

THE NEW AGE

INCORPORATING "CREDIT POWER"

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NOTES OF THE WEEK.

"The Learned Elders of Basle."

Last week we projected a picture of central bankers in private session planning conditions under which autocratic and democratic rulers could compete with each other on equal terms, with the object of proving which system of government gave the better results. We invented a figure whom we called Moriarty, and cast him in the role of Grand Master of the Masonic Order of Bankers assigning him a speaking part which, in tenour and structure was much like one of the Protocols of Zion which have intrigued so many people. In fact, it might be useful in future to refer to the dominant section of international financiers as the "Learned Elders of Basle"—the dropping of the word "Zion" serving to eliminate the fundamentally irrelevant assumption that these financiers are necessarily members of the Jewish race or faith. This is important from our own point of view, because if Hitler pursues his nationalist policy without adopting the Social Credit technique, and therefore within the existing framework of fundamental financial principles, he will be frustrated; and the effect on his highly-expectant followers can be better imagined than described. In such an event nothing would suit the Elders of Basle better than for the downfall of Hitler to be attributed to the Elders of Zion—and such an impression could easily be spread because of Hitler's recent anti-Jewish policy and its worldwide repercussions. The late Walter Rathenau's dark reference to the 300 unknown Jews who rule the European Continent could be invoked, and Hitler's downfall interpreted as the result of their displeasure. This does not suit our game at all. Hitler's real danger does not lie in the attitude of any Jew, or group of Jews, or in reactions and machinations of any kind on the part of people hostile to him or his policy; it lies in something impersonal and mechanical, in what engineers would call the "creeping error" in the technique of costing production. The flaw in the price-system has existed almost as long as the world has been under a money-

economy, and has imperceptibly and cumulatively been widening the gap between the costs of industrial production and the incomes of consumers in every country irrespective of its form of government or character of population. If the Price Regulation principle laid down by Major Douglas is not applied, this financial gap will grow wider still; and one of the consequences will be the birth and the rapid growth of disaffection within the Nazi Movement. As this develops it will open up opportunities for Hitler's enemies—whether Socialists, Communists, Jews or others—to revenge themselves on him. But whether they seized those opportunities or not would make no difference in the long run, for the general disillusionment attending the increasing economic stress in Germany would sooner or later change Hitler's own followers into enemies. If Hitler survived it would only be by becoming an obedient servant of the Elders of Basle and an administrator of the international policy which he had set out to defeat.

Cost the Compass of the State Ship.

The accounting system is to a State what the compass is to a ship. If the needle does not freely respond to the magnetic force the ship will not follow the course laid for her. The captain may be on the best terms with his crew, or he may put half of them in irons; but in neither case will he bring the ship off her false course. Nor will anything done in the engine-room to raise or to lower the pressure of steam. The whole trouble arises from (a) the *mechanical defect* in the compass combined with (b) the *general belief* in the accuracy of the compass. And the more faithfully the man at the wheel obeys the directions of the compass the more widely will the ship diverge from her course. If the steersman were negligent there would be a chance that his error in steering might compensate the compass's misdirections. Or, better, if he had a nose for the sea and an eye for the stars, he could get the boat more nearly on her course without reference to the compass at all. But unquestionably the true remedy is to correct the mechanism of the compass.

Now, the central purpose of Major Douglas's educative policy is to get the captains of industry and the admirals of politics to take observations from nature in order to find their bearings; and to ask themselves why it is that every vessel under their command and officer-

ship is off its course by the same distance and angle of divergence at one and the same time, notwithstanding the multitudinous differences between the characters of the crews, passengers and freights they carry, and between the various means of propulsion used and the various methods of handling adopted. Any seasoned mariner who observed such a phenomenon would instantly suspect the ships' compasses. Further, he would rule out the possibility of tampering on board, for how could thousands of individual and isolated acts of that kind lead to such remarkable identity between the characters and directions of the consequences? He would be forced to the conclusion that all the compasses were made to a single faulty design.

"Oh, but the war," people will say. "That was a storm; and it drove all those ships off their course in the same direction—and that explains everything." It does not. It omits to explain how those ships came to be in the path of the storm. They are not off their course because the storm hit them: the storm hit them because they were already off their course. They just wandered into it. And they are all tightening hatches to-day in preparation for another.

Major Douglas asks those responsible for direction to take their bearings from such phenomena as the destruction of commodities and plant and others familiar in Social-Credit literature. "That shows you where you are," says he in effect. "Next," he says, "fetch out your charts and have a look at the plotted courses which have brought you all here." "Next, come and examine this diagram of mine showing the structure of the compasses that you have been using." And those who do so will come to realise that the existing costing-system is very much like a compass in which the needle, instead of floating on the frictionless surface of mercury, has been stuck on a blob of treacle.

