the supersession of Party Government *The Times* has become the headquarters of the political system, and designs the forms which political controversies or agreements shall take. It provides polemical material with strict impartiality, exhibiting in its window a wide assortment of arguments suitable for Conservatives, Liberals, or Socialists to select from for use in persuading the public to accept the policy of the bankers. Thus, in the article just referred to, after registering the equality-of-sacrifice argument (thus telling Mr. Lansbury how he can best sell "Conversion" to his followers), the writer proceeds to console the investors with the assurance that even after the reduction of interest the War Loan will still be the most paying proposition they could have as measured against other gilt-edged securities, and that the sacrifice of 1½ per cent. is really a matter of insuring their capital against depreciation which otherwise would take place as a by-product of continued industrial stagnation. You are buying, so the writer hints, not only the capital value of past wage-cuts but also the capital value of further cuts now in contemplation. (This, of course, is not for Mr. Lansbury's use: it is for judicious dissemination among Liberal and Conservative investing classes. Local bank managers will tell it to old ladies in little parlours.)

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Assuming for the sake of argument that there were 3,000,000 investors now spending £35,000,000 per annum on consumable goods, the effect of cutting £10,500,000 per annum off that figure would be to rob industry of that revenue, thus tending to depress trade and employment still further. It would be an act of deflation; for although on paper one could show that the saving to the Government on the expenditure side would enable it to remit taxation on the revenue side, there is no guarantee that it would do so; and students of bankers' policy will, on the contrary, know that the bankers' principle of assessing the "right" levy on the taxpayer is that of: All he can bear—corresponding to the commercial pricing of goods at "all they will fetch." They have certain reasons for desiring to see a reduction in Budget-turnover, but none of those reasons has anything to do with restoring to the taxpayer a margin of disposable income, but, on the contrary, all have to do with transferring from the Government to the banks the power to control the spending of that margin. To illustrate; say that the community's capacity to pay taxes is £10; its capacity to save for investment £10; and the taxes being levied £10. The bankers' are all for reducing the taxes to £8 provided that the £2 comes across to them through the investment market. But if the £2 is going to be spent by the taxpayer according to his own fancy, the bankers are all for letting the Government retain it, as the lesser of two evils. It may be remarked that in the present temper of the people it is a life-or-death matter for the bankers not to let them have control of spare cash which could (as we are certain much of it would) be devoted to finance resistance to the bankers' policy. The impulse to what they would call "subversive action" is spreading rapidly among the personnel of the departments charged with the maintenance of law and order, not to speak of the similar attitude among those charged with the administration of financial policy.

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Reverting to the article in *The Times*, the writer's reasoning with investors is all of a piece with the comments and arguments in the Press generally. It, and they, are based on assumptions which cannot be checked back. For example, one newspaper let out the interesting information that the Register of War Loan holders was a secret tome kept, and religiously guarded against inspection, within the Bank of England itself. That fact doubly underlines everything said in this journal about the ownership of the stock. Why should there be this shyness about letting the public know what persons and institutions had lent the Government their money to win the war? There is nothing to be ashamed of in that, is there? These patriots are not averse from public praise and honour, are they? Another question, too, is Why this precious book, which records a transaction between a representative Government and the citizens whom it represents, should be the property—and its contents the secret—of a private institution owned by cosmopolitan money-controllers. And while we are on the point of constitutional propriety, let us bring forward this question: What authority has the present Government to enter into a "solemn obligation" (as the phrase goes) to pay the 3½ per cent. without alteration or intermission for the next twenty years? It amounts to promising a certain section of the community (and a fractional minority even on the extravagant enumeration of investors published) that the bargain struck with them shall be a "reserved question" (a phrase familiar in Anglo-Indian politics recently), i.e., a compact placed beyond the power of the whole people or their Parliament to review, and for a period long enough to cover at least four general elections. Whence does this Government derive its right to make such a promise? The answers to this, and the previous questions, are inter-related and are all connected with the technique of war-loan-creation pursued by the banks in 1914-18. Some particulars of the process are given elsewhere in this issue as a footnote to a correspondent's letter. Those familiar with it will accept the statement that practically the whole of the stock to be converted is now owned by or pledged with the banks. The so-called "boldness" of the Government in offering to pay everybody out in full next December if he wanted the money was merely the boldness of the banks in offering to pay themselves out. They do not want to be paid out, because they daren't let it be known how much they are entitled to be paid out. So the success of the Conversion scheme is assured. As for boldness on the part of the Government, the Government knew nothing about it: it wasn't its place to know; so there was no object in its knowing: it probably got its information at the same time as the members of the House.

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Insofar as there are *bona fide* private holders of unpledged stock in their own right it may be pointed out to them that the Government's promise to maintain the interest-rate for twenty years, though constitutionally *ultra vires*, will not be challenged by any politician; and will be kept by them—provided, of course, that they are not forcibly kicked out by another Government which is ready to assume complete control of financial policy. Even in that event the interest would not be interfered with by the new Government, for, *ex hypothesi* they would be rather on the side of distributing more income than less. But assuming the continuity of the present Government no private holder can depend on the capital value of his stock being maintained at its present or any other figure. That is implicit in the official statement that the new stock will not be accepted in payment of death duties—a restriction which would be unnecessary if the stock would always be marketable at or above its nominal value. This will not matter to holders who want only to draw interest, and need never borrow on the stock or sell it. But to others it is a material consideration. But, as *The Times* hints, it does not solve the problem of whether to convert or not, because everybody dependent on interest or dividends has got to convert into something or other, and the only question here is whether it shall be the new War Loan or something else.

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Holders who convert before the end of July will receive a £1 bonus in cash free of tax on every £100; £2 10s. per cent. on December 1; and £1 15s. per cent. on June 1 next; making a total of £5 5s. per cent. gross during the twelve months. There is, therefore, no loss on income account for the first year. This fact is not recommended as a point for Socialist supporters of "Conversion" to put to their followers: it might lead to disturbing calculations as to the effect on the incidence of the equality-of-sacrifice policy caused by this twelve-months' moratorium for the investing parties to the sacrifice, which, added to the mine months since the election, makes a substantial time-lag between the contributions of wage-earners and tax-payers and those of the dividend-earners. The point does not concern us, but we mention it for the benefit of those who may like to make use of it

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According to a certain stock-broking authority's circular, "it is impossible to forecast what the value of the new Stock will be in a year's time." That can readily be believed, because the holders of the bulk of the Stock are not interested in keeping up its market value, and, on the other hand, are able to make the value what they choose. Any rush to buy, or to sell, by private holders can be countered as to its effect on market values by the banks, who are always in a position to buy faster than holders can sell, or sell faster than holders can buy. The spectacular rises of gilt-edged securities last week-end were manufactured for the occasion: so was the immediately preceding fall in the Bank Rate, and so were other falls previous to it. We are not saying that investors did not operate, or operate largely, but we are saying that their operating was not necessary to bring about the boom. The bankers had decided to have one, and were quite able to produce it, even if private operators had got scared and rushed to sell out. When we speak of a "boom" we mean the appearance of one. For the Stock Exchange is correctly described as a confidence-factory, in contradistinction to the general notion that it is a confidence-barometer. Thus when this week's Sunday papers came out with the headline: "£500,000,000 Rise In Stock Values" the fact on which this spectacular boast was based was nothing more than that transactions in certain stocks had been recorded as having taken place at certain prices. Whether it is the rule to record the total amount of money involved in every transaction we forget—but the point is immaterial: what is material is that the names of the parties are not recorded. Add to this (although it is not of direct importance here) that in stock-dealing it is possible for a party who hasn't any stock to sell it to a party who hasn't any money, and you will realise the wide scope afforded by the Stock Echange—the confidence-factory—to produce misplaced confidence. There is nothing to stop a bank from conniving with another bank or an insurance company to buy from it a parcel of stock at any figure they decide on. The amount of money involved doesn't matter a scrap to them: they are all in the money-manufacturing game. All they have to do is to strike their bargain, and the Stock Exchange brokers

record the figure. Then some hack, under instructions from Fleet Street, takes the figure, multiplies it by the total number of existing shares, and writes up a flaring statement that all these shares have gone up by so many millions of pounds. By this means it would be quite possible for, let us say, Mr. Montagu Norman, by doing a small deal with Sir Otto Niemeyer in any stock you like at some fancy figure, to create the illusion that the whole issue of that stock was worth, and would fetch the holders, the same price as these gentlemen had agreed upon.

