

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The reports in the London Press of Mr. de Valera's speech at Geneva seem to have omitted the most important part of it. We give below an extract from the *Dublin Evening Herald* (Final edition), Vol. 41, No. 230, dated September 26, 1932, the matter in which we do not remember seeing in any of the British newspapers that we customarily read.

A hundred million people were faced with starvation in the midst of a world of plenty, in a world in which mechanical development had reached a stage of production capable of reaching many times the people's needs.

It was their duty there to face that anomalous and desperate situation frankly and honestly, not as representatives of States or parties or special interests, but as men who realised "that the primary duty of men and statesmen, national and international, was to plan for the well-being of their fellows—the plain, ordinary human being of every country."

There was no doubt that when the will existed, a solution for this problem could be found, but it must be a will to action that would go deeper than an examination of the possibilities of re-opening the channels of international trade.

The time had come for action. The whole basis of production, distribution, finance, and credit required to be completely overhauled.

It is not surprising that the Assembly received Mr. de Valera's speech in "stony silence." The problems of food, clothes and shelter are three skeletons to lift the curtain of the alcove in which they are secreted on gala nights. It might frighten the ladies.

On the same date as the above report, the *Irish Press* (Extra edition), Vol. 2, No. 232, September 26, reported a speech by Mr. Gilmore as follows:—

Speaking at the aeridheacht held in the Show Grounds, Nenagh, on Saturday, Mr. George Gilmore said it was the duty of the people to demand of the present Government that they take the necessary steps to squash the intrigue of the Bank of England by making the Irish banks, which they controlled, a national institution. The present Government were anxious to abolish the Oath of Allegiance and to refuse to pay the Land Annuities, but at present

they were very nearly oblivious to the fact that there is a far greater barrier between them and real national and economic freedom, and that was the banking system of this country.

Punch, of October 12, publishes a cartoon showing Mr. de Valera knocking out the keystone of a bridge—the bridge representing the unified Empire and the keystone the Oath of Allegiance. This is amusing, because long ago *The Times* said that the question of the Oath had fallen into a secondary place, the real subject of contention being the Annuities; so this should have been shown as the keystone of the bridge, whereas it is shown by the artist simply as one of the other stones in the arch. Politically what *The Times* says in letterpress *Punch* says in pictures; and that is why *The Times* does not need to hire cartoonists.

On the same date, October 12, the *Evening Standard* commenced a series of articles purporting to reveal the secrets of the I.R.A. The author is anonymous, so the value of his information has to depend on the internal evidence of its authenticity. Beyond saying that he is just back from Ireland (which might be a lie) he puts nothing in his first article (which is all that has appeared at the moment of writing) that any Fleet-street scribe could not have composed in the bar of the "Falstaff." The recorded events do not happen on any dates, nor at any places. But even then they amount to nothing more than saying that the I.R.A. is in a state of activity. However, as the writer progresses with his story he will think of a plot: so we will leave him to it.

The sudden rioting in Belfast, supervening on all this jeering and intriguing against the Free State Government, comes as a grin from the gods.

Lord Craigavon, speaking in Belfast on October 12, hinted that if the "mischief-makers who had come into Belfast had any designs towards obtaining a Republic, they would be disappointed." (*News-Chronicle*, October 13.) He was, he said, "not a man to be intimidated." There is evidently

a disposition here to make Mr. de Valera and the I.R.A. joint scapegoats for the bankers' blunders, and insofar as this is so we suggest that the initial intimidation resides in his Lordship's hint. To explain a common phenomenon an honest and competent observer would first seek a common cause and a common agency. In this case, seeing that violent resistance to the means test is breaking out here, there, and anywhere, an explanation is needed why the ubiquitous Communist is left off the charge-sheet, and the Irish Republican substituted. What has become of the Soviet agents and their Russian gold?—Why are they standing out of the fight?

This sort of trickery won't do. The cause of the means-test riots is the means test; and insofar as the cause has operated through personal agencies it has been through the methods of investigation adopted by visiting-officers working under the public-assistance committees. These methods have been in themselves sufficiently provocative to rule out the necessity for supposing incitation. Now that blood has been shed the public will learn a little about the methods; and we should say that they will realise how ridiculous the notion is that the victims have needed to be nudged by Republicans, Communists, or other agitators to show their resentment. In the meantime there is peace in Dublin—rather a joke from our point of view, and a spectacle which must irritate the solemn critics of Mr. de Valera's "wild and reckless" Government, especially in the light of his speech at Geneva. Statesmanship must fulfil concrete needs or it will be hit by concrete objects.

In form Mr. de Valera revealed at Geneva his awareness of the direction in which these concrete results are to be sought, namely through an overhaul of the existing financial technique for distributing production. It has demonstrably broken down; and the only coherent explanation why, and what to do about it, is that of Major Douglas. Mr. de Valera spoke true words when he said that the finding of the solution was a matter of willing it. Whatever obstacle exists is not technical, but psychological. The old proverb: "Where there's a will there's a way" applies to the situation in a limited, but not a general, sense. Here, *the willing does not create the way*—and this should be emphasised because the banking classes will lose no opportunity of twisting the proverb to mean that a universal "change of heart" must precede any effective remedy for the world's troubles. The truth is the opposite, namely that *the way creates the willing*. For the remedy which Major Douglas has propounded exerts a balance of attraction over repulsion in every direction. To each and every sectional interest now in mutual conflict he can prove a net gain to accrue from mutual co-operation. Not to employers, investors, and workpeople as such, but in spiritual terms, such as satisfactions to various schools of idealism founded on humanitarian principles. To know of this discovery is to like it; and to like it is to will it. The problem is simply one of spreading the knowledge and letting it transmute humanity's suppressed wishes into free wills, its aspirations into actions. We say "simply," in the sense that it is no problem at all to those people who control existing avenues of public knowledge. The psychological problem is the problem of their particular psychology, not of that of the millions of skilful and active citizens on whose credit the economic kingdom is basically founded.

Those readers who have watched recent developments in Australia, and especially those carrying on their work there, will have noted two things. Firstly that every type of person engaged in the economic

struggle is numbered among adherents to Social Credit—capitalist and wage-drawer, Conservative and Communist, all alike have come to the same penitent-form and found absolution from their doubts. Everywhere men and women from diverse social stations, often with few or no affinities in taste, are entering into mutual affiliation under the regenerative influence of their new hope. Secondly, and consequently, although Social Credit is now a universal topic of public debate, all criticism—whether independent or officially inspired—is concentrated on points of technique to the exclusion of appeals—so familiar in bygone controversies—to class-prejudices or economic rivalries. Critics are trying to show that it won't work, and some are hinting that it won't be allowed to; but no critics are prepared to say that if it works as designed to work it will let any particular interest down which co-operates in working it. They may utter warnings that all the co-operating interests together will fail of their objective; but it is a very different matter to tell them that they'll all fall in the soup from telling them that some will push others there. So we see that the clean nature of the Social Credit policy has cleansed the character of its discussion. This was inevitable because the Social-Credit party to the controversy is fighting its case politically on the proposition that the "enemy" is outside the arena in which the controversy is taking place.

The point which we now come to is that since Mr. de Valera seems to know where the remedy is to be found he should do something more than admonish other statesmen to find it. The intelligence service of the Bank of England are well aware that Major Douglas's analysis and policy are familiar to several men in the political counsels of the Free State Cabinet as also in those of the High Command of the I.R.A. The Bank will therefore have had in mind the contingency that the Irish Government might try credit-experiments. Its strategy might be to let the Government try—or even to bring about conditions in Ireland which would compel them to try. In either event it would see that the trial took place in a form which was technically unsound. It would take steps to force Mr. de Valera to embark in a hurry on an improvised plan to meet a particular emergency.

