

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

European Affairs.

Several newspapers reported on June 20 the fact that the Austrian National Bank had stepped in and stopped a currency experiment in a village in the Tyrol. Readers interested in the details of the experiment will find the account in the *Daily Express* the best. In principle it involved the emission of supplementary local currency for specific local transactions—the purchasing value of the currency being arbitrarily reduced at stated periods so as to discourage hoarding (Silvio Gesell's idea). The formal reason given by the National Bank was that the scheme had inflationary tendencies. Technically that is true; but since inflation for the whole world is being entertained (under the designation of "reflation") the reason is hardly adequate, unless one supposes that Austria is not to participate in the reflationary world-experiment. The true reason is undoubtedly political. Local gestures and local experiments like these breed local initiative, local curiosity, local enterprise, and are thus an incipient challenge to the principle of centralised private control of credit-policy and administration. It must not be forgotten, in this connection, that Austria was the laboratory in which the nearest approach to a Social-Credit experiment was made (see Major Douglas's reference to it in his evidence at Ottawa) when bakers were instructed and empowered to sell bread below cost—the State creating and dispensing new credit for the purpose. Of course, this deflation of bread-prices would have been off-set by the inflation of other prices, but this would only have created a desire among the public for an extension of the experiment to embrace a wider range of articles. Their argument would be that since the bakers and not grocers, butchers, ironmongers and so on? Readers will readily see that the money monopolists could not afford to let this sort of policy gain popularity, and will appreciate why they procured the suppression of the experiment in its initial stage. This they were the

more easily able to do because Austria, after the Peace Treaty, was left with insufficient natural resources to survive without the help of other countries, while the help of these countries, however willing they might be, could not be extended without the assistance of the international bankers. So the promoters of the experiment were defeated, afterwards discredited, and finally dismissed from power—the methods used being now tolerably familiar to students everywhere, particularly to those in Australia and Ireland.

Against the background of this early episode, and now the latest episode, in Austria, it is amusing to watch Dr. Dollfuss's "courageous" defiance of the would-be "dictatorship" of the Nazis. Of all the countries in Europe none has been so tightly in the grip of an external financial dictatorship as has Austria during the last ten years, and we think that investigation will show that no other national population has had to suffer such economic afflictions as have successively broken upon the helpless Austrians throughout that period. They occupy the underground basement of the European economic structure, and are the first to be flooded out when a storm of economy breaks over that Continent. Dr. Dollfuss's protestations of national independence reflect the patriotism of the cellar which resists political absorption by the Nazi occupants of the floor above. It is true enough that the replacement of Austria's present Government by a Nazi Government offers no guarantee that Hitler will pump out the cellar, much less cut a hole in the ceiling and drop a ladder for the Austrians to come out of the wet, and send Germans down to take their turn in the wet. At the same time, anyone with a sense of realism ought to appreciate that in the present phase of the European situation it does not matter two hoots to any citizen of Austria whether his means of life are prescribed in the name of Dollfuss or in the name of Hitler. The prescriber, in any case, is neither of these, but a body of financiers who pose as the Bank for International Settlements—and who are, by the way, the prime cause of international unsettlement.

With regard to developments in Germany, and making every reservation respecting Hitler's wisdom and competence as a statesman, there is something to admire in his relentless and thorough adherence to the logic of his governing political principle. One by one every

element in German political life which has international affiliations, associations or aspirations, is being completely deprived of political power in the accepted democratic sense, and partly deprived of political power in other senses, also of economic power in some degree. First the Jews, then the Communists, the Socialists, the Boy Scouts, and lastly the Catholic political organisations. Foreign newspapers are excluded by the score from circulation in Germany. Then as a cognate policy, Hitler has abolished the particularist privileges of the federated German States, thus closing potential loopholes for international intriguing. Most recently he has swept away the Nationalist Party, and there is talk in the Nazi Press about the disappearance of the Centre Party. In the meantime he has offset the effects of these provocative domestic acts by deciding to build aircraft in defiance of the Treaty of Versailles.

The Times of June 21 pays a tribute to the "remarkable faithfulness" with which Hitler is carrying out the programme he set himself ten years ago; and concedes that there is "a wave of public enthusiasm for the new regime." It observes, too, that:

"Germans are in fact judging themselves by different standards than those by which they are judged—which is one of the disquieting symptoms of the growing isolation of German public opinion. . . . There has been, in the words of our Correspondent, 'a vast and impressive simplification.' Herr Hitler is more completely the master of Germany than ever Bismarck was."

With regard to the building of aircraft The Times of June 27 provides amusing reading in its leading article on this subject. The writer appears to have made the startling discovery that it is possible for a Government to dictate opinions to the Press—that is, of course, in other countries than England! He insinuates that the leafletting air-raid on Berlin never took place, but that the German Press were told the story, ordered to publish it, and provided with the moral they were to preach from it. And it was all to be "front-page" news and polemics too. By these means Hitler has got German "public opinion" into a state of clamour for a police-air-force. If leaflets are dropped to-day, why not bombs to-morrow? And, truly, there is no easy answer.

The Times remarks that since "no system of international supervision has been established" over non-military aircraft, other countries cannot resist the reasoning put out by Germany. To this we can add the observation that the British Government has the least title of any to oppose it, since they have insisted against the views of every other Government on using aircraft for police work in outlying parts of the Empire.

It is interesting, by the way, to recall the official justification advanced by Britain in this matter. It includes the following points: that the use of police air-risk to the life or health of the punitive force: (d) degree and number than would be the case with an expeditionary land-force. Every one of these five points is an appeal to Economy and Retrenchment: indicating, variously, savings in pay, construction, equipment, medical treatment, death and disability pensions, and damage to property. Further; every occasion which calls for the employment of such a punitive force is financial in origin, explicitly so in cases where the object of the raid is to compel or hasten the payment of taxes, and implicitly so when it is to suppress inter-tribal turbulence, most of which would never arise but for the fiscal exactions of the Administration. These exactions in the outlying parts of the Empire are only formally and intermediately in the interest of the Government and the taxpayers nearer the centre: really and ultimately they are in the interest of the banking community, which, we would point out to Herr Hitler, are more extensively and dangerously international in personnel and organisation than all the groups and in-

stitutions that he has suppressed so far. The Daily Express remarks in a leading article (June 19) that

"Hitler persecutes the German Jews and proscribes the international Communists—but he pays the international bankers." (Our italics.)

The Times points out in the article referred to that it is almost impossible to control civil aviation in such way as to prevent its use for military purposes. The logic of this fact would require the abolition of aviation altogether. Not only so but the abolition of every machine that can move on the sea, or under the sea, or across land-frontiers. No aircraft, no ships, no submarines—also, in the case of countries whose land-frontiers are contiguous with those of others, no trains, railroads or motor-cars. "Absurd!" most people will say: "This would put a complete stop to all international commerce." Quite so; and to the extent to which it is true that international trade and communications are the pre-requisite of the economic survival of every nation, the stoppage would be a disaster. Briefly, if the interdependence of nations is a law of nature, then nature has decreed the use of potential engines of war. On this logic Herr Hitler is entitled to claim that insofar as he can make Germany self-sufficient he is contributing to the solution of the Disarmament problem. To the extent that he succeeded in reducing Germany's need to import and export goods, to that extent he would cause a reduction in the collective number of carrying-machines convertible to aggressive war-purposes. And supposing that he succeeded completely, and that every other nation followed suit, then there would come about a situation in which nations, having no need to trade with each other, would have no need to fight each other. The only conceivable fighting in such circumstances would be civil wars within those nations presumably to capture their home markets!

Now of course complete isolation in commerce is impossible for some countries and undesirable for all. On the other hand interdependence as we witness it to-day is raising issues which make its further development impossible without precipitating war. Happily, Major Douglas's researches into the policy of finance in relation to the structure of cost have laid the technical foundation for the reconciliation of the hitherto irreconcilable policies of national economic self-sufficiency and international economic co-operation. He has shown that any country, whatever the limitation of its physical resources, can become financially self-sufficient. That is to say, it can provide its own people with the means of buying the whole of its production. To illustrate—Chile is (or was) the source of Nitrates. Let us suppose for the sake of argument that Chile produced nothing else but nitrates. She would be entirely dependent on the outside world for supplies of consumable products. Hers would be physical dependence. But if at the same time she were in a state of financial independence as described above, and the countries which could supply her with her needs were also in a state of financial independence, then she and the others considered collectively would be in a state of voluntary interdependence which would work itself out in terms of free pooling and exchanges of goods on the barter principle.