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There is, or can be, a practical significance, however, in this fictitious amount of £500,000,000 given in the Press. It is this. If the banks have decided to accept this rise as if it were authentic, and therefore to lend holders of the stocks so marked up a commensurate extra amount of credit on those securities, that is of course a practical consideration, the value of which is indicated (though, of course, not measured) by the published figure of £500 millions, and is no doubt pretty intelligible to people engaged in the business of the money market.

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Last Friday morning—the Conversion scheme having been announced on the previous evening—Mr. Montagu Norman had all the chief brokers on 'Change up at the Bank for a little private discussion before dealings began. We have no doubt that our readers will share our suspicion that when they left for Throgmorton Street to commence dealings all the dealings had been finished. It may be remarked that opinion on the chief Continental bourses marked its estimate of the Government's "bold" policy by marking sterling down. Evidently they went on the sound principle in these matters that whatever things seem to be ain't so!

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We have already said that we do not rule out the probability that there has been a good deal of voluntary *bona fide* stock-dealing going on. For one thing, the bankers' reduction of the Bank Rate may be calculated to have disseminated a vague feeling of confidence among honest investors, which would induce voluntary investment. But in addition to that, the reduction was intended to discourage people with heavy deposits at the banks from keeping them there. As Lord Beaverbrook complained in a manifesto to the banks last week (published in the *Daily Express*) he had been getting only ½ per cent. on his deposit. He was not arguing that he should get more, but that if that was all the banks were paying they could afford to lend money to industry at less than 5 per cent. Now that the Bank Rate is down from 2½ per cent. to 2 per cent. presumably the rate on deposits will be still less. In fact, startling as it may sound, there is nothing to stop the banks *charging* interest for minding deposits if they see fit—and we can think of sound reasons (from their point of view) for their doing it. This was the rule in the earliest days of banking when deposits were in tangible and intrinsically valuable form.

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We have a feeling that there is some connection between the Conversion scheme and the mysterious Exchange Stabilisation Fund. What the connection is we are not prepared to state: we record the feeling so that readers may do a little thinking along this line if they have not thought of it already. Nobody seems to know whether the Fund exists at all, much less what its nature is or how it is being used. Major Elliot, Financial Secretary of the Treasury, recently professed inability to answer questions addressed to him in the House on the matter by two members. It will be remembered that the powers taken by the Government to raise the Fund covered the amount of £150,000,000. This figure is of the same order of magnitude as the alleged advance of £500,000,000 in British gilt-edged securities, and represents 7½ per cent. of the £2,000 millions of convertible War Loan. At, say, twenty years purchase a 5 per cent. stock valued at 100 would be worth 70 when interest was reduced to 3½ per cent. Assume that there is £500,000,000 worth of such stock, the total fall in value would be £150,000,000. If it could be ascertained that something like this amount of British War Loan is in the hands of foreigners, and that they declined to submit to the cut in interest without compensation, then the Exchange Stabilisation Fund of £150,000,000 would measure that compensation. Or, alternatively, it would enable the Government, while ostensibly paying the foreign holders only 3½ per cent.—the collective annual interest, £17,500,000, being included in the Budget estimates in the ordinary way, to pay them also another £7,500,000 per annum secretly out of the Exchange Stabilisation Fund and omit to account it in the Budget estimates. The plausibility, such as it is, of this speculation derives a little weight from the fact of the 20-year guarantee given by the Government and emphasised by the Press.

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Elucidation of this matter will probably be assisted by the study of an article by Dr. Arthur Salter which appeared in *The Times* of June 30, i.e., twelve hours or so before the Conversion scheme was announced. There is evidence that it was published according to some concerted plan; for, two days later, on July 1, a letter appeared urging the Government to put Dr. Salter's policy into operation at the earliest possible moment. It was signed by sixteen people, among whom the names of Lord D'Abernon, Cyril Asquith, Abe Bailey, Maurice Bonham-Carter, J. A. Hobson, and H. Withers provide a sample of the group. The Salter Plan is a Reflation plan, and the article suggests how it should be applied. His chief points are:

1. First, "get conversion out of the way."
2. When that is done, begin to lend credit for useful public expenditure; and encourage wise private expenditure.
3. Revive State guarantees to exporters.

The following passage indicates Dr. Salter's line of reasoning. He concedes that prices would rise, but says:

"The advantage of a rise in the general level of wholesale prices would be cancelled if they rose to a point at which the general level of wages and cost of production was also forced up. But this limit gives a substantial margin for movement. The wage-level is only endangered by a considerable rise in the cost of living. There is a substantial lag to be caught up between wholesale and retail prices; and real wages have increased in the last two years. Danger would arise if prices rose so that real wages became less than before the depression."

Further on he uses the phrase: "To get back to 1929 prices . . ." which fixes the time when the "depression" began. In fact he refers elsewhere to 1929 as the year when the "world-depression" set in.

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He allows that something could be done along this line by Britain alone, but that much more could be done under a concerted plan in which the United States and the Dominions co-operated.

"It is to the advantage of the whole world that America should succeed in the reflation policy she is now pursuing."

It is not succeeding because the American people have lost confidence which "expresses itself in hoarding and a flight from the dollar." If Britain came in this would remove the difficulty.

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Dr. Salter's thesis appears, then, to be that Britain should carry out Conversion in Britain to clear the way for Reflation in Britain in order to make Reflation a success in the United States; whereupon Britain and the United States can join forces to impose Reflation on the Empire and the rest of the world. If every country reflates at the same time, and agrees to get back to 1929 prices (and not higher) at the same rate, the several national banking authorities can run the show without the risk of investors flying from one currency to another. When the bankers fall into step nobody can fall out of step. That assured, the process of " catching up the lag between wholesale and retail prices " will proceed smoothly. The wholesalers will get better prices, while the retailers, who pay those prices, refrain from raising their own to wage-earners and other consumers. That, at any rate, is Dr. Salter's implied assumption so far. But he implicitly contradicts that assumption when he hints that *only a considerable rise* in the cost of living will *endanger* the wage-level. In plain English, his hint is there is room for retail prices to be raised without necessitating any rise in wages. So the lag to be caught up is no longer that between wholesale and retail prices, but between retail prices and incomes. Whichever lag Dr. Salter may hope to see caught up there is no possible doubt about the lag that the bankers will catch up when they get to work. But even were they neutral the sinister character of the Salter Plan would be the same. It precipitates a conflict between retailers and consumers as to which of them pays the " reflation-tax "—and is thus a provocation to rioting and shop-looting. Dr. Salter does not explain how, wages apart, it is possible to have a rise in wholesale prices without increasing the costs of production. It can be done if, at the same time as the prices of materials and intermediate products rise, the manufacturers who pay the higher rates order less quantities. But in that case, what is the gain to the sellers? It must always be remembered that there are two methods of getting prices up; one is to put more money about for the goods to fetch, and the other is to put fewer goods about to fetch the money. Both methods can be applied at the same time; and we have no doubt at all that what Dr. Salter calls a " concerted policy of controlled reflation " describes their contemplated simultaneous application. The bankers, having put a substantial proportion of Britain's industrial plant and organisation out of action under their rationalisation schemes, are now ready to put out more money for the diminished output to fetch. It is perfectly clear that if a community have got to consume say 100 articles to keep alive, and the banker can cut down the physical capacity of industry so that it cannot deliver more than the 100 articles, then there is no limit to the amount of money that he can safely lend the community to play with. He is bound to keep on getting it all back, and the community are bound to keep on working for him as the condition of their survival. Students will not fail to note the significance of the bankers' usurpation of the function of industrial administration through their own agents during the last several years. It is hardly an exaggeration to say that they are in immediate control as owners (quite apart from their ultimate control as financiers) over the policy and the programmes of production of most British industries. Agitators for " more credit " and " cheaper credit " will do well to consider who will have the handling of the credit if and when it is issued. They will discover that the banker in the bank will be advancing loans to his agent in the factory. The two of them will control the reflation all to themselves. What action it is possible to take to stop them is a conundrum which we cannot answer. But we can at least take care to put our demand in a form which they cannot accept without yielding what we want. In short, we must insist on Price-regulation even to the point of resisting credit-expansion without it. This policy, at any rate, would clearly differentiate Major Douglas's proposals from the multitudinous alternatives and adaptations with which they are confused.