The "failure" of the World Economic Conference last week merely consisted in the open confession by the delegates of what has been common knowledge all along, namely that the conditions of success were never within their power to control. Corporately, the Conference is a wash-out. Corporately, the Conference has adjourned. But the anonymous promoters of the Conference did not call it with any expectation that these collective bargainers would hammer out an agreed policy or even an agreed formula to cover up divergences of policy. It is well to remember what *The Times* said of the Round Table Conference when it first met in London, namely that its chief value lay in the fact that it facilitated the making of *social contacts* between individual visiting Indian delegates and resident British officials and notabilities. And so with the present Conference. The date of its assembling was fixed at the start of our annual cycle of society events. Its victory (whatever the victory means) would be won, like the Battle of Waterloo, on the playing-fields of Society where political rulers take their recreations, talk their secrets, concert their policies, and recruit their agents. We laugh at stories about opposing Chinese generals who call a truce to the fighting when a shower of rain arrives: but this resembles pretty closely the adjourning of the World Economic Conference just in time for the Henley Regatta, the Oxford v. Cambridge and Eton v. Harrow cricket matches at Lord's. And the arrival of the Roosevelt message provided such a timely and respectable excuse for the delegates to take a little holiday that one might almost suspect that the "crisis" had been deliberately staged by Harrison and Norman. The "dead" Conference is like the office boy's "dead" grandmother—and the two "funerals" are identical in their unconventionality. Leaving all this aside, there is an antecedent reason why the Conference was, and still will be (if and when it resumes its tasks) subject to deadlocks. It is that there exists a body called the Bureau, or Procedure Committee, which generally plans the work of the Conference. An appropriate name for it would be the Basle Committee, because its central

policy is to prevent the deliberations of the Conference becoming an embarrassment to the Credit Monopoly. The first leading article in *The Times* of June 28 is worth studying in this connection. The Conference, so the writer says in a review of its proceedings, had appointed two Commissions, "one monetary and financial, the other economic." Each of these Commissions, so he proceeds, appointed its own "committees and sub-committees" which were (and are) to try to reach "agreement on the recommendations which they will make to their parent Commission." This rigorous separation between the financial and the economic fields of research and bodies of researchers is unmistakably the work of the Basle Committee, and is the logical symbolisation and application of that fundamental principle of the International Bankers that *financial policy must be free from political interference*.

What is the consequence? To-day the same delegates who absentmindedly set up these two Commissions simultaneously to work side by side without inter-consultation, are now discovering that the researches of one of them cannot even begin until those of the other have finished. The whole of the work of the economic Commission has been premature, and in all probability will turn out to have been wasted. This Commission has, as it were, been designing and making up outfits for an expedition while its companion-Commission has been deciding, with complete secrecy, whether the expedition is to go to the North Pole or the Tropics. Thus the Grand Inquiry into the causes of our economic distresses proceeds on exactly the same system as that under which the trouble has arisen. Just as Governments are prevented from being bankers so is this Conference of all the Governments prevented from investigating finance. It is true that the Conference appointed both Commissions, and that delegates have been put on both; but every student of Social Credit will realise that research into finance, however thorough, can bring no enlightenment when pursued in isolation from economic omics. Again, such isolation automatically excludes from both fields of research the subject of Cost, which, as Major Douglas insists, is the core of the problem. Cost is the nexus between financial and economic policies—it is the medium through which come the practical consequences of financial principles be they good or evil. Cost, by its nature, then, cannot be investigated as a purely financial problem or as a purely economic problem. Therefore, under the arrangements imposed by the Basle Committee, the subject of Cost is quietly and subtly edged outside the Conference's terms of reference. Thus the Commission on finance is reduced, by this act of elimination, to discussing such things as the basis and manipulation of money.

The Roosevelt message poses a financial issue corresponding to the political issue discussed last week as to the comparative merits of autocracy and democracy as principles of government. Briefly that issue is whether a nation's currency should be linked with goods at home or with other currencies abroad. Shall he, so he asks, seek first to make a dollar's worth of goods always the same quantity in the United States markets, or a dollar's worth of foreign currency mark the same quantity in the international exchange market? For himself, he chooses the first alternative, and in so doing places himself in opposition to the Governments of other countries, particularly those who are still formally on the gold standard, and are committed to the doctrine of exchange-stabilisation.