The expression the "barter principle" is used here in antithesis to the "investment principle" which now characterises international trading. Under the old barter system a producer of, say, nitrates would exchange a certain quantity for, say, wheat; and when the exchange was completed no obligation—no debt—would rest on either of the two parties to the exchange. But under the present investment system there necessarily remains an obligation, or debt, due by one party to the other. This would not conflict with the barter principle if the debt were only temporary, and if the creditor were willing to accept deferred payments from the debtor in a form in which the debtor were able to make them. Thus, for example, if one party were to deliver nitrates to another, and the other contracted to deliver wheat in instalments over a period of time, this would simply be a matter

suspended barter. But under the investment principle, as practised to-day, the barter principle is suspended in perpetuity—which is another way of saying that the barter principle ceases to operate in respect of these investment transactions.

The cause of this lies in the financial policy of the bankers. They are in control of the creation and issue of money. Since all trade to-day needs the use of money, the banks are the licensing authority in respect of all trade. That type of trade which is not investment trade is barter trade. In respect of barter trade the banks are the licensing authority. The money which they control constitutes licences to barter. The condition under which they grant those licences to barter is that barter shall be suspended, and, as much as possible, suspended in perpetuity!

For example, take the hypothetical case of Chile. Imagine the output of nitrates piled up in a heap. The Chilean banker will say to the owners of the heap: "Now, if you send this out of the country and bring me a paper on which some foreigner acknowledges that he owes you money for it, I will let you have some of my money in exchange for the paper; and the more money you can make him owe you the more money I will let you have." Conversely, the banker will say: "If you do not export this heap, or if you do export it but import a heap of wheat in exchange, whereby he does not owe you any money, then I cannot let you have any of my money, and you'll have to go out of business." In other words, the owners of the nitrates can only receive barter-licences if they do not barter the nitrates!

The banker is quite consistent within his own frame of reasoning. He is in business to buy debts payable in the form of money. But if international trade were all of the barter type there would be no such debts to buy. Again, with regard to the heap of nitrates, granting that he has a good reason for refusing to advance money on the security of it as it stands there, the same reason would apply to a heap of wheat supposing the owners exchanged their nitrates for wheat. The wheat would possess no better security-value in the banker's eyes than the nitrates. He would simply repeat his offer, and say: "If you send this wheat out of the country . . . I will buy the debt." Of course the non-banking community in Chile (producers and public alike) might see a much higher security value in the wheat, which they lacked, than in the nitrates, which they could not eat; but the public's opinion on such matters does not weigh with the banker.

Why is the banker able to impose his terms on the owners? The reason is that their heap of nitrates is unsaleable at home. And the reason for that is because the population haven't got the money representing its price. It is quite true that, if they had, they would not buy the nitrates; for they would not want them. But they would buy the wheat, for they want it. If they had the money to buy the nitrates they would have the power to tell the owners what to do with them, or rather, they could make it worth the owners' while to seek barter trade instead of investment trade. In fact the owners would do so of their own volition; for they, as individual consumers, have as much to gain from the new policy as everyone else.

And so with the banker, both as a professional man seeking income and as a consumer desiring to see plenty and variety in the market, he, too, would be better off. But he would be worse off in two respects; firstly, he would no longer be able to dictate policy to the producers and to rule over the economic activities, and shape the political policy, of the country; secondly, he would have to readjust his methods of accounting and dispensing money; and this would affront his self-esteem as well as oblige him to change his habits.

It is pride, not profit, which rules the banker's will. He is so profoundly convinced of the soundness of the financial mechanism which he has designed that he is no longer animated by the psychology of a man, but by the psychology of a machine. He is under an obses-

sion which compels him to regard any proposal to alter his machine with the same repulsion as if the proposal were to rearrange the organs in his body. A normal person would be willing to sacrifice any amount of wealth to avoid a surgical operation on himself; and so the abnormal banker, who regards the financial system as part of himself, reacts in the same way. His belief in it amounts to a religious fervour—a fact which probably accounts for his adoption of church architecture and stained glass windows for the temples of his faith. He is an implacable die-hard. The one quality attributed to him is his integrity—but this is the integrity of machine-like imperviousness to influences which affect ordinary humanity. When Mr. Pierpont Morgan recently told the Senate Committee that he did not know what his income was, or how his subordinates measured it for tax-assessment, most people laughed incredulously. And they probably thought that when he was selling stocks at a loss to politicians, he was doing so as a profit-making investment. But they were wrong; financiers of his rank do not think of profits, they are absorbed in schemes on the plane of morals and culture, striving to plan the New Jerusalem which is to descend from heaven, and meanwhile to mould human characters for fit citizenship of their Holy City. That is how the Archbishop of Canterbury, and his association with Mr. Morgan, is related to world politics.

Now, human nature was not made to be moulded in the shape which the bankers have in view. Therefore every form of representative political government which has been designed to reflect, and to give effect to, the will of individual citizens, is an impediment to the great financial design. Democracy must go. Democracy has been "going" for some generations past, and particularly since 1918. Systems of autocracy have been secretly erected within the formal structure of "Democracy." This fact was disclosed and explained by Major Douglas in 1919, and has been disseminated throughout the world by him and his followers during the last fourteen years. This educational effort, however, was powerless to arrest the completion of the autocratic edifice, but it has been powerful enough to prevent the bankers from keeping its existence a secret any longer. So to-day the disguise of Democratic forms is being dropped. The bricks and mortar which have seemed to house the safeguards of freedom are now being stripped down like scaffolding, unveiling the ferocious concrete repository of autocratic powers built up inside.

Autocracy is now popularly recognised, and even acclaimed, in three great European countries. And in other countries nominally under democratic rule the public are being educated by their newspapers to consider Stalin, Mussolini and Hitler as conductors of "interesting experiments." The very phrase which these newspapers have made so familiar during the last few years: "Democracy is on its trial" was bound to sow doubts as to the efficacy of the democratic principle. Also, its imagery logically confers on the authors of autocratic systems the status of witnesses against the defenders of democratic systems, and in doing so necessitates the assumption that there is some judicial authority, neither autocratic nor democratic in tradition or sentiment, which can and will pronounce impartial judgment on the merits of the two conflicting principles. This judicial authority will rule out of consideration the comparative soundness of democracy and autocracy as theoretical propositions, but will confine itself to the one issue: Which of the two gives the better results in actual practice? The authority who proposes to decide that issue will be High Finance; and the decision will favour that political system whose results are in the closer conformity with high financial policy. Little consideration is needed to show that what is called "public opinion" cannot be the judicial authority, as the majority of people vaguely suppose. In the first place, although the saying: "Public opinion is Press opinion" may be colourably contested, there is no answer to the proposition that public opinion is without force unless it coincides with Press opinion. And even

should it coincide with Press opinion, it would remain without force unless it coincided with Financial opinion. Moreover, it is self-evident that the authority which tries Democracy must possess the power to abolish it and institute autocracy in its stead. But if the people freely choose autocracy and get it because they want it, they have really retained democracy in another form; for so long as the people can command the fulfilment of their mandate it does not matter whether this comes about through a Parliament and a Cabinet or through one single Ruler. The essence of autocracy is that the people's will is disregarded, and policy conceived and carried out over their heads. Hence the trial of democracy must be carried out by an authority willing and able to ignore the people's will. That authority, in any country, is the Central Bank of that country; and the authority, for the whole world, is the International Consortium of Central Banks known as the Bank for International Settlements.

With this in mind let us outline the fundamentals of the present European situation by reference to three typical countries, France, Britain and Germany. Of the three France remains the most obstinately democratic country: Britain has the most efficiently "managed" democracy: while Germany is in process of eliminating democracy altogether. The centralisation of political power has only proceeded a little way in France, a much longer way in Britain, and (in prospect) all the way in Germany. The merit of centralisation, in the eyes of political rulers, is twofold: it saves the time required to legalise their policies; and it facilitates the co-ordination of those policies. At the present moment it is the time-saving property which is all important. Legislation has to be enacted in a hurry to settle problems which arise unexpectedly and in quick succession. For this very reason, rulers are forced to pass a series of stop-gap measures without attempting to co-ordinate them—measures which, when they come to be administered, are found to be incapable of co-ordination. And it is here where the great demerit of centralisation emerges. The general public are the best, if not the final, judges of the administrative feasibility of legal enactments; so when rulers hurry through legislation without consulting the public, they find themselves obstructed by the inability of the public to fulfil the law, let alone such wilful resistance and evasion as certain legislation is bound to engender. And if rulers do not at least pretend to consult the public, they destroy moral restraints on lawlessness, and command no more obedience than they can exact by the exercise of brute force. It would require, for instance, something like twenty times the number of police in Britain to secure by coercive action the margin of submission now voluntarily rendered by the people to harsh legislation because of their impression that it represents the will of the majority of the electorate.