In this connection it will be remembered that we recently discussed Mr. Norton's, the Irish Labour Leader's, catalogue of benefactions to the workers, which he expects Mr. de Valera to concede, presumably as the price of Labour support in the Dail. How the concessions are to be financed out of the Free State Exchequer in its present condition he did not explain. In other words, the Norton Ultimatum could drive Mr. de Valera into an inflationary policy. The Government, perhaps influenced by remarks like those of Mr. Gilmore quoted earlier, might bring pressure on the Bank of Ireland to advance the necessary extra credits—a policy which, for strategic reasons, the Bank would make a show of resisting, so that when it gave way the Government's supporters should think that they had won a victory. But the proof of a victory depends upon what happens after it. You would have extra money coming into circulation in Ireland just when (if present tendencies continue) business and farming enterprises were closing down, so ensuring an accentuated general inflation whose effects would be resented by all non-Labour sections of the community except those interests which profited by the custom of the workers. And even these would have nothing to be pleased about, for probably all the extra profit they got would have to be used to repay loans on which the banks are nursing them. It must be remembered, alternatively, that while the

Bank of Ireland was publicly lending money to the Government it could (through the other banks) secretly call in money to the same amount from Irish enterprises. In that case there would be no general inflation, but there would be something worse—an epidemic of bankruptcies, which, of course, the banking community and their Press would say was the automatic result of Mr. de Valera's policy.

As we said last week the great service which he can perform is to open up new avenues of publicity or to break into existing avenues on the general subject of the financing of distribution. While these are closed we cannot see how any Government in the situation of the present one could take any effective step, even on technically sound lines, to put its own credit-policy into practice. It would have to take each step publicly while the bankers took counter-steps secretly. At each advance by the Government new and disturbing phenomena would manifest themselves in the markets or the exchanges. Unless the Government were able to show how these were brought about, they would inevitably be regarded as the natural outcome of the policy instead of improvised obstacles to it. The prerequisite to action is to state an objective, and the principles and methods you propose to use for its accomplishment. Inasmuch as a representative Government has an incontestable right, even a duty, to formulate a policy, it has an equivalent right to facilities for keeping the whole body of citizens correctly informed on the nature of its policy and the reasons for it. Under the existing interpretation of the doctrine of the "freedom of the Press" it is safe to say that any arguments obnoxious to the banking community formulated even by authorised spokesmen of a Government, would be boycotted or misrepresented by the majority of newspapers within the country, and by all the international news-services. The only chance of an exception being made is when, as we suggested last week, such arguments are embodied in official documents relating to high-political issues and negotiations thereon. From this point of view the news over the week-end that the private conclave between Free State and British Ministers has resulted in nothing is good news if true. At the moment of writing the respective official statements of the two parties have not been made, so we will defer further comment.

The Treasury Bond Issue.

"Bold Stroke By The Treasury." This was the *News-Chronicle's* headline to an announcement on October 11 that the Government had offered £150 millions Treasury Bonds at 2 per cent. The writer of the announcement was Mr. J. C. Rea Price, who added some comments on the meaning and consequences of the move. We do not know if he was responsible for the attribution of "boldness" to it: if he was, either he has only a superficial understanding of the political power of the banking monopoly or he was simply intending to write up the prestige of the nominal National "Government." The complete transaction includes the recall of £140 millions 4½ per cent. Treasury Bonds. Thus, remarks Mr. Price, "the nation will save a net £2,625,000 a year." Observe, by the way, that if the nation, meaning the whole population, collectively "saves" any item of expenditure, then that item must previously have been paid to some persons or institutions not comprised in the "nation" or "population," and these extra-national entities

must "lose" what the "nation" "saves." If Mr. Price means that the ordinary public will save at the expense of the bond-holding public, that would be an intelligible proposition, but since the gains and losses would cancel out, there could not be a "net" saving to the "nation."

The true nature of this "bold stroke" can be stated in a phrase. It is a Kreuger-and-Toll financial coup. Its technique is simply this: that the Bank Monopoly lends to itself £150 millions earning 2 per cent, and repays to itself £140 millions previously earning 4½ per cent. Disregarding the £10 million balance, we can let the loan and repayment cancel out, and consider the question of interest. What it comes to is simply this: that the Bank Monopoly has reduced by 2½ per cent. the amount of credit which it has been issuing and retiring on account of debt-services. Applying Mr. Price's figure, it has knocked £2,625,000 a year off the total of circulating credit. This is an act of deflation. The nation's "saving" consists in the fact that the community are now saved the trouble of handling the above money. If you like to capitalise it at 5 per cent, and consider the figure, about £40 millions, as an addition to the hidden reserves of the Banking Monopoly, you will not be far out.

It is a doctrine of public finance that the credit of a Government varies inversely as the rate of interest at which it can borrow money. The lower the rate the higher the credit. If you plot out an ascending "curve of confidence," it will reach its peak at the point where the Government can borrow free of interest. In pure theory you can extend the curve still higher by supposing the Government to be in a position to charge investors for the privilege of lending it their money! A minus interest-rate reflecting, as it were, an excess-confidence tax. This is not so fantastic a conception as it sounds; for if you consider the enormous sums lost by investors generally since 1920, you will realise how well it would have paid them supposing the Government had been the sole borrower and had charged them a rate of interest for guaranteeing them against loss of capital. They would have been insuring their savings. Of course no Government could give such a guarantee in the present financial system which depends for its stability on the writing-off of personal savings. It used to be said that the blood of martyrs was the seed of the Church. It is just as true of the economic life-blood of the individual—his savings, shed to propitiate the gods of Finance.

To confine ourselves to the region of practicability, there is no reason why a Government should not borrow credit free of charge, because to the extent to which it cut down disbursements of interest the banks would be able to cut down issues of credit. The less the credit in circulation the greater the power of the banks to dictate the uses to which it shall be put. It would suit the Credit Monopoly very well; but the snag lies in the fact that it could not be done without stirring up an undesirable amount of public curiosity. "Who on earth," people would ask themselves, "are these patriots—who are lending money free without compulsion?—how can they afford to?—and why do they, even if they can?"

No; there must always be an interest-rate for the look of the thing. The illusion must be maintained that the finance of the Government is provided by private individuals who mostly need the interest to live upon, and who, in any case, have lent what is their own. It is "not in the public interest" that these great conversion schemes should be seen for what they are—namely, the de-mobilisation of public-credit and its instant re-mobilisation by private institutions which have usurped the ownership and control of it.

Invergordon and Belfast.

We discuss elsewhere the stupid suggestion that the Belfast riots were the work of political agitators. What here follows will supplement our remarks from another angle. We begin with a few notes which we wrote down a week or two ago following a conversation with a naval man who was on board one of the battleships and took part in the "mutiny" at Invergordon.

The sailor's contract with the Government is more in the nature of a civil contract than a military contract. A sailor contracts to serve in the Navy for a certain period of time. A soldier, and also a marine, has to swear to defend his King and country. One of the practical implications of the difference can be illustrated as follows. Say there is a riot in a town. The police can call upon a soldier or a marine to assist them. But they cannot compel a sailor. He can walk by and take no notice. Of course, he would be censured in the civil courts or before any inquiry; but he would not be breaking naval law. Another difference relates to disobedience. A sailor can disobey an order from his superior officer without incurring the heavy penalty which a soldier or a marine would incur by so doing. You will never hear of a case of a sailor being dismissed from the Navy for refusing to obey an order. That can only happen if he strikes a superior officer. On the other hand, a soldier or a marine who disobeys an order incurs a heavy penalty.

It would appear, then, that some other word than "mutiny" ought to be used to describe the revolt of the sailors at Invergordon. Since their contract is quasi-civil, the so-called "mutiny" would be a quasi-strike—a sort of stay-in strike. Let us call it a strike pure and simple.