Now the so-called "bombshell," "shock," "grave crisis," etc., etc., which the delegates and the newspapers appear to see in the situation is nothing more serious in the high-financial frame of reference than an agreement to differ on the part of central bankers, reverting to our picture, last week, of "Moriarty" presiding over the Basle Lodge of Central Bankers, who can imagine his addressing them to the following effect: MORIARTY.—Our agreement that our Brother Schacht and Norman should look after the experiment in autocratic government now being conducted by

Herr Hitler rests, as you know, on the consideration that we can afford to be neutral as to the outcome. Our vital powers and prerogatives are not involved in it, and we might easily find it possible to extend and consolidate them further if through Hitler's success as a dictator all the national governmental systems are eventually stabilised on the autocratic principle. In the meantime the experiment in itself constitutes a political diversion which distracts attention from matters concerning our inner policy; and from this point of view the longer the experiment lasts the better. The more forward schools of political students who are forming the habit of looking behind the statesman to trace the financial inspiration of his policy need to be dealt with carefully. It is no longer possible for us to hide from them the fact that financial policy precedes and conditions political policy, but it is still possible to hide from most of them the fact that we are all agreed on the fundamental principles of our policy. For example, when these half-taught wisecracks detect our Brother Schacht as the inspirer of nationalism and autocracy in Germany, and our Brother Norman as the inspirer of internationalism and democracy in Great Britain, they will be certain to draw the conclusion that there are divided counsels among the central bankers. And in one sense they will be right. But what they will not see is that it makes no difference to our dominance which of the counsels prevail. Some of them may sit still and wait for our divisions to smash us up, and others may agitate in favour of certain counsels in the hope of accelerating our downfall. At the present moment the policy associated with our Brother Norman during the last ten years has fallen into disrepute, and it has become the fashion among all groups calling themselves credit reformers to decry him. They are, for this reason apart from others, likely to plunge for any alternative policy which conflicts with, or diverges from, the "Norman" policy. Our Brother Schacht stands, in some respects, as the sponsor of such an alternative policy, but chiefly in the politico-economic aspect, as patron of an experiment in internal industrial development under the direction of a political dictatorship. On the other hand, our Brother Schacht's policy in its technical financial aspect is not clearly differentiated from our Brother Norman's, and is, in fact, identical with it as concerns the gold-standard.

I have therefore thought it advisable to authorise our Brother Harrison to launch an oblique attack on the gold-standard through Roosevelt in his recent message to the World Economic Conference. This has introduced an important new diversion into popular controversy. It constitutes a hint to the Press in all countries that they may lead, and take sides in, public discussions on this question without incurring our displeasure. It is also a hint that they may commission articles from anti-gold credit-reform leaders. More generally it is a hint to all persons and institutions who wield the power of patronage, whether in society, politics or industry, that indulgence in controversy on the technicalities of the credit-basis need no longer disqualify those who take part in it from encouragement and advancement in their activities and status.

We are thus introducing new factors into political controversy without eliminating any old factors: hence we are multiplying diversions and making it more difficult than ever for any one reformist policy, whether social, political or financial, to secure the adherence of more than a small minority of the population. Let me instance a few of these:

1. Whether to stay off gold or come back on gold—or on gold and silver—or on to groups of commodities—or on to the workman's basket of food.
2. Whether, or how, to adopt or administer a deflationist policy.
3. Whether to pursue international co-operation by promoting national trade, or *vice versa*.

4. Whether to control international trade by means of exchange-rates or tariffs.

5. Whether to vest control of exchanges—or tariffs—in one authority. If so, which authority?

6. Whether to stabilise the internal or the external purchasing-power of national currencies. If both, which first?

To illustrate the intricacy of the circumstances in which these questions are framed it is only necessary to point out that at one and the same time we have in the following countries such various combinations of principles as these:

1. In Germany. Gold-standard: economic nationalism: open autocracy.

2. In Great Britain. Off gold: economic internationalism: managed democracy.

3. In France. Gold-standard: economic internationalism or nationalism according to taste!: self-willed democracy.

4. In the United States. Off gold: economic nationalism: managed democracy.

When all these indicated complications are considered it will be manifest that the more freely the problems cited are thrown open to discussion the more quickly will the parties to the controversies raised be driven to realise that the framing of major policies must be left in the hands of experts. And these experts, whatever their names and functions, will virtually be ourselves. We are the final Court of Arbitration, whether we be known as such or not; for no other body exists or can be created who dare take the responsibility for declaring and enforcing policy.

