

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The German Financial Crisis.

As a prelude to the humbug to be produced at the World Economic Conference there has been a larger piece of humbug produced in Berlin. According to the *Daily Express* of May 31, Dr. Schacht made the "sensational" announcement that there was only £15,000,000 left in the Reichsbank—that the cover of the Mark was thus down to 8 per cent. The Berlin correspondent of that paper reported that the Mark was "trembling on the verge of an abyss of devaluation more catastrophic than that of 1923, when the Mark, originally worth a shilling, was stabilised at 18 million millions to the Pound," and continued that "Dr. Schacht's declaration produced consternation among the fifty or so bankers who had come from Britain, the United States, Sweden, Switzerland, Holland, and France to hear him."

This is an obviously manufactured scare, and has been designed by bankers as a background for the World Economic Conference. There is no need to elaborate to students of Social Credit the argument that the state of the Reichsbank's reserves and the course of the Mark's value are factors whose danger is exactly what the bankers like to make of them. There are many investors and traders to whom a collapse of the Mark would mean serious loss; but as against them there are banking institutions to which such a collapse would not only be a matter of indifference commercially, but a tremendous advantage politically. From the commercial standpoint a slump in the value of German securities, and a sympathetic slump in other gilt-edged securities, only threatens the bankers to the extent to which they still hold those securities, and insofar as their price falls below the value at which they have recorded them in their books for balance-sheet purposes. Any firm—let alone banks—which can show visible and reliable evidence of solvency and stability after having privately written down their assets by, say, one-half, is, of course, unaffected by any circumstance which

depresses their actual market value to one-half. From a political standpoint such a circumstance is welcome to the bankers because they are always able to lay the responsibility for its injurious consequences to the rest of the community upon the nominal political Government. Thus the unsuspecting public—particularly those who have been immediately victimised—tend to lend a more and more willing ear to the moral insinuated by the bankers that the less a political Government interferes with credit-policy the more secure the interests of the population will be.

This is confirmed by the substance of Dr. Schacht's address to the bankers. Any financial expert would agree in private that if the whole intention of Dr. Schacht was simply to communicate the technical information about the Reichsbank's position as outlined above, there was not the slightest need for bankers to assemble in Berlin from all over the world to hear his statement. Just think of it!—the bankers of the world, with their control of wireless, cables, diplomatic, and intelligence services, plus the safeguards of cyphers, codes, and special postal facilities, having to go in person to fetch their information! And even admitting a plausible reason, why so many of them? They were not all equally concerned with the state of German finance—in fact, one might almost say that only the United States and Britain were concerned, and, in any case, it is a moral certainty that the problem, such as it is, is one with which no bankers other than those in New York and London have the power to deal. It would have been quite sufficient for the visit to have been made by American and British bankers, who could afterwards have circulated the facts to the others through their usual channels of communication, as well as their views on what was to be done about the matter. Again, what need was there for any banker at all to make the journey? The position disclosed by Dr. Schacht on May 30 was certainly within his knowledge a week or so previously when he had his private consultation with Mr. Norman Davis. Since, as we now know, Mr. Davis is virtually the liaison intelligence-officer who has been appointed by Mr. Pierpont Morgan, and whose services are at the joint disposal of that gentleman and Mr. Montagu Norman, all that Dr. Schacht had to do was to tell Mr. Davis his news; and in a few hours all the bankers legitimately concerned could have been

apprised of it. Well then; did Dr. Schacht tell Mr. Davis? If not, why not? For the matter was grave and urgent, was it not? But our readers will have no difficulty in making up their minds on what happened. It is inconceivable that Dr. Schacht omitted to reveal the secret—unless, of course, the revelation was already superfluous; for it is a matter of antecedent probability amounting to certainty that the position of the Reichsbank has always been learned in London and New York at weekly, if not daily, intervals.

The conclusion is inescapable that the fifty bankers who made the journey to Berlin to hear what Dr. Schacht had to say, knew beforehand what he was going to tell them. They went there, not to hear the story, but to advertise it. The *Daily Express's* correspondent says: "Dr. Schacht's declaration produced consternation among the fifty or so bankers, etc., etc." Well, so he did; but in the sense of producing a thrilling movie-show, in which fifty cosmopolitan film-stars "registered" consternation—the registration having been assiduously practised for long beforehand by these performers in front of their looking-glasses. The *Daily Express* published most appropriate captions to the film—"German Bombshell" (a cardboard one serves in the studio!)—"Berlin Finance Chief Warns Lenders of All Nations" (Schacht "registers" gravity and lifts forefinger!)—"The Mark Trembling" (a Disney interlude depicting currency notes emulating aspen-leaves!)

But why advertise the situation in this elaborate manner? The answer is that what the bankers want to advertise is not the situation as such, but Dr. Schacht's views as to the cause of it. The statistical facts are the peg for a political moral. The views and the moral are exactly those which we have always been accustomed to hear from the bankers. Dr. Schacht first delivered himself of a little homily with which every one of his hearers has been familiar for the last fifteen years. He pointed out that a nation cannot pay external debts without exporting goods to a greater value than those imported. That is precisely what Mr. McKenna told the American Bankers' Convention in New York on October 4, 1922. Dr. Schacht next pointed out the obstacles to this payment, namely tariffs and other trade restrictions. Well, his hearers have always been pointing this out themselves. Lastly he attributed Germany's difficulties largely to the borrowing of about £500,000,000 with which to pay reparations.

Notice the subtle suggestion that the consequences of borrowing depend on the occasion and object of the borrowing—one on which the bankers base their discrimination against what they call "political" debts as distinct from "commercial" debts. The distinction has no validity at all. No matter what money has been borrowed in Germany from foreign lenders, or whether the borrowers have been Governments or industrial enterprises, or for what purpose the borrowed money has been disbursed, the method by which it must be repaid is the same, and the obstacles to that method are the same. Dr. Schacht would have been entitled to plead that borrowing on reparation account had been a contributory cause, but he was not entitled to single this out as if it were the only cause. Seeing that, according to the *Daily Express's* account, the foreign bankers who met Dr. Schacht, hold £1,000 millions worth of German securities, which is twice the amount of reparations-borrowing (which it presumably includes), the cause of the difficulty is at least equally divided between political and commercial borrowings. In the same account it is stated that Germany, in order to meet her obligations, must export £60,000,000 a year in excess of her imports. If this obligation arose only out of her borrowing on reparation account, and includes no repayment of principal, it represents a rate of interest amounting to 12 per cent.

It is clear what the bankers are after. It is to get the Governments to scale down or forgive Germany her reparation-debts in order to increase the security of the "commercial" loans which they have made to her on

their own initiative. Germany's present rate of surplus (excess of export over import values) is given in the account as about £27,000,000 per annum. On the figures quoted above that means only £13,500,000 each for the service of the creditor Governments' loans and the creditor bankers' loans respectively. But if these Governments can be persuaded to relinquish their claims and leave the bankers free to attach the whole £27,000,000 or the best part of it for the service of their £500,000,000—well that would be most pleasant, would it not.

It is only too true that no Government is able to offer a logical resistance to such persuasion. Statesmen do not understand anything more about the credit-system than the bankers wish them to—and even those who did would not have the pluck to resist. Only the select few who understand the Douglas Analysis can see through the plausibility of the bankers' argument. It runs like this. They say: "How can Germany pay reparations-debts, which are claims for repayments of money which she did not receive?" But that is true of all her debts. (Vide McKenna's speeches.)

When the World Economic Conference opens at the Geological Museum, the permanent residents and observers there—we mean the rats—will remark to each other: "Ah! Fossils as usual. But look—these are animated! How interesting. Whatever will our hosts the geologists be digging up next?" And, sure enough, these little animals know incomparably more about economics than the personages who will assemble in the Conference. And about politics too—for they have reduced trap-spotting to a fine art, so fine that when they come out o' nights they examine the devices spread about to catch them with the same detachment as if they were visitors to an exhibition of traps. It is thus that this little nation survives the unending attempts on the part of men to blockade or invest its domain, and surveys the world at large on a full stomach and warm coat. There ought to be a change in the old saying about the sly and the ant; for the trouble with politicians is not that they are lazy but that they are loony. "Go to the rat thou lubber, consider his ways, and be wise"—that is the injunction most needful to-day. And we think that if there is one particular rat whose method is more applicable to the present situation than any other, it is one we were told of who regularly called in a trap and came out with the bait during the many nights while the trapper had kept the mechanism out of action in order to inspire confidence in the visitor; but on the night when the mechanism was set for action the rat apparently got a stroke of masterly inactivity or suffered from a diplomatic loss of appetite. Anyhow, he didn't go for the bait. And thereafter, however the trapper alternated between baiting the set trap and the unset trap that rat invariably paid a visit on the safe night and invariably had another engagement on the unsafe one. Telepathy?—spiritualism? No; but a genius for mechanics plus an instinct for safety first. For, in the end, some chalk was strewn all round and on the trap over-night, and in the morning the tracks of the rat showed that he had mounted to the top of the trap before he went in. There was no escape from the conclusion that he went up to inspect the setting of the catch. Contrast this with the way in which our political wiseacres flock into the traps of the bankers.