The occasion of the Invergordon strike was, as is well known, cuts in allowances. But the particular incidence of the cut which constituted the last straw which broke the men's obedience was the cutting down of the money allowed to the men's wives for the maintenance of the children. And the margin by which allowances were reduced included a particular sum allowable for babies under twelve months of age. In the Navy this was known as the "baby's shilling." And it was the shilling for the baby on account of which these men took the law into their own hands.

As is now history, the Government took no action. But as an automatic result of the strike every sailor who participated in it had his promotion stopped. None of them can now rise any higher—unless the present regulations are altered.

The battleship and the baby's shilling! The navy and the nursery! Convoys for cradles! There is something inspiring in this enlistment of majestic mechanical power in the protection of tiny little human personalities.

It seems a long descent from an impressive gesture like this to the hurling of paving-stones in the streets of Belfast. But the two events are linked together in regard to the nature of causation. Instead of talking of "the baby's shilling" let us talk of "the kitten's halfpenny." This is an appropriate slogan to associate with riots about the means-test. It arises in this way. One of our contributors overheard two women talking in a tram a few weeks ago, and one was telling the other how an official had called from the public assistance committee on a woman she knew who had applied for relief, and had ransacked the place to make sure it was bare of everything worth anything. He found nothing but a kitten and a saucer with milk in it. He said to the woman: "If you can afford to keep a kitten you can afford to keep yourself." Allowing everything for exaggeration in reporting the incident, it reflects the spirit in which the committees are obliged to administer the funds, and the thoroughness with which their officers are obliged to apply the test. Another case we heard of was that of the widow of a naval man. She had his photograph hanging over the mantelpiece; and, below it, his medals. "Hullo," said the official as soon as he noticed them, "you can get something on these."

It was probably with a great number of incidents

like this in his mind that Mr. George Lansbury wrote a long letter to *The Times* appealing to the conscience of the Churches, pointing out and insisting upon the fact that such things were going on in an age of plenty, warning them that outbreaks of violence were threatening, and asking for a Christian "crusade" against poverty. For once, Mr. Lansbury's emotional style of expression was appropriate to the occasion, and was impressively used—so much so, that whereas he wrote on October 8 *The Times* did not print him until October 11, by which time it had composed a leading article to mitigate any disturbance of conscience that might otherwise have taken place. It would not have done to let George get even a day's start of the bankster apologists for the system of soother-snatching and kitten-killing. However, he has stirred things up—as is evidenced in subsequent correspondence from representatives of the Churches, including the Bishop of Durham, who paraphrases *The Times's* article as his own views on what he doesn't understand (that is what *The Times* composes such articles for) and rebukes Mr. Lansbury for using language which is virtually incitation to violence. Unfortunately for him, Belfast started to run amok before anybody there could have even seen Mr. Lansbury letter, much less organised a riot as the outcome of reading it. It is entirely appropriate that Uncle George, Minister for Juvenile Recreation, should stand forth to preserve what integrity is yet left to family life among the poor.

Unfortunately, organised Christianity is thoroughly under the "bankers-know-best" hypothesis, and we do not see what is to wake it up. What we do see is that if it does not wake up it will smash up.

United States Affairs.

The failure of the Insull Combine, like that of Kreuger and Toll, threatens to involve some big names in the business and social world. Already the *News-Chronicle* has reported (October 12) that among certain people and syndicates who were allowed special underwriting privileges in connection with some of Insull's capital issues was Mr. Owen D. Young. This of course does not involve reflections on the probity of anybody. It is useful to record, however, in the case of Mr. Young, because here we have a man of international renown assisting in the planting of potentially valueless stock on the public. "But in all innocence," his admirers will hasten to remind us. Quite so; but what a spectacle—the author of the Young Plan and the official regulator of Europe's finance being a dupe of Mr. Insull. Readers in the United States will be amused if they turn up our issue of May 7, 1931, where we described the Lotos Club's famous "night out" with Young under the presidency of the saintly Dr. Nicholas Murray Butler, and read what Butler said in praise of Young, and Young on the "importance of stability and confidence" (!) and the Right Honourable Viscount Astor in praise of Young, and so on round and round the mulberry bush.

"Seriously, gentlemen," spake the Right Hon. Viscount, "there are many of us in England, who, when we see an insoluble problem in Europe, are going to do gratefully and hopefully, 'Send us over Owen Young to do the job!'"

And here he is, caught like anybody else in a game of which he was supposed to possess the highest knowledge of any. We suggest that Mr. Insull be guaranteed immunity from legal process, invited to the United States to receive the freedom of London, and the Land at the hands of Dr. Murray Butler, and afterwards be placed in charge of the Federal Reserve System.

About the League.

By Eric Montgomery.

II.

The League of Nations came into being at the conclusion of the late war, and its written constitution or "Covenant" became an essential part of the Treaty of Versailles and the other Peace Treaties in 1919. The idea of diplomacy by conference which it principally embodies was, of course, by no means new—even to the heterogeneous multitude of soldiers, politicians, and adventurers who assembled at Versailles to set the seal upon "the war to end war." This idea took definite shape more than a century before at the conclusion of the Napoleonic wars; for it was Britain's greatest Foreign Minister, Castlereagh, who first formulated a clear demand for some sort of international organisation to prevent war, of which the League of Nations is the outcome. In spite of the primitive means of transport and communication which impeded diplomatic negotiations in the post-war Europe of the early nineteenth century, more conferences among the representatives of powerful nations took place between the years 1814 and 1822 than had occurred in the whole course of Continental history. And yet it is significant that during this "new era" of diplomacy the real powers in Europe were not statesmen like Castlereagh, Metternich, and Alexander I., so much as financiers like J. C. Herries, the Barings, and the Rothschilds, who conducted the scheme of inter-allied subsidies and reparations, but whose careers are for the most part a closed book to the average student of European history. In the same way today the public is only familiar with the names of the international politicians, while of the more potent personalities in the sphere of international finance they are in general profoundly ignorant. Wilson, Briand, Clemenceau, Herriot, Rathenau, Stresemann, Mussolini, Grandi, Lloyd George, Chamberlain, MacDonald, Simon, have at one-time or another been almost household words. But what of Morgan, Baruch, Zaharoff, Kahn, Lamont, Young, Norman, Strakosch, and Niemeier? The latter's connection with Geneva, it is submitted, might have been made clearer by the editors of *The League Year-Book*.

Lord Grey once justified the holding of a certain pre-war diplomatic conference on the grounds that, though it lasted eight months, discussed minor questions and settled nothing, it was well worth while "because it gave the world a sense of confidence to think that there was some method of international contact during a period of tension." The unofficial activities of the delegates have always played a prominent part in affecting their more formal deliberations. They are naturally to the fore at Geneva.

This aspect of the business reaches its climax once a year during the month of September when the Assembly holds its annual meeting. At this time the town of Geneva is the Mecca of hundreds of persons of both sexes and of all nationalities who have interests, important, unimportant, or negligible, in connection with international affairs. This aspect of League activities. It includes significant private meetings in hotels between the heads of delegations, and a tremendous amount of lobbying and exchanges of points of view in the *couloirs* of the League buildings and the lounges of hotels. About five hundred journalists, representing the press of the world, descend upon Geneva, and at night many of these gentlemen may be discovered in the smoke-laden atmosphere of the Bavaria Café—one of the most characteristic of the unofficial

bourses of the Geneva news-market. Then also to Geneva, particularly at this time, come professors and students and members of the staffs of such organisations as the Royal Institute of International Affairs, London, and the Council of the Foreign Relations, of New York. The very mixed bag is supplemented by a crowd of busybodies, of tourists, of cranks, and of members of organisations formed to advance every imaginable and unimaginable 'cause.' To visit Geneva at such a time is to see the League machine in full blast; one can then see something of the League at its best and at its worst, and each can form for himself some opinion as to the prospects of its future in the history of mankind.—*The League Year Book*, pp. 22-23.