If the problem of rulers were no greater than that of making people obey laws which were *obeyable*, the principle of centralisation might be justified on the score of time. But when, for reasons we have indicated, *unobeyable* legislation becomes law, the very speed with which it is enacted measures the speed at which it will have to be repealed. So it does not follow that, as between France and Britain and Germany the turbulence of the Frenchman, on the one hand, and the complete submission of the German on the other (with the Briton in between) will make much difference to the results being watched for. That is why the inspired Press refrains from saying that Democracy is condemned, or that Autocracy is a successful experiment. Democracy is "on its trial"; and Autocracy is "interesting"—in other words, they are both on trial. Really, the two systems are in competition for the honour of high-financial recognition and the prize of high-financial support. They await what we may call the "Basle Judgment" on their comparative results. At Basle sits (figuratively speaking) the Grand Master of the Masonic Order of Bankers; and he will arrive at judgment in the Basle Lodge of Central Bankers and give effect to it from that

place. To lend him a name, let us choose Moriarty—Conan Doyle's famous fictional character who was the master international criminal. He is to be conceived as the embodiment of the technical axioms of finance, and the root principles of financial policy. In this concept it is not necessary to suppose that any one of the Central Bankers, who are here pictured as members of this Lodge, is anything worse than an innocent tool who obeys instructions because he trusts the Master's wisdom. On the other hand it is supremely necessary to postulate as axiomatic the existence of some person or persons who are consciously aware of the nature of the basic fundamental flaw in the design of the financial system, and whose deliberate intention it is to compel every country to continue to work to that design notwithstanding the disastrous economic consequences which must automatically ensue. In the nature of the case their identity cannot be discovered. But they exist, and belong to the "Moriarty" dynasty.

Having now exonerated all contemporary central bankers from the imputation of duplicity, we can allow them star parts in the Moriarty drama and present them in conference with the "Master" without offending them. It is sufficient for our purpose to name only a few of these figures, though all of them are present, making up the full Lodge meeting.

MORIARTY:—"The business to-day is the rise of Hitler, and our policy in view thereof. The principle of our policy is to safeguard the people of the world against a general collapse of the economic system. Such a collapse would necessarily attend the loss of control, by any one of you, over the direction of financial policy in the country to which he is assigned. This particularly affects our Brother Schacht. The danger does not lie in the principle of dictatorship, as our experience since the Russian and Italian revolutions proves. The danger here lies in the fact that Hitler, being the newest dictator, will want to dictate everything. It will be the delicate task of our Brother Schacht to persuade him away from unsound financial courses without discouraging him. Hitler has, it is true, not shown a disposition to interfere directly with credit-policy; nevertheless some of his political measures might involve such interference by necessitating an increase in the quota of credit-expansion which we have allotted to our Brother under our arrangements. Much diplomacy will be needed in that case to control Hitler's acts without appearing to be intervening in political policy. It cannot be done by reasoning from the principles on which the financial system is based and administered without a breach of the Official Secrets Regulation which we have deemed it wise to impose on Members of the Lodge. Nor would it be wise to suspend them, for Hitler is unsophisticated in these matters, is inspired by a vision, and commands a deeper popular allegiance than any previous single figure in Germany; and in these circumstances he might divulge matters out of which his party could evolve a policy directly threatening the ultimate control of government which wise statesmanship in the past has put into our hands. Of course we could use that control to defeat the policy, but only at the cost of exhibiting the fact of our power, and our use of it, before the eyes of the world. The time when we can do that may come some day, but not at present when such a large proportion of the world's population still believes in the box as the seat of power.

"I am glad to learn that Hitler has conceived respect for our Brother's wisdom and impartiality, and our Brother, on his side, has circumspectly refrained from offering advice to Hitler before it has been sought. Further, I understand that Hitler has been impressed with our Brother's loyalty to Germany, and his nationalism in so courageously demanding of political governments whom you variously serve the rectification of the reparations and war-debts problem as it affects the Reichsbank. My plans for such rectification will be handed to you in due course for pre-

sentation to your respective Governments. Hitler has also appreciated our Brother's repudiation of the ultra-nationalistic gesture made by Hugenberg in demanding the return of the German colonies. This has facilitated Hitler's suppression of the Nationalist Party in Germany. And, between ourselves, it has prevented reactions in France which might easily have gravely disturbed our Brother Moret's plans in that country, and disorganised our system of co-ordinating your respective national financial policies.

"These things are a good augury for the establishment of a cordial relationship between Hitler and our Brother—and its ultimate translation from an official to a personal basis. As our Brother Norman can testify, there is nothing like the personal touch—the patient and kindly 'big-brother' attitude—to tame the demagogue type of politician when he reaches the lonely eminence of political responsibility.

"My instruction to our Brother Schacht is that he follow that policy. Further, that he bear in mind the precept that the most tactful method of discouragement is the method of counter-encouragement. Given an occasion when Hitler fancies an unsafe policy, let him be congratulated on thinking of it, and let the policy be admired, but let an alternative and safe policy that he has thought of be admired more, so that he shall substitute the safe for the unsafe, or at least launch the safe one before the unsafe. You will all realise that only too frequently an unsafe policy can become safe, or if not, impracticable with the effluxion of time; and we may reasonably calculate that if Hitler can be dissuaded from anything directly challenging the policy of the Reichsbank for a period of six months there is nothing to be feared from him, and we can then proceed at our leisure to allot him his place and function in the hierarchy of political dictatorship.

"In the meantime it will interest me keenly to watch how the results which our Brother Schacht produces through Hitler and the open autocratic system compare with those which our Brother Norman produces through MacDonald and the disguised autocratic system. In order that my appraisal of the results shall yield me a reliable measure of the comparative merits of the two political systems it is imperative that the financial checks on political policy in both countries shall be equivalent in nature and incidence. If not—if our Brothers Norman and Schacht fall out of step—either treating his political government more leniently than the other does his—the consequence will be the vitiation of the evidence offered for my judgment. It is for each of you to dismiss from your mind all considerations of pride of race or sentiment for any political system, holding the ring in such wise as to enable Hitler to show whether, by virtue of his political methods, and by which may exist among the German population with better results than MacDonald can produce by his methods among the British population."

Dr. Johnson once encountered a fishmonger at a stall trying to skin a live eel, and shouting curses at it because it wouldn't keep still! If, for this fishmonger, you substitute a Government, and for the eel the people whom it governs, you will realise the fundamental nature of all the "interesting experiments" in Moriarty is dispassionately presiding. They constitute a World Eel-Skinning Competition in which the competitors are Roosevelt, MacDonald, Stalin, Mussolini, Hitler, and other heads of governments. The rules are (a) that each may grasp his eel as he likes (autocratically or democratically)—cursing it if he likes—or kissing it if he likes; (b) that each must use a knife designed by High Finance and issued to him by the referees, e.g., Harrison, Norman, Schacht, and other central Bankers; (c) that the eel shall not be killed. The prize goes to the competitor who skins his eel most cleanly and quickly. If a dictator wins, then High Finance will prefer dictatorship to democracy, and will

proceed to convert existing democratic systems into autocratic systems. In such wise one might eventually see a World Cabinet composed of Stalin, Mussolini, Hitler, Bernard Baruch (U.S.A.), Mosley, or Churchill (Great Britain), and others, each a "Moriarty Mandatory" over his allotted portion of a terrorised and disinherited world.

Theatre Notes.

Happiness. By Hazel Marshall. Charta Theatre production. Embassy Theatre.

It says a great deal for the enthusiasm of the theatrical profession that its members will not only devote so much time and trouble to rehearsing for a single performance, but that they are also word-perfect "on the night." This is an interesting and amusing play, by a dramatist who, in addition to being able to contrive good situations and curtains, knows how to write for the theatre. Its theme is in some slight degree reminiscent of that of "The Passing of the Third Floor Back," but Miss Marshall gives us a surprise; her angel in the house is neither the eccentric and philanthropic millionaire nor the criminal whom one successively takes him to be, but an extremely harmless inmate of a mental home with the pathetic delusion that he has a wife and a son and daughter. The part is uncommonly full of "fat," of which Lawrence Hanray extracts every ounce. Iris Baker is excellent as Diana, a modern rebellious daughter, as is Charles Hickman as her brother; both these young players render credible and sympathetic roles that might easily have been overacted. Walter Fitzgerald is admirable as the father, and the only defect of the play is that Miss Marshall does not make his character consistent. For two acts, it is entirely of a piece, but the change of heart at the beginning of the third, although natural—and inevitable from the construction of the plot—is too sudden to be convincing. That is, however, a blemish that a little re-writing could easily correct.