"Young Bonds have fallen recently from the high level of 92 to 49½; and the Dawes Loan from 100 to 65½. . . . British investors . . . are . . . concerned through their holding of some £27,000,000 of Young and Dawes Loans. (*Daily Express*, May 30.)

A pretty picture! Morgan offering options on stock with certainty of profit to those trappers in America while they were planting these bonds on Europe. "But the bonds were not certain to slump," someone may say. Quite so; but our friend the rat might have justly said the same thing if the trap had caught him. Of course there was no certainty that the trap would go off, and precisely because the deliberate technique of the trapper

was to make it a matter of uncertainty. He failed because the rat's motto was: "Be sure," and because the rat knew how to make sure. He was a "Douglas" Rat, and was doubtless, and perhaps still is, the respected leader of a Group, or even the Commander of a Greenshirt Army. While the bankers remain in power the whole duty of politicians is to examine financial legislation, or financial advocacy of any legislation, for the catch! Yet, as we all know, the Young Plan and the Dawes Plan were swallowed by Parliament and people without the merest sniff at either; and now to-day they are trying to make up their minds whether their funny feeling inside is due to natural causes or trappers' poison. Readers will recall Viscount Astor's eulogy at the famous dinner of the Lotos Club, New York, declaring that whenever Europe was in financial difficulties he would say: "Send us over Owen D. Young."

The World Economic Conference will be set to discuss a live problem in terms of fossilised economic theory. It will be fogged by Dr. Schacht's pronouncement which in its widest aspect is a direction to the delegates to endorse as a remedy for the world problem the general principle of scaling down (and additionally or alternatively equating) exchange-rates "artificially" fixed by Governments, tariffs, armaments, reparations, war-debts and every other similar obstacle to the bankers' control of the direction and volume of international trade. The adoption of such a principle of course rules out Lord Beaverbrook's plan for a self-sufficing Empire; and he will find that if he is to put up a logically reasoned resistance he will have to explode the universally-accepted doctrine of the "interdependence of nations." To do that he will have to answer the bankers' technical arguments purporting to prove the necessity of exporting. For if they are valid for a country they are valid for an Empire. It is of no use his pointing out that the Empire is self-sufficing in terms of energy and material whereas its component areas are not: for the financial expert will at once point out that the United States of America is equally favoured, but yet is under an even more compelling necessity to seek customers abroad than are some of the smaller areas possessing fewer natural advantages. Lord Beaverbrook can only meet this by isolating the cause of the phenomenon and propounding some scheme in which it would become inoperative.

Slums, Church, and Builders.

H. B. Bryant, Secretary of the Building Industries National Council (5, Duke-street, Adelphi, W.C.2), has a letter in *The Times* of May 31 on slum-clearance. The main object of it is to emphasise the fact that the building industry is "one of the best-organised industries in the country" and that therefore those people who expect further improvements in results must seek them by investigating and altering factors outside the control of the builders. The information he gives is interesting in view of the fact that the one problem in any scheme of compulsory re-housing is that of getting the rent down to the right ratio to the tenant's income. If you have live in you'll end up by prematurely dying in the house and clothes, and shelter. Economic necessity means food, food, or clothes, or shelter. Financial "necessity" means food, or clothes, or shelter. The two are mutually contradictory, and the "or" policy has got to give place to the "and" policy because, quite apart from the humanitarian, re-housing must otherwise collapse as a commercial proposition.

Mr. Bryant points out (a) that in non-agricultural districts rentals which would otherwise be 3s. 6d. to 4s. 3d. are 6s. 4d. to 7s. 1d. when rates are added; and that in agricultural districts rentals of 2s. 7d. become 4s. 11d., i.e., are practically doubled; (b) that every 1 per cent. interest on money makes a difference of 1s. 6d. per week in rent; (c) that the cost of land accounts for something like 7s. per week in rent. On these figures, by the way, it is difficult to see how houses

can be let at such low rents when interest and land costs are included: they seem to leave no margin at all for the cost of building the houses. As we pointed out a fortnight ago, mechanisation has brought down building-costs, and will do so much further under the contemplated mass-production schemes; but after all the houses do cost something to build. We should have liked to see Mr. Bryant's cited rentals analysed so as to reveal the ratio between the various component costs. However, he seems to have established a strong case for his thesis that economies must be sought in charges external to the building industry.

In the same issue of *The Times* the Bishop of Durham discusses slum-clearance from another angle. His letter is in answer to a leading article in the journal entitled "The Church's Real Work" which, in effect, admonished the Church that her business was not to fuss about root causes of economic distress and social anomalies but to preach the Gospel and alleviate hardships. The article, of course, prescribed co-operation in slum-clearance for Churchmen who wanted to do useful social work. With *The Times's* general proposition the Bishop expresses his agreement; but boggles at the slum-clearance prescription. He first makes the wise comment that the disposition of social reformers in the Church to advocate united research into matters affecting the welfare of the nation as a whole, and traditionally belonging to the field of political statesmanship, has been engendered and facilitated by the "centralisation of ecclesiastical business in London." We welcome this pronouncement and hope that our readers will make a note of it. It happily illustrates the dilemma which the bankers create for themselves as an automatic result of their policy. For their own ends they have encouraged the decentralisation of the Church's business legislation, and in doing so have centralised and widened the outlook of representative Churchmen. You cannot summon these reformers from their several parishes to think nationally instead of parochially on policies which the banking community favour, and at the same time prevent them from thinking nationally on matters which trouble their conscience, and from probing for causes and remedies in directions which lead them into trespassing into the field of high-financial prerogative. If financial initiative is denied to the parishes and centred in national assemblies it is hopeless to expect earnest and thoughtful Churchmen to confine their attention to parochial work. Moreover, do the bankers not insist on the universal proposition that countries and industries are "interdependent"—that no country or people can "live to itself alone" nor "save" itself alone—that the good of each depends on the co-ordinated and simultaneous co-operation of them all? Well then, why should this not apply to parishes? Why should representative Churchmen not seek the remedy for the particular abuses and anomalies they variously encounter in their several parishes in some national super-parochial system of co-ordination? They are bound to do so even if they possess only average powers of forming independent judgments. What the bankers have been doing is exactly what the Gospels record about the Temptation of Christ. Mr. Montagu Norman sets the Church on the pinnacle of the Financial Temple and offers her rulership over the kingdoms she surveys if she will fall down and worship him. Or, to substitute an authentic event for such imagery—Mr. Pierpont Morgan takes the Archbishop of Canterbury on board the *Corsair*, and sails him to the uttermost end of the Mediterranean, the while persuading him that if he seeks financial rectitude first all things shall be added under him. Well; whatever the immediate effect of this persuasion it will ultimately prove to have been a blunder. All true Churchmen (and we do not exclude the Archbishop) from this category as we visualise it—time will show) must sooner or later ask themselves how it comes about that the proffered kingdoms are in the gift of the Devil—why it should be that on the spiritual conquests of Christianity should depend the will of Finance. We

believe that among Churchmen there still smoulders that spark of courage long since extinguished among politicians, and that some of them will emerge at the appointed time, and—probably in defiance of the Ecclesiastical Oligarchy—declare that the bankers' writ shall not run in the realm of conscience. "Get thee hence, Satan; for it is written, Thou shalt worship the Lord thy God, and him only shalt thou serve."

Many Churchmen will be familiar with Professor Henry Drummond's book: *Natural Law in the Spiritual World*. He might as truly have entitled it "Spiritual Law in the Natural World," for it furnishes ground for a proposition which we will formulate as follows: That no system can be technically sound whose results affront the conscience of humanity. Conversely: That the system whose results most closely accord with the conscience of humanity is technically the nearest to perfection. We use the word "conscience" here in a wide sense, to cover natural as well as spiritual judgments. By natural judgments we mean instinctive resistance to what is physically harmful; for such proceed from the conscience of the perceptive faculties as distinct from the conscience of the reflective faculties. The first tends to be personal in its operation; the second tends to be impersonal. But just as the reflective faculties subsist on the perceptive, and are one with them, so are the two "consciences" one with each other. And any economic system which cannot pass the test of both is false in conception or defective in design. When a banker, such as Sir George Paish, for example, says of the existing system that it would work all right but for the human factor he is unwittingly giving an all-sufficing reason why that system should not be allowed to work all right, and also why it cannot continue to work indefinitely.