Here in truth is the apotheosis of international idealism, and it is scarcely surprising that the emotional enthusiasm displayed by this odd human agglomeration should find a convenient outlet in many different channels and at the same time inevitably point to the conclusion that all is for the best in the best of all possible Leagues—and one ought perhaps to add League seats! Indeed, if all work and no play makes Jack a dull boy, one can only regret that Geneva is such a hive of mental industry as its blue-books and reports represent it.

The work of the League during the past twelve years can even now in certain instances be judged by its results, though this is not the place to embark upon a detailed review of its material achievements. The first specific task imposed by the Covenant was an international reduction of armaments, and although no convention has yet been signed pending the reassembling of this Disarmament Conference, it is now believed that all nations are in substantial agreement with the British proposals. Progress along other humanitarian lines has undoubtedly been made in dealing with such questions as "mandated" territories, drugs, white slavery, and obscene publications, but it is possible that the League's recommendations under these heads are not sufficiently appreciated by those most heavily affected. Indeed, the scope of the League's influence at present covers practically the whole range of human activities with the notable exception of the religious side of men's lives, and there can be little doubt that many persons resent the League's interference as an encroachment upon individual liberty. To the intelligent student of international affairs perhaps the League's most striking achievement has been the reconstruction of Austrian and Hungarian finances, an achievement which the majority of the nationals of these countries must doubtless, in their present desperate plight, regard with anything but grateful feelings. Its direct consequences are plainly discernible in those countries which followed suit in this matter of setting their financial houses in order. The League's most notable failure has been apparent to all in the recent Sino-Japanese conflict which its united efforts were unable to avert. After all, the main object of the League is to prevent war. War can only be effectually prevented by the removal of its causes; and even if some progress has lately been made in the direction of securing a universal measure of disarmament, the fundamental causes which spring from economic policy are virtually untouched. It follows that if these pernicious causes were to be eliminated, the principal purpose of the League of Nations would have disappeared. In this event, however, there is no reason why this institution, which is in many respects admirable, should not continue to function in the field of sociological and humanitarian research and for the exchange of diplomatic pleasantries between nations. Then, indeed, it would be of no consequence to be told "*le congrès danse mais il ne marche pas*"!

(Concluded.)

Copland and Social Credit.

THE AUSTRALIAN SOCIAL CREDIT MOVEMENT'S FIRST ANSWER.

[The first reply to Professor Copland's booklet, "Facts and Fallacies of Douglas Credit," has been published in Melbourne over the signature of Dighton W. Burbidge, LL.B., in the form of a 36 pp. booklet, priced at 1s. This is so exhaustive an analysis of the much-controverted A + B Theorem that we propose to reprint it serially in full in the next few issues. Here is the first instalment.—ED.]

I.—INTRODUCTORY.

Before replying to a criticism, it is first advisable to be perfectly clear as to the main lines upon which that criticism has been made. With regard to Professor Copland's criticism of the Douglas Social Credit Proposals delivered by him at the Central Hall, Melbourne, on August 4, we may say that there were three main lines along which he proceeded. He dealt first with the question of the creation of money by the banking system, attacking the mathematical proof set out in "The Monopoly of Credit." Having exposed what he considered to be the fallacy in that reasoning, he omitted from his subsequent arguments all reference to the power of the banks to create and destroy money; and, in fact, by that omission, implied that the reverse was true, and that the banks do not destroy money.

The next attack was upon the A + B Theorem, and, by virtue of his first rather dubious conclusion, and conveniently avoiding the question of the power of the banks to destroy money, he was able to establish, upon his own premises, that there is no shortage of purchasing power, and no gap between total prices and total incomes.

Proceeding thence he dealt with the Just Price Formula, indicating that by the use of this formula money would be issued to fill a gap which he had already demonstrated to be non-existent; and that consequently the application of the Just Price would inevitably result in "inflation."

Now all that was very neat and persuasive. In the following pages, however, we propose to demonstrate, beyond reasonable doubt, that in his first line of attack he has been guilty of misstatements, omissions and false logic, which cumulatively render his criticism worthless, since his attack upon the A + B Theorem and the Just Price depends almost entirely for its validity on the correctness or otherwise of the conclusions which he drew from the mathematical demonstration by Major Douglas that bank loans create deposits.

Let it not, however, be thought that it is only in the matter of the mathematical demonstration that the Professor has gone astray. His arguments in connection with both the A + B Theorem and the Just Price are not only built upon foundations as unstable as water, but are, in themselves, faulty in an extreme degree. In the following pages we shall deal consecutively with his attack and indicate both where it is weak and where it is based upon a misreading and a misunderstanding of what Major Douglas has written and has intended to convey.

It is not intended to cast any reflection either upon Professor Copland personally or upon his bona fides in the matter. On the contrary, our relations with him have been most cordial. On the question of the Douglas Proposals, of course, we are entirely at variance with him; and if we may be permitted one personal criticism, we would say that he has made the fatal tactical mistake of seriously under-estimating the strength of the case which can be made for the application of the Douglas Proposals in Australia.

In the reply which follows we have, in quoting the Professor, relied upon a verbatim transcript of his Central Hall lecture, taken at our request by a licensed shorthand writer.

II.—THE MATHEMATICAL ATTACK.

The mathematical proof that bank loans create deposits appears in "The Monopoly of Credit" both in the text and in the section dealing with Major Douglas' evidence before the Macmillan Committee.

Professor Copland has seen this book, for he announced that he had taken the equations from it. What is not apparent is whether the Professor is aware that the same mathematical proof was published by Major Douglas in "Social Credit," in 1924. In the eight years which have passed since the proof was first offered, no mathematician or other economist has queried either the accuracy of that proof or the conclusions which Major Douglas has drawn from it, while even the "experts" of the Macmillan Committee do not appear to have considered it to be fallacious. The distinction of having discovered a glaring flaw therein has been reserved for Professor Copland, and this is what he said:—

"This is taken from Major Douglas' latest book, 'The Monopoly of Credit.' The first article in the creed of the Douglas Credit advocates is the power of the banks to create credit. It is alleged that the banks have unlimited power to create credit, and Major Douglas proves it by the formula you see on the screen:—

$$\begin{aligned} \text{Let Deposits} &= D \\ \text{Loans, etc.} &= L \\ \text{Cash in hand} &= C \\ \text{Capital} &= K \end{aligned}$$

Then we have

$$\begin{aligned} \text{Assets} &= L + C \\ \text{Liabilities} &= D + K \\ \text{So that } L + C &= D + K \end{aligned}$$

Differentiating with respect to time, we have

$$\frac{dL}{dt} + \frac{dC}{dt} = \frac{dD}{dt}; \text{ K being fixed } \frac{dK}{dt} = 0$$

Assuming that the cash in hand is kept constant

$$\text{Therefore } \frac{dL}{dt} = \frac{dD}{dt}$$

which means, of course, that the rate of increase or decrease of loans is equal to the rate of increase or decrease of deposits.

"I will not argue whether K is fixed or not. K is not fixed, but we will not quarrel with Major Douglas on that ground. Assuming, and if you could just mentally underline that word three or four times more than it is there, remember that it is an assumption, something which Major Douglas must enter into his argument showing that cash is constant. Then we have the proposition that dL plus dC equals dD, and there can be no increase in deposits in any term is equal to the increase in loans.

"You get the proposition that the banks may go on issuing loans ad lib., and they will increase their deposits all the time, and so then the community will have plenty of loans and plenty of deposits and credit, and everybody will be safely in work.

"Now Major Douglas proves that by the mathematical analysis you have seen. . . . It is stated that cash is constant. Well, it is not true that cash is constant in banks. It is very far from being true that cash is constant."

