

THE NEW AGE

INCORPORATING "CREDIT POWER."
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

We see by a circular issued by the War Loan Conversion Publicity Bureau*, which has been sent to us, that Sir Josiah Stamp has given an interview for publication in which he says that the patriotic effort of the British public in converting their War Loan, as they have been doing, is "no good unless they keep it up." He goes on to say: "It is no good having the feeling of converting, and then, when it comes to December, saying 'I have done the patriotic thing, now I am going to sell this converted Stock and going into some foreign Stock that yields 2 per cent. or 3 per cent. more.' The effect of this, he proceeds, would be to "throw a lot of assented Stock on the market" thus "lowering its price."

* * *

From internal evidence it would appear that the interview was with Press-men and/or other publicity agents. Thus (p. 5) Sir Josiah introduces a statement in the following words: "There is one word of warning that I want to give to you. *I do not want you to publish this*, but to have it at the back of your minds." (Our italics.) The statement was that it didn't matter whether the conversion turned out to be "one hundred per cent." complete, or "ninety-five per cent."—for "it would not injure us to have to carry a certain amount of unassented stock and to pay it off at the end of the time—the credit of the Government would be so strong."

* * *

The interview was held to instruct the Press how to argue the case for conversion and deal with objections, whether from holders whose incomes were going to be reduced or from disinterested critics who wanted to know how conversion would benefit

* This is a duplicated typewritten circular, entitled: "Sir Josiah Stamp on What a Successful War Loan Conversion will Mean to the Country. Verbatim Report of Interview for Publication to Papers of Sunday, July 17th, and Monday, July 18th, 1932." The address of the Bureau described above is that also of the National Savings Committee, Sanctuary Buildings, Great Smith Street, Westminster, S.W.1.

this country. Some of Sir Josiah's points are amusing and instructive

1. You set a "mode" or "fashion" whereby people cease to expect high interest when they lend. (P. 2.)

2. This sets a good example to foreign Governments. (P. 3.)

3. Bodies like the Central Electricity Board will now be able to borrow its "capital requirements" at cheaper rates, and so lower the "cost factor per unit of electricity." [He says nothing about whether the saving on costs is coming off prices, or whether it is going into Reserves; nor does he stop to quantify the incidence of, say, 1½ per cent. in interest charges on the total cost of electricity.]

4. "Take existing business. It wants to expand . . . to be more enterprising: and that involves money; and it has got certain debentures or certain bank loans at the present time which are costing it a certain rate of money. A business can benefit in two ways. It can benefit by getting its money cheaper, or by getting it steadier on longer terms, and if it can float a debenture in London, or a preference issue, on more advantageous terms, it can get out of what I might call the embarrassment of having to look at the floating debt of the business every day, and the larger interest charge." (Our italics.) [This italicised phrase is a discreet way of saying that the business can get rid of the anxiety of wondering every day whether the creditor in respect of this floating debt—i.e., the bank which had advanced this loan—is going to demand repayment and smash the business. It will be seen from this argument of Stamp's that "Conversion" is going to enable the banks to dump their long-nursed insolvent businesses on the investing public.]

5. ". . . every fall in the rate of interest brings into the scope of practical life a much bigger range of potential business." Stamp's argument is that the less profit you have to make to cover interest, the wider the range of activities opened up for business men to engage in. [Also the wider the range of unsaleable gluts they are enabled to produce.]

6. The ultimate meaning of the above and other consequences is that "you are re-dividing the income" [i.e., national income] "more favourably." [This is Mr. J. A. Hobson's policy of correcting maldistribution.]

7. On p. 6, in answer to a question, whether a rise in the price of gilt-edged securities would tend to increase prices to the consumer, Sir Josiah said it would have "practically no influence at all. It is merely an index that the rate of interest is lower." He continued: "I might say that the rise in the price of securities is very

welcome to insurance companies and others. It helps to make up for the fall in interest."

8. Another question was as to whether the benefit of conversion would also accrue to industries like coal and shipbuilding. Sir Josiah answered: "It must spread to all businesses ultimately. Shipbuilding cannot come in immediately; there has got to be a gradual process through the more stable things like the big Dock Trusts and so on, and the municipalities, and through debentures first of all, before you get to the preference shares. You have to proceed outwards gradually from the things likeliest to a Government, and likeliest to Government interest." [In other words, the dinner must be served up first to those institutions which enjoy statutory powers of compelling the public to pay their prices in full. Other enterprises, who have to fish for the crumbs that fall from the table of the gilt-edged gorgers, will fare as best they can at each other's expense.]

In another part of the interview Sir Josiah raised a point which had already been used in the newspapers, namely that holders of the War Loan in question had no right to complain of the lowering of interest, because from the first the Government had explicitly reserved the right to pay them out. Quite so, but they have a right to complain that they were not told when the paying-out would take place nor the circumstances in which they would be offered their money back. We are assuming the holders to be the sort to whom Sir Josiah is obviously referring—innocent private investors needing a secure income; for professional financiers would not make this complaint.

In this connection let us clear up a matter which may cause misunderstanding to casual or new readers. It is this. We have stated that the banks hold the bulk of the 5 per cent. War Loan, or used words to that effect, in a way to suggest that private holdings were negligible in quantity. In doing so we may have over-emphasised the disproportion between the two kinds of holdings, through overlooking the fact that this stock offered more generous interest than other War Loan stocks, and would be more popular with small private investors than were the others. Our allowing a higher proportion of holdings to these does not affect our reasoning and conclusions as they concern ownership of War Loan stocks collectively, because the more of this particular stock in private hands the more of other stocks in bankers' hands. It all comes to the same thing as far as the principle is concerned. But it is important practically because the greater the quantity of the stock now being converted which has been affording incomes to people who have been living on them, the greater the paralysing effect on trade and industry. A drop from 5 to 3½ per cent. in such circumstances means a 30 per cent. fall in the shop-revenue derived from the holders. Assume them to hold £500,000,000, then their income drops from £25 millions to £17½ millions, a difference of £7½ millions per annum. This is only an illustration; for it is impossible to arrive at a reliable figure, and, even so, also impossible to know to what extent the holders have raised bank-loans on their stock and are paying interest out of their dividends. Nevertheless the situation is worth exploring in view of the correspondence in *The Times* during last week in which it appears that practically no tenant in Regent Street is making any money, and that their immediate landlords have "acres" (to quote from one correspondent) of untenanted offices on their hands. You do not have to assume a large decrease in shopping-incomes to foresee the complete breakdown of business in a quarter like that, and the evacuation of the area by the bankrupts.

The stagnancy in Regent Street is ascribed to the extravagant ground-rent exacted by the Commis-

sioners of Crown Lands (the bankers in riding-breeches) which, according to one correspondent, "are not much less than the true rack rents of the buildings themselves." Another complaint is about the enormously expensive buildings which the Crown Commissioners compelled holders of expiring leases to put up as a condition of renewal. We had heard a similar criticism from one who was responsibly engaged on some of this rebuilding, not so much from the angle of expense as from that of architectural planning, his criticism being that the interior accommodation was wastefully cramped by reason of the unreasonably massive stonework used in the structures. Banking architecture suggests bankers' purposes; and it is easy to see that in case of war or revolution Regent Street could be turned into military or police barracks: it is conveniently near Downing Street and Scotland Yard.

Resuming the main discussion, one has to remember that there were various issues of War Loan on various conditions. The issue under review was by far the largest of the series—more than five times as large as the next largest. (The series are enumerated in *Whitaker's Almanack* under "The National Debt.") It will be appropriate to call it the mugs' issue, because certain indications fit the hypothesis that the bankers have been quietly unloading it on the public and changing into alternative securities during the last twelve months and perhaps longer. It must be borne in mind by readers (especially one or two recent private correspondents) that the policy of the banking hierarchy is not in the least affected by questions of dividends and earnings. Normally the banks make every year twice as much profit as they distribute, so that fluctuations in their profits only affect the rate at which they accumulate reserves. When, as in this case, they renounce profit they are really buying power—power to control their own future profit and that of everybody else in the country.