The Control of Inflation.

The word " inflation " has been perhaps the most frequently used of any in the polemics of finance. But the *thing* or *condition* represented by the word is never defined. The reason is that an intelligible definition is impossible—as can be proved by the same test as we recently used when examining the content of " reflation " (the NEW AGE, June 16, " Reflation and Barter "). That test is to ask what condition of affairs in a barter-economy would correspond with a condition of affairs at present to which the word " inflation " is applied? The end of such an inquiry must be the discovery that under a barter economy the condition of affairs is and remains invariably one describable only at " flation," or, if you like, " indeflation "—zero—the datum-line of *no price* (in the sense of measurement or expression in financial terms). The only absolute definition of " inflation " is to say that it describes the phenomenon of the *first appearance of financial price*—the ascent of the goods-exchange level above the no-price barter line. (In theory, " deflation " would describe the descent of the goods-exchange level below the no-price datum-line, when prices would be expressed in *minus* terms. This can be disregarded since in the money economy prices are expressed in *plus* terms.) The conclusion is that the initial adoption of a monetary basis of economy was in itself an act of inflation. All prices were inflated because they *were* prices. Price *is* inflation.

To borrow our illustration from the article referred to, take a moment under a barter-economy when the exchange ratio between Tables, Chairs, and Loaves is 1 : 2 : 40 and assume that the numbers of these respective things available for exchange are 1, 2 and 40. Now introduce a money notation and attach an arbitrary price of £1 to the table. The collective price for each category of goods is the same, viz.: £1. The unit prices for the goods taken singly are: T., £1; C., 10s.; and L., 6d. Exchange can be carried on with a total sum of £3 in circulation. Now let us assume that instead of £3 in circulation there is £30. The collective prices of the three stocks of goods are £10 each, and the unit prices £10, £5, and 5s. respectively. (There is nothing in the act of multiplying the issue of money to cause any alteration in the ratio 1 : 2 : 40 *provided that the issuers leave people to do what they like*—for they would like to make, and like to buy, the same kinds, and relative quantities, of goods when they have money as when they have not. The money would not alter their tastes or their power to produce.)

Now in these figures one sees the phenomenon which the bankers to-day describe as " inflation." The prices of T., C., and L. have gone up from £1, 10s., and 6d., to £10, £5, and 5s. per article respectively. But there was the same " inflation " previously when T., C., and L. rose from 0, 0, and 0 to £1, 10s., and 6d. " Inflation " is merely price-upwardness; and inflation persists so long as prices remain on the upward side of zero!

From the foregoing analysis the conclusion is that the " control of inflation " is the control of the general price level, which means simply the control of money. No money, no prices. Under barter there is no price-level and therefore no variation in price-level. Under barter there could be a variation in the total output of articles from time to time, and a variation between the exchange values of certain kinds of articles in terms of other articles. Thus T., C., and L. might be produced in quantities 1, 2, and 40, or 1, 3, and 50 respectively, i.e., 43 articles altogether, or 54. But the general price-level would remain unaltered if everything were exchanged because the higher indices of exchangeability would be reciprocals of the lower. The general price-level would be

unity in both cases. The only thing that could disturb that unity, or could be held to do so in an injurious sense such as is implied by the word inflation, would be if a proportion of the total articles made could not be exchanged—a situation which could only be brought about by someone making quantities beyond the community's needs, or by his refusing to take what other people had to offer in full payment of what he had to offer. But to call this " inflation " would be to change the import of the term completely. For it to be inflation one would have to suppose that every producer hung back for a higher exchange-rate for his particular goods than his neighbours possessed in goods of their own. That is psychologically inconceivable. Instead of calling it inflation one would call it communal insanity.

An Unlicensed Reflationist.

Sir Henry Fielding Dickens, of 8, Mulberry Walk, Chelsea, S.W.3, thinks that six years' penal servitude is a suitable punishment for the crime of having in one's possession a milling tool and 129 counterfeit half-crowns. That is what he gave Albert William Pyrke, a motor dealer, of Holloway, on Wednesday, June 29, at the Old Bailey. A woman in court, on hearing the sentence, cried out, " You call that justice." (*Evening Standard*, June 29, p. 2.)

Sir Henry is Common Sergeant* (elected 1917), an office in the administration of the City of London. Salary £3,000. Age 83. The sixth son of Charles Dickens! The accounts of the City's Estate for 1929-30 disclose the fact that out of a total revenue of £289,000 no less than £100,000 is allocated to various " redemption " and reserve " *funds*." Thus the City was filching money out of circulation during that year at the rate of £16 every eighty minutes; and is still doing it. Mr. Pyrke's half-crowns were worth £16 at face value. If he had issued them he would have counteracted the City's filching for the space of eighty minutes. Penalty for being in a position to do so—six years! " Do you call that justice? " cried the woman. Yes—Mansion House justice. Of course, the City's defence would be that innocent receivers of the half-crowns would have had to lose the value they had given in exchange for them. The answer is that since the use of money is compulsory the risks of forgery should be borne by the money monopoly, who should replace the bad coins with good ones just as the Bank of Portugal replaced bad with good notes.

Originally, silver coins were made of standard silver which cost about 5s. per ounce. To-day the cost is about 1s. 4d. per ounce (and has been down to 1s.). Moreover, by an Amending Act (10 Geo. V. ch. 3) coins are now made of an alloy which is only half silver. Thus the intrinsic cost of a half-crown which was once two shillings and sixpence is to-day something like eightpence. Mr. Pyrke possibly produced his coins out of base alloy at less than this figure, but not much when his labour is taken into account. It was only the technically greater difficulty of melting silver-alloy which prevented him, and prevents other private coiners, from giving the public as good an article as the Mint, at a handsome profit of 275 per cent. on cost of material.

Last week a man got six weeks for taking ten minutes to kill his dog with an axe. Social justice would have appeared to be met if Mr. Pyrke had got, say, a fortnight.

* The information used here is taken from *Who's Who*, 1932, and *Whitaker's Almanack*, 1931 (under " City of London " and " Coinage "). Other information in these sections of *Whitaker* is well worth study, especially the gifts and donations shown in the accounts.

Ireland and Interdependence.

Mr. de Valera is held to be guilty of a great heresy because he has refused to submit his policy to the arbitration of an exclusively Empire tribunal, and insists that arbiters from foreign countries should also be included.

The Prince of Wales (through Prince George) has publicly adjured the delegates to the forthcoming Empire tribunal at Ottawa to remember, when carving up the melon of Empire trade, to leave a few slices for foreign countries which will not be represented there. (London morning Press, July 1.)

Mr. de Valera is entitled to point out that the obvious implication of the Prince of Wales's words is that foreign delegates *ought* to be represented at Ottawa, and that since they are not, the Empire delegates ought to try to come to such decisions as would have been arrived at if the foreign delegates had participated in the deliberations.

Since, then, the mutual relations of the countries of the Empire are a concern of the outside world, so must be the relations of Ireland with the rest of the Empire. Hence Mr. de Valera's demand for foreign participation is logically impeccable, and in complete accord with the principle laid down by the Prince of Wales.

IRELAND.

Directory of Key Addresses.

[The first comments on the policy of Mr. De Valera was in THE NEW AGE of March 31, and referred to a reply in the House by Thomas on March 22 that he had not then heard officially from him about Annuities.—ED.]

Rt. Hon. J. H. Thomas, 125, Thurlow Park Road, Dulwich, S.E.21.