Careful distinction must be made between an economic system and economic circumstances. In the presence of a natural collective shortage of material necessities where physical hardship was automatically inevitable man's reflective conscience would rightly condemn his perceptive conscience for prompting him to insist on the full satisfaction of his own necessities. But in the presence of a natural collective surplus of material necessities his perceptive conscience would rightly condemn his reflective conscience for prompting him to renounce such satisfaction. The trouble to-day lies in the fact that the world has progressed from the economic circumstance of natural scarcity to that of natural abundance. That is to say, the circumstance which once rightly demanded that the perceptive conscience should heed the constraint of the reflective conscience has given place to a circumstance where reflection should listen to perception. Unfortunately the change has come about gradually and imperceptibly; and even though the signs that it has taken place are plain to those who have learned to read them, they are invisible to the perception of the vast majority. It is almost as if man, tired out through the long ages when to perceive at all was to see scarcity, shut his eyes and abandoned the attempt to perceive, comforting himself with the reflection that his personal renunciation was necessary to communal survival. And so, like the fish in the dark caves, he lost his sight. And now, when the dynamite of applied invention has blasted out the rock and opened to view the facts and opportunities of the new economic era, men see nothing, or, if they do, they experience the sensation of the blind man in the Gospel story who, when cured, saw "men as trees walking."—"Plenty?" they say: "It is Scarcity in disguise." And the bankers, who control every main avenue of public information and education, lose no effort to preserve this illusion. Nevertheless, what some of us have seen all can be made to see. It requires time, but so much the shorter time the more who devote themselves to the study and teaching of the new truth. It is the duty of Churchmen, who are as yet in legal control of the avenue of instruction represented by the pulpit, to see that it transmits the pure voice of conscience, undefiled by the impious and unnatural doctrines of Finance.

The Bishop of Durham observes that:—

"Centralisation is steadily transferring the government of the Church of England from the Bishops to the two Archbishops."

A little later he says of the Archbishops:

"Their Graces' recent letter on the subject of housing creates a precedent. It is the first occasion, I think, that the Archbishops, without consultation with the Bishops, and without reference to them, 'suggested' a course of action to the parochial clergy."

This disclosure is just what we should have expected. Quite apart from the nature of the "suggestion" the new manner of procedure on the part of the Archbishops bears the stamp of Yankee hustle in general and Morgan's method in particular. His late father is said to have reproved his lawyer once in these terms: "I don't pay you to tell me what I can't do; but to tell me how to do what I want to." In this case, presumably the Archbishops were stamped into breaking the precedent by representations that the matter was one of extreme urgency and would not brood the delays involved in consultations. It is a pity that they were not astute enough to recognise that the greater the hurry of the bankers to do anything the less it will stand examination. The Bishop of Durham himself underlines this lesson, for he goes on to say:

"But the problem of abolishing the 'slums' is not quite so simple as the Archbishops appear to imagine."

and explains why. There is proceeding, he says, "a migration of workers from the North to the South causing the impoverishment of the North and the disfigurement of the South." Logically this points to a demolition scheme only, not a re-building scheme. If the answer is that the slum-dwellers are overcrowded, and are to be provided with more room, this means that they will be certain to incur heavier rent charges than they now pay, or, if not, that the other residents will have to pay the difference. But the migration, and, *a priori* its cause, namely, the collapse of trade, is already heaping burdens on ratepayers still residing in or trading in the partly evacuated zones. The last man left would have to keep the Municipality!

Now under de-centralised Church-government considerations of this sort would at least take precedence over the considerations which appeal to the bankers. The humbler the orders in the hierarchy of the Church brought into consultation the wider the factual evidence and the more reliable the interpretation of it. The Bishops know more than the Archbishops, and incumbents know more than the Bishops. And, it may be added, the slum-dwellers know most of all. What, we notice, is entirely ignored is the viewpoint of the slum-dwellers. Bankers and Churchmen alike insist upon being sorry for them, but desist from asking them if they are sorry for themselves. We should like to see a plebescite taken on this question. *The Times* has a pretty shrewd notion of what the answer would be, for in its first intimation, last April, of the impending rehousing drive, it explicitly said that one of the great obstacles to slum-clearance was the resistance of the slum-dwellers themselves. Yes, and given a little time they would have imparted good reasons, which would have travelled up through the clergy to the Bishops. It and put a different complexion on the proposition. It was to forestall this that the bankers procured the sending of the Archbishops' message directly to the parochial clergy, a message which clearly suggested that their advice on the policy was not wanted, but simply their help in its administration.

The correspondence in *The Times* of the following day, June 1, bears evidence that the Bishop of Durham had support within the Church. Moreover, whereas he only impliedly challenged the wisdom of the secular authority by criticising its scheme as such, other correspondents directly challenge its right to prescribe

the limits of the Church's scope of survey in field of politics and sociology.

The Bishop of Liverpool points out that:

"Like everybody else we have to judge for ourselves the merits and limits of the existing system and of others proposed in its place. Our judgment of any of these will depend mainly on the extent to which each offers scope for the motives and principles of Christ, or hinders them. Why should we not prepare together the materials for such a judgment?"

The Rev. Dr. W. F. Geikie-Cobb (56, Drayton Court, S.W.10) reveals a sound instinct in expressing, as he does, his suspicion of centralisation. But he is as yet unable to rationalise his attitude. He refers, in a spirit of gentle irony, to the numerous demands made on the clergy nowadays to "think diocesanly," and notes a "persistent and expensive campaign to supersede the parish by the diocese." This shows him to have some discernment, but not sufficiently acute to see through the guile of *The Times*, for he writes:

"Your article, Sir, gives classic expression to a smouldering uneasiness as to where we are being driven by a movement similar to that which in earlier days culminated in the autocracy of the Papal Court."

Yes, but he is unaware that it is the custom of *The Times* to give "classic expression" to a great many "uneasinesses" among the community generally which are the natural consequence of the financial policy that it is elsewhere sponsoring almost every day. *The Times*, though it may coin the choicest literary formulae of uneasiness, is not concerned to remove the cause. Dr. Geikie-Cobb appears to have inferred that *The Times* opposes centralisation of Church government in principle. That is a profound mistake; and *THE NEW AGE* is compassed about with a cloud of witnesses who can testify that in its columns during the last several years article after article has been devoted to exposing and attacking the centralisation policy of the banking interests, who control the financial policy of *The Times*, with precise reference to the very thing that makes Dr. Geikie-Cobb uneasy. What he needs is not a "classic expression" of it, but a scientific analysis of it. We presume that he would assent to the general proposition that control of initiative goes with control of the purse. That granted, we ask him to consider where the control of the purse of the Church lies. It is vested in a central body (the Ecclesiastical Commissioners)—a semi-secular body, of which the secular element is the dominant element, whose policy is inspired by the Bank of England and transmitted through the Treasury. The First Lord of the Treasury (to name no others) sits on the Ecclesiastical Commission; and the Governor of the Bank of England sits on the Committee which supervises the ownership and policy of *The Times*—and both figures represent in their persons the bankers' axiomatic principle of financial centralisation applied to all organised activities in the State, whether lay or clerical. Inevitably the clergy have to think "diocesanly," for Bishops nationally, and the Archbishops internationally. For Finance is internationally organised on the pyramidal pattern with the power of decision residing exclusively at the apex.

Blood-Letting or Tax-Dodging?

"When I was at Miami, in Florida, the chauffeur showed me, not without some admiration, the magnificent villa which Capone, the king of Chicago gangsters, had had built for himself on a wonderful site, before the Federal authorities imprisoned him—which happened not because of his numerous crimes, but simply because of a false declaration of income."

"For in that strange country it seems that with a little experience and tact, above all with a sufficiency of money, one can rob and murder almost with impunity. On the other hand, it is very dangerous to get caught red-handed while defrauding the revenue authorities."—*Gringoire* (Paris), 14-4-33 (from an article entitled "L'Amérique Pauvre," by Raymond Recouly).

A + B

[Letter reproduced from *The Accountant* of May 20, 1933.]