During this period of unloading the prices of gilt-edged securities have been driven upwards from two causes, the one being that business failures have scared investors off industrials, and the other being that gilt-edged securities have been marked up to encourage investment, as well as for political reasons. The banks control both causes; and in using their control no doubt their object in bringing about a gilt-edged boon was to attract the larger investors, many of whom could afford to keep and were keeping their funds on deposit at the banks at the low rate of interest allowed, waiting for a safe speculative proposition—one, moreover, on which the profit would take the form of "appreciation of capital" and, as such, would not be subject to income tax.

We come now to the real ground on which ordinary private investors may complain. It is that the right of conversion ostensibly reserved by the Government subject to six months' notice has been exercised by the banks at their own discretion as to time, and that the time chosen was after they had rigged the market in such a manner as to render the six-months' notice worthless. The question: "To convert or not to convert? is idle except to a holder whose living is not dependent on his dividend." To others, who cannot face any further risk to their income, conversion is compulsory. To such the only consolation we can offer is that conversion is irrevocable, that is, the holder of the "assented stock," as the pundits have baptised it, will have the freedom to sell it to whomsoever will buy it after December 31. What the price of an assented stock held by dissentients is going to be when the free market opens we do not pretend to forecast.

except to suggest that it will be a dissented price. Allah alone knows.

This mugs' War Loan was originally marked as being convertible at any time between 1929 and 1942. When, in 1929, the Government took powers to pay out holders at six-months' notice, there was nothing in their action to suggest anything more than that the Government's intention was to register its right to convert as a matter of principle as soon as such registration became legal under their contract. Nobody but a credit-expert would have dreamed that the Government would be able to pay out. "Where was the money to come from?" would be the reassuring reflection. It may interest some enterprising member of the House of Commons to raise the question of why the various issues of War Loan bear different dates of convertibility. They range from 1925-45 to 1960-90. There is no reason intelligible to common sense why a Government should not reserve the right to repay, with a specified term of notice, as from the date of borrowing. Why should a Government be required to offer a guarantee not to repay lenders before a certain date? We know an answer in jargonese:—Disturbance of investments. The banking community require a few years to get ready. Presumably Henry Dubb's investments are not sufficiently mixed to be disturbed, or are too small for the disturbance to matter. But this sort of reasoning is unreal. The direct challenge would lie in this form: Seeing that you bankers have the power to pay out or not pay out, and the power to compel people to invest on your terms, why all this conjuring about with '20's—'40's—'60's? Why not say straight out: "Here you are. Five per cent. until we change our minds. Take it or leave it." As a parting remark on this time-ramp we would like to suggest that if the issue of any assented stock subsequently to, say, 1933 is contemplated the Government printers had better be instructed to get in a stock of asbestos for the certificates.

WHAT IS CONVERSION?

The Daily Mail of July 25 announces that, on the announcement of the Conversion scheme, it held no Five Per Cent. War Loan. It proceeded to purchase £500,000 worth, which it then tendered for conversion in the prescribed way. It recommends its action as a good example to holders who have not yet converted to convert. But is it not rather an example to them to sell out? Another point is this: Suppose, say, a couple of hundred holders sold to the *Daily Mail*, will the Bank of England statistician register the *Daily Mail's* application as that of one, or of two hundred, out of the alleged 3,000,000 holders? Apropos of this estimate of holders, one of our correspondents who had held inscribed stock but had sold it some months before the Conversion scheme was announced, received application forms all the same. Since sales of inscribed stock are registered immediately by the Bank of England there is no substance in the theory of oversight. It looks as if the 3,000,000 represents the total number of persons who have held stock at any time since the original issue.

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 New Age" and the Press.

On May 28 the editor of *THE NEW AGE* sent the following personal letter to the editor of *Civil Service Opinion*—

Dear Sir,—In your issue of May 15, page 250, column 2, paragraph 2, "New Loves for Old," your contributor makes this statement: "It must be ten years since the *New Age* issued its last number." The fact is that *THE NEW AGE* has been published regularly since Mr. Orage left it—for the last eight years under my editorship. The largest wholesale newsagents handle it every week, and its title has figured continuously in their printed schedules of publications.

The editor of the latter journal replied as follows on May 30:—

Dear Sir,—Your letter of the 28th instant. Our attention had already been directed to the error which appeared in our May issue.

Our contributor states that this is entirely a case in which his memory failed him. He had in mind the cessation of the editorship by Mr. Orage, and wrote under the impression that *THE NEW AGE* then ceased publication.

We greatly regret that this inaccurate statement should have appeared in our columns, and beg to tender our apologies. We have already arranged that a correction should appear in a prominent position in our June issue, and will be happy to send you a copy of that issue when it is published.

The editor of *THE NEW AGE* replied as follows on May 31:—

Dear Sir,—I thank you for your letter of May 30.

The reason why I take this matter seriously is because during the eight years of my editorship there have been frequent occasions on which the same mis-statement has been made, the last occasion being within the last six months. The persistence of this rumour for so long would be curious in any case, but in view of an episode which took place two years ago it is really inexplicable except on the supposition of malicious motivation. The episode was when, on April 17, 1930, *THE NEW AGE* came out with two blank pages owing to the printers declining to print a certain series of comments on the subject of Anglo-American military-economic relations and the part played in them by Mr. J. L. Garvin, of *The Observer*, and the Astor family. A prominent report of this incident appeared on the front page of the *Daily Express* of April 17, 1930. The last paragraph of the report was as follows:—

"This occurrence is almost unprecedented in the history of British journalism. During the war printers occasionally refused to print matter which they considered might render them liable to prosecution, but it has rarely happened that such a large space—nearly four columns—has been left totally blank."

The Times of April 19 also published a report of the incident, and quoted the views of myself and the printers on it as elicited in interviews with a Press representative.

The writer of the "Londoner's Diary" in the *Evening Standard* wrote a paragraph about it and expressed his inability to understand why an attack should be made on Mr. Garvin; and added the sentiment that, "All Fleet-street will regard this attack with astonishment and disapproval."

The substance of this "attack" and the form in which it was expressed was made accessible to anybody in Fleet-street who wanted to know what it was all about; for on April 24 our suspended commentary was printed for us by other printers, and was distributed as an inset to *THE NEW AGE* of that date.

So far as my recollection goes, there was no comment in any journal following this explanation of the mystery. The passages in the inset were reproduced exactly as first written, and everybody could form his own judgment as to whether they were libellous, or otherwise gave reasonable ground for the original suspension of their publication.

One is, I submit, forced to draw one of two conclusions on the silence of Fleet-street: either (a) that journalism is no longer interested in the doctrine of the freedom of the Press, or (b) that *THE NEW AGE* had come to be regarded as an outlaw of journalism.

The misstatement quoted occurred in a short notice of the first issue of *The New English Weekly*, which ran as follows:

"The arrival of a copy of the *New English Weekly*, edited by Mr. A. R. Orage, arouses a pang of emotion in

my breast which I am sure will be shared by many of my readers. Oh! the brave days of the *New Age*, when we were all young and intellectual, and Orage was our hero. It must be ten years since the *New Age* issued its last number, and I cannot but wonder whether we can 'recapture that first fine careless rapture' of the days when we were all agog to put the world to rights. Perhaps we are too old. It is a depressing thought. But surely among our young successors there will be enough to respect intellectual honesty at all costs."

The editor of *Civil Service Opinion* duly corrected the misstatement in the June number of that journal, and assented to the publication of the correspondence above quoted in THE NEW AGE if we thought it advisable.

We now think it desirable, and the reason is that the same misstatement, in a less direct form, has been published in the current issue of the *Nineteenth Century*. On page 106 in an article on "Best Sellers in Fiction," by Eric Partridge, there occurs the following statement:

"As early as 1909 a critic in the *New Age*, a brilliant journal that has been revived as the *New English Weekly* . . ."

This French leave to presume the death of THE NEW AGE would connote negligence in any writer, but in the above two cases the degree of negligence is heightened by the fact that both writers held themselves out to be, or at least would be regarded as; literary authorities to some extent, and presumably familiar with the events as well as technique of literature and journalism. As was pointed out to the editor of *Civil Service Opinion*, it does seem curious that his (anonymous) contributor—and now this Mr. Eric Partridge—should not have paused to consider why it was that the new journal which was to revive the brilliant traditions of the defunct one did not also revive the title with which those traditions were so intimately associated. Why renounce the reversion of the old good-will attaching to the old name by adopting another name?