Eamon De Valera, Springville, Cross Avenue, Blackrock, Dublin.

Sir George Ernest May, Eyot House, Weybridge.

National Debt Commissioners: Speaker, Chancellor of the Exchequer, Master of the Rolls, Lord Chief Justice, the Accountant-General of the Supreme Court, The *Governor* and Deputy Governor of the Bank of England. Address of Governor of the Bank of England, *Rt. Hon. Montagu Collet Norman*, Thorpe Lodge, Campden Hill, W.8.

National Debt Office, 19, Old Jewry, E.C.2.

YORKSHIRE PROGRESS.

A meeting of Social Credit students and propagandists from Leeds, Bradford, Wakefield, Dewsbury, Batley, etc., was held in Cleckheaton on Saturday, June 25, and it was decided to form an organisation under the name of the West Riding Social Credit Association. The entrance fee for members is 1s., with regular contributions through group secretaries. A further meeting is to be held on Tuesday, August 9, to consider the most effective methods of action. The convenor (pro tem.) is Mr. J. J. Taylor, Claremont House, Cleckheaton.

The meeting was held within a few stones' throws of the site of Rawfold's Mill, which was the scene of a fierce attack by Luddites in 1812 in their attempts to smash the machinery which was destroying the hand labour of the croppers.

BACK NUMBERS OF "THE NEW AGE."

The reader who recently offered, through these columns, to send his back numbers of THE NEW AGE to anyone who cared to pay the carriage informs us that he has been inundated with applications. He suggests that there may be others who have back numbers to dispose of, and if there are any such they may be willing to despatch them, carriage forward, to applicants. They should notify Box 24, THE NEW AGE, 70, High Holborn, W.C.1.

Coventry Municipal Credit Scheme.—The General Purposes Committee of the City Council, to whom the Mayor had referred this matter, resolved on June 20 " that in the opinion of the Committee the scheme is not one to which it would be practicable to obtain the assent of Parliament, and that accordingly no action be taken." (Official Minutes, page 82.)

The Means Test in Rotherham.

The Minister of Labour has given notice to the Rotherham public assistance committee that they are to be superseded by an official. According to a report, and a leading article, in *The Times* of June 29 (which are worth close study) the committee have been disregarding the law with a persistence which amounts to "contumacy." Reading between the lines it is apparent that the committee have been in a state of continuous hesitation about administering the section of the law which provides that as soon as a client of the insurance interests ceases to be profitable to them he shall be billeted on his relatives. *The Times* does not put it that way: it explains that "when the actuarially generous terms of the benefit have been exhausted" further benefits, termed in the law "transitional payments," are virtually State relief, and as such are made conditional on an examination of the need of the applicant for this kind of assistance. "It follows that the needs and resources of all related members of the applicant's household must be taken into account."

The Rotherham public assistance committee have either been refraining from recourse to this inquisitorial investigation, or, if not, have declined to levy subsidies on the families to the amount demanded by the General Inspector of the Ministry of Health, on whose report the Government have taken their action.

As we once remarked about the parallel supersession of the West Ham Board of Guardians, the farther the bankers press their policy the more they will be forced to administer it through their own paid agents. The work is becoming too dirty for gentlemen to handle. The Rotherham borough council is stigmatised as "refractory" by *The Times*: "it has disregarded its legal duty." Well, that is what must be expected when all financial legislation is inspired in bankers' conclaves and endorsed by a Parliament composed of "pieces of mud." *The Times* remarks that there are several other local authorities guilty of similar delinquency, though not to the same "contumacious" degree. That is good hearing: and we hope they will keep it up.

Rather curiously, *The Times* holds out the Minister's "drastic" action as a "warning" to these other authorities. Warning of what? Supersession? Well, a public assistance committee's job is not a paid one, and it is certainly the opposite of a pleasant one; so why should they bother? We would like to see every such committee in the land resign and leave the bankers to hold the baby. The law which these committees are required to administer is calculated to provoke breaches of the peace; and therefore for moral, not to speak of prudential reasons, councillors residing in the areas should have nothing to do with it. Let them leave the job and its risks to the bankers' bailiffs.

"THE TIMES" ON REFLATION.

Members warmed visibly to the reminder, which Major Eliot gave them . . . of how relatively successful the national effort is; but their cries for remission of even the most unpopular taxes have been more pathetic than irritable.

Sir Robert Horne has certainly caught their ear with his suggestion that the controlled reflation of prices is a way back to prosperity, but he probably owes his success more to the argument that only such a policy will guarantee the balance of the Budget . . . than to any belief that currency management is a substitute for the hard necessities of the Budget.

In the long run it will probably be found that members are ready to give the Government a greater latitude in the matter of currency policy than in the matter of retrenchment. For this House of Commons is quite ready to give any promising experiment whether in fiscal or in monetary questions a fair trial. (*The Times*, first leader, May 19.)

Exorcising the "Interdependence" Devil.

By John Grimm.

The doctrine of "interdependence" has never, to my knowledge, been founded on any argument, nor on any acknowledged assumptions; it has just been asserted as axiomatic—as a "natural" frame of reference in which the bankers proceed to justify their ramps. The dissemination of the doctrine is carried on by the process of the *constant repetition of a confident assertion*. Its sponsors do not declare the *nature* of "interdependence": they do not declare that it has *got* to be; nor that it *ought* to be: but simply that it *is*. And what they thus omit to declare is precisely what the public most implicitly believe—and believe it precisely because it has not been declared to them but has arrived to them out of the air. They have become emotionally convinced that the "got to," the "ought to," and the "is," are an inseparable trinity—a three-in-one.

The Biblical injuction: Answer a fool according to his folly seems to me to be the right rule of controversy for the Social Credit advocate when drawn into casual discussions. Those people (and they are a majority of the public) who are deceived by confident assertion on one side can only be undeceived by confident contradiction on the other. If they (as they do) let bankers' assumptions pass without examining them, they will also let your examination of the assumptions pass unexamined. They will not even be interested to be told that any assumptions exist to be examined. To them, everything that the bankers say *is* true, has *got to* be true, and *ought to* be true. So no counter-argument will affect them. The only possible means of disturbing their faith is to assail it frontally with a counter-faith. An expression of this counter-faith can be put in the brief form: All bankers are liars. What bankers say isn't true, ought not to be true, and jolly well isn't going to be true.

Of course no method can be guaranteed to dispel the hypnosis you are up against, but this method is most likely to have an effect, and it has the merit of being a labour-saving method. It is true that the "voice" from the back row in a public meeting which projects the epithet "liar" at a speaker does not prove anything, but it does focus attention on some specific statement from which the owner of the "voice" dissents. This mode of controversy has been cheap and ineffective in the past because the disputed statement has usually been one regarding which the audience could ascribe a personal motive to the interrupter who disputed it. Thus:—Speaker: "Wages are too high." Voice: "Liar." The audience has no difficulty in concluding that "of course" the owner of the voice earns wages and does not want them cut. But suppose a speaker says: "All nations are interdependent," and someone interjects, "Liar," the situation is entirely different, for here is a seemingly self-evident truth being directly denied by someone whose interests as an individual are seemingly (as they would be in fact) unrelated to the truth or otherwise of the statement.

I do not, of course, suggest that the advocate of Social Credit should pursue so crude a method as this—though there are occasions when I would certainly do it myself. There is a more refined method, and it consists in putting your contradiction of the bankers' story into the positive form of a story of your own, and narrating it contemptuously, ironically, flippantly, or seriously, according to the quality of your audience, but in every case calmly and confidently, without argument, and, particularly, without the display of any interest in whether your story is accepted or not.