This imaginary speech is in line with what we have always maintained about the banking hierarchy, namely that for so long as they delay making the vital change in the credit accounting principle described by Major Douglas occasions calling for their intervention will increase in number and frequency—and as the automatic consequence of the flaw in the price-system. Although they often seek such occasions, others present themselves unsought; and at the present time it may be true to say that what appears to be their plotting for power is an involuntary reaction to the logic of circumstance. They have been driven by the consequences of their major plotting to engage in petty plotting. Their long-range policy has forced them into short-range administration. They are in the dilemma of having to expose themselves to view on the scenes of their crimes, and proving alibis at one and the same time. In Britain, as an example, their policy of forcing the balancing of the Budget within the rules of their own game has necessitated their openly appointing their own Means-Test administrators. They cannot depend on the loyalty even of their traditional allies, the large capitalists. We read, for instance, that there is a "demand for British auditors" in the United States—which suggests that no balance-sheet in that country can be trusted unless prepared under the immediate scrutiny of bank-trained detectives—yes, and probably not even banking balance-sheets. Reviewing these, and innumerable other tendencies, comprehensively one may say that the bankers' search for more power is defensive rather than aggressive—is the reinsurance of past aggression. They, who usurped power in order to bite off what they wanted, need further power to swallow it, because they won't or daren't face the indignity and exposure of coughing it up. When Captain Rushworth declared in the New Zealand Parliament his readiness to accept the responsibility of putting that country on the right road by Social-Credit methods within three months under the penalty of being stood against a wall and shot if he failed, he was offering to conclude a one-sided bargain. There should have been a further condition, namely, that if he succeeded, some champion on the other side should suffer the same penalty in expiation of the negligence on the part of those whose profession it was to solve the problem. It is a pretty sort of picture to contemplate our contemporary political pundits and bullies

one day lolling round the graveyard of the world's suicides and complacently remarking to each other: "Well; and so Douglas was right after all. Queer thing—what?" Yes, *what!*

Hitler's Episcopal Policy.

The Dean of Chichester throws an illuminating side-light on Hitler's psychology. According to a letter which he addressed to "The Times" on July 7, he had an interview with Hitler on July 4. In that interview he says that Hitler was most emphatic that he did not wish to interfere with the internal working of the Church. "He said: 'I am a Catholic. I have no place in the Evangelical Church.'" "He went on to say that as Chancellor what he desired was to *strengthen the moral forces*. Twenty-eight separate 'Landeskirchen' made for disunity and inefficiency. What was wanted was *one Reichskirche*. He hoped that would now come about as soon as possible, and that as soon as possible the Church would chose a 'Reichsbischof.'"

The Dean proceeds to say that Hitler hoped to "unify the Church." "He pointed out that when he dealt with the Roman Catholic Church he could deal with one united thing. He wanted to be in the same position in regard to the Protestant Church."

The Dean winds up by saying that Herr Muller, whom the Chancellor appointed to go into these questions, told him that all parties in the Church were co-operating in the negotiations that were taking place and that there was good hope of bridging the differences of opinion that had arisen.

The centralising influence of the bankers of Basle is to be seen behind all this innocent prattle. It sounds so plausible, this policy of disconnecting Germany from contacts with external influence and re-wiring her to receive the current of political and economic direction from the Master Operator of the State-Switchboard. But what a gap there is between the assembling of the switches and the operating of them! Do the contractors who erect wireless stations plan the programmes transmitted from them? Or will the contractors now building the Bank of England have seats in the Board-Room?

"When I want to give directions to German Protestantism," says Hitler in effect, "I want to be able to deal with 'one united thing,' to press one button marked 'State Bishop,' which will connect me simultaneously with all sections of the 'State Church.'" Similarly he can say: "I am wiring up all the political parties to make of them one united thing operated by a single switch called 'the State Party'—and all the newspapers as one united thing called 'the State Press.'" And so he will, until at last he completes his super-centralisation policy and exhibits a compact little switchboard matching in concentrated power and efficiency the pocket battleships of which the German people are so proud. But he seems to have left out of consideration the fact that just as he, as the political ruler of Germany, wants to deal with certain unified sections of German thought and activity, the Basle bankers want to deal with these unified sections together as one united thing. To them, Hitler will be the "united thing" exactly in the same way as, to Hitler, the Reichsbischof is to be the "united thing." Our old proverb about thieves catching thieves has a bearing on this situation, for there is such a thing as setting a switch to press a switch. In plain language, there is the possibility that when Hitler has connected and assembled his few switches he will be invested with the function of a super-switch. It is an important function, and there is some prestige attaching to it, as MacDonald and Snowden have discovered. But there is no power. That belongs to the thumb which presses. That thumb is the banker's; and the power it exerts and transmits is the power of credit. Hitler is doubtless telling himself that when he is dealing with Dr. Schacht he is dealing with one united thing called German finance. And so he is—at present. To all outward appearance Schacht is, so to speak, the button on the switchboard; Hitler presses and the good genie appears. But the button is a dummy

all the same; and one day, instead of a good genie coming in response to a summons, an evil genie will come without a summons. Hitler has not cut the wires which connect German finance with international finance. Unless he does, all his unifying will result in a unity of German submission to international financial policy.