We allow that the four pages of acclamatory correspondence which appeared in the first number of *The New English Weekly* exuded a sort of "in-memoriam" atmosphere apropos of THE NEW AGE, but however much or little this might give an incorrect impression to unsophisticated lay readers, it should not have misled anyone whose business as a writer is to know what's what in the field of journalism. Moreover there have since been editorial references to THE NEW AGE by name in subsequent issues of *The New English Weekly*, and in terms which have made it clear that THE NEW AGE is still running.

It is waste of time and energy to have a row with the retailers of this innuendo; they are innocent persons, and all you get out of them is: "Oh, my dear fellow, I'm so sorry—I really thought . . . I heard . . . someone said . . . oh yes, I'll put it right in the next number by all means. . . ." and so on. It isn't the passers of bad coins whom we're after but the makers and issuers: and we shall not discover these astute criminals by attacking their unwitting agents either outside or inside the courts of law. In the latter alternative we should in all probability be told that the pistol went off by accident, and that in any case we couldn't prove that we'd been wounded. Nor should we propose to prove it, because we can easily see that on the ostensible ground of testing our claim for damages the bankers' investigators would require to be provided with a complete *Who's Who* to the identity, history and activities of every one either directly or indirectly connected with THE NEW AGE. They could construct a reasonable case for demanding it; and we do not see ourselves gambling this extremely useful information to the bankers' secret service on the chance of getting out of them a few of their ten-a-penny five-pound notes. We should not be surprised if the

original inspirers of the misstatements mentioned, and others of the same character, are not hoping thereby to pin-prick us into exposing our positions and supports. As trustees of other people's confidences—which are much more to be respected as those between bankers and clients—our minimum terms for doing business can be compressed into the phrase: "Equal publicity both sides." Our clean linen and their dirty linen must be exhibited together.

A supporter of ours—a gentleman whose name is well known to the public—makes it a practice when in a strange district (for he travels about a good deal) to ask for THE NEW AGE in any important newsagent's shop that he comes across. He nearly always gets the same answer: "Not heard of it," but often gets the stronger answer: "Ceased publication." On one occasion he decided to challenge the answer (this was about nine months ago). So he expressed surprise and asked the proprietor if he had a wholesaler's list, and if so, would he look at it to verify the information. The proprietor protestingly did so (he was "in the trade and ought to know," and so on). To his surprise and chagrin, there was THE NEW AGE standing upsidown with all its betters in the list like Thomas at a levée. "Oh!" . . . he faltered—and then, immediately recovering himself, he rapped out: "Anyhow, it costs sevenpence"! The real point of this ejaculation cannot be explained without going into the question of the profession and personality of our friend in such wise as to give his identity away; but the point here is in the episode itself. It is an amusing idea to think of anyone forgetting a paper because of its unusual price. This man's forgetfulness was innocent enough. Probably he had not been asked for THE NEW AGE before. The reason why we relate the story is this; that whereas people like he might sometimes be too lazy or self-confident to enquire about a paper whose name was new to them, they came practically certain to neglect enquiry if they came across misstatements such as we are discussing on the part of writers whom he would presume to be well informed. With regard, incidentally, to the price of THE NEW AGE in relation to its size, it is the most expensive journal in London, if one excludes certain special publications issued to advise speculators on the turf or otherwise. It works out at about a halfpenny per thousand words of reading-matter—a rate which, if applied to *The Times*, would make its price about 5s. 6d. per copy. There is material here, by the way, on which anyone may make a fairly reliable estimate of the effect of advertising revenue on the power of newspaper proprietors in general to sell below the cost of paper and type-setting. The big newspapers are presumably set at lower rates than is THE NEW AGE, and in their case all the after-processes are automated (the machines doing the printing, cutting, folding, assembling and counting, without human assistance) whereas two men attend THE NEW AGE, lifting the machine, feeding the sheets one at a time, lifting them similarly, and passing them along to be folded by hand, trimmed by a hand-operated guillotine, stitched by hand and counted by "hand and brain" in the true Labour fashion. Allowing for the large saving in cost on the part of every newspaper, it is probably true that for every penny paid by a newspaper reader the advertiser puts down half-a-crown. Since advertising reflects industrial policy, and industrial policy is decided by the banks, the result is that the Press functions in the last analysis, as the bankers' house-organ. There is, on the above figures, a thirty-to-one handicap on independence of thought among newspaper readers, which means the same handicap on independence of action. Henry Dubb pays his pennies to learn how to do the will of the will of THE NEW AGE is the expression of the will of

group of people completely representative of the various interests of the community, and consciously aware of how those interests can be co-ordinated and promoted. Right ideals with ineffective methods, or wrong ideals with effective methods, are only too familiar. But right ideals with effective methods are too new to be true! Therefore, presumably, THE NEW AGE is too new to be true, and, as Betsey Prig would have said: "I don't believe there's no such a paper."

Morals and Economics.

By Hilderic Cousens.

IV.

The rival principles of Justification by Works and Justification by Faith have occasioned among the faithful much contention, not always unaccompanied by violence. An onlooker might remark that sound faith and sound works were both necessary to salvation. Accountancy has developed an enormous complex of works in a mistaken faith in their validity. Throughout history protests have been raised against the unpleasant results of faith in figures. Schemes for freeing debtors from their ostensible and unpayable debts have been rife since the time of the Jewish Sabbatical Years, the *seisachtheia* or "shaking off of burdens" in ancient Athens, and the *novae tabulae* or new account-books often demanded in Republican Rome. Contemporary England has its Moneylenders Acts and a machinery for bankruptcy. But it is perhaps the peculiar distinction of modern times to have developed on a large scale the ingenious method of accommodating hard-pressed debtors by lending them more. The French bankers were adept at this before the War, since when insolvent countries, such as Austria, are regularly lent loan after loan in order to balance one lot of figures with another lot. Accountancy is very skilled in demonstrating to its own satisfaction that all sorts of things which humane sentiment or scientific insight holds should be done, ought not to be done because they will throw the figures out. What you do must pay. If Government set up a system of casinos, they would probably pay. The money spent on starting them would be, in the eyes of accountancy, productive expenditure, for productive expenditure is what will cause larger figures to appear in an assets total than in the corresponding liabilities total. Whether it means a corresponding real increase in wealth is immaterial to the decisive question. The ex-gaol-bird who made Monte Carlo so successful that his widow married off his two daughters to Royalty, passes the standard with flying colours. But those local authorities who detest seeing the children of their towns ill-shod and badly nourished and consequently hand out too many boots and too much milk, are guilty of unproductive expenditure, and must be thrown out unless they mend their wicked ways, even though farmers are proclaiming a milk glut and there are four times as many boot factories in the country as are in proper use.

The justification of accountancy seems to depend on the production of a series of National Balance Sheets, which shall reconcile as closely as possible the ebb and flow of real wealth with the ebb and flow of debit and credit in the accounts of companies, municipalities, Government departments, and other fractions of the community. Take, for example, the Department of Scientific and Industrial Research, which covers sections investigating problems of building, chemistry, fuel, food, forestry, and geology, the National Physical Laboratory, and some other organisations. It was estimated to cost

nearly half a million net for 1930-31, presumably when fees payable by people asking for its assistance had been deducted from the gross estimate. The accountant's view of this is that half a million must be extracted from the community to balance the figures. No financial credit can be afforded the community in respect of its real value, even though it is generally admitted that the financial benefits accruing in the end as the result of the researches will be very large. Admittedly the half a million must be paid out as salaries to the staffs and for material and instruments bought, but as the department doesn't make and sell a popular tooth-pick or brand of cigarettes, its production has no financial value. The next step is, of course, to say that in these days of financial hardship, such unproductive expenditure must be checked. I do not know what measure of sabotage has been applied to this Department, but the Empire Marketing Board has been crippled on this excuse, and its efforts to increase real wealth partly paralysed.