I hope that "Happiness" is booked for a run either at the Embassy or in the West End.

If I Were You. By Shalom Aleichem. Translated by Tamara Berkowitz. Shaftesbury Theatre.

It is to be regretted, and it is no compliment to the London theatre-going public, that this unusual and very human play should have received so little support that it has been withdrawn after a run of only a little over a week. Its motif, despite incidents and situations that belong to comedy, is tragic—the tragedy of being born a Jew, of belonging to a race who have through centuries been treated as pariahs, until there has been generated in them a sense of inferiority, of which the root lies in the individual not knowing where he belongs. The result is a spiritual nakedness that is easily wounded, and isolates the individual within himself. The author appears deliberately to have avoided going deeply enough into the tragedy of his theme, but the subject loses nothing by understatement.

By sheer simplicity and sincerity of acting, Augustus Yorke and Joan Pereira, as David Shapiro and his wife, Sarah, show us how in the midst of a decorous and unsophisticated home life the tyranny and oppression of the Russians in 1913 made the existence of the Jew one of enslavement to petty injustices. He cannot evade those repressive laws, and one is made to feel that a certain cringing and soul servility is the natural and deplorable result. The whole cast is good, but Robert Speight, as the solitary Gentile, strikes a note of crudity amid the unforced and natural acting of the Jewish household, and Ivanoff is not a particularly interesting Christian.

Notice.

Broadcast Debate.

With reference to the three questions addressed to Major Douglas by Professor Denis Robertson in the course of the wireless debate on June 21, Major Douglas is preparing a full answer to them which will be published in a series of articles in THE NEW AGE commencing next week, July 13. Readers who wish to buy extra copies of these issues are invited to communicate the fact in the interval in order to ensure the supply of their requirements.

The report of the Debate has now been published in *The Listener* of June 28.

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

The Annual Report (1932-33) of the Green Shirt Movement, in the form of an 8-page booklet, price 1d., is now in the Press and will be ready for publication very shortly. This Report, as presented to the General Meeting of National Assembly, not only sets forth in detail the progress of the movement during the past twelve months, but gives an accurate account of the development of the Green Shirt Movement from its first inception in 1920, as the Kibbo Kift, up to the present time.

A group of Social Credit advocates in Glasgow has expressed a desire to form a branch of the Green Shirt Movement in that city. We hope to report progress from this centre before long.

A further supply of the green folder, entitled "Who Are The Green Shirts?" explaining what the Movement stands for, and why, is now to hand from the printer. This folder is for free distribution to the general public, and copies can be had from National Headquarters.

"Join the Green Shirts and get a job!" may be the slogan if things develop as they have in one or two districts. It seems to be easier for an unemployed man to find work if he is a Green Shirt. Indeed, in some cases the job seems to find the man! Of course, a Green Shirt in work cannot give full-time service to the Movement, but perhaps it is something to know that we are helping to "solve" the Unemployment Problem? Apart from that, a Green Shirt in work is able to pay his subs. regularly, and is almost certain to begin to form a Works "Cell" Section. So—

Out of work or in,
The Green Shirts win!

As a result of the meeting addressed by Mr. Hargrave at the Conway Hall, on June 21, a group of twelve Trade Unionists from Hayes, Middlesex, has asked for a special meeting and that a Green Shirt squad be sent to give them a lead towards Social Credit action.

The 1st Widnes Section has been enrolled, and the nucleus of the 2nd Section is forming.

In some districts Green Shirt leaflet-distributors have taken up their positions on "the corner sites." This concentration outside the banks appears to have helped propaganda considerably, since it focusses public attention upon the outward and visible symbols of the Credit Monopoly. The fact that the bankers have planted their strongholds on practically every corner site in every town and city throughout the country, and that in occupying these positions they have impressed

upon the public the Wealth and Power of the Banking Combine, thereby engendering a smouldering resentment against Financial Despotism, is something that should be used and exploited in every possible way. The printed matter distributed on "the corner site" should be of three kinds, directed:—

- (a) to the general public,
- (b) to the bank-using public, and
- (c) to the Bank Officer.

We read that "Major Douglas's central ideas cannot be put into melodramatic language or simple slogans, such as usually inspire popular revolutionary movements." (Mr. Munson, the American representative of the New English Weekly.)

Popular revolutionary movements are not inspired by "melodramatic language." They are inspired by central ideas crystallised-out in simple slogan form. Major Douglas's central ideas can be, and are being, so stated. They can also be stated in highly technical terminology.

Mr. Munson tells us that "no political revolution is proposed—nothing but the transforming of finance from a veil to an accurate mirror of industrial facts." The simile is wrongly conceived. A veil cannot be transformed into a mirror. The Veil of Finance that now hides Economic Reality will have to be taken down, gently if possible, torn down if necessary; and the Mirror of Economic Reality placed in position. We submit that this implies a political revolution, and that it is the tendency to sheer away from, or sidle past, this issue that holds back the cause of Social Credit.

A fortnight ago a Street-Patrol marched up High Holborn on its way to a meeting. The following scrap of conversation was overheard on the pavement by a G.S. in mufti as the squad marched by:—

Woman: "Are they Irish?"
Man: "I don't think so."
Woman: "They don't look like Fascists, do they?"
Man: "No—nor Communists."

Then the G.S. in mufti standing near butted in: "It's the Green Shirt Movement for Social Credit."

Man: "Oh, that's the Douglas Scheme, isn't it?"
G.S.: "That's it."
Woman: "They march well, don't they?"

We have been told that there are many people who do not know it is possible to join the Movement as an Associate Member. Our three categories are:—

1. Green Shirts.
 2. Associate Workers.
 3. Associate Helpers.
- (Non-Uniformed) Associates Branch.

An Associate Worker is under orders, but works as an independent "skirmisher" in mufti.

An Associate Helper is not under orders, but is expected to support the Movement both morally and financially to the fullest extent possible.

Our non-uniformed Associates' Branch is very important to the work of the Green Shirt units. Every Associate Helper is asked to make known the category of associate helpship, and to bring in six new Associate Helpers. In this way many men and women who cannot take a more active part under categories (1) and (2), but who are, nevertheless, in full sympathy with the aim and method of the Movement, can "lend a hand" and help to supply "the sinews of war."

The report given in *The Star* for June 28, in which it was stated that "a party of fifteen Green Shirts were shouting 'Down with the Blackshirts!' outside the (Mosley) Fascist headquarters in Regent Street on the night of the 27th, causing a large crowd to gather that 'became hostile,' and that but for the intervention of the police 'a fight was about to start,'" does not tally with our official report received from the Officer in charge of the Patrol. We are satisfied that the situation was not as reported in the Press.

H. T. W.

The Films.

The Kid's Last Fight: Regal.

Douglas Fairbanks, junior, like the sons of so many noted politicians, has suffered from the celebrity of Fairbanks, père. Actually, young Mr. Fairbanks is much the better actor of the two—he is, in fact, one of the most promising of the younger generation of screen players—and he is continually improving. This is not his best impersonation, but it is good enough to prove him an admirable actor, in a role that is at times curiously reminiscent of Paul Muni in "I Am A Fugitive." The picture is excellent entertainment, and contains the most exciting prize fight I have seen on the screen. Loretta Young is charming, and Aline MacMahon, who appears to have made a breakaway from her original character of hard-boiled virgin, is now complete with Scotch accent, which sounded convincing enough to me, but has been criticised by a colleague born in the northern portion of this Kingdom.

Amusing Incident Department.

"An amusing incident occurred recently during Paul Stein's production of 'She Wanted Her Man' at the B.I.P. Studios. Bebe Daniels, the famous American star who is playing the leading role, was nowhere to be found in the studio at the moment when an important scene was to be filmed. In this she had to be the musical comedy star disguised as a poor girl for story purposes, and she had so altered her appearance with make-up and old clothes that she stood for many minutes under the noses of her seekers. Enjoying the joke she said not a word to disclose her presence, but the script girl discovered her by passing close enough to her to smell the special perfume which Bebe alone wears!"—British International Pictures Publicity.