Gold Policy.

The Basle Bankers' immediate problem is to localise the new phase of the economic war which has super-vened on Roosevelt's message. Those representing countries still on gold have to concert a policy with those off gold so that the casualties of competition do not fall with too heavy an incidence on any one of them. The collapse of Capitalism must be prevented everywhere—trade must not be redistributed in such a way as to precipitate military conflict. The two groups are represented as being at war by the popular Sunday Press; but they are not; they are negotiating a Peace Treaty of their own while the national capitalisms are getting on with the fighting. If the localisation spoken of is effectual, then the outbreak of an international controversy on the gold question will help the Basle Bankers in two ways: (a) by creating the universal impression that the disagreement on it is the cause of the continuance of the depression—that the return of prosperity depends upon international agreement either to go back on gold or to adopt a common alternative basis for credit; (b) by providing the "gold" and "non-gold" groups of bankers with an excuse for organising, each, their respective group of nations on an international basis. The excuse will be that there is a Gold War, and that the "gold" and the "non-gold" countries must respectively form financial alliances after the military model, appointing the corresponding groups of bankers as their respective General Staffs. It won't be too easy because to every belligerent nation the fight is for markets; and manufacturers in "gold" countries have as much cause to fight their gold allies as their non-gold enemies. But it is worth trying, because if successful it would take the bankers a long way towards their ultimate aim of forming a world-alliance against planetary competition.

The General Staff of the Gold Alliance met in Paris last Saturday. They were the central bankers of the following countries:

France—M. Moret,
Italy—M. Azzolini,
Belgium—M. Francqui,
Netherlands—Herr Tripp,
Switzerland—Herr Bachmann,
Poland—M. Baranski.

There was also present Mr. Leon Fraser, of the Bank for International Settlements. The significance of his presence is commented on by the Paris Correspondent of the *Observer* of July 9 as follows:

"It means that the bank will act as liaison officer and information bureau for the central banks in their fight for gold."

"It is calculated to reassure Great Britain and the United States of America of the friendliness of the gold bloc towards the sterling and dollar camps."

The gold bloc have authorised the statement that they are not "organizing an offensive against the currencies off gold." They have "simply declared war on speculation." They have created a "common fund" which will be "flung into action on the market at whatever point speculation threatens attack on the gold currencies." (*Observer*, July 9). In this connection it may be recalled that the currency agreement which Mr. Roosevelt refused to sign was, in the words of *The Times* (July 4):

"not much more—so far as the countries off the gold standard were concerned—than a statement of their intention to return to gold at a time and at a parity which they were left free to determine for themselves, and an undertaking to co-operate through

their Central Banks in limiting speculation in currency exchanges."

It is clear that the "return to gold" part of the suggested declaration means so little (if anything at all) that Roosevelt must have boggled at the suggestion of the limiting of speculation in co-operation with gold-standard central banks. As to a possible explanation *The Times* remarks:

"Some of its phrases [i.e., phrases in the rejected Agreement] Mr. Roosevelt may have thought were likely to arouse among certain sections of the American public the suspicion that its real, if concealed, object was to tie the dollar down to gold again before America had time to reap the full benefit from its depreciating value." (Our italics.)

The Times says, a little later on:

"He is reported to have expressed the opinion that the checking of speculation is more a matter for the banks than for the Government; but to act effectively—as he may be trusted to realise—the banks must be able to count upon support from the Governments."

This means that the effectiveness of the banks' methods depends upon official authority to use them—that the banks must be free to invoke the law and be immune from legal process in carrying out their policy; for it is impossible to prevent speculation without interference with non-speculative transactions. In fact there is no dividing line between speculative and non-speculative transactions—moreover, certain forms of speculative activity are in the nature of insurance, especially in connection with enterprises where production-cycles are of long duration. Readers will remember that the "speculator" was the bogey which Austen Chamberlain used as a reason for the deflationist policy which the Bank of England launched in this country thirteen or fourteen years ago. To decree that there must be no speculation is almost to decree that there must be no credit-expansion; and since both technically and politically Roosevelt is under the necessity to permit expansion (and sanctioned the creation of auxiliary currency with that end in view at the time of the bank smash) he could hardly risk agreeing to something which committed him to contraction.