The local authorities who are put on the carpet for "undue relief grants" furnish another example. A child is a potential source of wealth in any way wealth may be defined, except as the right to draw cheques. I ignore, of course, hopeless cripples and mental defectives of low grade, and also cases where a country is so over-crowded that subsistence cannot physically be furnished to a larger population. But apart from these border cases, a child represents a potential source of wealth just as much as a riveting machine does. Generally speaking, the older it gets and the better mental and physical state it is in, the higher its potential. On reaching a certain age its potentiality can begin to become actual, and until disease, old age, and finally death overtakes it, its potential is either passing into actuality or can do so if required. The mere imagination of reasoning therefore would suggest that the maintenance of this prospective producer, quite apart from feelings of humanity or religion, would be a sensible procedure. But to the eye of finance it is not. The giving of milk to a poor child is not a defensible action by the rules of sound finance. All it does is to occasion a charge on the rates; it gives no countervailing figures anywhere in a credit column. Whereas expenditure on repairing a riveting machine is not merely to be got back in prices for its services but also causes a certain appreciation of Plant in the firm's books, the child is merely a liability—to its parents, to the ratepayers and to the tax-payers, even though, in the case quoted, the milk must either go down its throat or down the drain.

On the other hand, any scheme for pushing wealth out of the country will be welcomed, if only it is accompanied by soothing figures. Mr. Goodenough, Chairman of Barclay's, opened the Suffolk Show at Lowestoft this summer, and to an audience of farmers, many of them well in debt to his bank, he explained that the financial clouds were lifting, so that in the not too distant future the country might once more be lending abroad. He omitted to say that, let alone shovelling goods out of the land in return for figures in books, this lending would probably mean developing agricultural production to compete still more with members of his audience. A few weeks later the *Eastern Daily Press* carried an advertisement asking for settlers in a newly opened fertile district in northern Argentina. Of course, the new settlement will require ploughs and similar exports, on tick, if possible. So skilled agriculturists are to leave fertile, financially bankrupt East Anglia, in order to take themselves and a lot of other wealth abroad, in order to make East Anglia still more bankrupt. But in the absence of a National Balance Sheet and what it implies, accountancy will judge that this is good.

(Conclusion.)

The Weakness of War.

By F. le Gros Clark.

Certainly the war-machine of any of the great Powers has an enormous destructive potentiality. Whatever be the internal efficiency of the said machine, it can—when released into action—turn whole areas into blackened ruins, blast the life in them and render them almost uninhabitable for days or weeks.

Yet for more than a month in Shanghai could Chinese troops and armed detachments of workers hold out against an overwhelming bombardment from land, sea, and air. The Chinese were themselves equipped with little more than rifles, machine-guns and light artillery. The Japanese had tanks, armoured trains, heavy guns, and the latest type of bombing aeroplanes. At the close of the struggle the Chinese troops retired unbroken and took up fresh positions—and that only when they were out-flanked through the culpable negligence of their own staff. What is the secret of it?

I want to examine the modern war-machine. It is a terrible thing. Yet it has weaknesses; and it is to these weaknesses that we must direct our attention. For he who finds the weak spots in a machine may the more readily put it out of gear—should the opportunity ever come his way.

From being an affair of men armed with tools, War slowly evolves into an affair of machines directed by men. It is like a vast factory, turning out a profusion of death and destruction. The factory is planted bodily in a certain spot; the wheels grind; a hurricane of steel and flame belches from it. But like all modern factories, elaborately equipped and producing elaborate commodities, the war-machine is dependent on a vast integrated economy in its rear. It needs illimitable supplies of fuel, spare parts, raw materials, technicians. It is part of a vast national and international economy. Break at any point its supply of fuel and raw materials—and at once the war-machine begins to weaken.

Another characteristic is the growing technical specialisation required in the men who direct the engines of war. They have to be selected for their technical skill. Two consequences follow. Firstly, one is dealing with men of higher education—men who may read, debate, understand in some degree the politics of the situation. We are dealing, in other words, with men often influenced by revolutionary thought. Secondly, this specialisation must at all events in the Capitalist war-machine be associated with a certain lack of adaptability. There is a rigidity about the war-machine—a rigidity that affects both rank-and-file and staff.

The prestige of the Japanese High Command has suffered. Why? Again there are two points to be noted. Firstly, we have the rigid and stereotyped action of the Japanese war-machine. Modern tactics and strategy are the outcome of a long period of evolution. Fresh arms have been added—fresh defensive methods contrived; but the basic formula remains the same. It is a formula of rules and equations and it is a formula handled mainly by brains not remarkable for their pliability and ingenuity. They are the brains of a "caste"—a "caste" still half-rooted in the ideals of medieval warfare and still indulgent to all that is meant by precedent and tradition. I refer here not merely to the Japanese corps of officers, but to the officer type in all the modern Capitalist war-machines.

Secondly—but dependent from the first point—comes the fact that the Japanese Command found itself faced with a *new model* army in the defenders of Shanghai. This was a situation on which it had

not reckoned—on which it could not, in the nature of things, fully reckon. The Chinese were hardened *guerilla* fighters. The Division that defended Shanghai had been among those to participate in the Cantonese expedition of 1926-27. It had fought against the detachments of the central Chinese Soviets; and in contact with these had been seriously radicalised. As usual with more or less "revolutionary" troops, the morale of the individual soldiers was very high. Eye-witnesses tell of the trained adaptability of the Chinese in placing their field-guns and their strong-points, their quickness at seizing cover and their personal endurance. Their tactical formula was so simple and elastic, that detachments of workers and peasants—even of working women—could be readily armed and instructed how to play their part in the defence.

We have then the modern war-machine faced by a machine of yet more recent pattern—a true *new model*. The Chinese Government has at its disposal aeroplanes and heavy artillery—but these were scarcely brought into action. The Chinese politicians are corrupt; their staff is on the whole treacherous and negligible. The Shanghai forces are known in many cases to have repudiated their officers and elected from their own ranks more trustworthy *cadres*. The problem for China is whether this revolutionising process will go on—whether, in fact, the Japanese advance will at length be met by fierce and widespread *guerilla* resistance. And if this *guerilla* resistance is adequate supplies, the Japanese war-machine may be unequal to the strain. Notoriously there has been disaffection among the Japanese troops; this may begin to spread, especially in contact with the revolutionary spirit of the Chinese. A *new model* Army learns its science and strategy as the war advances; and this strategy is naturally of a new type. Its moves grow more and more ingenious, less and less foreseeable. For it is not hampered by the old forms of class relationship, and the discipline implicit in these forms. It thus has an advantage over its opponents who rarely dare to risk a fundamental readjustment of their war-machine. They can only elaborate the destructive potentialities of their "factory."

This hideous destructive potentiality one would not seek to minimise. But it does not help us to talk about it. The great war-machines are not impregnable; they are not eternal. As we closely examine them, we may discover avenue after avenue through which we can—even now and with our puny resources—penetrate them and begin to injure the works.

"The Japanese," remarked one of the Chinese leaders at Shanghai, "may not have been vanquished; but they are not invincible." The present article is an attempt to indicate what he meant.

THE BANKS RECRUITING RAILWAYMEN.

The N.U.R. have passed a resolution advocating the policy of a railwaymen's strike against armaments war. There will presumably be no difficulty in obtaining the credit necessary to finance such a strike.

The N.U.R. profess themselves gravely concerned about the high mortality arising from road accidents. If the case of preventing or reducing that mortality is fastened upon road-transport undertakings it will lessen, and may eliminate, their competition with the railways. Or if certain forms or weights of traffic are prohibited from the roads that will directly transfer revenue from these undertakings to the railways.

The N.U.R. advocate a rail-road combine. Under such a combine the consumer would pay for the elimination of competition in higher fares and carriage rates.

The Films.

The Stars in Their Discourses.

Last week I had the pleasure of a talk with Joan Crawford and Douglas Fairbanks, jr., who in private life are Mr. and Mrs. Fairbanks. I am not using the word pleasure in the conventionally polite sense; both Miss Crawford and Mr. Fairbanks are extremely intelligent artists, with sound ideas on the needs and technique of the screen. Miss Crawford believes with me that the person who counts most in a film is the director; "the star goes to the director, not the director to the star." This is especially true in Miss Crawford's own case; she has always been a very unequal actress, under the right kind of direction she has done incomparably better than when playing with a director unable to get the most out of his plastic human material. Mr. Fairbanks believes that the primary duty of a film is that it should have cinematic essence. If this truth and the essential importance of the director were more generally borne in mind in film studios, we should have more good pictures.