Hell Below: Empire.

It is unfortunate that the British public is still being deprived of the opportunity of comparing this American picture with "Morgenrot." Each sets up its own standard of excellence, and both depict submarine warfare, but there the resemblance ends. "Morgenrot," which is much the better picture, belongs to the documentary school; it was conceived and carried out with sincerity; one has the impression that its makers were sincere in their conception of patriotism; and the acting was natural, tending rather to the traditions of the Russian than of the American school. "Hell Below" is better entertainment in the conventional sense; it contains much humour; the dialogue is distinctly above the average; and it is in general one of those lavish, spectacular productions in which Hollywood excels. (The makers of "Morgenrot" lacked, of course, the financial resources of the Metro-Goldwyn-Mayer studios, while, in any event, they were not aiming at spectacular production.) There are some excellent sequences, as in the fight between the aeroplane squadron and the submarine, but the limit for this type of film seems to have been reached in "Hell Divers" and "Hell Below"; American producers have set themselves such a standard, that it is becoming increasingly difficult for them to thrill sophisticated audiences.

Jimmy Durante, Walter Huston, and Robert Montgomery are among the cast. Mr. Durante makes the most of a more congenial role than he has had in some of his recent films; and Mr. Huston, although he can never get away from Walter Huston, also has a part that suits him excellently and in which he is convincing. Madge Evans has the principal feminine part; she is pleasing to look at, but signally fails to rise to the emotional height demanded of her. I would especially commend Edwin Styles for his sympathetic rendering of a small part. Two angles of some of the close-ups, and the use by a very obviously English officer of the pronunciation "lootenant." This is an American film standard, and producers attempt to justify it on the ground that "lootenant"

would be laughed at in the United States, especially in the Middle West. But "lootenant" sounds just as ridiculous in England, which is the second largest market for American films, and in this instance, I think the producers might have allowed Mr. Styles to use the English pronunciation. It may seem a small point, but it raises a problem that is of some importance not only from the aesthetic, but also from the box, viewpoint, since the film industry has begun to discover that the talkie lacks the universal appeal of the silent film.

"Hell Below" may possibly provoke controversy on similar lines to that aroused by "Morgenrot." The latter has been characterised as both pro-Hitler and anti-British, and although to my mind it is neither, the argument is tenable. It has also been described as both pro and anti-war propaganda, and that is true, as it is of "Hell Below." The plain fact is that the propaganda effect of a film depends largely, if not entirely, on the opinions and prejudices and preconceived ideas of the individual spectator, who gets out of a picture what his own mind projects into it. A film showing the destruction and carnage of warfare presents one member of an audience with a further argument against war, while on his neighbour it acts as a peculiarly stimulating recruiting poster, especially if he is not old enough to have had practical experience of what modern war actually means. So "Hell Below" may either send you out of the theatre murmuring "Dulce et decorum est pro patria mori," or asking "Is it sweet and fitting to die for the International Banking Ring?"

In case these philosophical reflections have obscured the fact, may I repeat that "Hell Below" is first-class entertainment. DAVID OCKHAM.

A Peter Warlock Society.

I presume most readers of THE NEW AGE are aware of the *raison d'être* and rationale of gramophone societies, but for the benefit of those who are not I will summarise them briefly.

The principle of the gramophone society is precisely the same as that of Sir Thomas Beecham's Imperial League of Opera; realising that only a comparatively small portion of the population are interested in opera, Sir Thomas inaugurated a most admirable scheme whereby those who were interested might, by payment of a small annual subscription, offset the losses inevitably resulting from the production of first-class opera, institute a seasonal series of performances not only in London but in the principal towns, and in addition obtain tickets at reduced prices.

The response was encouraging but not overwhelming, and the League has still to acquire a few thousand members before it will be in a position to achieve its objects.

As Mr. Ernest Newman so aptly pointed out in the "Sunday Times" of June 18, "The relatively few who are interested can get all they want by the simple process of getting together and paying an infinitesimal annual subsidy of their own. If they have any sense, they will now do that; if not, the best opportunity they have ever had, or are ever likely to have, of raising opera to the dignity of an art in this country will have been lost, perhaps for ever."

So much for opera. In the case of the gramophone, there are many composers the recording of whose works although of the greatest interest to musicians, critics, and connoisseurs, would for obvious reasons be commercially impracticable.

The idea was then devised of inducing those sufficiently interested to pay a small annual subscription in advance, in order to guarantee production costs, in return for which the subscribers would receive regularly a volume of records containing authoritative renderings of the desired composer's works, and of course recorded with the same care and methods as all other records of the best type. Even on this basis a society would not be a paying proposition if the membership were below a definite minimum (gramophone companies, after all, are not philanthropic institutions), and in the case of the first, the Hugo Wolf Society, the company quite rightly stipulated a minimum membership of (I believe) a thousand. The response was so enthusiastic and the Society such a success that the idea was extended, and we now have the Sibelius, Haydn String Quartet, Beethoven Sonata, and Bach "48" Societies. (There are special cir-

cumstances in connection with the last-named society with which I shall deal in a subsequent article.)

A Delius Society has also been formed, though no records as yet available as it is still in the initial stage of collecting members. Naturally, the entire artistic control is in the hands of Sir Thomas Beecham, who has done more to further the cause of Delius than anyone else in any country (with, of course, the exception of the late and ever to be lamented Peter Warlock, and members are therefore assured of hearing the *real* as opposed to the "Prom." and other spurious Delius.

Those interested in the music of this very distinguished, and, in my opinion, unquestionably the greatest living composer, should communicate without delay with Mr. J. Michaud, 40, Langham Street, W.1.

Clearly, the field is wide, for there are composers of all periods and countries who are shamefully neglected, and in the absence of public performances, the best method of studying them to advantage is via the gramophone.

Mr. Richard Holt made the excellent suggestion of a Rachmaninoff Society, only a fraction of this fine composer's work being at present recorded, and in the April "Gramophone" I suggested a Medtner Society for the benefit of a composer who appears to be totally unknown to the recording companies.

And with this lengthy but necessary preamble, I now come to the central point of this article, namely, Peter Warlock.

Shortly after his untimely death in 1930, Mr. Kalkhosru Sorabji described him in these columns as "... one of the finest musical minds of our times, a critic and writer further of unparalleled brilliance, insight, and subtlety—a song writer of exquisite delicacy, jewel-like craftsmanship, and flawless rightness of instinct, he has been equalled by few and surpassed by far fewer..."—a verdict which, I imagine, is echoed by most of the musical world.

I quoted this extract in the May number of the "Musical Mirror," and suggested very strongly the formation of a Warlock Society, in view of the fact that beyond "The Curlew" cycle recorded by the National Gramophonic Society, not a single song of Warlock has been issued by any gramophone company.

I further suggested that examples should be given of all his versatile musical activities, including his most admirable arrangements, editions, and transcriptions of early English string and vocal music, such as the Purcell Fantasias and Elizabethan Ayers, and his original orchestral works, which latter should comprise a re-recording of the beautiful "Serenade" for strings (written for Delius on his sixtieth birthday), and both versions of the enchanting "Capriol" Suite based on sixteenth-century dance tunes, i.e., the string, and the full orchestral, preferably under Beecham.

(There is a very fair record by Decca of the string version of "Capriol," but it falls far short of the ideal.)

I concluded by asking, "If we can honour Hugo Wolf surely we can do as much for our own Warlock?" meaning, of course, that if there are enough people in England to form a Wolf Society there should also be enough to form a similar society for Warlock, the latter being at least as interesting as Wolf in the realm of song composition.

In the June number of the *Musical Mirror*, however, the redoubtable Mr. Robert Lorenz, always pining for a fight, asserts that I am very foolish to bracket Warlock and Wolf, which, he tells us, "is about as idiotic as comparing Boughton with Wagner." To begin with, it was perfectly obvious (to anyone of intelligence) that I was not endeavouring to exalt Warlock at the expense of Wolf, and, secondly, to the extent that composers possess common points of contact to that extent are they comparable.

For example, both Warlock and Wolf were pre-eminent as song writers; both were fastidious in their choice of text; both had a thorough understanding of the possibilities and limitations of the voice; and both made the vocal and instrumental line an indivisible unit, as opposed to what Cyril Scott describes as "a species of recitative superimposed upon an accompaniment."