Let us try the method on the "interdependence" story. You might construct a story along these lines:—

"The prosperity of the world can only come through each nation minding its own business. The great threat to the peace of the world is the persistence of these vicious get-together stunts—international conferences, and all that. Nations will be the more friendly with each other the less they mix with each other and try to understand each other. Distance makes the heart grow fonder. It's all nonsense for this country to try to agree with other countries on plans for their common benefit, because it is perfectly obvious that if they prosper it is at our expense. We don't want their goods, and they don't want ours; it only pays them to buy from us what they've got to have; and the same with us from them. So there's nothing to meet to talk about. Let the talking be done by importers as and when there's business to be done, and let us cut out this extravagant and timewasting chatter by political busybodies. Their proper place is at home helping British industry to serve British interests. The best way for us to get out of our difficulties is to give all our attention to them and none to any other nation's. The way to get trade is to go for it from where we are, not to go slipping out abroad discussing the subject of 'Shall we compete with our brother-competitors?' There's so much trade to go round, and until we've got enough of it to absorb our unemployed the less we blather about the other fellow's difficulties the better. Charity doesn't begin abroad. You might just as well try to create more work at home by getting the employed to share their jobs with the unemployed as to try to create more trade abroad by sharing markets with the foreigner. Anybody can see that it's all nonsense.

This line of attack is, it will be seen, outside the Social Credit frame of reference. The object of it is, by explicit or implicit contradiction, to trap your companion into fishing about for reasons for the faith that is in him and against that which he thinks is in you. If you can do this you have made a breach in his hypnosis. This recipe of mine has not been tested, as cookery experts say, but is being tested, and recommended for trial by readers disposed and competent to carry it out.

Morals and Economics.

By Hilderic Cousens.

I.

Archbishop Magee once declared that he would rather see England free than England sober. If he had been asked to say what he meant by England, free, and sober, he would probably have quickly landed himself into all sorts of pitfalls of logic and fact, in spite of his well-known skill as a debater. Nevertheless, the epigram showed that at least he meant well. I suppose it could be re-written into more pedantic English as the contention that the absence of a large measure of self-determination is not to be offset by a large measure of outward conformity to current social rules of behaviour. If we survey the present state of English society, it seems as if the current towards an increasing measure of self-determination which can be perceived slowly flowing throughout the XIXth century, is at least stopped, and probably reversed. Similarly it seems as if the current towards a higher standard of morality is likewise stopped. In Europe they are both definitely reversed.

Now by morality I do not mean conformity to established or supposed-to-be-established canons of behaviour. Canons of behaviour must always have a considerable value. For people who are not sure of themselves they appear to be necessary props of life. And in any community there must be a fair number of generally accepted modes of conduct, for if there are not, the community will come to an end because nobody will know what, in general, to expect of his fellow-members. But a scheme of rules tends to get out of date, the variety of life, individual and social, cannot be confined within it, and new rules are always being pressed into attention. By morality I rather mean a general conformity to recognised principles of behaviour—to the spirit of the law rather than to the letter. The principles of behaviour which were being increasingly actualised in this country, as in certain other parts of the world, have a long and tangled history, which nothing short of a treatise would suffice even to adumbrate. They derive from several sources—the Athenian intellectuals of the IVth century B.C., the Stoics, Christianity, the XVIIIth century Rationalists, Bentham, XIXth-century science, and so on. The hinge on which they are hung seems to me to be the view that the human being, whatever else he may be, is also an end in himself, and that, therefore, all those acts and attitudes which can be summed up as cruelty, ignorance, despotism, dishonesty, superstition, and fanaticism, are anathema.

Reading the history of this country, I am more and more convinced, that in 1920 the population was in its individual acts and disposition, less cruel, less ignorant, less tyrannical, less dishonest, less superstitious, and less fanatical than at any previous time. Why was that? To some considerable extent it was due to the unceasing propaganda of numbers of Christians, Utilitarians, Radicals, Socialists, and so on, set on foot in every case by a mere handful of zealots, who attacked from their various positions particular abuses or general darkness. But to a larger extent its cause was the condition which supplied both opportunity for propaganda and the milieu within which it could be successful. This was the rise in the standard of comfort, hardly perceptible from 1780, more noticeable after 1850, dreadfully slow but still observable. As people became better fed, better clothed, better washed, better housed, better amused, and a little educated, they became more civilised and more moral, in *any* sense in which that much abused word can be taken. And because of this, the people could cherish some hope that the standard would rise still further, and were spurred on by the hope to endeavour to force its rise by sundry means of very various value.

In any difficult situation, even when it is due to non-human agency, the temptation to blame the other fellow alternates with that to call oneself a miserable sinner. A small child will often smack and abuse a doll for refractory behaviour, and some savages are wont to thrash the idols which fail to produce good harvests. So at present abuse of the devil, in the shape of the shopkeeper, the unemployed, the profiteer, the cinema, or, as my paper reports to-day, dancing in villages, is a stock theme of sermons in Press, pulpit, and platform. The alternative takes the form of laments that we don't advertise enough or save enough or spend enough or work hard enough or take enough interest in foreign affairs. And the only thing not complained about long and loudly is reluctance to use one's brains and common observation—a fault more justly to be complained of than anything else.

(To be continued.)

Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

"The services of the clergy are imaginary, and their payment should be of the same description.—G. W. Foote.

"Solemnity is of the essence of imposture."—Shaftesbury.

"One of the recommendations of this Church Assembly Commission is that children should have their own pocket-money, and that the priests should get after them on pay-day, before they have time to dissipate their cash on sweets and the pictures."—*The Freethinker*, June 5.

The Films.

Unconscious Humour Department.

Despite all handicaps, British producers could make "the best pictures in the world," is the belief of Tom Walls. Is not Mr. Walls confusing films with race horses?

Mr. Bill the Conqueror: Regal.

Elstree is here to be congratulated not only on getting out of the studio, but also on giving us something of the beauty of rural England, worthily represented by Sussex. Some of the photography in this picture, by Claude Friese-Greene, is exquisite; a few shots might almost have come out of "Earth." Unfortunately, the film does not live up to its background. The story is that of a penny novelette, the acting is largely stagey, and the rural dialect must be heard to be believed; I may be wrong, but I am under the impression that the expression "fair clemmed" belongs to the North and not to the South of England. Apart from the photography, this picture is redeemed by the acting of Heather Angel, to whose promise I believe I was the first to draw attention. Miss Angel is the most atmospheric of our young screen players; she appears to radiate emotion rather than to express it in speech or by gesture or facial play, and the subtlety of this performance of hers is remarkable. She is worthy of better screen material, and I hope, although without overmuch confidence, that she will secure it.

The Road to Life: Cambridge.

Nicolai Ekk's picture, which is now being shown for the first time in England, is said to be the most important of the relatively large number of Russian sound films made during the past year. If the rest are in any way comparable, the Russian studios must now be congratulated on having worked out Pudovkin's theories concerning the proper use of sound on the screen. "The Road to Life," although by no means without imperfections—it is too long and makes too much use of close-ups—is an outstanding achievement. Its theme is unusual, that of the regeneration of the homeless and destitute children whose nomadic habits and lawlessness raised such serious social problems after the Revolution. Reclamation of this human material, which primarily lacked guidance, was brought about by the establishment of collective handicraft centres, for the running of which the pupils were themselves made responsible. Judging by results, as here shown on the screen, it would seem that Russia has evolved a method that is both more humane and more effective than our Borstals and reformatories.

I imagine that the primary purpose in making this picture must have been documentary, but Ekk has also made a work of art. As is customary with Russian films, the players are non-professional, and use is made, so far as possible, of natural, outdoor settings. These young players achieve a sincerity and spontaneity comparable with "Mädchen in Uniform," and it is incidentally among the successes of the reclamation scheme that it could make such good actors out of young vagabonds.

Photography, editing, and the manner in which both sound and dialogue are employed are admirable. "The Road to Life" is among one of the most interesting films ever made, and the director is especially to be congratulated on the manner in which he has wedded propaganda to drama without overlaying the latter; the balance between the two elements is perfectly preserved.

Mutter Krausen.