After a few remarks concerning credit issue and price levels, the Professor then said:—

"Now, in fact cash is not constant, and as cash is not constant this proposition breaks down. . . . I do not know anything about engineering, but I do know that you cannot come to a satisfactory conclusion in mathematics when you use an assumption that is unfounded, and every dog in the street ought to know that. I will show just why Major Douglas' proposition is not sound because I will put on the screen to show the cash reserves of the Australian banks in the last four years."

He then displayed, and explained at some length, a graph showing the variations in bank cash in Australia over a period of four years between June, 1928, and June, 1932; and stressed the fact that

Variations on the Hitler Theme.

By Hilderic Cousens.

VI.

In the atmosphere of rhetoric, emotion, and muddleheadedness surrounding Hitlerism, there appear no flashes to guide its devotees to victory over the reviving forces of traditional blundering. The next elections will show a decline in the Nazi vote, and since Hitler will balk at a *coup d'état*, disruption, of which signs can already be seen, will seize on his organisation. The circumstance that the movement is growing short of funds will aid the process—even the most self-sacrificing disciplinarians need a modicum of financial credit, and the Hitlerite millions have not yet dreamed of making their own. By this time its wealthier supporters have decided that officialdom will secure them adequately against Communist *razzias*, though they fail to see that the German penchant for doing everything of the first importance at the most unsuitable moment is jeopardising Germany's future, even according to the orthodox, Micawberish, point of view.

Belief in officialdom, however much accompanied by dislike of officials, is ingrained in the country. Critics say that there are over a million police orders extant; the police themselves have admitted to two hundred and fifty thousand. German officials are very competent at keeping records and carrying out instructions, and managing affairs of second-rate importance, and thus they have acquired a prestige which, on the one hand would greatly aid the Government if it had a rational policy, but on the other conceals from the mass of Germans the fact that in matters of primary importance they regularly make a hash of things. The recent *faux pas* about Eupen and Malmédy is one example: the recent selling of German grain in England several times cheaper than it sells in Germany, while promising footing laws to increase the self-sufficiency of German agriculture, is another.

In any case, vague emotionalism cannot keep it end up against the steady pressure of a confident administrative machine. England provides many examples. The permanent heads in the Civil Service have little difficulty in restraining the exuberance of stray freaks among Government politicians. In the Socialist party organisations the Platform and the Old Gangs maintain a very pretty control against the zealous Left Wingers. The latter declare, "You ought to do this!" The former re-tort, "We can't, and what's more, if you were in our shoes you couldn't either!" adding, *sotto voce*, "Nor would you want to!"

None of the so-called progressive revolutionary parties in Western Europe have gained any success to speak of since the War, except perhaps in Spain. There the Government is involved in navigating so many shoals that its survival is still a little doubtful. Its difficulties are largely economic. To ensure its permanence an economic revival seems indispensable. This given, the middle, official, and military classes on which it could rely would increase in numbers and prosperity, feel that they were getting their due, and become as keen supporters of Parliamentary Republicanism, as the corresponding classes in France have been. Other-wise Spain is threatened with chaos.

Mussolini, as his adherents are fond of forgetting, started Fascism as an anti-clerical, republican, communistic effort. He turned round almost overnight and became a visible prop of the old vested interests of property and Church. This rôle has been emphasised by claiming falsely that Italy was going from bad to worse before he appeared as regenerator. Thus he gained the support of Church and Wealth. By this time many property owners and the Church as well, have doubts, based on experience, as to the goodness of their bargain. But his

there had been a variation of about thirteen million pounds in two years.

To be perfectly frank about the matter, we ourselves have never imagined that the amount of bank cash was, or was even likely to remain, constant for any length of time; nor has Major Douglas. Professor Copland might easily have dispensed with his elaborate proof that bank cash is not constant, for, had he asked us, we would have willingly admitted that it is not.

At the end of his lecture, in summing up his objections to the Douglas Proposals, he said:—

"Thus the objection I have first of all is that the Douglas Credit System is based upon a false analysis, and the powers of the banks to create credit. I have shown you that you cannot create credit. Consequently the A + B Theorem is fundamentally wrong."

(To be continued.)

The Australian Campaign.

BANKERS' FIGHTING-FUND.

We have received information that the bankers in Australia have set aside the sum of £4,000,000 for the purpose of financing resistance to "Douglas" propaganda. The information, which comes from Australia, has not reached us direct, but has been privately communicated by the recipient. The nature of the source of the information, and the circumstances in which it was transmitted, incline us to accept it as responsible and authentic. Such a step was antecedently certain in view of the phenomenal growth of support for the Douglas Proposals in Australia. We attach no importance to the question of the precise amounts of bankers' subsidies or of the dates and places where they provide them; for we have taken it for granted that bank money has been invested against us ever since the early days of the Movement when the American edition of *Economic Democracy* suddenly disappeared from the market and the type and plates were distributed and destroyed. Our only interest in the present information is that it tallies with our calculation that the bankers have got to "cough up the dough" a lot faster to hold the loyalty of their defenders. Our chief reason for publishing the information is to set our readers on the look-out for evidences of the expenditure of this money. They won't be easy to track down.

Bank Stock Dealings.

The system of crossing and endorsing cheques is undoubtedly of value to the owners of banking accounts, as it prevents the possibility of a cheque falling into the hands of anyone but to whom it is drawn in favour, and necessitates the lodging of the cheque in a banking account. The tendency of the lodging of the cheque in a banking account which withdrawn and to increase the amount of cheque business, which entirely suits the banking community. The system, and they themselves, the clients, cross the cheques, but it is clear that the system must have originated with the bankers themselves.

Another example of the bankers' ingenuity, perhaps not so widely known to the public, is the ruling of the London and Provincial Stock Exchanges, that no stock or shares of a bank can be sold unless the transfer numbers in the case of shares, and the seller's name in the case of stock, are supplied at the time of the sale to the buying broker. The bankers' explanation is, that by the wholesale selling of bank shares, or in Stock Exchange parlance, "bear run on the banks, may be started; but we know should this occur, the banks would merely close their doors till such time as they thought fit. It is interesting to note that no other company whose shares are quoted on the Stock Exchange has this privilege, and even the wholesale selling of Government stocks is merely restricted by a time limit for delivery. It is also the case that when a sale of Bank shares takes place they must be offered in the first place to the Bank, which means they can pick and choose who shall be their shareholders.

OBSERVER.

rise to power was facilitated by an appeal to the old order.

The best recipe for a would-be statesman, in fact, is to proclaim that he stands for all the things which people imagine ensured greatness and prosperity (largely fictitious) to the country in the past. If he does this skilfully, he has a fair chance of grafting on to his programme a good deal of his personal ideas. And as quite a number of statesmen do mean well by their country, however dim their lights, we find that the *soi-disant* Conservatives are often sponsors of what passes for reform. As far as internal affairs go, this is what might be expected of von Schleicher and his friends in Germany, but not of Hitler and Company, for reasons previously given. Where the former will come to grief, is over their particular stunt of trading on everybody's corns abroad in order to distract their people from their internal troubles, and, of course, over the general Credit-Cost-Price nightmare which oppresses all the industrialised nations, and most of the others as well.

One of the catch-words of the moment among circles of people of good will is that one country has a lot to learn from the others. Of multitudes of restricted things this is true—items of technical knowledge, items of culture and social life—but for fundamental things I believe it to be almost wholly false and useless. In England a considerable number of the *intelligentzia* (to use that clumsy word) look to Russia as the source of the word of salvation, a smaller number look to Italy, and a few seem to think that Germany will provide the solution of Europe's problems. So in each country, a similar outward-looking attitude is to be found, except possibly in Russia, where Siberia is the destination of any one who blasphemes the new deities of Marx and Lenin. In structure, constitution, and character each of the main communities of the world is peculiar, and it is only on the basis of its peculiar nature than any one of them can be saved. Every man must consume water, fats, carbo-hydrates, and proteins, under penalty of death, but the most satisfactory forms in which they are taken are far from being the same for every man. The staples of each community are a production machine, a distribution machine, and a machine for keeping order when required. Indigestion in a man is not to be cured, except by accident, by putting him on his neighbour's diet. The breakdowns in the community are not to be mended by treating its machines as though they were those of another community.