The Wet Parade: Empire.

Upton Sinclair and Victor Fleming, who directed the film, have held the balance evenly enough between the evils of drink and of Prohibition. The Demon Rum, in this instance Bourbon whisky, and its synthetic counterpart, first impels a Southern aristocrat to suicide, and then makes his son go blind and a hotel keeper kill his wife. Pre-Prohibition drink broke up homes; Prohibition liquor has created a greater industry, more vested interests, new forms of crime, and more drinking among young people. Also, before Prohibition the people at least got good liquor, and the citizen did not take his Sunday afternoon walks abroad to the accompaniment of a spray of machine-gun bullets.

All this we knew before, but the screen is a good weapon of propaganda, both for Wets and Drys, and "The Wet Parade" gets a little more down to the problem than most booze racket and gangster pictures that have preceded it. But not much more. As in every film depicting a social problem, its first defect is not even hinted at. Moreover, it is the another of the screen's lost opportunities—it ranges over so narrow an area, and entirely disregards the great mass of the people. Such selectivity is largely unescapable on the stage, and also, although not to the same extent, in the novel, but it is precisely one of the unique characteristics of the cinema that it can take in cross-sections of humanity in the mass, instead of confining itself to the short-range study of individuals.

"The Wet Parade" is too long, and could dispense both with its comic relief (although Jimmy Durnate is extremely amusing) and with the sickly sentimentality of its ending, while the hospital maternity ward has been done to death. But it is extremely well acted, notably by Walton Huston, Robert Young, and Lewis Stone, the last in a marked variation of his usual stereotyped roles; the *montage* is excellent; and the dialogue good. The film might have been very much better, but it is distinctly above the average, and distinctly worth seeing.

Der Hauptmann von Koepenick: Cambridge.

Nothing, said Bernard Shaw, will cure the German of his mania to be moral, self-respecting, loyal, patriotic, respectable, and well-spoken of. That mania "may end in . . . suppression of all freedom to try new social experiments and reform obsolete institutions, in . . . an omni-present tyranny

in which his doctor and his schoolmaster, his lawyer and his priest, coerce him worse than any official or drill sergeant: no matter, it is respectable, says the German, therefore it must be good, and cannot be carried too far; and everybody who rebels against it must be a rascal." That was the real lesson of the Koepenick hoax, which, although it was on the surface made possible only by a slavish worship of the officer's uniform, was, in fact, only possible in a country permeated with a respect for authority, of which the soldier's coat is the most visible symbol.

This film version of Karl Zuckmayer's play combines satire, comedy, farce, pathos, and tragedy, and is the most amusing film at present to be seen in London. The satire is not merely on militarism, but also on all Jacks-in-Office, and on all pompous authority and officialdom, and on the cowardice of the average man and his weakness for being deceived by appearances. Even the Burgomaster, amazed and humiliated at his sudden arrest, is outraged by his wife's suggestion that he should ask the "Captain" to produce his authority, and stoutly defends his captor on the ground that he is only doing his duty and is bound to do it. As for the soldiers whom the captain presses into his command, they would no more dream of asking him for his credentials than of requesting the Kaiser to produce his marriage certificate.

The part of Wilhelm Voigt, the bogus Captain, is superbly played by Max Adalbert. First, he is the old lag, crucified on the altar of red tape, who cannot get a job because he is without necessary papers, and cannot get the papers because he is unemployed. Then he becomes the officer, clad in brief but such awful authority, that he can arrest public functionaries, have the contents of the Town Treasury handed over to him without a murmur (save from one *petit fonctionnaire* "who has not served"), and can keep seventeen worthy town councillors from their luncheon, only to receive the profuse thanks of these gentlemen when he does let them go. And then the shambling old man again, voluntarily handing over the loot, except for a deduction for three fourpenny cigars and a little refreshment on the same modest scale, in return for the promise that when he has served the sentence that is coming to him he shall this time really receive the coveted passport. Adalbert's impersonation, characterised by a host of subtle touches, could not have been bettered, and he is admirably supported by his fellow players.

The dialogue is so unusually good that, although English titles and the quality of the acting render the picture completely understandable to foreigners, the fullest enjoyment of the film must be lost to those who do not know German. [The spectator with no German will not know what he is missing, but those who understand German will realise how much the knowledge has contributed to their enjoyment.]

Richard Oswald directed.

POSTSCRIPT.

Lack of space postpones my criticisms of "Black Diamonds" and "After Office Hours," both at the Regal. Go and see them. DAVID OCKHAM.

"Sunday Referee" on Lausanne.

"Again, take the Lausanne settlement. Up to a week ago absolutely no constructive work had been done. The political representatives of the participating nations were dominated by one question: 'How does this affect us?' Then the bankers and financiers stepped in and forced the politicians to arrive at the present compromise."—*Sunday Referee*, July 10, 1932.

"The New Era."

An event of great significance took place on June 7 in the appearance in Sydney of a new 8-page penny weekly entirely given over to the advocacy of Social Credit. It is called *The New Era**; and sub-heading describes it as "Advocating the Douglas Social Credit Proposals Throughout Australasia." We are informed that between 8,000 and 10,000 copies were requisitioned for the first issue. The object of the paper is to carry Social Credit to the man-in-the-street on the one hand, and on the other to feed Social Credit advocates with information about each other's activities and successes. Both in the extent and balance of its scope, and in the quality of its contents, the first number is an excellent piece of journalism. The following particulars will give some idea of the ground it covers:—

Introductory remarks by the editor.

"Douglas Social Credit In A Nutshell." (Popular exposition.)

"How Douglas Began" (Biographical notes).

"Yesterday, To-day, and To-morrow." (A page devoted to quotations, and comments on events.)

"Social Credit Movement." (A page of reports concerning S.C. activities in the several Australian States, and in New Zealand; also a list of forthcoming special meetings and of places and dates of regular weekly branch-meetings. This list comprises thirty-seven places where weekly meetings are held, and five where "outside public meetings" have been arranged.)

"The World Crisis." (A page of paragraphs exhibiting phases of the economic break-down in various places in the world. A particularly interesting paragraph shows the crumbling away of the famous Premier's Plan—these anti-Lang Premiers are now driven to apply for Federal grants to balance their Budgets!)

"These Experts!" (A column of satirical comments, competently done.)

"Douglas Dialogues." (This first dialogue elucidates the subject of wealth-distribution. Others are to follow.)

"Kreuger Frauds." (A reproduction, with acknowledgement, of some comments from THE NEW AGE.)

"Questions for Candidates." (Published for use in the N.S.W. State Election then proceeding.)

According to a published "Message" from Mr. W. G. McReaddie, President of the Douglas Social Credit Association (N.S. Wales) whereas a year ago the average number attending study-meetings in N.S.W. was 30, "to-day the average weekly attendance is 6,000." He hopes that the new paper will "lead to an increasing volume of informed thought on economics and financial problems." Well, it will not be the fault of *The New Era* if his hope is not fulfilled. It is direct, forceful, entertaining—even amusing; and yet preserves an atmosphere of restraint which should command the respect of those responsible for the government of the Australasian peoples.

Our readers will readily appreciate the importance of having a synchronisation of responsible Social Credit Press-services at both ends of the world on a weekly time-rhythm. It will catch up the lag in the exchanges of news and views which has been previously unavoidable.

The Labour Daily (Sydney, N.S.W.) of May 30 quotes extensively from the "Notes" in THE NEW AGE of April 21 in a leading article concerning the dismissal of the Lang Government by Sir Philip Game. By a coincidence it was in those "Notes" that we said: "When Niemeyer called Australia to heel he sent Australia to school"—a remark which *The Labour Daily* includes in its quotations. The phenomenon of 6,000 students of Social Credit in New South Wales strikingly attests the truth of our remark.

**The New Era*, 8 pages, weekly, 1d. Hon. Editor, Mr. C. Barclay Smith. Published at Adyar House, 27, Bligh Street, Sydney, N.S.W.