Sir,—In his second article on the Douglas Analysis and Proposals, Professor Jones makes the following statement: "For it is obvious that the gross revenue (that is to say, the revenue derived from the sale of the finished commodities) finances the continuing processes of production." The only meaning I can attach to this statement (which seems to me to be far from obvious) is that Professor Jones believes that the revenue derived from the sale of one batch of consumable articles can be used to finance the production of the next. In other words, if I sell £1,000 worth of goods, I can use the money to make another £1,000 worth, without troubling to pay off any of the costs I incurred in making the first £1,000 worth! If this interpretation be correct, I would respectfully suggest that Professor Jones should think twice in future before charging Major Douglas with naiveté.

As a matter of fact, the "continuing processes of production" can be shown to be financed directly or indirectly by means of bank loans in their various forms. When a firm has raised a loan to finance a given programme of production, its payments can always be grouped under the two headings distinguished by Major Douglas: A—Payments to individuals (wages, salaries and dividends), and B—Payments to other organisations (raw material, rent, plant charges, and so on). The vital point to grasp is that these latter payments represent repayments of bank loans, and therefore the destruction of purchasing power. When the goods produced under the given programme are placed on the market, part of the money needed to buy them has already disappeared. Since, owing to the uniform system of accountancy employed, the same is true of every firm in the country, simultaneously, it follows that, unless fresh money is issued to bridge it, there must be a gap between the total price which has to be assigned to the whole potential product of industry, and the money available for the purchase of that product.

That every B charge represents the repayment of a bank loan can be clearly seen if the process is taken one step backward. Consider, for instance, a payment made by the firm above to a second firm for raw material. In order to finance the production of this raw material the second firm must also raise a loan. During the process of production it makes payments similar to those of the first, using its loan for the purpose. Hence when it receives payment for the material it has supplied, it only remains for it to repay the bank, as it has already defrayed its other costs. Thus the payment made to this second organisation by the firm we first considered results in the repayment of a bank loan and the consequent cancellation of purchasing power to a corresponding extent.

While personally I can find no flaw in this reasoning—nor do I believe Professor Jones is able to do so—I should like to point out that Major Douglas's contention could be settled once for all by an appeal to fact. Let a proper statistical investigation be made into the price at which it would be remunerative for industry to produce its maximum output of consumable articles over a selected accounting period (say, one year), and let it also be ascertained what income would accrue to the nation from all sources and become available for purchasing this output during the same time, then it would be possible not only to see whether the gap actually exists, but to measure its extent, and to make proper provision for liquidating it.

C. J. HUNT.

Airdrie, May 8, 1933.

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

A Green Shirt Section was formed just lately of men who all happen to work in a food depôt in the London area. With the idea of carrying on their propaganda as intensively as possible, they decided to go to work in uniform. Naturally, the foreman was astonished when a squad of Green Shirts arrived to "clock in." They were told they could not wear the Green Shirt uniform at work. Thereupon all the other workmen in the depôt went on strike! The Green Shirts, of course, agreed at once to go back and change into "civvies," and the incident closed.

To the non-politically minded that is no more than a bit of Green Shirt by-play bordering on the absurd—a comic turn. As a matter of fact it has resulted in a most important scheme of development now being worked out in some detail—the Green Shirt Factory "Cells" organisation.

Further to this, we hear of a tentative move in at least one district towards the formation of an Employers' Green Shirt Section. In our opinion, however, this is something that can only develop effectively when the wage-earning and unemployed sections are firmly rooted in every great industrial centre.

Two H.Q. Staff Officers and the Organising Secretary of the Women's Section arrived at Stockton-on-Tees from London on Saturday, May 13. A general meeting of Stockton Green Shirts assembled, and a line of action was decided upon. Open-air meetings were held as follows:—

Sunday, May 14, at Thornaby-on-Tees; crowd 200-300.

Monday, May 15, at Stockton Market Cross; crowd 300-400. Meeting lasted 2½ hours. Communist opposition ineffective. After the question, "What's the difference between you and the Fascists?" had been asked two or three times in various ways (and answered), the crowd told them to "Shut up! That question has been answered already."

Overheard in the crowd: "There's one thing about these Green Shirts; they give you a chance to ask questions, and they answer them fair and square."

Told to a Green Shirt after the meeting: "Well, I must admit I came to this meeting very much in doubts. You have convinced me absolutely."

Tuesday, May 16, second meeting at Thornaby. Crowd already at the meeting place when the G.S. speakers arrived was much larger than the first. It increased to such proportions that it was necessary for the Green Shirts to leave as soon as the meeting closed to avoid a complete hold-up of traffic in the street. Meeting lasted 2½ hours.

Wednesday, May 17, at Billingham. Meeting lasted 1½ hours. Two recruits signed on who are keen to get a G.S. Section organised in this place.

Thursday, May 17, second meeting in Stockton, the largest meeting of the week. One man said, "Well, I've been at every meeting held at the Market Cross for many years, and this is the largest meeting I've ever seen. You've broken the record!"

Overheard from a Communist (to his pals): "Come on, let's go—these Green Shirt chaps are too smart for us."

Overheard in the crowd: "I've heard more sense talked from this Cross to-night than I've ever heard before."

The meeting lasted 2½ hours, and discussion went on long after the meeting was officially closed. Green Shirts seen in the streets before the meeting were greeted with "Are you holding a meeting at the Cross to-night?" "What time's the meeting?"

Friday, May 19, at Market Middlesboro'; crowd, 200-300, soon showed its support for G.S. policy. During the meeting an interrupter said, "I've only

come here for a bit of fun." The crowd was quick to resent this, and showed its resentment by shutting him up at once. Meeting lasted 2½ hours. Question time brought forth many good straight-to-the-point questions, not on the technique, but on the politics of Social Credit—"How are you going to get Social Credit put into force?"

Saturday, May 20, at Yarm, a small agricultural town. Audience here a very different type, being almost entirely farmworkers. The G.S. speakers held an attentive crowd, and another meeting or two should see a Section established in this town.

The Stockton Demonstration Banner formed the background to the speakers at most of the above meetings. As a result of the week's intensive propaganda, widespread support has been generated amongst the general population of Stockton, Thornaby, Billingham, Middlesboro', and Yarm.

Intercommunication, vital to a movement of this kind, is now taking place to a greater and greater extent. Two Stockton Green Shirts arrived in London on May 18 to spend a week working with the London Green Shirts, before attending National Assembly. A further group of five or six Green Shirts arrived from Stockton during last week, also en route for National Assembly.

The Battersea Green Shirts sold 1,300 copies of No. 4 of their weekly paper, *Attack!* in less than twenty-four hours from the time of publication on Saturday, May 27. The fifth issue is to be printed, instead of typescript duplicated. Copies can be had (price 1½d. post free) from G. S. Headquarters, 55, High Street, Battersea, S.W.11.

A correspondent points out that Social Credit has nothing to do with either Communism or Fascism, and wonders why any Green Shirt energies should be "drawn off" in combating political ideas that only confuse the issue.

By the same post we have a report from the Rochdale Green Shirt Section in which we read:—

"... We continue to have to resist the Communist propaganda against us. They never miss an opportunity of trying to make the people believe we are attached to, or in some way connected with, Hitler's German Nazis."

Any attempt to take Social Credit from the Study into the Market Place—from the student to the masses—will be met by strong opposition from Communists or Fascists. Green Shirt reports from every district show the same thing. The moment you reach the wage-earning masses and the unemployed, you are forced to face Communism or Fascism. Why? Because these two "political ideas" are contending for the leadership of the working classes. Naturally, they do not welcome a newcomer preaching an economic doctrine that cannot be eaten up and digested by one side or the other. If that economic doctrine—Social Credit—succeeds in reaching the masses and in generating mass support, both Communism and Fascism must fade out.

Our reply, therefore, is: we are not responsible for the fact that Communism and Fascism exist—we did not invent these "political ideas." Of course they "confuse the issue"—they must if they are to attempt to stop the Green Shirts from swinging the masses towards Social Credit. If we are to avoid this "confusion" (instead of clearing a path through it), we must come off the streets, lose our wage-earner and unemployed membership, and go back to discuss academic Social Credit amongst ourselves as a Study Group.

We shall do nothing of the sort. We shall intensify our activity everywhere, sharpen the conflict, swing the masses towards Social Credit, and leave the Communist and Fascist "leaders" with no one to lead.

That is the right line of action. To call that being "drawn off" in combating political ideas that only con-

fuse the issue" is to exhibit a sheer inability to understand and deal with the political psychology of the situation. This inability is characteristic of the onlooker who "sees most of the game," but knows nothing of the internal dynamics of it.