In the majority of the countries of the world these three machines are breaking down, more or less rapidly. In all of them the distribution machine is giving out the faster. If the Hitlerites were to look for its defects in Germany, instead of pursuing the age-old and generally futile policy of chivying its minders, they would (or perhaps I had better say they might) discover what they were and how to remedy them. There is not the slightest difficulty in the Germans' maintaining one of the finest production systems in the world. There is not the slightest chance of internal order breaking down among the Germans, provided the distribution machine can do its two-fold job of meeting the financial costs debited in respect of the productive machine and providing the mass of the population with a steady income of the products of that machine. Any government in Germany which could do that (and the same applies to England, France, Belgium, Holland, the United States, and the other efficiently producing countries) would reduce Communist agitation, for instance, to negligible proportion within a month. In the *New Leader*, for example, it was recently admitted that the socialistic trend among the farming population in Canada would disappear if they got good prices for the next harvest. Whom

the Gods would destroy they first make mad. Crazy-ness is no monopoly of the Brown House in Munich. The English House of Commons runs it close. In preparation for the World Economic Conference, where lip-service will be paid to the "need to restore purchasing power," especially in China, Russia and other conveniently accessible places, another effort is to be made to cripple the purchasing power of the English and throw some more grit into the distribution machine under the guise of "economy."

(Concluded.)

The Films.

A Successful Calamity: Regal.

It is regrettable that George Arliss cannot be served by better scenario writers than he has had of late. This particular film is largely a re-hash of "The Millionaire," of which the theme was not so strong as to warrant repetition. But it is as characteristic of Hollywood to preach originality and practice imitation as to force star performers into grooves. The result here is that Mr. Arliss contributes yet another of his aloof and distinguished impersonations of Mr. Arliss impersonating Disraeli. I say this without any intention of disrespect towards an admirable actor, but I am handing out no bouquets to producers who cannot make better use of his talents. "A Successful Calamity" will, no doubt, be a success at the box office, but there are many instances—"Mädchen in Uniform" is one—of popularity being achieved by a film that also has artistic merit.

Pack Up Your Troubles: Empire.

The Messrs. Laurel and Hardy are very much more than admirable comedians; theirs is the most perfectly matched screen partnership in existence, both because they are as natural foils to each other as Don Quixote and Sancho Panza, and because their methods are so essentially those of the cinema. Hence they should never have been allowed to talk—the dialogue of most of their sound pictures is banal enough—and it is satisfactory that they are no longer required to make "100 per cent. all-talk" pictures, but permitted to rely to a considerable extent on gesture and facial play.

This is the longest and the most elaborately contrived film they have yet made. It is also the very best Laurel and Hardy—a superb laughter-making affair that for once justifies Hollywood's favourite superlative "epic." But "Pack Up Your Troubles" has in it more than laughter, just as in the best Chaplin pictures. Included in the wholly admirable cast is Jacquie Lyn, a three-and-a-half-year-old Londoner, who should succeed in removing the most obstinate prejudice against juvenile prodigies. I unreservedly recommend this film, which has the incidental, but considerable, merit of using dialogue sparingly. George Marshall and Raymond McCarey directed.

The Public and Its Pictures.

The presentation of "En Natt" has again been postponed at the Academy owing to the obstinate success of the revival of "Mädchen in Uniform," which is being retained indefinitely. Its popularity is the more remarkable since the original run, which ended quite a short while ago, was for three months. It is possible that Hollywood will grasp the obvious moral; it is certain that Elstree, Shepherd's Bush, Twickenham, and Beaconsfield will not so long as the British film industry remains in the hands of its present complacent controllers.

The theme is engaging enough for further pursuit. The film industry, as I have repeated ad nauseam, has consistently underated the taste and intelligence of the public. Admittedly, there are enough specious reasons for playing down to the lowest common denomination; production costs are normally too

high to warrant making any film that is not considered as likely to appeal to many millions in many countries; producers have to study the tastes of those who prefer melodrama, musical comedy, wireless broadcasting and the penny novelette to poetic drama, Proust, and Scriabin; and, in general, the public has a preference for the sugary and the sentimental, and goes to "the pictures" as a release from everyday life. All this is true enough up to a point, but it is not the whole truth. "Uncommercial" films, such as "The White Hell of Pitz Palu," "Kameradschaft," "Sous Les Toits de Paris," and "A Nous la Liberté" have proved themselves to possess remarkable drawing power. Even the financial argument is not unassailable. I am not thinking of such quite exceptional productions as "The Life and Death of a Hollywood 'Extra,'" which cost less than fifty pounds to make, or of "Salvation Hunters," which required less than a thousand; what I have in mind is the stupid insistence of producers, especially American producers, on the doctrine that a film cannot take much money unless it costs a good deal of money to make. The logical conclusion is that the costlier the production the better the film, which has been demonstrated to be absurd by enough notorious examples.

The truth is that, in addition to their timidity and hatred of originality in any shape, commercial film producers have no sense of values, save money values. So they needlessly multiply production costs, while inexpensive themes and backgrounds of immense cinematic possibilities call, in vain, for utilisation. They pay inflated salaries to "star" performers, and disregard the extent to which the Russian studios have so abundantly proved not only that stars and "featured players" and conventional themes do not matter, but that men and women entirely without any stage or screen experience can, given the right direction, rival professional players. So long as the industry refuses to acknowledge these obvious facts, so long will most commercial producers—there are honourable exceptions—continue to contend, in effect, that they cannot afford to make good films.

The producers are not alone to blame. Cinema theatre owners and managers—again with a few honourable exceptions—are perhaps even more influenced by the belief that the public wants only mass-produced banality. It is a waste of time to argue with "Pitz Palu," "Mädchen in Uniform," "René Clair is to high-brow," managers have told me. To which I have answered, "Did you advertise these pictures properly, and tell your clientèle how good they were? Since you generally show two 'feature films' in the same programme, what means, if any, have you for knowing which of the two brings your patrons into the theatre and which makes them stay away? And, anyway, Portsmouth (or Wigan, or Battersea, or Finsbury Park, as the case may be) don't represent the whole world of filmgoers."

But all that comes of such an interchange of views is that we have a friendly gin and tonic, and part with, I trust, mutual esteem. DAVID OCKHAM.

AFFAIRS IN VANCOUVER.

The financial structure over here (Vancouver, B.C.) has completely collapsed. If you have a tenant who cannot pay his rent he can stay on and you can't get him out. If you have a mortgage you can't call it in. The result is that if you can pay your way you do and have to, but if you can't, why, you don't, and carry on just the same. If this state continues for a year or two more we shall all be in the same position. . . . The U.S.A. is in an awful mess, and I really don't see how it can be cleaned up unless they use the Reparations scale of 1 cent to 1 dollar. On that basis of 1 in 100 it would be just possible to give them a clean start. Their banks are all bust, and they know it and admit it, and yet the U.S.A. dollar stands at a premium. —Extract from private letter to a reader.

The Belfast Riots.

By Richard Carroll.

Last week in Belfast the most serious rioting took place since the civil war ten years ago. Many shops were looted and business premises destroyed, while the police, with little apparent discrimination, made repeated baton charges, and ultimately fired on the mob. One man—a perfectly innocent spectator—was killed in the conflict, about fifty people were wounded, and over a hundred otherwise injured in body or limb.

There are now over 3,000 armed police and several military regiments within the city, who have placed a cordon round the outskirts and patrol the streets in armoured cars with ceaseless vigilance. Innocent women and children have been brutally bludgeoned by the forces of law and order. The police courts are in continuous session, the gaols are full, and a rigorous curfew has been imposed by the authorities till further notice.