Jewry and Civilisation.

By Francis Taylor.

II.

Another Jewish creation is the Stock Exchange, which is becoming more and more the centre of all economic activities. There were three clear stages in its formation. The first was the evolution of credit from being a personal matter into one of an impersonal relationship. It took shape in securities. In the second stage these securities were made mobile—that is, they were bought and sold in a market. And, thirdly, companies were formed for the purpose of creating such securities.

The feature of the Stock Exchange which differentiates it from other markets is that not only are the commodities there to be bought and sold impersonal embodiments of claims, but the dealing is also divested of its personal character. It is no longer the trustworthiness that a merchant enjoys in the estimation of his fellow-merchants, based upon personal experience, that underlies business activities, but the general abstract valuation of credit. Prices are no longer formed by the higgling of two or more traders, but rather by a mechanical process, representing the average of a thousand and one units.

It is generally agreed that the origin of Stock Exchange dealing began with the associating of bill-brokers. When exchanges arose first the Jews almost monopolised bill-broking. Modern speculation arose in Amsterdam in the seventeenth century, when the Dutch East India Company's shares called stockjobbing into existence. Authorities mention that Jews were the principal stockholders, and documents are quoted stating that the Jews invented "the stock and share business." The Jews who thronged over to England with William III. from Amsterdam brought with them the machinery of Stock Exchange dealing in vogue there. They assisted William with their advice, and one of them, the wealthy Medina, was Marlborough's banker, giving the General an annual grant of £6,000, and receiving in return the advantage of being first in the field with news of the wars. All the tricks bound up with rising and falling prices, lying reports from the seat of war, the pretended arrival of couriers, the formation of financial cliques and cabals behind the scenes, they knew them all, the early fathers of the Stock Exchange, and utilised them to the full to their own advantage.

The business of stockjobbing as a specialised profession was introduced into the London Exchange by Jews, probably in the first half of the eighteenth century.

With the rise of the house of Rothschild (1800-1850) and its expansion went also the expansion of the Stock Exchange. Two features were then introduced—the stock market became international; and the machinery of the Stock Exchange was utilised for floating loans. This was followed by company promoting and mortgage business. Here, again, Sombart quotes documentary evidence pointing to Jewish influence in the tendency of the joint-stock banks to act as company promoters.

The contrast between the regime during the Middle Ages and the present is complete. In every fundamental principle the order has been reversed. For my purpose one vital change may be indicated—the change-over from the individual personal relation to the standardised legal transaction.

It may seem arbitrary to identify this basic change and the Jews, especially as I cannot give you the verse and chapter to support each assertion as Sombart* does. But Sombart, in stating his problem, declares that his aim is to discover the play of cause and effect as it really was, and consequently his starting point is from facts admitted on all hands. His work is scholarly and profound, and each step is carefully documented. Having shown that the Jews introduced the new ideas of capitalism into a world organised on a totally different basis, he proceeds to inquire: Why did the Jews act in such a manner? What impelled them on this pathway? The answer he gives, which is again fully supported by reference to authorities, is in two sections—first, the objective causes, and, secondly, the subjective causes.

Objective Factors Enabling the Jews to Create and Expand the Capitalistic Spirit.

These are four in number.

(1) The dispersion of the Jews over a wide area. They had by this means exceptional opportunities of acquiring early and accurate information and by their control of the Stock Exchanges in the great European centres of internationalising public credit. Their connections in different centres also enabled them to accumulate large quantities of commodities much more easily than Christians.

**The Jew and Modern Capitalism.* Sombart.

(2) Their alien position. They were not hampered by any time-honoured tradition, but substituted for it economic rationalism. Jewish business methods are based on their intercourse with strangers, and so they are not bound by a strict morality.

(3) Their aloofness. Both the guilds and public life were closed to them, and therefore they threw themselves into business with redoubled energy. Their political colourlessness enabled them to become the standard bearers of the international capitalistic system.

With regard to the Ghetto, Sombart asserts that the Jews created it. From the non-Jewish point of view the Ghetto was a concession and a privilege and not the result of enmity. The Jews lived separately from the rest because they felt themselves superior to the common people round them. They are the chosen race. They have been a group by themselves, and therefore separate and apart from earliest antiquity. The well-known passage from Tacitus has been often quoted: "All strangers they hate as enemies. They neither eat nor intermarry with strangers."

It is true that the Jews kept together so closely and shut themselves off very often on account of the unfriendly treatment they received at the hands of their hosts. But it was not so originally. The Jews wanted to live secluded from their neighbours because of their religion.

(4) Their wealth. This enabled them to start capitalist undertakings more easily than the Gentiles. The Jews were able to lend money, and money lending contains the root idea of capitalism. Moneylending is a purely intellectual act in which there is nothing corporeal. All conception of quality vanishes here and only the quantitative aspect matters.

The Jewish Religion and its Significance in Economic Life.

Sombart does not rely on objective circumstance alone, even with a wealth of evidence, to explain the economic role of the Jews. But before turning to the subjective factors, he devotes a chapter to the consideration of the Jewish religion, which lies midway, having, as he remarks, a subjective aspect, but so far as the individual being born into it, it has an objective aspect.

The connection between Puritanism and Capital has been worked out by Max Weber, and reading this work was the impetus which caused Sombart to consider the importance of the Jew, "especially as I felt," he says, "that the dominating ideas of Puritanism which were so powerful in capitalism were more perfectly developed in Judaism." Much earlier in his "Confessions" Heine had noted the parallel. "Are not," he asked, "the Protestant Scots Hebrews, with their Biblical names, their Jerusalem, and their Pharisaic cant?"

Sombart asserts an almost unique identity of view between Judaism and Puritanism—in both are found the preponderance of religious interests, the idea of divine rewards and punishments, asceticism within the world, the close relationship between religion and business, the arithmetical conception of sin, and, above all, the rationalisation of life.

When Professor Cassel, in his recent Rhodes Lectures, traced the restrictive action of the Federal Reserve Bank in 1929—which was the initial cause of this unexampled depression in the United States—to Puritanism, which regarded the fat years of American prosperity as sinful, his keen insight detected the prepondering Judaic element in determining U.S. history.

If Puritanism has had an economic influence, how much more so Judaism, seeing that among no other civilised people has religion so impregnated all national life as among the Jews. The Jewish religion regulates all activities. It has the same leading ideas as capitalism, the chief parallels being:—

(1) Both are creations of the intellect, things of thought and purpose, alien elements in the midst of the natural, and has banished all pictorial art.

(2) Both rely on contract. The whole religious system is a contract between Jehovah and His chosen people. God promises something, and the righteous must give Him something in return. Here we come upon the system of rewards and punishments which is one of our chief stumbling blocks in getting recognition of the principle of National Dividends. Religion becomes a complicated system of book-keeping.

(3) Both are dominated by a conception of profit. The quantity of the broken commandments alone counts. No consideration whatever is had for personal value, which yields to a quantitative ideal.

In the Jewish religion obedience to the Law is the main principle, which involves living according to a strict system of rules and regulations, repressing the natural instincts—"Thou shalt not . . ."

The cardinal virtues are self-control, love of order and work, moderation in eating and drinking, chastity and

sobriety. All the instincts are rationalised. The cultivation of family life in all its purity was inculcated, and Sombart attributes to restrictions laid on sexual intercourse even in marriage the accumulation of enormous funds of masculine energy which were large enough to set in motion such a mighty economic system as capitalism.

The rationalisation of life accustomed the Jew to a mode of living contrary to nature, and therefore also to an economic system like the capitalistic, which is likewise contrary to nature. Before capitalism could develop the natural man had to be changed out of all recognition and a rationalistically-minded mechanism introduced in his stead. There had to be a transvaluation of all economic values. And what was the result? The "Homocapitalisticus," who is closely related to the "homo Judaeus," both belonging to the same species, "Homines rationalistici artificiales."

Before we go on to consider the subjective Jewish characteristics I want to quote a passage from Major Douglas's book, "Social Credit."

He says: "One of the root ideas through which Christianity comes into conflict with the conceptions of the Old Testament and the ideals of the pre-Christian era, is in respect of this dethronement of abstractionism. That is the issue which is posed by the doctrine of the Incarnation."