A letter from Stoke-on-Trent says:—

"There are some enthusiastic Social Creditors in this district who would like to see the Green Shirt Movement started here. There are a great number of unemployed, many of them already belonging to organisations which would probably be willing to hear one of your speakers. There is, I believe, no objection to open-air meetings. Will you let me know what can be done? Would you send speakers to get things started if we helped with expenses? . . ."

We should like it to be generally known that we are usually able to send out Green Shirt propaganda squads of from three to six men from National H.Q., London, on condition that their expenses are covered.

A letter from Sheffield suggests that the time has come to establish the movement in Altrincham, "where an election is to take place shortly, and where a large number of business men reside—also, thousands of the employees in engineering works, etc."

We hope that Green Shirts in Manchester and Widnes will take action along these lines.

Overheard after a meeting attended by a squad of London Green Shirts:—

Communist: "They're anti-Fascist, they're anti-Communist, anti-Socialist, anti-Conservative—anti-everything, except their own Social Credit poppycock, and I must say they put that over very well!"

H. T. W.

Wireless Debate.

We hear that the debate between Major Douglas and Professor Denis Robertson, which was originally arranged to be broadcast on the National wave-length is now to be broadcast on the London Regional wave-length. Will readers make a note of this important alteration. The debate takes place on June 21, 1933, at 8.20 p.m.

The Films.

Lawyer Man: General Release.

This is another picture on the lines of "Attorney for the Defence" and "The Mouthpiece," but so long as Hollywood goes on giving us fast-moving and well-constructed entertainment of the kind, I shall be the last to cavil at a certain saneness of theme and treatment. Incidentally, this type of film combines social value with amusement; it can do no harm and may do much good if familiar with the rascality of American politics, finance, and law. William Powell plays the lawyer as though he enjoyed it—instead of being patently bored with the rôle as has been the case in some of his recent pictures; David Landau is admirable as the politician; and Joan Blondell is very likeable in an Aline MacMahon part.

Possessed: Empire.

Girl in the paper box factory in an American small town longs for the Great Big World. A stranger in a passing train offers her champagne and gives her his card. Girl goes to New York and looks him up. Nothing doing, but she meets a wealthy young lawyer in his apartment. After three months of illicit union (I can't help using the language of the penny novelette) the young man offers her marriage—a concession to the morality of the filmgoer, as in the original play the couple continue to be unblessed by the church. Girl accepts, but asks that wedding be kept secret until

she has educated herself to be worthy of her helpmate (confound this novelette style), said education consisting chiefly of training herself to order from a wine list and to know the respective rôles of knife and fork. For political reasons the marriage is kept secret after the completion of the curriculum when, as you will not be surprised to hear, the wife disappears so as not to interfere with the husband's career. Her name is brought up at a big political meeting in the hope that scandal will defeat the husband's election to the State Governorship. Heroine rises to her feet, denounces the scandal-mongers, exhorts the audience to vote for husband, and stumbles—weeping—out of the hall. Grand reunion in the pouring rain, a climatic effect that invariably accompanies the ending of such films. I had almost forgotten the incursions of the girlhood lover, but he doesn't matter. Miss Crawford is the wife and Mr. Gable the husband. My sympathies to both.

"Mute But Eloquent."

Merian Cooper, who was associated with the production of "Chang" and "King Kong," has lately placed on record his opinion that most writers for the screen use an unduly large vocabulary. As a result he has compiled a list of exactly 850 words constituting a "mute but eloquent language," to which all scenario carpenters and the radio studios are in future to confine themselves. I am not quite sure what Mr. Cooper means by a "mute language," unless he has made the not unpardonable mistake of confusing the grunts of King Kong with the accents of so many human American screen players, but he need not worry over the tendency of scenarists to employ an over-rich choice of words. If you write down "give us a break," "gee, that's tough," "I think you're wonderful," "you're a swell guy"—or "swell baby," as the case may be—"I don't understand," "everything will be alright," "stick around," and "scran," you have virtually the framework of the average scenario, and have exhausted the dictionary of the average scenarist. Instead of arbitrary curtailment, Mr. Cooper would be better employed in impressing on his writers the desirability both of enlarging the bounds of the English language as used on the screen and of retiring their clichés on an old-age pension. DAVID OCKHAM.

"The 1933 Fragments."

BEING A SPECULATIVE FORECAST OF AN ARTICLE IN "THE JOURNAL OF THE ARCHAEOLOGICAL SOCIETY FOR THE MONTH OF JUNE, A.D. 9933."

The discoveries recently made in the Society's exploration workings at Blackfriars continue to excite comment, and some of them have caused a revival of discussion around the old "economics" theory, with which most of our members and readers are familiar. The present discussion, moreover, has given rise to some new and somewhat startling suggestions, which at any rate provide a refreshing change from the older ideas.

Before submitting the new arguments it may be useful to review the main points of the old controversies.

Arising from the study of various ancient writings, the theory has long been held that there existed during the Steel Age a body of knowledge which claimed to have discovered certain basic and immutable laws, on which depended the material welfare of mankind. It is contended the study of these laws was elaborated and elevated to the status of a science, known as "Political Economy" or "Economics": those terms are believed to derive from the language of a still more ancient civilisation.

Our knowledge of prehistoric languages is not so thorough that we can be certain of the correctness of interpretations placed on those old scripts, but, as those interested in the subject will remember, the "economics" theory received noteworthy support a few years ago from some of the famous Aldwych discoveries.

The latter included some bits of inscribed stonework which had apparently formed part of the entrance to a School devoted to the study of the prehistoric science. More important were some scraps of printed matter, inexplicably preserved, which appeared to be the remains of classical treatises on "economics." These showed many similarities with earlier "economic" writings, particularly in their

references to a "Smith" and a "Mill": the former was a kind of industrial worker, and the latter a piece of machinery.

Special stress was laid by some scholars on the recurrence of the name "Adam" in the Aldwych relics: it was contended this was the Adam mentioned in earlier religious writings, and therein lay the explanation of the religious veneration in which the laws of the science were held by its teachers.

There seems to be sufficient evidence, therefore, to justify the formulation of the "economics" theory; but powerful arguments have been brought against it by scholars who have familiarised themselves with those ancient writings but are sceptical of the conclusions drawn by the "economics" group.

The opposers of the theory submit that the "laws" and arguments of the ancient professors of "economics" included so much that was manifestly absurd, in face of the known facts of the time, that no community of sane people would have tolerated the continuation of such foolish teaching. It is pointed out that the early years of the twentieth century witnessed an enormous increase in actual production of wealth and in the power to produce. The possibility of abundance for all was thrusting itself on mankind. Alongside this vast potentiality, however, there existed a great deal of want and misery, amounting to mass starvation for a section of the people. The economic paralysis was creeping upwards, and many of the community not actually in want moved gradually towards that condition: comparatively few were free from increasing anxiety as to their economic security, and those who thought they were secure can only have been living in a fool's paradise.

The paradox of poverty amid potential plenty increased with the efficiency of machines to produce goods with the expenditure of very little human energy; but there seemed to be no power to consume. Nevertheless, as the "economics" theorists have to admit, there is no evidence that any real solution of the problem was offered by recognised authorities on "economic" matters. Such advice as was rendered appears to have been merely the reiteration of doctrines obviously outworn and ludicrous in the changed condition. How, it is asked, could any body of teachers so blind themselves to the effect on their old ideas of the realities around them?

The answer to these objections has been that the failure of the people to respond to the facts in an intelligent manner was due to the mass stupidity induced by the working conditions which followed that earlier change in the economic life of the people usually referred to as the Industrial Revolution; and that similar influences controlled the mental development of professors. The latter were not in close touch with the industrial machine, but had become enmeshed in, and bewildered by, the intricacies of the commercial and financial systems: they seemed to suffer a partial mental atrophy, which showed itself in a complete incapacity to appreciate the growth of new factors which were dominating the economic machine.

With commendable logic, an explanation of the mystery was sought in a close study of the methods of distribution for consumption.

Investigation was first made into the physical aspect of the matter, and it was found there were no difficulties whatever: organisations for distribution were as highly developed as the means of production—but they were equally languishing. Eventually, however, some students affirmed they had found the answer to the riddle in the working of the monetary system in relation to consumption.