Hence, to compare the composers on this basis is perfectly logical and justifiable; and if, additionally, we take into consideration all of Warlock's manifold activities, it will then be seen that his is unquestionably the bigger and more interesting musical mind. Indeed, to the enthusiastic musician or musicologist, nothing could be more interesting and instructive than an analytical comparison of composers' various and varying methods and results in any given medium of expression.

To compare Boughton and Wagner would most emphatically be idiotic, since one works on a vast canvas, while the other is essentially a miniaturist whose most successful work, "The Immortal Hour," was described by Kalkhosru Sorabji as "a tissue of abject commonplaces and banality,

utterly without distinction of idea, style, or expression," and whose phenomenal run I myself demonstrated to be the result of manifestly extra-musical factors.

If, therefore, Mr. Lorenz considers that Boughton and Wagner are incomparable owing to the devastating distance and difference between them, and that to compare Warlock and Wolf is as "idiotic," it follows that he must imagine an equal difference in musical stature separates the latter composers, a notion which makes one wonder precisely how much of Warlock's work he actually knows. Mr. Lorenz then states that I have completely misunderstood the *raison d'être* of the Hugo Wolf Society, which, he explains, was formed owing to the lack of the requisite singers in this country, and asks if I cannot see that Warlock is the composer who should not need a society, he (Warlock) being essentially English, "and we certainly have the singers who can do him justice."

I happen to be a member of the Hugo Wolf Society, and I know that its formation was purely and simply due to the fact that Wolf records issued in the general catalogue of a gramophone company would not be a commercially practicable proposition.

The Society is for the benefit of the relatively few enthusiasts who naturally want the best singers for the job, and the fact that the artists happen to be German is merely incidental, in the same way that the Delius Society is directed by Beecham, an Englishman, who is the best exponent of Delius.

It is, in fact, entirely a question of expediency, both musical and commercial, and nothing whatever to do with nationality. Of course, we have the best singers for Warlock, but that does not alter the fact that his appeal is mainly to musicians—a minority—and consequently he needs a society if we are ever going to be given a representative selection of his extensive output. Mr. Lorenz suggests that German Elgar enthusiasts might want an Elgar Society conducted by English artists, but here again he misses the point, which obviously is, that there is no need whatever of an Elgar Society inasmuch as authoritative performances of all Elgar's major (and minor) works have been recorded and conducted by the composer himself.

Ideally speaking, in a musically cultivated country there would be no societies, because the public would want the music of interesting composers, but, things being as they are, a society is the only available means whereby we can hear the music we want and when we want it.

I may say that my suggestion of a society for Warlock is unreservedly supported by Mr. Bernard van Dieren, Warlock's material and spiritual executor, and by many other musicians, and if we can secure sufficient support there is every reason to hope that it will soon become a *fait accompli*.

If anyone interested will communicate with me via THE NEW AGE I will be pleased to give full particulars.

CLINTON GRAY-FISK.

Verse.

By Andrew Bonella.

Professor Housman's Leslie Stephen lecture* is a charming and distinguished piece of work which is certainly worth two shillings to anyone who is interested in poetry. If I go on to say that I don't think its chief merit is profound, I must add that Professor Housman himself is far too unassuming to suggest that it consists of anything but personal opinions. The lecture has, naturally, been extensively reviewed already, so I shall pass over his remarks on the eighteenth century, with which I mainly agree, and on the seventeenth century, which I consider grossly unfair, and discuss two aspects only: one general, the other technical.

Professor Housman's general view of poetry is what may be loosely called "impressionist." He holds that the poet's office is to evoke in his reader an emotional, as against an intellectual, response. He must appeal to "something in man which is obscure and latent, something older than the present organisation of his nature, like the patches of fen which still linger here and there in the drained lands of Cambridgeshire"—that is, I suppose, to something more like the mind of his dreams than his waking intellect. "I am convinced," he says elsewhere, "that most readers, when they think that they are admiring poetry, are deceived by inability to analyse their sensations, and that they are really admiring, not the poetry of the passage before them, but something else in it, which they like better than poetry." He goes on to instance pious admirers of "The Christian

* "The Name and Nature of Poetry." By A. E. Housman. Cambridge University Press. 2s.

Year," who claim that Keble is one of the great English poets.

Now this is all very fine; but let us leave Keble out of it, let us leave "most readers" out of it, and let me speak for the fit audience (I hope) though few that prefers, as I do myself, "The Fairy Queen" and "Paradise Lost" as poetry to "The Christian Year." In so far as Professor Housman is saying anything that is true he is telling us something we have always known: that the expression of great and beautiful thoughts in words does not of itself produce poetry; and that poetry is so far from being necessarily the expression of great and beautiful thoughts that there are many lines that mean nothing—nothing, at any rate, that could be paraphrased—and yet to read them sets the little hairs on end all the way down one's spine.

To be a poet is to be born with a peculiar power of arranging words so as to have a certain effect on the reader which we all know, though perhaps we can't define it. This power may be brought to bear upon words that express the simplest of ideas, and produce a line such as:—

Over the Hills and far away,

which, as we have Tennyson's (I think) word for, is as certainly poetry as any line that was ever written. On the other hand the poetic power may be applied to great ideas and produce something like this:—

Dust as we are, the immortal spirit grows
Like harmony in music.

One is no more poetic than the other; but the first is a child's poetry, while the second is a man's. I am not saying that the poetic effect of "Dust as we are . . ." depends on the great idea; no, it depends on just the same transmuting power (whatever it is) that makes the simplicity of "Over the Hills and far away" into poetry. But I put it to Professor Housman, who admits that some of the happiest inspiration of his own distinguished and, as I believe, immortal verses has followed his taking a pint of beer to his lunch, that half a pint would not have done so well, however certain he had been that it came out of the same barrel.

"For me," he says, "the most poetical of all poets is Blake. I find his lyric note as beautiful as Shakespeare's and more beautiful than any one else's; and I call him more poetical than Shakespeare, even though Shakespeare has so much more poetry, because poetry in him preponderates instead of being confounded in a great river can be drunk from a slender channel of its own." The analogy of point of view as it does to mine. What he means is that Shakespeare gives you a layer of poetic icing on a solid without the trouble of picking it off the cake. What I maintain is that in the greatest poetry, Shakespeare's more than all, no amount of analysis will separate the meaning from the poetic expression; they are as inseparable as the body of a wine and its bouquet.

This is a point on which I feel strongly; Professor Housman's dualism is an insidious and, I firmly believe, a damnable heresy. At any rate my indignation has carried me beyond the limits of my space and I shall have to go into the more technical question in a further article. Meanwhile here is some minor poetry for review. Mr. Gordon Bottomley says that Mr. Snaith† is something like a major poet; and as I fancy that is kinder than anything I should be likely to say, let us leave it at that. "Alien Guest"‡ derives its title from Francis Thompson; its frontispiece is after a pastel, by E. Ronald Webster, but we are not told whose portrait it is; I rather think it is the alien guest's. Possibly "New Symphonies"§ would be more to my liking, but after thinking and writing at some length about poetry, I find it hard to do my duty by the book. It is time I stopped trying to review this kind of work; I have been at it long enough, trying to extract either instruction or amusement for my readers from indifferent verse. Since I started writing in this column I have had very few books for review that were worth the time I spent on them; and some of the more impressive ones, such as "The Testament of Beauty," and this lecture of Professor Housman's have bought myself. In future I shall give no notice, good or bad, to work that does not interest me.

† "The Silver Scythe." By Stanley Snaith. Blythendale Press. 3s.

‡ "Alien Guest." By Mary Morison Webster. Poetry Bookshop. 3s. 6d.

§ "New Symphonies." By E. H. W. Meyerstein. Poetry Bookshop. 5s.

Notice.

Central Council for Social, Economic and Political Reconstruction.

Major Douglas is not, and has never at any time been, a co-member with Professor Soddy of the above Council.

Money and Wealth.

DESCRIPTION AND CRITIQUE OF MAJOR DOUGLAS'S PROPOSALS.*

By Louis Anderson Fenn.

Major Douglas's actual proposal is that the retailer should price his goods at a figure which would include all his costs plus a standard rate of profit, but that he should actually sell at a fixed fraction of his marked prices, the deficiency being refunded to him out of money created by the Government for that purpose. The fixed fraction would be so determined as to enable the existing purchasing power of the consumers collectively to buy all the goods and services actually produced. Putting the matter rather crudely and without the technicalities—most of them quite necessary—which are to be found in the writings of this school, the fixed fraction would represent the ratio of the total purchasing power of the consumers to the total marked prices of goods and services for sale.