This significant passage had always puzzled me. Why identify the conceptions of the Old Testament and the ideals of the pre-Christian era with abstractionism? It was not until I read it in conjunction with this chapter in Sombart's work that I was able to endorse its meaning.

(To be continued.)

Social Credit in the Dominions.

New Zealand.

One may almost say that the official organ of the New Zealand Farmers' Union (Auckland Province), the title of which is "Farming First," is a Social Credit publication. The issue for May 10, 1932 (Vol. 6, No. 10) contains an article covering four pages of this paper. It is a technical exposition of Major Douglas's analysis, and includes references to the A plus B Theorem and the Just Price, together with several biographical references to Major Douglas himself. Additionally, there is a sensible article by Mr. Hedley Stewart on "Purchasing Power," covering two pages. Another 1½ pages are given to a speech by Capt. Rushworth (M.P. for Bay of Islands) in the House during the debate on the second reading of the Finance Bill, 1932. Readers who remember the former speech of this gentleman, which we reproduced in THE NEW AGE, will not need to be told that this speech is based on Social Credit principles. Another article (unsigned) covers 1½ pages, and discusses the subversion of authority by "a sinister influence working for the big financial interests and adopting Communism as its weapon." This is a most timely feature to introduce into the paper in view of the misleading impression on the New Zealand public which may have been created by the rioting which occurred in Auckland a short time ago. Then there is a whole page devoted to correspondence for and against the "Douglas Theories." Finally, a prominent announcement informs readers that the New Zealand Book Depot, Ltd., of 49, Princes Street, Dunedin, is prepared to supply books and pamphlets on Major Douglas's "Social Credit." It stocks "Canada's Bankers and Canada's Credit" (Major Douglas's evidence at Ottawa), C. F. J. Galloway's "Poverty Amid Plenty" (a cheap reprint published in Australia), and H. M. M.'s "Outline of Social Credit." The prices, in New Zealand, of these are, respectively: 2s. 9d., 11d., and 11d., post free. The address of the New Zealand Farmers' Union is: Wright's Buildings, Fort Street, Auckland. We see that Capt. Rushworth is one of the Vice-Presidents. One can add an interesting item that on nearly every page there is a slogan of some sort, in heavy lettering. Here are some samples: "You cannot make a dream come true by sleeping"; "More goods for troubles are rooted outside farming"; "Farmers unite! A mob workers to take lower wages"; "A 10s. sovereign is no good to cannot fight an army"; "Farming is the only Social Credit industry the farmers"; "It's a poor cause which has to stoop in this country"; "A cartoon filling the front cover shows a figure of a gangster-looking fellow, represented as 'The Present Monetary System,' standing guard over a pile of sacks representing 'All the World's Goods.' He is threatening with a pistol a smaller figure representing 'The Sick World.' The little figure is protesting: 'But I produced all these; they belong to me!' Enough has been said to show that Social Credit enthusiasts should keep in

touch with this exceedingly useful and sensible journal. It gives rise to the feeling that the initial break-through of the bankers' defences may be as likely to happen in New Zealand as anywhere else.

Australia.

To-day (Melbourne) for May 14 last contains a convincing reply by Mr. C. Barclay Smith to a criticism of Social Credit by Professor Copland.

NOTES ON THE BARNEY TRIAL.

III.

The "Confessions" of Mr. Stephen, which began in the *Sunday Dispatch* of July 17 were concluded in the following issue of July 24. The two instalments together are so short in quantity and so colourless in their frankness as to suggest that they are an abridged and edited version of the M.S. which he was stated to have deposited with a publisher three weeks before his death.

Mrs. Barney was fined £50 and ten guineas costs for unauthorised possession of a fire-arm. She left England, via Folkestone, for Boulogne, on July 22 for a rest in France.

On July 22 Miss Brenda Dean Paul, of Ulster Terrace, N.W., was acquitted by Mr. Mead at Marlborough Street Police Court on the charge of disobeying the orders of the Court. Mr. Mead considered that Dr. Fleming's evidence was too inconsistent to justify conviction. He accepted the doctor's testimony that on one occasion she had got hold of a drug, but remarked that that irregularity was "past" and had been "condoned." He suggested that Miss Paul might be put under the care of another doctor. But neither Mr. Peregrine for the defence nor Mr. Evans for the prosecution considered this necessary. Dr. Fleming had stated that on one occasion he had contemplated sending Miss Paul to the South of France to be in charge of his wife, a doctor, who lives there.

One of our correspondents came across Mr. Montagu Norman about a fortnight ago wandering about the Temple smoking cigarettes. Whether he was going to or coming from Essex Court, or Paper Buildings, or Temple Gardens, our informant did not wait to see. Perhaps Mr. Norman was out on a Nicodemus reconnoitre of Fig Tree Court!

Reviews.

The Bird Cage. By Eimar O'Duffy. (Geoffrey Bles. 7s. 6d.)

Mr. O'Duffy's name is already familiar to readers of the *New Age*. His latest work is a new departure, a mystery novel whose theme is a brutal murder in a first-rate seaside hotel. The real circumstances of the crime are excellently concealed, and will afford great scope for the ingenuity of the amateur detective who tries to solve the mystery. As might be expected with an author of Mr. O'Duffy's genius, his technique presents several unusual features, chief of which is the absence of the pseudo-Sherlock Holmes who brings the victim to justice single-handed. Instead, a police inspector, his intuitional fiancée, and a group of private investigators, all play their part. Moreover, the narrative is diversified with a number of sardonic comments on the present economic system and the psychology of financiers that will delight those acquainted with Social Credit and may arouse useful reflection in those who do not. I. O. E.

"The Rats in Norway." By Keith Winter. (Heinemann. 7s. 6d.)

Mr. Winter's first novel, "Dead Man's Saucer," was highly praised, among other things, for its maturity; but in fact the only valuable quality in his work is the author's extreme youth. I do not think Mr. Winter will ever be a great writer; it is doubtful whether he has any concern with literature, as such; and at the moment he is certainly too busy growing up to write about anything but himself. But if one is interested in following the growth of a vigorous young mind his books may be worth reading for at any rate a few more years. The question exercising Mr. Winter at the moment may be expressed in the words of the song, "What's all This Talk About Love?" His answer is implied in his title; he concludes that, just as the lemmings are drowned in their periodical emigration to an island that isn't there, so human beings, refusing to learn from the world's experience, rush blindly to their fate in the stormy seas of Love. The value of this pessimism is that it springs from Mr. Winter's having honestly faced the necessary failure of what is called Love by the author of almost every volume in our circulating libraries. I shall be interested to see whether he pushes on a

little further and learns the simple but inexplicable secret of the real thing. Unfortunately I cannot direct him, because experience is the only explanation of a mystery; but it would do him no harm to read, by way of preparing the ground, the works of, say, Coventry Patmore and some of the Catholic mystics. He that hath ears to hear, let him hear. M. J.

"The World Against Mary." By J. M. Frank. (Methuen. 7s. 6d.)

This translation from the German starts ominously with a peasant girl, more sensitive to beauty than the dull clouds around her, gazing at the beauties of nature while herding cattle, learning the facts of life by peeping through barn doors at the gross mating of yokels, admiring her slim, naked body in the glass, and all the usual nonsense. As the story develops, however, it becomes less conventional and more human, and ends up as a just and not hysterical account of a woman's struggle against poverty, and final suicide. German critics, impressed by the book as a social document, have variously compared it to the works of Dostoevsky and Zola. Such obvious nonsense must not prejudice the reader against what is, as contemporary novels go, a very decent piece of work. M. J.

"The Nelson Collection at Lloyd's." Edited by Warren R. Dawson. (Macmillan. 10s.)

This handsome and well-found volume, extraordinarily cheap at the price, will be invaluable to all students with a special interest in Nelson, naval history in general, or the history of the period. It contains a full historical description of all the relics in this fine collection, transcripts of the autograph letters and documents of Nelson and his circle, together with many other naval papers of the period. It is indexed under five different heads, generously annotated by the Honorary Librarian to the Corporation of Lloyd's, and supplied with a number of plates including facsimile of some of Nelson's letters. M. J.