Their arguments are based on an obvious fact, which can be stated as follows: In order that a given amount of goods may be consumed, an equivalent amount of money must be issued in such a manner that it will function for that purpose. But this was not the basis on which money was issued in 1933. It appears the community had allowed the issue of money gradually to become the sole right of a private banking institution, which was not in the least concerned to see that sufficient money was issued to purchase all the goods which could be produced. It was in fact definitely in the interest of the banking system to keep money in short supply for long periods.

The history of this process may be briefly outlined. For some centuries before the presumed date of the Aldwych School, industry and banking had been conducted by many separate individuals and small private institutions. There took place, however, a gradual development of what was called joint stock enterprise, which meant the consolidation of the control of industry into large corporate bodies, and, concurrently with this, there was an even greater consolidation of the banking business.

The latter had unfortunately received great impetus from the formation of a central institution late in the seventeenth

century, which exacted from the Government of the day a Charter, conceding some far-reaching privileges in exchange for a loan to finance war. (This is not the only occasion in history when war was financed by bank loans which an intelligent community would have advanced to itself, free of interest.) Within a comparatively short space of time the monopolistic privileges of this central bank led to its acquiring the sole control of the creation and issue of money: the control was exercised through a few large subsidiary banks, and it has been suggested there was a kind of executive committee, called the "Cabinet," to which was attached an official "chamberlain," whose function was apparently to emit propaganda for the Central Bank.

There was a fundamental error underlying the whole monetary system, which, by reason of the development of the banking monopoly, had become a source of the greatest evil, and a danger to the whole world. This was that money had ceased to be regarded in the light of its proper function as a means of exchange, and was thought of primarily as a commodity. That being the case, like any other commodity, money could be manipulated to produce a profit; and, naturally, to leave the sole right of issue of that commodity in the hands of a few private persons was to invite manipulation for profit to take precedence over any needs for distribution and consumption: and that is what happened.

The banking procedure was to issue money on loan, at interest (the "money" was mainly created by writing a few figures in books, though most of the people had been doped into the foolish belief that banks lent other people's money). The issue of money was made only at a favourable moment when prices showed a tendency to rise, and the borrowers hoped to make enough profit to repay their loans with interest (actually, of course, with a given volume of money in existence it was a mathematical impossibility for all to make a money profit—one man's profit must be another man's loss—but few business people had realised this). That process was called "inflation," and when it had gone far enough (the banks were very shrewd in judging this) the loans were called in, and the money, except the interest, was cancelled. Note that under the system the interest money not cancelled had been previously created by the bank out of nothing. This side of the manipulation of the commodity was called "deflation."

In functioning as purchasing power the value of money was greater when the volume of money was small in relation to the goods available—prices would be low. The effect of deflation therefore was to leave the interest remaining in the bank's hands (resulting probably from somebody's bankruptcy) more valuable as purchasing power than when it was created out of nothing and issued as a loan during a period of inflation.

Some of the more fortunate industries might manage to maintain their profits during a period of deflation, and the value of such profits was also enhanced by reason of the short supply of money: but corresponding losses were inevitable. It was noticed by keen observers at the time that there was a considerable increase in the number of suicides and bankruptcies during a period of deflation.

The primary interest of the banking system therefore was definitely opposed to the interests of the community, and the issuing of money was totally unrelated to its proper function of distributing goods for consumption. It is impossible to escape the conclusion that this was the reason the community was unable to consume the abundance of goods it had the power to produce.

The influence of this development of banking, with its monopoly manipulation of money, issued mainly only to production, seems to have been responsible for the ineradicable delusion of professional economists that the economic system could only function in that way. They certainly always either evaded or denied any suggestion that a community which could produce goods and services could simply itself issue the money tickets necessary for the consumption of those goods and services.

Another, and much more misleading and dangerous error, was the continued promulgation by orthodox economists of old fallacious ideas with regard to foreign trade: ideas which had for many years held back the development of their own country for the welfare of their own people.

The old policy of "foreign investment" meant the lending of large sums of money to foreign countries, at interest, so that they could buy the goods of the lending country. The idea was that interest would be paid on the money, and a profit be earned on the goods. Unfortunately, the practical effect was greatly to the disadvantage of the lending country as a whole.

Foreign countries were naturally ready to acquiesce in the procedure up to the point of accepting the money and the goods, which latter were used to develop assets in the

borrowing country: but the inherent evil in the method became manifest in due course. The receipt of the goods in the borrowing countries hindered output from their own factories, and it became impossible to earn sufficient profit to pay interest and repay loans: the borrowing countries thereupon erected tariff barriers to keep out the goods of the lending countries. The only effective way in which the borrowing countries could pay interest and repay loans was to send goods to the lending countries, and this had precisely the same effect against the industries of those countries, with the same result—tariffs in the lending countries. From time to time the system was bolstered up by the lending of more money with which to pay interest on old loans; but this merely made the eventual position worse.

The two-fold purpose of foreign investment was thus defeated. International trade diminished enormously: there was a bitter tariff war, and extensive and increasing unemployment in all countries. Just as there was an increase in domestic bankruptcies, so international bankruptcy increased; the borrowing countries defaulted heavily on their loans.

The net effect of the policy was that a vast amount of real wealth, goods, was given away: but professional economists never declared this economic truth. On the contrary, during a period of inflation, when supporting the desires of "foreign investment," the exportation of real wealth was described as the securing of a "favourable" balance of trade. The fact that the home market was four times the size of the foreign market was also conveniently overlooked.

Figures have come to light which show that the amount of money lost to the country through the stupidity of "foreign investment" was more than the estimated total value of all the buildings in the country. In other words, would have rebuilt the entire country. In 1933 there were very considerable slum areas in existence, and the raising of a mere million or so towards clearing these slums was regarded as a tremendous effort. It is difficult to underestimate why the people did not see that these slums were evidence of the low standard of living which was inevitable if large amounts of real wealth were to be given away overseas.

Ever since the "Aldwych relics" were found, students of the "economics" theory have looked forward to the unearthing of further evidence which would reconcile the absurdities and contradictions involved in the existing records. It was hoped the recent discoveries at Blackfriars would provide such clarifying material, but it can only be said they have added fresh fuel to the flames of controversy.

The Blackfriars finds consist of some fragments of paper, which it is agreed formed part of a series of articles published early in 1933 in *The Times*, the principal news is attributed to the action of some of the gases and chemicals (or their combination?) used in the horrible warfare which destroyed that civilisation.

Supporters of the "economics" theory claim the fragments as further evidence in support of their views. In their judgment the articles were written to suggest a remedy for the prevailing economic depression: they trace the old arguments of "expert" professional economists, and even claim to recognise the style of one of the most eminent of them, making proposals based on the two principal fallacies in orthodox teaching, viz., the necessity for bank loans, and foreign investment.

An outstanding feature of the articles was a suggestion that some additional money should be made out of paper, and be called "gold," or "gold notes." Gold was in use as an international money material for settling trade and other indebtedness, and there was apparently a shortage of it. The suggestion to create additional "gold" money out of paper was evidently the result of a crazy desire to return to the old methods of lending for foreign trade, but it strains credulity to believe the writer of the articles had actually persuaded himself the paper would be regarded as the metal gold: an alternative explanation is offered later.

The "gold notes" were to be secured by international bonds. It was not explained whether their interest would be paid in golden gold, paper gold, or real paper; and the question as to the proportion of the bonds which would eventually be repudiated was not considered.

The articles advocated loan expenditure for domestic purposes, and here again, in supporting this banking policy, no reference was made to the effect on the economic system of repayment of the loans. We may of course be mistaken in this—we have only fragments to guide us—possibly the writer of the articles contributed something further to the economic consequences of repayment. Of the two great errors in the articles the desire to return to the old foreign investment blunder was the more dan-

gerous: world-wide spread of machine production had made that basis more impracticable than ever. All countries were becoming more determined to produce for themselves, instead of buying with borrowed money. To return to the old foolishness was to engender fiercer and fiercer competition, and a universal lowering of the standard of living, with war for lending and for markets as the only way out.

It has been suggested the belief in these obsolete doctrines was a form of survival of an earlier economic theory, known as "mercantilist," which held that money was the only real wealth, and therefore a nation should acquire as much of it as possible. This is quite likely; the sub-conscious effect of the old "Mercantile" Theory would be intensified by the development of the "commodity" aspect of money.

So much for the "economics" theory. We have now to refer to the new ideas, which have been received somewhat like the shock of an earth tremor by our more conservative members.

The new theories have been formulated by certain of our younger scholars as a result of their increasing dissatisfaction with what they consider the crazy views of the "economics" group: they may seem fantastic theories, but consideration is claimed for them on the grounds that they cannot be more fantastic than the implications of the "economics" theory.