Then there is *The Times's* allusion to the "benefit accruing to America from the 'depreciating value' of the dollar. The benefit lies in the fact that when the dollar slumps it has the effect of hindering imports and facilitating exports—it virtually raises the American tariff and lowers those of other countries. The benefit accrues only to the exporting interests and then only temporarily, for sooner or later the other countries recurrency. But apart from that the benefit would cost too high a price internally. When the German mark had depreciated to its lowest some years ago it would have been possible for the whole production of that country to be exported at a profit. Two pennyworth of marks bought in London would have bought a piano in Berlin. But both the German Government and German manufacturers were quickly awake to the fact that over-seas trade at a profit in terms of their own money could be overdone, and undid it by export-prohibitions or by pricing exports in terms of foreign currency and at a level approximating the value of similar foreign production.

This exposes the hollowness of the martial talk of the gold-bloc General Staff of bankers, "flinging" their frankly explained attacks on their currencies. If they and what its consequence, the peoples concerned would see that it didn't matter to them who won the gold war. And if such things were pointed out as that the United States is off gold and sticks to her stock of gold, while France is on gold and sticks to her stock of it, they would conclude that the experts did not know what an acumen of Betsy Prigg, that there was "no such a thing."

The Forthcoming Queen's Hall Meeting.

Such would also be the attitude of the people of this country to a General Staff of bankers representing "non-gold" countries if it appeared on the scene, as it may. In fact the meeting advertised to take place at Queen's Hall on July 18 might well serve as a mobilisation demonstration in support of a Non-Gold International Alliance. The meeting will be asked to endorse the resolution that Parliament should resume "the right to issue and control the nation's money." That is all right so far, but it does not recite what Parliament should do if it gets control. A following resolution insists that there must be no return to the gold standard, which, it says, "has been a root cause" of the "intense competition and ruthless struggle for markets." We hope the speakers will answer a plain question: namely: "How are the public to know (a) when Parliament has got unfettered control of credit-policy, or (b) when this or any country is on, or off, the gold standard? A variant of the second part of the question could be put more directly thus:—"How do we know that this country is not on the gold standard?"

It is no use demanding something if you do not know how to recognise it when you get it.

With reference to the gold-standard, however it is defined, the resolution implies that it has been the cause of the credit-restriction under which industry has suffered. But has it been the cause?—or just a handy excuse? On this point we do know one definite thing, namely, that when the United States was firmly glued to gold her bankers sterilised a large proportion of it, declining to issue anything like the quantity of currency and credit that her total holding permitted under the rules. The official reason was—the danger of inflation. In other words the cause of restriction was not gold but prices. If the restriction was valid then it remains valid now. We, of course, do not regard expansion as a remedy; but supposing we did, what guarantee should we have that credit-expansion would follow the abandonment of gold? Every credit-expansion reformer agrees that expansion must be controlled so as not to give rise to too much inflation. But the snag here was pounced upon by the Macmillan Committee who wanted witnesses to tell them at what point they would think it advisable to intervene and apply the control. Bankers know from experience that when once expansion begins it creates pressure for more (we say that it creates the necessity for more) and, at every progressive step this pressure (necessity) grows stronger. So the bankers wisely pay heed to Punch's advice to those about to expand credit—they hold that the proper point at which to intervene and arrest inflation is before it starts! We know, from the Social-Credit analysis that the longer such intervention is delayed the larger the proportion of collective production-costs that is irrecoverable when the halt is called, and the heavier the resultant shock to industry and society.

Any Government who took control of credit in these circumstances would either have to be guided by the advice of the bankers, or else gamble on a guess of their own, only to find that the bankers were right. In practice no Government would be found willing to embark on an experiment at all, however much they held to the doctrine that Parliament was the rightful issuer and controller of the nation's money.

The proper procedure in public demonstrations on the credit question is to define the policy you want, and also the methods of applying it which will prove that the policy is the one you want.

Notice.

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

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

Wireless Debate.

I.

By C. H. Douglas.

Mr. Dennis Robertson's Wireless Questions.

On June 21 a debate was broadcast between myself and Mr. Dennis Robertson, M.A., on the subject of the Douglas Credit Theory, the title being chosen by the B.B.C., and the conditions of the debate being also laid down by them as a fifteen minutes opening by myself, a fifteen minutes reply by Mr. Robertson, a five minutes rejoinder by myself, and a five minutes closing by Mr. Robertson.

In order to deal with a complex subject of this character in the time allowed it was, of course, necessary to reduce it to its simplest possible terms, and only those matters which were essential to an understanding of the situation were included by me in the opening statement.