Very occasionally a film gives one the impression not of being an onlooker of fictional emotions, but an eye-witness of real happenings. "Mädchen in Uniform" is such a picture, and so is "Mutter Krausen," the last of the great German silent films, which is to succeed it at the Academy at a date not yet fixed. "Mutter Krausen" is the logical successor to "Berlin," the first film to exploit the cinematic possibilities of the ant-hill life of a modern great city. But "Berlin" was purely objective; the camera recorded what it saw without comment, and the solitary person of the drama was the City itself. "Mutter Krausen" is subjective; it scoops a slice out of the poverty strata of a great capital, and no only depicts but also analyses the drama of a half-dozen tenement dwellers whose life is existence on its lowest terms; a life of no aims beyond securing a precarious lodging and filling the belly as best may be; a life whose only compensations are alcohol and copulation. In short, the life of the proletariat in every modern *Grosstadt*, which is in nothing so prodigal as in the waste of men and women, and where the lack of a few shillings can literally mean the difference between life and death, or force a young girl on to the streets.

The story is of the simplest. A young girl is seduced by her mother's lodger. Her fiancé leaves her when he discovers she is not a virgin. "What do you expect when you cram human beings into a tiny room like animals in a cage?" is his friend's comment. Her brother drinks away money received from the sale of newspapers, for which the mother is threatened with prosecution if she cannot make good the shortage of twenty marks. To find the sum, the girl nerves herself up to receive the caresses of a *vieux marcheur*, but recoils at the last moment. The old mother commits suicide by gas poisoning, taking with her the youngest daughter, for whom this life holds out no promise. The lovers are reconciled, and the film ends with a procession of workers marching, marching towards the hope, if not the promise of better social conditions.

To paraphrase the Aristotelian definition, "Mutter Krausen" purges the mind with pity and indignation. It is grimly atmospheric from the opening shot. Throughout is the note of the worst form of poverty, the poverty that is at the same time sordid and curable, but which legislators have no more intention of curing than they have of emigrating to Saturn. But while the film is propagandist—and its propaganda is of the most effective type—it must not be thought that it is nothing else. It is a great work of art, conceived by a man who has worked through both his heart and his brain, and admirably acted by a cast almost entirely unknown to English filmgoers. Both the direction and the camera work are by Piel Jutzi, who is only just being brought to the notice of the British public; now that the omission is rectified every intelligent filmgoer in London should visit the Academy. I cannot give this picture higher praise than to say that it matches the best work of the Russian studios. But it could advantageously be shortened, and some of the photography is unnecessarily trying to the eyes.

DAVID OCKHAM.

The Unit of Use.

By John Hargrave.

Since the country "came off" gold, I notice all the signs of a developing propaganda towards "a return to gold," and this propaganda is not directly a bankers' propaganda, but seems to be oozing from various Credit Reform channels. There appears to be some confusion of thought regarding the need for a "unit of value"; a confusion that leads to the extremely odd notion that gold is, in itself, a natural unit of value.

Gold, in itself, is a metallic element of characteristic yellow colour. One of the most malleable and ductile, one of the heaviest, and unalterable by heat, moisture, and corrosion under natural conditions. It is useful for dental fillings, medals, plate, trinkets and jewellery of various kinds. Its *real* value results only from its use in the goldsmiths' craft. Its *financial* value is based on its relative scarcity.

It is, however, a form of mental aberration to suppose that a thing is valuable because it is scarce or difficult to come by.

So far as the human race is concerned, the most valuable things on this planet are the most abundant—sunlight, air, and water, without which no life could exist.

To relate sunlight abundance to gold scarcity (which is exactly what the bankers do) is not sane. It is equally idiotic to believe that the basis (or capital) of currency must be gold, on the assumption that "the more abundant money becomes, the higher prices fly."

If we did not know how to increase purchasing-power and *at the same time* decrease prices, there might be some sense in the argument. But our knowledge of the price adjustment has turned all such arguments to nonsense.

To speak of a "True Gold Standard" is as absurd as to speak of a "True Copper Standard," or a "True Carbon Standard"—or a "True Truth Standard." It is absurd because all standards are of necessity purely artificial and arbitrary.

Those who advocate a money system based upon a "True Gold Standard" are obviously labouring under the delusion that gold, as an element, has some intrinsic value. Indeed, they seem to attribute to gold some High Mystical Virtue, whereas gold has only a fixed financial, purely artificial, arbitrary and fictitious value. By what standard of value is the fixed financial value of gold fixed? In other words, if the Pound Sterling is, or ought to be, "backed" by 113 grains of pure gold (hardened by 1-12th of copper alloy)—what backs gold? The answer is:—

The Table of Troy Weight.
24 grains = 1 pennyweight.
20 pennyweights = 1 ounce.
12 ounces = 1 pound.

Gold is backed by that scale of weight-notation. Do away with that scale and gold ceases to have any "value" whatever.

The Pound Sterling is, or is supposed to be, valued by reference to the weight or bulk of so many grains of a heavy, durable, and relatively scarce metal. The grains are said to be valuable because they are scarce, which brings us back again to the scarcity complex already mentioned.

Gold, in its natural state, is not found in "grains" and has not been divided into "grains," either by God or the Evolutionary Process; any more than a tree trunk, or a blade of grass, or a corn stalk have been divided into "inches." You can if you choose, measure them in inches, or value them by reference to gold-grain-weight.

Perhaps the only way of clearing the mind of the idea that gold is, in itself, a unit of value, is to consider various standards of measurement.

Every school child is taught the Table of Avoirdupois Weight. Now there is no more reason why a dram should be a sixteenth part of an ounce, than that an inch should be a twelfth part of a foot, or one pennyweight the twentieth part of an ounce troy. So with every standard of measurement. The units are fixed and accepted, that is all. Any table of measurement will measure correctly so long as it is generally agreed upon, adhered to, or enforced by law. Thus, if a village idiot set down a:—

Table of Measurement.
3 gugnuncs = 1 pip.
6 pips = 1 dollop.
2 dollops = 1 blob.

—such a table would be a perfectly practical standard of measurement on condition that any one of the units was known. If "1 dollop" is an average teacupful, or an average flatironweight, all the units given become units of real measurement. In any part of the world "1 dollop" would measure a teacupful, or a flatironweight.

The fact that 1 oz. of gold will not exchange for the same amount of butter in England as it does in France, is proof positive that gold is not a true standard of value.

The point is that any standard of measurement will do. The whole world's credit and currency could be based upon one half "grain" of gold, or upon *no gold at all*. It could be based upon "volts," or "ohms," or "ampères," or "kilowatts," or simply the figures 1, 2, 3, etc.

The stampede sloganised as "Back to the Gold Standard!" shouted-up by the bankers and financiers after the War was, of course, pure "hokipen" (bamboozlement), as the gipsies would say.

The cry of "Back to a *True* Gold Standard!" coming from a section of the credit reform movement, must be due to Boro Hokipen—the Big Spell.

Whether the bankers and financiers use a gold standard, The Gold Standard, a True Gold Basis, or no standard at all, makes not the slightest difference to the fundamental maladjustment working at the core of their policy and technique. Whatever they do and however they do it—whether by juggling with gold values, or paper values backed by gold, or credits backed by securities, or in any other way—it is impossible for them (or anyone else) to make "A" costs equal "A + B" costs, unless they begin to operate the scientific price adjustment.

But, we are told, "A unit of value we must have, and until a better unit is discovered gold must serve the purpose."

Given the following cipher sequence (or any other accepted system of notation):—

1 2 3 4 5 6 7 8 9 0

—it is possible to calculate the "price" (ticket number) without any "unit of value" whatever.

I know a business man who contends that social credit is an unworkable scheme, because "it would be necessary to value every pair of boots, every hat, cap, overcoat, walking-stick, pocket-handkerchief, motor-car, etc., etc., throughout the country."

The valuation-complex is deeply rooted. As a matter of fact, there is no need to "value" anything. The present quite silly and almost unworkable method of finding the "value" (costing) of goods and services will do—if adjusted to equate Consumption to Production.

A modern industrialised State does not need a "unit of value." It needs a unit of use. They are not the same. A unit of value is, and must be, based upon the relative *scarcity* of the substance chosen as a symbol of real wealth. In the case of the Gold Standard or Basis—gold is the symbol.