What has been the cause of this unrest? Is Belfast justified in receiving such severe official chastisement?

The trouble was the direct outcome of the defiance by unemployed citizens of a Government proclamation forbidding their procession to the union workhouse for the purpose of protesting against the hopelessly inadequate outdoor relief afforded them by the local Poor Law Guardians.

The amounts granted by way of such relief to able-bodied unemployed in Belfast are lower than those obtaining in any other city of similar size in the British Isles. Married persons receive 8s. weekly, with an additional allowance of 2s. in respect of each child—the maximum amount granted to any one family being 24s. Single persons (if householders) receive on an average 7s. 6d. weekly, but this relief is only given in very special circumstances. Single persons who are not householders receive no consideration whatever, no matter how distressful may be their circumstances.

At present one quarter of the total population of Belfast is out of employment and on the verge of starvation—a truly ghastly record for Lord Craigavon's eleven years of so-called enlightened administration. The pitiful cry which could be heard in every poor street in the city last week was, "We want bread!" Lord Craigavon and his paternal Government have answered it with the police baton, the revolver, and the cat-o'-nine-tails. The panic-stricken authorities have in fact resorted to measures of repression to curb disgraceful scenes which, with a little official tact and consideration, could easily have been avoided.

An ominous incident which occurred a fortnight ago in the Ulster Parliament was the signal for raising the standard of revolt against the monstrous and inhuman conditions of life which generally prevail in Belfast. When the House of Commons formally met for prorogation, Mr. J. Beattie, a Labour member, seized the Mace as a protest against the elimination from the Order Paper of a motion standing in his name and dealing with unemployment. He threw the Mace under the table, and at the same time, with a well-simulated Cromwellian gesture, exclaimed, "Out of the road with this. It is only the emblem of hypocrisy. I will not stand here and allow it to continue." A vulgar brawl between Lord Craigavon, who stooped to recover the Mace, and the recalcitrant member, who kicked it out of his reach, was only prevented by the personal interference of the Serjeant-at-Arms. A few moments later, when the Mace had been restored to its usual place and business was about to proceed, Mr. Beattie again seized the hated symbol of authority, and having hurled it down upon the floor a second time, he ultimately obeyed the Speaker's command to withdraw from the Chamber.

In private conversation afterwards, Mr. Beattie admitted that he had no wish to show personal disrespect for the Speaker, but it was the only method then at his disposal of drawing public attention towards the appalling industrial conditions in Belfast and Northern Ireland generally, and the Government's lamentable inability to deal at all effectively with the terrible domestic trouble.

Since then events have been moving rapidly in Belfast. A few days after Mr. Beattie's dramatic outburst a large body of unemployed men marched to the workhouse, where they demanded relief for single persons and an increased scale of payments to married men. Their demands were contemptuously rejected. Shortly afterwards a second procession and demonstration were arranged, but they were immediately banned by the local authorities. The determination of the starving people to proceed with their plans produced a horrible conflict—in fact, a massacre—a second Peterloo, in which innocent women and children were mowed down by rifle fire from armoured cars.

A particularly sad feature about the rioting is that many of the workless men involved fought nobly for their country in

her hour of need, and in the Great War received the full blast of the enemy fire from the front trenches, while many who are now chasing them round the city in police cars and demanding their incarceration and flogging, stayed at home or had comfortable jobs behind the lines. The workless men and women of Belfast are now facing an equally terrible fire, and may God grant them the strength of body and mind to endure it!

A hungry mob soon gets out of hand and shooting often leads to looting. And yet the authorities responsible will not realise that the truncheon and the revolver are incentives rather than palliatives. The plunder and destruction of property in Belfast is deeply to be regretted, but this shocking state of affairs is the direct result of the local Government's idiotic policy of repression and abstinence. Batoning and bludgeoning only produce further disorder, and the disgraceful and heartrending scenes recently enacted in the Ulster capital should serve as a salutary warning to English Ministers that they must face up boldly to the terrible problem of unemployment unless they desire a repetition of these scenes on this side of the Irish Sea.

A means must be found to provide the workless with food and the necessities of life. Never was there a greater need for a bold constructive policy in both countries. The thousands of unemployed to-day throughout the British Isles are all potential customers of local business. Unfortunately the local business houses have been deprived of that purchasing power which would otherwise give trade and industry just that fillip necessary to restore them to prosperity. The national ability to produce goods and services is not wanting, nor is the same desire to consume them, yet poverty stalks naked through our land, which is really rich and plenteous in all good things.

Sun Life Assurance Company.

LIBEL ACTIONS.

The Sun Life Assurance Co., of Canada, have prosecuted Mr. James A. Harpell, president of the Journal of Commerce Publishing Co., for criminal libel in respect of a recent article on the affairs of the company published in that (Canadian) journal. He appeared in Court at Montreal on October 3, and was granted bail in 950 dollars. (See the *Financial Times*, October 4.) In the meantime the company had started proceedings against *City Mid-Week* (London) which had been quoting passages from its Canadian contemporary on this subject. The comments of the Canadian journal have been going on for some time, and in general have been a criticism of the Sun Life's investment policy annotated by a long list of stocks held by it, with valuations before and after the slump. Apparently, however, the article on which the Sun Life have decided to prosecute Mr. Harpell, contained matter which they hold to be defamatory of their president, Mr. T. B. Macaulay, whose name will be familiar to our readers as the author of the Macaulay Plan which was boosted so strenuously in the Wall Street Journal. His arrest on a criminal charge is unfortunate for *City Mid-Week*, because Mr. Harpell had promised to come to London to give evidence on its behalf at the trial, which is due to come on during the Autumn Sessions.

Reviews.

Individual Psychology and Practice.

This is No. 6 of the Medical Pamphlets Series, published by the C. W. Daniel Co. at 2s. 6d. each. Dr. Erwin Wexberg contributes the main article, and stresses the difference in practice between I.P. and Psychoanalysis—the much shorter duration of treatment in the former, and the absence of the “transference” (i.e., of love-making and love-breaking). Individual psychologists, it appears, like to deal with patients who have been psycho-analysed since the previous treatment, though unsuccessful, has done a great deal of spade-work. But the psychoanalysts, of course, also claim many “cures” among patients who have been fruitlessly analysed “strictly according to Adler.” I fear the contemplation of these facts may “raise in the sinful, a smile.” In theory the great advantage I.P. claims over psychoanalysis is that it never forgets the patient. In psychoanalysis, to quote Dr. Wexberg, “the subject is missing.” You are dealing with a play of forces analogous to those investigated by the physicist, and the analogy is faulty. The individual psychologist sees always the individual patient, planning his “flights from reality,” his symptoms, and ultimately his recovery. It certainly is a much-needed conception, and, curiously, one I noticed recently in the work of Professor Dürken on embryology. Dr. Olga Knopf, a gynecologist, writes an article in this

issue to show how menstrual disorders, and other affections of women, are psychologically determined according to the law of psychosomatic unity, organ-jargon, and so forth. Again a fruitful conception, but one which needs careful handling. There is a real danger, well recognised by Individual Psychologists at present, but, I fancy, becoming less so, that the body will be so far dethroned from its importance as to be quite neglected, and that I.P. will consequently drift away into the limbo of the various schools of Faith Healing. Dr. H. C. Squires, in his “A Novice's Impressions,” raises several important and dubious questions, the answers to which, by expert Individual Psychologists, would be very welcome. N. M.

THE OYSTER.

The sun was shining brightly
Upon the fields below:
He did his very best to make
The corn and fruit to grow;
And that was wrong because it brings
The prices down, you know.

The corn was ripening in the fields,
The fruit upon the tree;
The shops were full, and laden ships
Were sailing on the sea:
All things had a fictitious look
Of fair prosperity;
And that was wrong because the world
Was ruined utterly.