Mr. Robertson, however, either did not wish or was unable to answer the arguments in the simple form in which they were put forward in this statement, and devoted the critical portion of his reply to an attack upon the theory in its more elaborate, and therefore, also much more complex, form, and being, as he put it himself, "a severely practical person," concluded this reply by asking five questions on the more complex aspects of the theory, referring to them as "three," and asking for an answer in five minutes.

As there are a number of statements in Mr. Robertson's reply, to deal with which five minutes was inadequate, entirely apart from these questions, it was only possible to express complete willingness to answer them in their more complex form, and again to draw attention to the fact that the answers were in effect contained in the fundamentals which were exposed in the opening statement. Mr. Robertson's five questions were as follows:—

(1) Does he (Major Douglas), or does he not, now agree that payments by one producer to another for raw materials are an essential link in the chain that generates incomes?

(2) That the making of such payments does not therefore normally give rise to any deficiency in purchasing power?

(3) Does he or does he not still maintain that industry as a whole over considerable periods of time makes book entries for overhead charges which are enormously in excess of its disbursements for interest and dividends and for maintenance, renewal, and extension of plant?

(4) Does he or does he not hold that deficiency of purchasing power arises partly because industry as a whole is normally or progressively repaying its capital indebtedness to the banks?

(5) If this is the fact, how does banking pay?

These questions imply clearly that the answers which I should give to them would not meet with Mr. Robertson's approval. In an editorial in "The Listener" of June 28, in which the debate is fully reported, it is stated that my proposals contain a set of propositions which have not yet secured as their champions a single prominent economist of recognised standing. If by this latter statement is meant that no recognised orthodox economist of first-rate standing is in agreement with my views, then I may say at once that this is quite incorrect. I could name without difficulty six such economists, but obvious considerations prevent my doing so.

It would be absurd to suggest that the disagreement, of which on this occasion Mr. Robertson is the protagonist, is not a real and honest disagreement in some cases, and in order to understand how there can be a disagreement of so radical a character on a matter to which attention has been devoted by men of average intelligence, it is necessary to assume, I think, that there exists on the part of the orthodox economist a special way of looking at things, which appears to him to cover the facts and which is not the way, for instance, that I, and those with me, look at things.

I have no doubt that this orthodox theory is one which may be called the "uniform circulation theory." Let us suppose a community consisting of ten businesses, each of which distributes £1 per week in wages to one man, and that no other factors are involved. The cost of each of these businesses would be £1 per week. £1 per week will be distributed by each of them, and provided that the product is bought in the same week, whatever they produce can be bought at cost by those who are employed by the business. If nine of the businesses produce intermediate products and the tenth alone produces consumable products, all the money will have to be collected from the public by the tenth business, i.e., £10, and paid as to £9 to the ninth business, which in turn will pay £8 to the eighth business, and so on.

If there were no other factors involved, it is quite clear that such a money system would work indefinitely. That is Mr. Robertson's theory.

But now let us suppose that each one of these businesses adds 10 per cent. to its price over and above the sum that it distributes in costs. Business No. 1 will charge business No. 2 2s. for its product. Business No. 2 will charge business No. 3 4s. for its product, and so on. Eventually the product will arrive at the tenth business priced at £11. Now it is, of course, apparent that the sum of prices actually realised by the sale of products is exactly equal to the amount of income applied to the purchase of that product. If the whole of the ten recipients of wages applied the whole of their earnings to buying what they can of the product they will be able to buy 10-11ths.

This is where the continuous-process-continuous-circulation theory comes in. Mr. Robertson would, no doubt, say that the amount of money in circulation is £11 and not £10, with the result that each of the ten firms concerned is distributing 10 per cent. in dividends. The sum of these 10 per cent. makes up the extra £1. This answer, of course, evades the issue and does not explain how the £10 becomes £11 or how it is possible ever to start a new business without ruining an old one. Businesses do not begin by distributing the money to pay their own profits. But fortunately the question is one which can be referred to fact, as apart from theory.