A unit of use must be based upon exactly the opposite principle—the actual or potential *abundance* of goods and services ready for use. The only symbol required is a table of calculation. The series of nine digits, 1, 2, 3, etc., and the cipher 0, of the Arabic numerical system, will do very well.

The proper unit of use in a modern industrialised State would be a unit of solar energy (a measurement of sunlight).

But any table of measurement, using any unit-system, will do perfectly well, so long as it indicates:—

$$\frac{\text{Use of “energy.”}}{\text{Production of “energy.”}}$$

The word "energy" might just as well be called "matter," or "things," or "goods and services," or "real wealth."

The equation would work out correctly if it were set down in avoirdupois weight, thus:—

$$\frac{\text{2 tons (consumption)}}{\text{3 tons (production).}}$$

Or it could be in troy weight:—

$$\frac{\text{2 pennyweights (consumption)}}{\text{3 pennyweights (production).}}$$

Or in linear measure:—

$$\frac{\text{2 yards (consumption)}}{\text{3 yards (production).}}$$

Or in square measure:—

$$\frac{\text{2 sq. miles (consumption)}}{\text{3 sq. miles (production).}}$$

Or in wine measure:—

$$\frac{\text{2 hogsheads (consumption)}}{\text{3 hogsheads (production).}}$$

Or in "dry" or corn measure:—

$$\frac{\text{2 bushels (consumption)}}{\text{3 bushels (production).}}$$

Or in measure of degrees:—

$$\frac{2^\circ\ \text{(consumption).}}{3^\circ\ \text{(production).}}$$

Or in measure of time:—

$$\frac{\text{2 hours (consumption)}}{\text{3 hours (production).}}$$

Or in electrical units:—

$$\frac{\text{2 kilowatts (consumption)}}{\text{3 kilowatts (production).}}$$

Or in money measure:—

$$\frac{\text{£2 (consumption)}}{\text{£3 (production).}}$$

Since the signs, £, s., d., are in common use in connection with the buying and selling of goods and services, it will, of course, be convenient to keep to them.

The only important factors in the examples given above are the actual figures of the fraction:—

$$\frac{2}{3}$$

If we set it down as:—

$$\frac{\text{£10,000,000 (consumption)}}{\text{£15,000,000 (production)}}$$

the scientific price for the £15 mil. of goods produced will be ten-fifteenths—which is two thirds—of the conventional financial cost; that is £10 mil.

The aggregate figures necessary for such calculations applying to the Production and Consumption of the Community are, or could easily be, available.

Reviews.

The Game of Politics. By Philip G. Cambray. (John Murray. 3s. 6d. net.)

After a long experience in the Conservative central office, Mr. Cambray has elected to give us a superficial analysis of party tactics. But this scratching of the political surface will not do; times are far too serious for political back-chat. The game of politics cannot be bolstered up any longer by the effrontery of applying military terms to political sleight of hand. There is one thing to be said for a good war: it quickly discredits political "make-believe." This book might have some value for young politicians if Parliament, as Mr. Cambray has known it, were assured of a future. But there are indications that the public are fast losing faith in it. And in any case everything really worth knowing about the game of politics was thoroughly disclosed twenty years ago in Chesterton and Belloc's *The Party System*. It is a pity that they let it go out of print.

L. H.

The World's Economic Crisis. By Sir Arthur Salter, Sir Josiah Stamp, J. Maynard Keynes, Sir Basil Blackett, Henry Clay, and Sir W. H. Beveridge. Halley Stewart Lecture, 1931. (George Allen and Unwin, Ltd. 194 pp. Price 4s. 6d., net.)

This book contains the six lectures delivered at the Memorial Hall not long ago on the "Crisis." These gentlemen put out a lot of nice, thought-provoking material from which anybody can draw several alternative conclusions as to what caused the crisis and what will cure it. The publishers include a biography of each of them reprinted from *Who's Who*; and in the opinion of the present reviewer this is by far the most interesting feature of the book. Salter, for example, was Director of the Economic and Finance Section of the League of Nations in 1921 and after—just about the time when Austria's incipient Social Credit experiment was smashed by the League. The contents of the book otherwise have no value except as affording indications of what line of educational direction the financial authorities thought fit to serve up at that time. But many brainwaves have flowed under their hats since then; and really people with moderate incomes cannot possibly keep pace with the flood—especially at four shillings and sixpence a time.

A. B.

"The Alternative to Communism." By A. G. Pape, Founder of the New Political Fellowship. (Cecil Palmer. 126 pp. 2s. 6d.)

Readers will remember that a review was published in this journal of Mr. Pape's book, "Is There a New Race Type?", in which he was advocating a non-party fellowship, independent of any party organisation, which would act as a "centre group" in Parliament. The New Political Fellowship holds that politics are "only understood in the light of evolution—individual, national, and international." In the present book the author says that his policy advocates that everybody should be supplied with the actual necessities of life if he "does his share in providing these things for his neighbour first." He contemplates the formation of an international executive to undertake the "just redistribution of those things necessary to that end." It will not be a surprise to our readers to learn that in a symposium of views which forms the second section of this book the name of the first contributor is Dr. Nicholas Murray Butler. On the other hand it may come to them as a greater or lesser surprise to learn that other contributors are Mr. Arthur Kitson and Lord Tavistock. It is curious that critics of the financial monopoly should apparently ignore the fact that the most certain way of perpetuating it in its control is to internationalise the means of overthrowing it.

The Truth About Reparations and War-Debts. By the Right Hon. David Lloyd George. (Heinemann. 3s. 6d.)

"Here we are again!" as the clown used to say. And what is the gist of it all? I have read the book, but I'm bothered if I know. Wipe out war debts, or some measure of cancellation—more or less, or something of that sort. Finally (last page), "It is no time for nerveless vagueness, and diplomatic hesitancy. Democracies are not nearly as timid as their leaders. The statesmen responsible in each country must boldly make up their minds as to the course of action necessary to deal with the situation, and abandon or brush aside all attempts to quibble, to temporise, or to obstruct the prompt carrying out of sound, constructive measures."

"I have made it clear that in my own view no measure can have a chance until you clear out of the way this rubble of war ledgers."

I see now that the gist of it all is: "I know the way to go, fall in and vote for me!" But it is no use. No man ever made a really successful "come-back," and L.G. will find that this democracy (save the word!) is much more timid than its would-be leader. No more rare and refreshing fruit ("Dead Sea" Brand). The last lot was as bitter as hell!

S. R.

Return Belphegor! By Sherard Vines. (Wishart. 7s. 6d.)

One of the most brilliant mimics used to introduce his impersonations with the remark that he was quite safe, because most of his audience had never seen the celebrities he was about to imitate, and the rest would think that his performance couldn't possibly be as bad as it seemed, or he'd never have had the face to present it. I was reminded of this by the praise lavished by a well-known critic on "Return Belphegor!" Either the critic had never read a really witty book—such as, say, "L'Ile des Pingouins"—or else he had charitably decided that, since Mr. Vines was so obviously setting out to be funny, he could hardly be as dull as he appeared. But the book is, in fact, horribly dull; and it is the kind of book that must be funny to be readable. Satan faced with a business depression due to the growth of human scepticism, sends a lesser devil to revive religion upon earth. His methods, of course, are those of the modern advertiser. Satan himself is an ineffective wisecracker. The narrative only comes to life in the descriptions of the women being burnt at the stake.

M. J.

The Wonder World. By A. Gowans Whyte. (The World of Youth Library, No. 10. Watts and Co. 1s. 6d.)

A brief account of the theory of evolution, planetary, biological, and human, written to appeal to the juvenile mind.

LETTERS TO THE EDITOR.

THE LEISURE SOCIETY'S POLICY.

Dear Sir,—I feel you should know that the Leisure Society, as a body adhering strictly to Social Credit principles, does not agree with what Commander Kenworthy said at the Essex Hall.—Yours, etc., Roland Berrill,

Chairman of Head Mess, The Leisure Society.

1, St. George's Square, S.W.1.

THE WAR LOAN RAMP.