Some of the malcontents contend that the articles of which the Blackfriars fragments formed part had nothing whatever to do with "economics," but were concerned with music. Others incline to the view that the subject was conjuring, or possibly hypnotism: the latter science was in its infancy in 1933.

Those who favour the "music" theory attach great importance to the word "repercussions," which frequently recurs in the fragments. They explain that after the war of 1914-1918 a form of barbaric music became fashionable in England, called "jazz"; and that in this music certain instruments called "percussion" were extensively used. What was more likely than that similar instruments for use in an international orchestra would be called "repercussion"? The word would come naturally to the mind of a leader of a jazz band.

The "music" theorists are also wrestling strenuously with the "economics" for the support of the term "gold notes." "Notes" was undoubtedly a musical expression, to which the word golden was sometimes attached. There is a strong case for this argument in that it would explain the phrase "bars of gold" which has been found in earlier writings hitherto attributed to teachers of "economics." "Bar," among other things, meant a measure of time in music.

The chief attraction of the "music" theory is that it offers a possible explanation of one of the most controversial matters arising from the "economics" theory, namely, the "balancing of the Budget."

According to the "economics," the "Budget" was a kind of national account, through which purchasing power was distributed to the community. The "economics," however, can never explain the paradox that while it was generally agreed the possession of purchasing power by the people was an asset of considerable value, when purchasing power was distributed through the "Budget," for the benefit of the community, grave warnings were uttered that a serious liability might be incurred, which would "unbalance" the "Budget." Otherwise intelligent business men talked about the seriousness of interfering with "laws of nature."

It has been suggested this ludicrous contradiction was an example of the bank loan fallacy, extended to the affairs of the nation as a whole. The "Budget" was evidently the nation's banking account, and the people were unable to understand they could quite easily finance themselves for their own needs, without hanging round their necks a liability to a private bank.

The "music" theorists have now come along to dispose of this "economic" absurdity, on the grounds that any explanation is better than that. Their suggestion is that the "Budget" more likely meant a collection of musical instruments; in fact, the international orchestra they have already postulated: the term "balance" could easily apply to an orchestra.

It may be said this latter point is rather stretching the imagination of the "music" group, but their theory as a whole is certainly entertaining.

There is less to be said, perhaps, for the "illusionist" and the "hypnotist" groups, but their views must not be disregarded.

The former suggest *The Times* articles had taken reference to some artful piece of manipulation which had taken place, or was being recommended. The word "exchange" occurs in the fragments, and one of the most important attributes

of the conjurer was the ability to make rapid exchanges. Thus the substitution of a "long" for a "short" term credit, by actual exchange, or apparent elongation, would be a typical piece of conjuring trickery.

The "illusionist" group base their claims chiefly on certain passages relating to the "gold notes." They show that the notes were to be created out of thin air, so to speak, but would actually be made of paper, to the complete deception of the whole world. This, it is submitted, would be by far the cleverest part of a conjuring entertainment.

Finally, we have the small "hypnotist" group. These students do not altogether renounce the "economics" theory, although they accept, and are much impressed by, the historical facts which make that theory so difficult to maintain. They suggest that what we have called mass stupidity on the part of the people was something more than that: the condition was actually of a hypnotic character. Like their opponents, the "hypnotist" group seize on the "gold notes" to support their views. (Is it again a fragmentary survival of mercantilism that these "gold notes" exercise such fascination for our scholars?)

Bearing in mind that the notes were to be made of paper, it is suggested *The Times* articles were written by a learned hypnotist, assisting orthodox economists. The hypnotist of the articles was declaring that if necessary not only could he hypnotise the whole world into believing paper was gold (mass-hypnosis), but that he could also hypnotise himself into that condition (self-hypnosis).

The arguments continue to fly back and forth, and, with the foregoing outline before them, we must leave our readers to draw their own conclusions as to the real significance of the 1933 Fragments.

For ourselves, while we agree some of the new theories seem fantastic, it is inevitable our more impatient members should seek escape from the mass of unreason involved in the teachings of old orthodox economics during the changed conditions of 1933. Certain it is the world was swept by a hideous war during an age when man had ample knowledge and means for abundant happiness for all.

The reason for the non-realisation of that state of abundance is a sombre mystery. The "economics" group pursue their studies in the hope that future discoveries will illumine the dark places, and enable us to remove from the old professional economists the suggestion of an enormous moral responsibility which increasingly seems to have been theirs.

One point remains to be mentioned. There is evidence that around the date of the Fragments an Economic World Conference was held. The hopes for future discoveries may throw some light on that assembly. If it is found the members of that Conference were so imbued with the obsolete and dangerous doctrines of orthodox professional economists as to regard their "laws" as of "nature" and immutable, and to base their deliberations on them, and on the desires of international finance, then we shall have a clearer light still on the causes of the world war, and be nearer to fixing the responsibility for it.

W. N. KINSLEY.

Music.

Foreword.

During the enforced absence from England of my valued friend and colleague, Kalkhosru Sorabji, I shall attempt to retain the interest of *New Age* readers in matters musical, and I write "attempt" advisedly, for, as I have previously pointed out in these columns, one can think of only two writers on music who, for force of expression, erudition, and breadth of sympathy approach Sorabji, namely, Ernest Newman and Bernard Shaw.

Kreisler, Albert Hall, May 28.

All artists vary, and Kreisler more than most, but on this occasion he was undoubtedly in his best form. Very few concerts tempt me to visit the "Kensington Gas Works," the acoustics of which are notoriously capricious, and it is therefore heartening to record that last Sunday my seat was so situated that I heard no more than the actual performance on the platform.

I am not one of those who carp at Kreisler's programmes: some Corelli, Bach, a Mozart Concerto, six caprices of Stamitz, Cartier, Paganini, and Weinawski, and a group of Kreisleriana, surely this is good enough, at any rate for a Sunday afternoon? The Corelli "La Folia" variations were beautifully played, and it may be noted, en passant, that it is the theme of this work which Rachmaninoff employs as a basis for his latest composition, the fascinating "Variations," Op. 42, which he played at his recent recital.

Three movements from the Bach Partita in B minor (including the well known "Bourrée," arranged for the piano by Saint-Saëns) were, of course, effective enough, but un-

accompanied Bach has never struck me as being the violinist's strong suit.

With the Mozart Concerto in D major we come inevitably to the question of the advisability of playing concertos without the orchestra. A piano is not a satisfactory substitute, though an artist such as Mr. Harold Craxton can and does work wonders on such occasions. The musical loss is certainly less in the case of the older masters, but it would be mitigated if only Kreisler would employ an assistant (Mr. Craxton, for example), who could meet him on something resembling equal terms.

Mr. Charlton Keith does his best—he certainly gets the notes—but one receives the impression that he is completely overawed and hence overshadowed by the soloist.

Incidentally, the only occasion when one has ever heard Kreisler in the concert hall partnered by someone of his own stature, was about a decade ago, when he played the enchanting Mozart "Sinfonie Concertante" in conjunction with that incomparable artist, our own Lionel Tertis, of whom, as a matter of fact, we hear far too little in this country.

At any rate, as far as the violin was concerned, the Concerto was a thing of beauty.

With the final group Kreisler displayed to perfection that consummate phrasing, subtlety of nuance, and silvery persuasiveness of tone that are his alone. The six Caprices were magnificently done, including the charming "La Chasse" of Cartier, and the well known A minor Caprice of Paganini (used by Liszt in his Six Etudes on Caprices of Paganini, and by Brahms in his "Variations," Op. 35), while Kreisler's own "Cavatina," "Malagueña," and "La Gitana," were admirable examples of his abilities in another rôle.

CLINTON GRAY-FISK.

Roosevelt's Private Cabinet!

R. J. Cruickshank, the *News-Chronicle's* New York correspondent, contributed an article on May 23 in which he gave a description of what he called the "Brains Trust Behind the President"—meaning Roosevelt. This Trust, according to him, consists of four men, Professors Berle, Tugwell, Moley, and Mr. J. P. Warburg. Upon their advice, he states, the President "almost entirely" relies in "framing his domestic and foreign policies."

"After two months of feverish action they remain incalculable factors, as mysterious to the average Washington politician as to the man in the street.