The Banker and Economist
Were walking hand in hand.
They wept like anything to see
Such plenty in the land.
“If this were only stopped,” they said,
“The prospect would be grand!”

“If seven pests or seven plagues
Were loosened every year,
I think,” said the Economist,
“That things would then be dear.”

“I wonder,” said the Banker,
And wiped away a tear.

“Consumer, come and talk with us”
They both did make request.
“The time has come to tell you what
We think for you is best.”

“O thank you!” the Consumer said
With lively interest.

“And first,” said the Economist,
“It's needful to explain
The economic laws which prove
That trade must wax and wane,
And why abundance is a curse,
And scarcity a gain.”

“But not to me,” the man replied,
Turning a little white.

“Such dismal scientific stuff
Would stupify me, quite.
I'll take it all on trust, because
I know you must be right.”

Two winking eyes behind the back
Of that consumer met,
As if to say: “This blessed boob
Has asked for what he'll get.”

“Old chap,” said the Economist,
“Your trust you'll not regret.”

“This gross abundance that you see
Before your hungry eyes
Has ruined all the primary
Producing industries:
And so, to set things right again,
We must economise.

“And first we'll make a cut in costs
By cutting down your screw,
And next we'll cut production down
Till prices rise anew.
Then, though you'll have less goods to buy,
More work you'll have to do.”

“Right oh!” the good Consumer said
(A sturdy Briton he),
And, smiling bravely, yielded up
His share of L.S.D.
Such things must always happen till
A = A + B.

NOTICES OF MEETINGS.

The first of a series of Social Credit training classes was held at Kibbo Kift Headquarters, 35, Old Jewry, E.C.2, on Tuesday, October 11, when Major C. F. J. Galloway, B.Sc., lectured on “An Analysis of Present Conditions.” Some fifty members and visitors were present.

The following lectures have been arranged at the same address at 8 p.m., on the succeeding three Tuesdays:—

October 18.—“The Money System.”

October 25.—“Finance and Industry.”

November 1.—“The Only Solution.”

Visitors may attend this course of lectures.

Mr. John Hargrave will lecture on Social Credit Methods of Propaganda at the headquarters of the Kibbo Kift, 35, Old Jewry, E.C., on Wednesday, October 19, at 8 p.m.

A Social Credit public meeting in Leeds has now been definitely arranged for November 9 in Salem Central Hall, Hunslet-road, Leeds. The Marquis of Tavistock will be the chief speaker.

The Vicar of Hunslet will take the chair at 8 p.m. Mr. Cainer, 77, Albion-street, is acting as secretary.

ALPHA FINANCE STUDY CIRCLE.

This body, formed under the auspices of the “Business and Professional Women's Club, Alpha, London,” is holding a course of ten lectures on “Finance and the World Distress,” on Thursdays, October 20 to December 22, at 8 p.m., at The Conway Hall, Red Lion Square, W.C.1 (off Southampton Row, High Holborn). Tickets, 2s., of Miss L. M. Harris, 69, Lincoln's Inn Fields, W.C.2. A Syllabus of lectures is obtainable. Mr. Arthur Kitson speaks on October 20, and Professor Soddy on October 27 and November 3. Other speakers include Miss Alison Neilans, Prof. Miles Walker, Lt.-Comd. Kenworthy, Sir George Paish, and Mr. C. F. J. Galloway.

HOLDINGS OF CONVERSION STOCK.

A correspondent wishes to know the date on which the question was asked in the House of Commons as to what proportion of the Five Per Cent. War Loan (being converted at the time) was held by financial and banking institutions, which elicited the official answer that it would “not be in the public interest” to disclose the figures. He wants to verify this in Hansard.

Events of the Week.

(Compiled by M. A. Phillips.)

October 10. Clash between Irish “White” Army and de Valera's supporters.
New raid on the dollar.
French plan for centralised armaments revised.

October 11. Leigh Colliery disaster. Nine drowned.
Further conversion of £150,000,000 to short-term 2 per cent. Treasury Bonds. Snapped up in two minutes.
Reported S. African conversion loan.
Herriot-MacDonald preliminary disarmament talks in London.
French anti-Hearst ban removed.
Einstein becomes permanent head of new American Mathematics College.
Unemployed riots at Edmonton and in Southwark.

October 12. Belfast unemployed riots. 2,500 armed police and armoured cars out. Three killed, forty-four injured.
Big commercial fire epidemics still raging.
Cabinet meeting to reconsider means test and certain pay cuts (including police pay and unemployment benefits).

October 13. Belfast insurrection continues. Trade Unions threaten general strike. Premier promises settlement of relief question.
Unemployed riots at Bradford.
London factory fires.
French Government attempt to control retail prices.
Miners riot in Illinois, U.S.A.
British exports still further reduced.
National Union of Journalists' meeting—internationalism and disarmament boosted.

October 14. Anglo-Irish negotiations resumed.
French Budget deficit of £100,000,000.

LETTERS TO THE EDITOR.

CRITICS OF DOUGLAS.

Sir,—A correspondent under the initials “S. A.” is evidently offended that, although I quoted in the pages of THE NEW AGE some months ago an uncomplimentary review of Dr. R. Eisler's pamphlet in the *Economic Journal*, I have overlooked or ignored a much more detailed “attack” on Douglas in the following number.

May I state that the writer in this review of Douglas's book, the “Monopoly of Credit,” never “gets to grips” with anything. It is certainly too “anaemic” an effort to be described as an attack on Social Credit. As a matter of fact, he practically concedes the A + B Theorem by admitting that there is a discrepancy between the national income and total prices.

I append a few “howlers” from this “attack”:—

(1) Social Credit has received extraordinary publicity!

(2) That a 50 per cent. disparity in price levels makes Douglas unsound!

(3) Douglas maintains that falling prices increase purchasing power!

(4) Douglas assumes that the amount of money in circulation remains fixed.

I know that many readers of THE NEW AGE will find it difficult to credit a responsible publication of the calibre of the *Economic Journal* accepting as serious matter such a set of mis-statements as quoted, yet such is the case, as any reader will find on pages 268, 269, and 270 of the June issue of the *Economic Journal*.

The writer concludes his review by stating that “so long as a sensitive index is maintained at an equilibrium with contractual obligations, there can be no real shortage of purchasing power.”

I should be pleased if “S. A.” would answer the following questions:—

(1) When and where was this “equilibrium” in operation?

(2) If not in operation now, why not?

A. CUNLIFFE.

A + B.

Sir,—With reference to the recent criticisms of the A plus B Theorem, it is a surprising thing that people who could not possibly get their living by either mathematics or mechanics can do so by telling us that these sciences are not what they really are. If any of these so-called professors can persuade me that:—

A—This week's wages, salaries, and profits, minus savings for reinvestment, taxation, etc., will buy—A plus B—Last week's wages, salaries, and profits plus taxation, reinvestments, and all other overhead charges:

This process to continue ad infinitum—then I shall be satisfied that the A plus B Theorem is unsound, and will publicly apologise to all these “great thinkers” who are vainly trying to explode the Theorem.

H. W. TARVER.

BANKERS' MILITARY DEFENCES.

Sir,—Further to the question of potential military and police barracks in Regent-street and at the head of the London bridges, it is interesting to know that great cages have been constructed, or are in course of construction, at two or more regular military barracks. Are these for British prisoners of war? At Acton there is a large Government factory estate, with buildings only one storey high, some of which are used as a soda-water factory at present, but the whole could be switched over to the manufacture of poison-gas very quickly.

An experiment has been started for the physical training of young fit men to keep them fit. Unfit men are not to be made fit, but only unemployed men of military age are to benefit in order that they may be ready for work. Perhaps the work will be plentiful like it was in 1914-1918!

SAPPER.

Notice.

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

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