The detailed proposals of this school of reformers can be found in their writings. Here it is sufficient to observe that while there would apparently be, in a "Douglasite" society, a fairly continuous flow of new money from the Treasury, there would be none of the ordinary concomitants of inflation. There would be no such rise of prices as would leave the consumers, collectively, without sufficient purchasing power to absorb the total industrial product. The monthly or quarterly variations in the fixed fraction would see to that. If there were already, at any time, enough money in the possession of the consumers to purchase the whole product at marked prices, the fixed fraction would become unity and no more money would be issued. If, on the other hand, there were for some reason more than enough money in the hands of the consumers, the fraction would become greater than unity, and the Treasury would sell at more than his marked prices, and the Treasury would receive the surplus over the marked prices instead of issuing new money.

This plan, if it is sound, would clearly provide sufficient purchasing power to absorb all that was actually produced. As it stands, however, it would not ensure that every individual was able to buy the goods he needed. It would provide, ultimately, a sufficient effective demand to cause industry to produce continuously all the goods which were desired by the consumer and could be profitably made at the marked prices. It would thus eliminate unemployment due to lack of purchasing power. However, some members of the Douglas school—though perhaps not all—believe that human productivity is in danger of outstripping not only purchasing power, but actual desire. They believe that even if everything were to be produced that the human race desired, it would still be impossible, given modern technical powers, to employ everybody of working age in the process. They therefore propose to modify that dependence of income on the performance of work which has been the fundamental ethic of industry hitherto, and to pay to everybody a "national dividend" just as dividends are paid today to the investing classes.

Now, this is a fascinating and revolutionary proposal. If it were carried out, it would not only put an end to poverty, but would free all sorts of unconventionally-minded people from the economic compulsions which at present force upon them the acceptance of rules and judgments from which they dissent. It would mean, for the first time in history, real freedom for the preacher of heterodox ideas, for the artist who had not "arrived," for the writer with his public still to win, and for the worker and craftsman who for any reason failed to fit in with the general and accepted scheme. Striking and even scandalous as the proposal must appear to a generation from whose mind there has not yet faded the Apostolic injunction, "If a man will not work neither shall he eat," the idea has a most respectable ancestry. Both Mr. Wells and Mr. Bertrand Russell have played with the conception of a "vagabond's

* "Money and Wealth." By Louis Anderson Fenn, M.Sc. Williams and Norgate. 1s. (2s. 6d. cloth.) The above is an extract from the author's chapter on the Douglas Proposals.

wage" as a sort of economic bedrock in a society rendered opulent by mechanical invention. There is no doubt that modern humanity could "afford" it.

Personally I do not see anything impossible about the "Douglasite" financial proposals, though most economists reject them. Even so heterodox a writer as G. D. H. Cole maintains, I understand, that they would not work, though I do not find his objection convincing. My own most serious criticism is that they are usually put forward as an alternative to socialism, and that they seem to me to involve a degree of organisation of society as complete as socialism itself and far less susceptible of embodying a collective intention. The proposal to subsidise the consumer at the point of purchase, so to speak, seems to involve the disappearance of the small retailer, who very rarely keeps proper accounts and whose existence would make the working of the scheme almost impossibly complex. Moreover, the national dividend proposal would put an end to all the servility which makes it attractive to be rich in a world of poverty. Formally the scheme would leave the rich man in possession of his riches, while destroying most of the pre-eminence which those riches at present give. Moreover, the operation of the fixed fraction in a world of expanding productivity would apparently lead to the absorption by the consumer of all the advantages of future increases in productivity, thus reducing to a negligible vestige the claims of existing ownership. A Douglasite society would apparently hold before the nose of the capitalist an illusory prospect of pecuniary advantage which would be filched from him by financial operations which he would certainly regard as inflationary. I doubt whether he is such a donkey as to be made to gallop by this kind of carrot. He will probably kick; and if he is going to kick in any case, we may as well settle his hash once for all by establishing a straight and honest socialist state.

It is in fact an outstanding defect of all existing consumer credit theories that they make no provision for the planning of economic life. They appear to aim at avoiding the consequences of competitive private capitalism without attacking the anarchic tendencies which it involves. I do not believe that any complete solution of our economic difficulties is possible along these lines. In another volume I hope to explain why, in my view, the operation of the profit incentive is an insufficient nexus in a world of vast and increasing scientific productivity. If, however, we assume the soundness of this contention, it is obvious that commercial private enterprise must go. We can only plan our society if it is really ours to control according to a generally accepted intention. But that, of course, means social ownership of the means of production and distribution; and given social ownership the whole conception of profit becomes irrelevant. The balance sheet of a communally-owned industrial system will not be expressed in money, save perhaps as a convenient accounting symbol for something else. It will be expressed, like the balance sheet of the physical universe, in matter and energy. Where there are no private owners to be bribed, there will be no need for Major Douglas's fixed fraction; and the national dividend will become the natural way of distributing the common product so long as money continues to be used.

Reviews.

Chocolate: a Novel. By A. Tarasov-Rodionov (translated from the Russian by Charles Malamuth. Published by Heinemann.)

Tells of the downfall of a zealous Communist organiser, due to a gift of some chocolate given to his wife by a non-Communist girl secretary of the despised "petty-bou" class. The downfall was complete. It led, apparently, to the firing-squad. Which only shows the idiotic sort of situation that can arise in the Communist Workhouse State. As a novel it is not good. As a picture (a sketch) of Russia under the Soviets, it may be true to life. That, however, is not enough. It is not "alive"—not in English, at any rate. S. R.

National Productive Credit. By Sir Oswald Stoll. (Geo. Allen and Unwin. 10s. 6d. net.)

Very sorry to say that this book is a hopeless jungle of words. Anyone who thinks that is too sweeping a statement with which to dismiss such an important looking volume should get it and read it. S. R.

Youth in Soviet Russia. By K. Mehnert. (Geo. Allen and Unwin. 7s. 6d. net.)

There are a hundred million people under twenty-five years of age living to-day in the Soviet Union. This book gives a clear, first-hand account of human activity in the

student hostels, the Communist Youth Association, the Communist children's organisation, the Theatre of Working-class Youth, Shock-workers, Soviet compulsory general education, and other groups. The book is straightforwardly and competently translated by Michael Davidson. An extremely useful work for the serious student of modern Russia, and one that will interest the general public also. For example, it is explained that: "A whole literature devoted to the glorification of various enterprises and workers has come into existence. Verses are being written, melodies composed. The following is a paraphrase of the first verse of the March of the Machine-fitters:

"Innumerable agitators of steel are needed for the kollehos (collective farm) by the State.

"From the Pacific to Minsk, from Vyatka to the Crimea, the fertile soil is waiting for the tractors.

"The State is calling!

Come on, come on!

One and all

Fill the ranks!

"Night and day we are swinging the hammer, stroke by stroke,

"Building a hundred times every day a new horse of steel for the country"

We also read that: "Groups of the Komsomol (Communist Youth Association), calling themselves 'Barriers,' have been formed to combat one of the chief nuisances—the continual fluctuation among the workers, the so-called 'fitting,' which, a result of bad living conditions, affects as many as 100 per cent. of the personnel in some factories within the space of a year."

The author was born in Moscow in 1906. Being of German nationality, he was obliged to leave Russia during the war. Completely bilingual, he now revisits Russia year by year, travelling "hard class" always, and staying with Russian friends of his own age. The book is alive, rings true, and should be read. S. R.

The Pastures of Heaven. By John Steinbeck. (Phillip Allan. 7s. 6d.)

There is an unusual quality in this book. Though in the San Luis Rey tradition, it is neither overdone nor underdone, but just about right. Without striving after effect, it achieves dignity and power. Every chapter is a complete tale, yet each is an integral part of the single picture which makes the book. The Pastures of Heaven are not happy fields, but their inhabitants are strong and human. The author spent two solitary years on the shores of Lake Tahoe before writing this work, and he has come to great understanding through great loneliness. V. H. A.

The Monkstun Murder. By Francis D. Grierson. (The Crime Club. 7s. 6d.)

Mr. Grierson always gives us a good story. He knows the ways of Scotland Yard, his professional and amateur sleuths are credible and friendly figures, and this time, at least, his women, though still perfect ladies, are less exasperatingly coy than usual. He respects the right of a faithful public to a good plot, carefully rolled up until the last few pages. He writes clearly, simply (and charmingly), when he can rid himself of his public-school inhibitions. No doubt he feels that he can do a good job of work. But his books are better than that. The most modest of popular authors, he turns out a far, far better yarn than dozens of his contemporaries to whom the flower of modesty is as exotic as the *Victoria Regia*. L. S.