All this sounds most impressive, but what is it really worth? All of them are idealists and reformers, such as you will encounter in "culture" circles in this country. Even Mr. Warburg, though son of the late Paul Warburg, who was an original member of the Federal Reserve Board, is hardly likely to have much, if anything, to do with the framing of American policy, seeing that Owen D. Young and Bernard Baruch are the mentors, under J. P. Morgan, of the President. It is interesting to learn that this "versatile young banker" writes lyrics for the lighter stage.

"Mr. Warburg's revue songs have been witty, wicked, audacious, and showed a healthy disrespect for constitutional authorities."

This illustrates in a general way the make-up of the whole group, who are variously described throughout Cruickshank's article as "sensitive," "brilliant," "flexible," and other adjectives, suggesting that their real function is rather to write poetry about policy than to "frame" it.

However, it is useful to be told their names. We shall be able to follow their promotion later on if it takes place.

Reviews.

Revolt of Women. By Hamilton Fyfe. (Rich and Cowan, 7s. 6d.).

Yet another of the innumerable attempts by well-meaning amateurs to prescribe a cure for a world crisis that they do not even attempt to diagnose. Mr. Fyfe's panacea is birth control. The advocacy of the remedy does not require 272 pages, and one need not prolong comment beyond saying that even if birth-control did represent the way out of unemployment and under-consumption, it would take a considerable number of years before the world's population were brought down to the level at which the cure would begin to take effect.

Green Jingles. Written and published by Philip T. Kenway, Enton End, Godalming, Surrey. (9d. post free.)

The modesty of Mr. Kenway's title disarms the critic. His verses are just what he calls them, jingles: except now and then, when they get a little jangled. I am afraid they cannot claim to be the witty and forceful kind of doggerel

that makes effective propaganda: still, it is something to have been the first man to put the A plus B theorem into verse. This strikes me as one of Mr. Kenway's happiest efforts:—

THE MERRY MINDERS.

Let the big drums of Marx be beat
(Sing high to pipe and tabor),
"Who worketh not, he shall not eat."
All things are made by Labour."
But when machines make everything
(Pipe low on flute and sackbut),
Their "minders" well may laugh and sing,
Of goods, they'll have no lack, but
What shall become of you and me?
(Mute is the Marxian band, O),
Such jobs will not go round. Shall we
Starve in the Promised Land, O?

A. BONELLA.

Joynson Hicks.

Both the author and the publishers of this book* seem to be somewhat lacking in the sense of proportion. "Jix" was a typical lawyer politician (with rather more humour in his make up than the majority), and if the luck of the political game had turned out otherwise he might have become Prime Minister. So might "F. E." and Winston Churchill. But the man's actual achievements do not call for an "authoritative and official biography" running into three hundred pages, even if we allow for the fact that Joynson-Hicks was a pioneer of motoring, and was also alive before that necessity was recognised by Ministers and others who were supposed to be responsible for military and naval aviation.

Mr. Taylor has, in fact, allowed his enthusiasm to run away with him. Enthusiasm and the capacity for hero-worship can be good characteristics in a biographer, but this author has too much of both. Lord Brentford was certainly a good administrator, but he would himself have been the last to claim credit for any considerable share in the reduction of employment, the fall in the cost of living, the savings of three-quarter of a million houses, the increase in the reduction of the sugar duty, and the granting of widows' pensions that marked the Baldwin Administration which ended in 1929. "Jix's" share in the achievements of the period was considerable," says Mr. Taylor, more or less implying that his hero was the mainspring of the Cabinet.

He is even more enthusiastic in dealing with the Arcos Raid. As Home Secretary, "Jix" was primarily responsible for this second Sydney Street, which signally failed to achieve its ostensible purpose, since the document alleged to be missing from the War Office was not found despite the official safe-breakers, although the Home Secretary afterwards tried to justify himself to the House of Commons by his disclosure that "a leader of the Russian spy organisation . . . was found as the cypher clerk, right in the heart of Arcos." But the raid was not directed against Mr. Anton Miller, and although his discovery may have seemed providential to the Cabinet, the fact remains that an action that damaged our trade with Russia for a considerable time afterwards was taken for entirely different reasons.

As a sketch of the political history of the past twenty-five years, this book has much to recommend it, but even here justification would have been an improvement. There is no Western Front and to India, and for the chapter on the King's illness. Incidentally, the author is not quite accurate in his version of the 1891 strike on the London General Omnibus Company, which had just appointed Joynson-Hicks as its solicitor. This dispute was primarily due to the introduction of a new ticket system, combined with a proposed wage reduction, and the activity of "agitators"—that favourite conception of the reactionary—was a negligible factor. Incidentally, London's first regular tramway service was inaugurated in 1870, and not in 1871.

V. S.

The Bevin Plan.

Ernest Bevin, General Secretary of the Transport and General Workers Union, has issued a pamphlet: "My Plan For 2,000,000 Workless" (Clarion Press, 2, Carmelite Street, E.C.4, 28 pp., price 1d.) which the Union are sponsoring, and pressing upon the attention of "editors of newspapers and journals" in a circular letter, and hoping for their

* "Jix, Viscount Brentford." By H. A. Taylor. Stanley Paul, 21s. 6d.

"assistance." There is no reason why editors should withhold it. The plan is sufficiently explained by a picture on the front cover. One young man is saying: "You go home and rest, Dad. Leave this job to me." Another is addressing (presumably) a young brother: "You go back to school. I'll look after this job." The plan, in a sentence is: Leave industry earlier, and leave school later. Pensions for the old; grants for the young. The cost, as usual, to be borne by the community. Of course there would be an extension of the Pension Fund, and it is proposed to rope in the (up to) £1,000-a-year man to contribute, the reason given being that this class will on balance feed, rather than feed on, the Fund! This plan will impose a new burden on the community for the benefit of insurance institutions. We did think better of Bevin than this. He has said some sensible things in his time. But one must suppose, now, that he said them by accident. Perhaps if he would start by retiring on a pension he would have a little leisure to learn what's really wrong with the employment system.

A. B.

LETTERS TO THE EDITOR.

SAVINGS AND INSURANCE.

Sir,—The Postmaster-General and Major-General Seely, at the Mansion House this week, have called attention to the remarkable growth in recent years of the thrift habit. Sir Kingsley Wood pointed out that the average balance standing to the credit of each depositor was half as much again as twenty years ago, and there were 1,000,000 more live accounts. General Seely spoke in astronomical figures of the 44,000,000 of savings certificates sold in eleven months, and of the £84,000,000 standing to the credit of the small investor. Both justly claimed that such accumulations of small savings offered evidence of Britain's stability and security.

These figures, significant as they are, do not tell the whole story, as, indeed, General Seely hinted in a reference he made to Industrial Assurance. Within the past twenty years this form of insurance by payment of small weekly premiums has made astonishing progress among the wage-earning classes.

In 1914 the total premiums collected for industrial assurance policies amounted to £21,000,000—to-day they reach £54,000,000, an increase of over 150 per cent. In the same period the number of policies has increased by only 77 per cent., showing that the average individual policy is for a larger amount. I hesitate to add yet further figures; but the story would be incomplete without mention of the fact that the sum held on behalf of the working-class policy-holders, who buy their insurance retail at the door, represents insurance to the value of £1,250,000,000.

These developments illustrate what is being done by organising thrift and insurance. The systems are still in their infancy, but the infants are healthy enough to indicate that the ideal of "every man a property owner" is by no means unattainable.

THOMAS NEILL.

[This letter from Sir Thomas Neill is apparently being circulated to all the newspapers. We print it for the amusement of our readers.—Ed.]

SONNET TO SOCIAL CREDIT.

Now like a garden under winter skies
The World of Commerce stark and sleeping lies,
And High Finance with bitter blasting breath
Blows economic blizzards, dealing death;
Financial Frost, with biting, frozen tooth
Assisting him, gnaws bare Trade's bones, forsooth.
But Social Credit, like the rising sun,
Which draws the snowdrop ere the Spring hath come,
The furrows of depression shall erase
From Unemployment's pallid, lifeless face,
Reviving Commerce, set the springs in motion
(Which need no markets far across the ocean),
To feed and clothe with hope the home-born,
Who'll rise from blackest night to golden morn.
South Africa, May 1933.

HELENA ADDIS.

Forthcoming Meetings.

Brighton.

Brighton and Hove Douglas Social Credit Association.—The last lecture of this session will take place at the Y.M.C.A., Steine House, Old Steine, on Friday, June 9, at 8 p.m. Lecturer, Mr. W. L. Bardsley. Subject, "An Outline of Social Credit." Admission free.

Permanent headquarters have been offered us and the organisation of study circles for the ensuing months is being proceeded with.

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The Social Credit Movement.

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

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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