Sir,—In a certain official quarter there has been a challenge for proof of the statement that the banks lent money to purchasers of War Loan at a lower rate of interest than that which the Government were paying on that Loan. Can any of your readers adduce direct evidence to answer this challenge? The denial of the statement is based on the a priori ground that "no bank would lend money at a lower rate of interest than the Government were paying," and is fortified by an allusion to the official Bank Rate quoted during the war period.

J. G.

[We shall be glad to receive and forward to our correspondent any information we may receive from readers. In the meantime it may help matters for us to give two quotations from a pamphlet published by Mr. Frederick Temple in, or before, the year 1916 on this subject. Mr. Temple founded the National Co-operative Bank in the hope that the trade unions would take it over and run it in the interests of their members. The extracts we give are taken from "Public Welfare," October, 1922, when we first published passages from this pamphlet:—

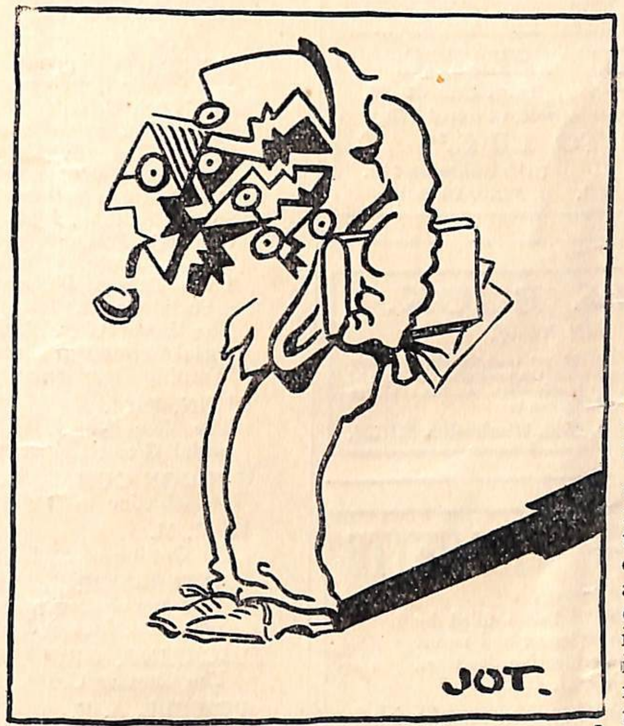
". . . One of these offers came to me. It set out that if I filled in an enclosed form of application for a portion of the War Loan, they would lend me the whole of the money (knowing that they had not got it). Had I applied, say for £20,000 of War Loan Stock, I should have had to put up no margin, no money, and no securities. It would have cost me a penny stamp for the covering envelope, and no more. Those who availed themselves of this offer were charged 3 per cent. for the accommodation. The State will ultimately pay them 4 per cent., and the taxpayer is to pay this 4 per cent. to the State—this being the only real part of the transaction.

". . . Note.—In May, 1916, the Bank of England—with a Lloyd George guarantee on behalf of the taxpayer behind it—is advancing £95 against War Loan Stock, whose price on the market is £87 10s. The buyer instructs his broker to purchase the Stock, the broker takes the Stock to the bank and receives £95 for every £100 of nominal value, pays £87 10s. to the seller, and hands the buyer £7 10s. In a case known to the writer £50,000 worth of Stock has been bought on the market at a discount, and the full par value has been advanced by the bank. These advances are in the nature of a loan, repayable in 1918. The recent bankruptcy proceedings of a certain noble duke showed that he had adopted this expedient as part of his means of livelihood. Who will pay up, the taxpayer, or the Duke?"]

CARTOON BY "JOT" (No. 10).

FOR GOD AND THE BANK.

The clergy of the City of London have combined to arrange daily services of intercession in their churches next week in order that the world's commercial centre may reinforce by prayer the efforts in progress for the restoration of the world's prosperity. Their action is both opportune and significant. It should help to refute the error of imagining commerce and religion to be unrelated if not antagonistic elements in human life. No doubt finance, whether national or international, abounds with problems of a technical kind, and in their published statement the City clergy have wisely insisted that to advocate any special method of dealing with such problems is in no sense the business of the Church. It is possible to wish that all ecclesiastics were equally reluctant to stray beyond their province. None the less, the most sagacious financiers now admit readily that the monetary and economic perplexities of our time, affairs which at first sight might seem to be wholly material, are linked intimately with spiritual factors. To think concurrently of reparations and repentance, the cancellation of debts and the conversion of souls, the influence of duties and the duties of influence, is not to juggle with words, but to conjoin ideas that stand in vital relationship. There can be no escape from our financial difficulties without a spiritual revival, without a renewal of faith, hope, and love. If some magical formula could instantly endow our nation with wealth it would not provide a satisfying or permanent remedy for its disorders. Business men are increasingly aware of this truth. What they desire, what the City churches will make the theme of intercession, is the growth of an atmosphere at home and abroad in which the conduct of visible affairs is dominated by invisible ideals, in which what is right counts for more than what appeals to self-interest, and the ambitions of men are made subject to the will of God. By common consent the secret of prosperity is confidence, and human confidence, in the long run, is impossible without Divine faith.



This is a speculative impression of the author of the surrounding passage, which appeared as a leading article in "The Times" of July 2. He may be described as the cerebral offspring of Mr. Pierrepoint Morgan and the Archbishop of Canterbury, conceived on the "Corsair" somewhere in the Mediterranean, and now Chaplain to the Bank of England.

Events of the Week.

(Compiled by M. A. Phillips.)

June 25

Revolution in Siam.

Further Brazilian default (Railways)

June 27

Death of Sir Gilbert Garnsey, Accountant (of Price, Waterhouse and Co.).

Stock Exchange to be opened on Saturday next.

June 28

Lausanne and Geneva Conferences stymied by French and *British* opposition to U.S.A.

U.S. Presidency campaign in full swing.

British Government to go ahead with compulsory Indian Federation. Ordinances to remain for further six months.

Cyprus loan oversubscribed elevenfold.

June 29

Conversion rumours about again.

Split in British Cabinet over Hoover disarmament plan.

Many Chicago banks close.

Australia—Lyons wants further economies following Commonwealth Bank ultimatum.

Germany says no reparations unless Versailles Treaty revised.

Rotherham public assistance committee superseded because of failure to apply means test.

June 30

Tariff to be put on Irish imports if Free State defaults.

Big jump in Gilt Edge and the British Government stocks.

U.S.A. fiscal deficit for current financial year of \$2,900,000,000 (£580,000,000 at par).

Government reprisal on De Valera—tariff on Free State imports into Britain.

Bank rate pegged down to 2 per cent

Abolition of the Road Fund recommended by the Estimates Committee.

July 1

Bank Rate reduced from $2\frac{1}{2}$ per cent. to 2 per cent. Estimate net savings on conversion of £23,000,000 per annum.

Irish Free State defaults on annuities payment.

Conversion Loan announced: annual saving of £30 million in interest, less £7 million loss of income-tax revenue equals £23 million.

AUSTRALIAN SOCIAL CREDIT DIRECTORY.

Morrison, G. M., Room 205, Adyar House, 27, Bligh-street, Sydney, N.S.W., Hon. Sec., Douglas Soc. Cr. Assn.

Pericles, J., Hon. Sec., The Douglas Credit Movement of Western Australia, Arundale Buildings, 1, Museum Street, Perth, Western Australia, or 16, Davies Road, Claremont, Perth, Western Australia.

McKellar, 6, Ormsby-grove, Toorak, S.E.2, Victoria, Australia. Editor, *The New Economics for Australia*.

Ireland, P.M. 103, Hawdon Street, Heidelberg, N. 22 Melbourne. Secretary, Melbourne Social Credit Group.

Da Costa, C. B., architect, Deagon Street, Sandgate, Brisbane. Secretary, Brisbane Social Credit Group.

DIRECTORY OF NEW-AGE ARTICLES.

The run on gold organised by Francis Place to defeat the Duke of Wellington.—January 22, 1931, p. 136.

Warning to Lloyd George by *The Financial Times* of September 20, 1921, about bankers upsetting the whole fabric of Government finance.—January 22, 1931, p. 136.

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