You and Caroline and I. By Lois Donne. (Wishart. 7s. 6d.)

It is a clever, sophisticated book, written in the form of a journal, about an unhappy love-affair. The point of view is that of, say, Nash's Magazine, but the writing has a wit and a crispness that makes one forget how poor the material is. If only Miss Donne would exploit the lighter side of her talent she might very well write a really entertaining book. M. J.

Notice.

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

**Mr. Arthur Brenton,
20, Rectory Road,
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Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

Social Credit and Foreign Trade.

[Reprinted, with acknowledgments to *The New Statesman and Nation*, from its issue dated June 24, 1933.]

I.

Mr. Joseph Connolly, the delegate of the Irish Free State, surprised the Economic Conference by suggesting that since orthodox economics appear to be strangling the world it might be wise to try something new.

"The position in which we are endeavouring to survive to-day," he said, "has been built on the system of production, credit, and finance that still seems to be accepted as inevitable. Must we accept it as inevitable? Has it worked? Is it working? Is it possible to set it working again? These are the questions that we may well ask ourselves when we are warned that we must do nothing to diminish confidence in the banking system, that 'the machine is delicate,' and so forth. My feeling is that the machine is so 'delicate' that it has ceased to be effective; and as regards confidence, I ask where that 'confidence' is to be found."

Mr. Connolly's further remarks show that among the schemes he thinks worth considering is Major Douglas's Social Credit system—a system which is certainly in line with the present world-drift toward economic nationalism, and which would make its strongest appeal to relatively self-sufficient countries such as tiny Ireland or continental America. Apart from the technical argument the commonest general objection to Social Credit is that it must interfere with foreign trade, thus reducing the general standard of living—a statement which is not so self-evident as is sometimes thought.

There are two main forms of international trade. One is the simple exchange of goods and services; the other (which may be direct or triangular) is a more complicated trade, consisting of goods sent by creditor to debtor nations as a result of foreign investments, and of goods returned by debtor to creditor nations in payment of interest. For the most part, such trade consists of manufactured goods exported by the investing countries, and of foodstuffs or raw materials returned by the borrowing countries. It is a by-product of the early period of the Industrial Revolution, and it must steadily diminish as that revolution spreads through the world. The rate of its decline has recently been accelerated, for reasons too well known to need recapitulation. As a result, more and more nations are now planning to make themselves as independent as possible from this form of trade, which means that the industrial countries are attempting to revive their agriculture, while the rural countries are building home industries as fast as possible. At the same time, the writing down of all forms of foreign indebtedness, which is a striking feature of the present scene, is having a discouraging effect on the investing public—another reason why the loan-financed form of foreign trade diminishes. And lastly, liberal opinion, which used to see such trade as an aid to international solidarity and good feeling, is coming to believe that in the world's present state the struggle for every industrial nation increasing its productivity from year to year, and with the world-markets for this production shrinking from year to year, an international struggle for the privilege of financing, and monopolising, these waning markets would be a world-disaster—and would, incidentally, create an otherwise unthinkable Anglo-American crisis. There are reasons, therefore, both of expediency and of morality, for welcoming the view that the nineteenth-century type of loan-built foreign trade can no longer be a main support of any country's economy.

None of this, of course, applies to the first type of international trade, the equal exchange of goods and services. Such trade is compatible with the most extreme economic nationalism, though the experience of the United States, when it bartered wheat for Brazilian coffee, suggests that as much friction as the most sinister foreign loans. From the point of view of a nation's economic planning, however, this barter type of international trade hardly counts as foreign trade at all. Its effect is simply to diversify the nation's production. It does not alter domestic purchasing power, or help to solve the problem of surplus production. A surplus which cannot be purchased domestically in the first place cannot be purchased either in the form of goods received in exchange. Hence the widespread belief that the era in which the world seems to be entering, an era of economic nationalism diversified by foreign trade of the barter type, below the present level, but below that obtaining during the best days of foreign investment trade. This belief was voiced by the Prime Minister at the opening of the Economic

Conference, and found expression in Mr. Louis Fischer's article on America's Problems in *The New Statesman and Nation* for June 10. "The United States," wrote Mr. Fischer, "has advanced beyond the stage where its sole concern is the satisfaction of popular consumption requirements. . . . We must, therefore, export money and goods. . . . Deliberate economic nationalism would be suicide. And yet, since no intelligent statesman is very sanguine about the results to be expected from London or from similar efforts, plans to accommodate the United States to a disastrous situation in which economic autarchy will be the only real alternative, are under way."

Need this be a "disastrous situation"? Must economic autarchy bring, in Mr. Fischer's words, a "backward movement"? Orthodox finance would probably answer "yes"; but since economic autarchy seems an inevitable movement, it is to be hoped that such pessimism is not justified. From the point of view of the Social Credit school it is emphatically unjustified. The Douglasites, as readers of *Social Credit** may discover for themselves, welcome economic autarchy (with the proviso that it includes international trade of the barter type) as the first step toward widespread prosperity.

They contend that the existing decline of foreign-investment trade is inevitable, permanent, and highly desirable. And they contend that the world's present technological knowledge (without betting on further additions) will quickly lead to a condition wherein unemployment, on a far larger scale than is known as present, will also be inevitable and permanent. "Most of us in a vague way realise . . ." said Major Douglas in a recent address, "that machinery is displacing labour, but few of us who are not specially engaged in research into the matter realise to what extent this is true. One of my friends has calculated that without any marked improvement of process, but merely proceeding along our present lines, we should by 1940 have over eight million unemployed in this country, for the same output, and as, at the present time, there are under seventeen million in the employable population, that will mean that more than half the employable population will be, as we now phrase it, 'unemployed.' Personally, I have no doubt that this is an underestimate." And he then gave reasons for believing that the time must soon come when "the necessary work of the world could be carried on easily by about a tenth of the available labour." If anything resembling such a state of affairs is indeed approaching, there is strength to the Douglasite contention that the present system of distributing purchasing power, chiefly by means of wages and salaries, is obsolete.

(To be continued.)

LETTERS TO THE EDITOR.

SOCIAL-CREDIT "MAGIC"?

Sir,—May I draw your attention to the danger of such a statement as the following appearing in *THE NEW AGE*:—

"Social Credit was 'born' into an intellectual atmosphere that had, and still has, a profound contempt for (and fear of) the 'unthinking mass.' That being so, it was only with great difficulty that this esoteric teaching with its magical $A + B$ formula, its 'time-lag' mystery, its Just Price precept, could even begin to be carried out of the sanctum sanctorum of the ceneacle into the streets, factories, and workshops."

This excerpt from the article "Dead—and Alive," by John Hargrave, in your issue of June 22, without its context, might well be used by our many opponents to discredit Social Credit and its followers.—Yours faithfully,

FRIEDA WATT.

THE BROADCAST DEBATE.

Sir,—With reference to Major Douglas's broadcast on June 21, which I fancy every Douglas follower almost without exception took particular care to listen in to, a rather peculiar thing was noticeable in this district (which is in the Midlands), namely, that London Regional station almost faded out just for the period of the broadcast of the Douglas Debate, and I was only with difficulty able to get it on a superheterodyne set with which I was easily able to get Rome and other distant foreign stations; and various neighbours of mine with fairly powerful sets, although not as powerful as mine, were completely unable to get the London Regional during this period at all. The peculiar part about it was the London Regional station was quite distinct and easy to obtain both just before the debate and just after it. I must say I thought they would probably try and put some

* "Social Credit," by C. H. Douglas, third edition, revised and enlarged. (Eyre & Spottiswoode, 3s. 6d.)

spoke in the wheel, and their first effort was changing the broadcast from the National to the London Regional, but it didn't occur to me that they would have the bright idea of damping down the transmitter.
X. J.

THE GREENSHIRT MOVEMENT.

SIR,—The curt reply by the General Secretary of the Green-shirt Movement to my previous letter, that "it is clear to us that the policy of the Unifist Labour League . . . will confuse the public mind and fog the issue," must carry with it the implication in the resolution in question that we are "a bankers' camouflage movement."

In view of the fact that we place in the forefront of our policy the socialisation of financial credit, it is quite clear, so far as we are concerned, that such a calumnious resolution could only have been conceived in the confused and foggy mind of a crank.

Yours faithfully,
H. E. B. LUDLAM,
Organiser, Unifist Labour League.

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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.

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