The Background of International Relations. By Charles Hodges. (J. Wiley and Sons, New York; Chapman and Hall, London. 21s. net.)

The sub-title is "Our World Horizons: National and International." The author is Associate Professor of Politics, New York University. The book itself is part of the "interdependence of nations" campaign. It has all sorts of maps and diagrams, statistical tables, and 678 pages of special interest to the Wellsian Open Conspirator, ending with the comforting words: "Doubtless a time will come when we will be civilised enough to understand that peace is a state of mind—not a political institution." But will a time ever come when men of Professor C. Hodges's state of mind will have the wit to understand that peace is a state of pocket—not an idealistic "world-life" that "somehow and sometime will open up something . . ."? (see last page). There are, however, some useful facts to be dug out of this tome—useful, that is, to those who understand what is wrong with the present financial system. S. R.

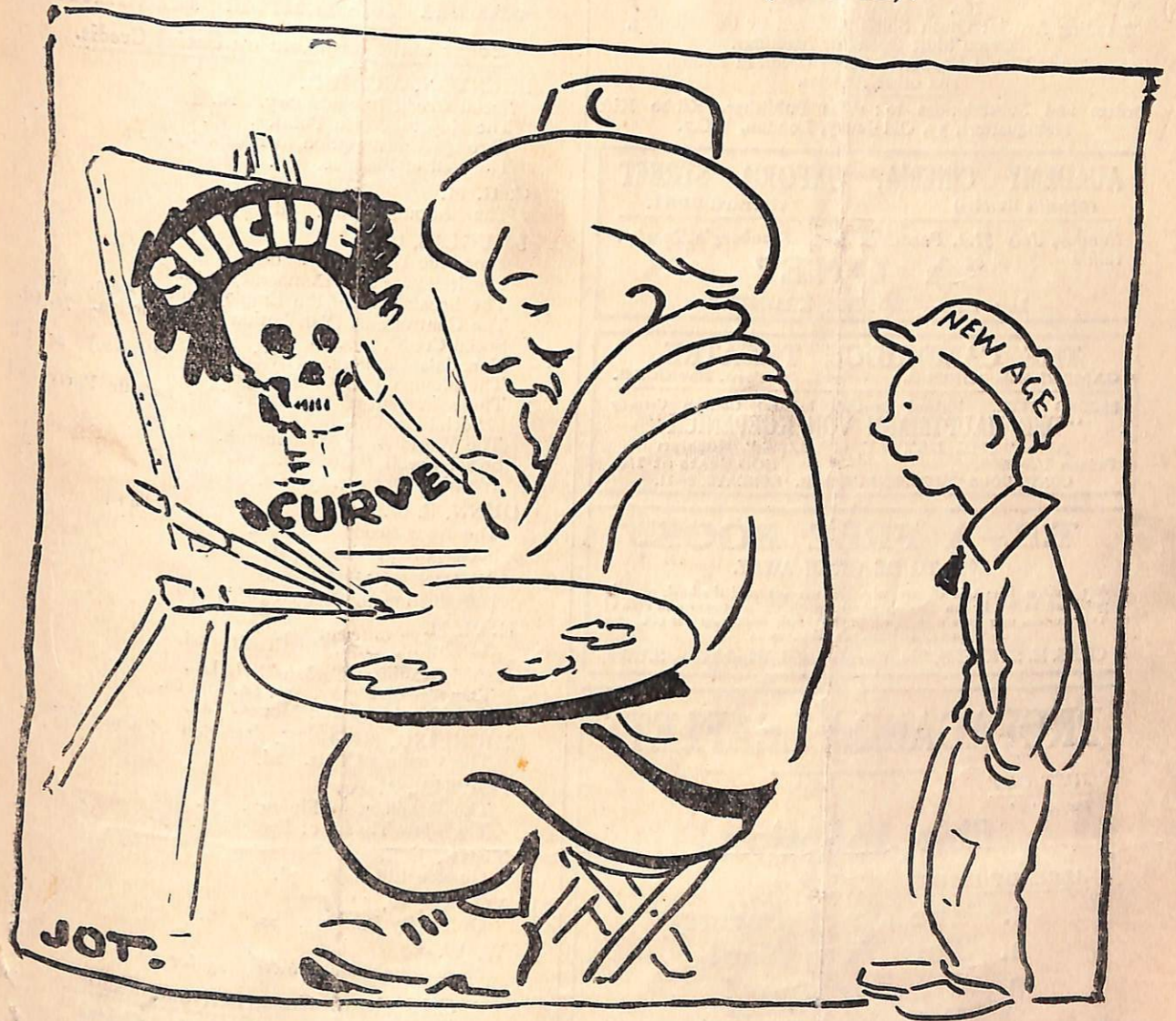
LETTERS TO THE EDITOR.

MR. NUSSBAUM AND SOCIAL CREDIT.

Sir,—As I understand the A + B Theorem it states that in the case of any firm, the rate at which it enters costs against the consumption market exceeds the rate at which it feeds money into that market—the difference in rates being represented by its disbursements on goods and services behind the market.

Mr. Nussbaum seems to consider that over an extended time-period the two rates are equal; by which I take him to mean that the result is the same as if they had been equal at every moment of time constituting the chosen period. Without going into such minute subdivisions as moments, and taking days as units, it will, I think, be a common ground that collective total disbursements of all industries together on a given day do not wholly come into the consumption market on that same day. At the same time costs equal to total disbursements are scored up against that market on that day. There is an excess of cost debited to the market over money fed to the market on that day. If, after 365 days this excess of cost is found to have been wiped out, the process of wiping out must have taken the form of the feeding of an amount of money into the consumption market in excess of the cost debited to that market. It must have happened in some intermediate period, and there must have been some day or days, in that period, in which the inversion of the deficit took place. It would

CARTOON BY "JOT" (No. 13).



THE PRICE OF SOLVENCY.

"I keep on painting it out, but it keeps on showing through."

be helpful to be shown how, on any day any firm—or all firms together—could score up total costs to a less figure than its payments of incomes, &c., alone. That would exhibit to us a cross-section of the compensatory process which Mr. Nussbaum implies is going on during the year, and would do a lot to make his proposition intelligible. JOHN GRIMM.

LORD TAVISTOCK AND CAPTAIN PAPE.
Sir,—The presence of an article of mine in Mr. Pape's book (reviewed by you on July 7) should not be taken as an indication that I agree with all Mr. Pape's ideas about international control of the distribution of wealth and money. I realise as well as anyone that an attempt to internationalise the means of overthrowing a financial monopoly is very likely to perpetuate it. TAVISTOCK.

Events of the Week.
(Compiled by M. A. Phillips.)

July 16.
Kibbo Kift London H.Q. opened.
De Valera's London visit ends in failure.
Dail passes Emergency Powers (Tariffs) Bill.
Austrian moratorium. League loan (£9,000,000) floated to save Austria.
France to balance Budget partially by currency inflation.
League take steps to convene World Economic Conference.
"Gentlemen's Agreement"—MacDonald "reassures" Washington.

Italy to enforce "Buy Italian" order.
July 18.
Layton broadcasts "advice" on War Debts to U.S.A.—Hearst Press in vigorous opposition to Lausanne and Layton.
Gold drain on U.S. continues (£45,000,000 lost in June).
Kreuger British losses more than £50,000,000.
Glass Currency Inflation Bill passes Congress.
Unemployed riots in Washington.
Conditions attached to Austrian loan cause bitter feeling there and in Germany.
July 19.
French trade balance causes alarm.
General ban on carrying of arms and on outdoor meetings throughout Germany.
Police merger plan rejected by Home Office committee.
July 20.
Sir H. Thornton, President of Canadian National Railway, resigns.
Martial law declared in Prussia. Von Papen dismisses Socialist-Catholic Government. Fall in German bonds.
Mussolini dismisses five ministers, including Grandi and Finance Minister. Stock Exchange "taken over" by State.
July 21.
Ottawa Conference opens.
State of siege declared in Berlin.
Mellon goes to U.S.A.
July 22.
Bonus Army ordered to vacate Washington.
French gold holdings £665,000,000 (par). 100 per cent. note cover.

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