I have before me the balance sheet of a fairly successful industrial company, which I have picked up at random. I have no doubt that it would be easy to find a balance sheet more favourable to my case, but this will do. It is audited by the most famous firm of auditors in the world. Turning to the profit and loss account I find the following entries:—

By trading profit for the year, after providing for bad and doubtful debts and depreciation of plant; also income from trade and general investments and dividends from subsidiary companies	£302,085 18 0
„ balance of profit from 1931	£372,155 0 0
„ balance of profit for 1932	£291,449 16 0
Total	£663,605 5 0
As against this I find the following entries:—	
To Dividend on Cumulative Preference Shares	£55,000 0 0
„ Interim Dividend of 2½ per cent. on Ordinary Shares	61,250 0 0
„ Interest on Debenture Stock	27,675 0 0
„ Redemption of Debenture Stock	39,764 0 0
„ Balance carried to Balance Sheet	479,916 5 0
Total	£663,605 5 0

From this it will be seen that of an allocation of £302,085 18s. 9d. (which amount is really probably much increased in connection with the phrase "after providing for bad and doubtful debt and depreciation of plant), only £143,925 is redistributed, and it is highly probable that a good deal of this sum is paid to banks, who again absorb in invisible reserves a large part of it, since, although the dividends of banks are high, they are made upon a comparatively small capital, while

"The Great God Waste."*

A PLEA FOR ECONOMIC DEMOCRACY.

"It cannot be too much emphasised that a modern State expresses the wants, fears, and ideals of those who control its Money System."

The attention of readers of THE NEW AGE was called early in 1932 to the paper on "Some Aspects of the Problem of Industrial and Communal Waste," read by Mr. John L. Hodgson before the Royal Society of Arts in January of that year. But the extraordinary contribution to knowledge of the world made by Mr. Hodgson, and its great value for all propagandists of Social Credit, can only be realised now that the substance of that lecture has been gathered with other matter into book form, and annotated so brilliantly and fully that the text moves like an air over the annotations as a ground bass, of equal importance to the argument. Probably no artistic effect is intended, but a purely scientific examination has thus been given a curiously artistic character, heightened by a passion for human welfare and scientific opportunity which never expends itself in mere lament over the pitiful and grotesque human tragedy revealed by the facts.

Here is not a compilation without historical sense; it moves through the breadth of the earth and through the periods of history, with an effect of constructive thought, impelled by blood rather than by the "grey matter" of the brain. No one can be quite the same after reading "The Great God Waste."

The Utopianism of a man deeply experienced in the life of the world, an acutely observant circumnavigator of the globe, an inventor who can claim for his own devices that "I can trace economies equivalent to £2,500,000 a year achieved by clients who have made use of my work," cannot be dismissed as dream. Our author cannot despair; for he cannot believe that the majestic conquest of natural forces which has been achieved at such unthinkable cost in suffering can fail eventually to be turned to human account.

The distinction between Industrial and Communal waste is valuable, and presents a world-wide survey so startling and complete that the summary of his "findings," expressed in the sentence quoted at the head of this article becomes a pronouncement of real significance. By every road he travels; wherever he makes his observations, the abominable subjection of human impulse and of material power to monetary purposes shows itself as the predominant fact in the modern world.

The book may be regarded as a kaleidoscope of the world's cruelties, and as such it is more horrifying in its stark narration than any emotional appeal. If indeed the whole life of the world is built upon such inhumanity can we do aught but despair? Does any hope remain possible to the realist who will not blink the facts? Is every "advance" a massacre of the innocents? Honesty compels our author to admit that "when I began to piece things together I found a rate of Communal Waste which was very nearly equal to the rate of Industrial Waste which I and my confrères spend our energies in achieving," and he defines "Communal Waste" as "human effort spent without adequate satisfaction to the individual or benefit to the community."

But after recounting such fearful disregard of the most elementary humanities as the means by which the gold mines of South Africa, the rubber plantations of Liberia, the factories of India, China, and Japan have been developed, he recognises that something arises out of this suffering which eventually crystallises into a public conscience, so that although the exploiters of Lancashire have transferred their extremes of cruelty to the Ganges and the Yangtze, and their methods have been adopted in even more ferocious forms by the "advanced" in-

* "The Great God Waste." By John L. Hodgson. Cloth (with illustrations), 7s. 6d.; cheaper cloth edition, 4s. 6d.; Paper, 1s. 6d. (John L. Hodgson, Eggington, Beds.)

money paid to banks in redemption of debentures is automatically cancelled. Notice that only one allocated component of price, i.e., profit, is dealt with in this account.

Now the business in question is one which does not sell its product to any considerable extent direct to the public. Its receipts, therefore, come under the designation of payments from one organisation to another, and it will be seen that the debts created to it are considerably in excess of its disbursements to the public in the same period of time. Yet ultimately it is to the public alone that it must look for payment of all these debts, plus any additional profits, if it is to remain solvent. We are now, therefore, in a position to deal with Mr. Robertson's first question, and the answer to that question (No. 1) is (a) Payments by one producer to another for raw materials are not an essential link in the chain which generates incomes, because they can be eliminated by the amalgamation of businesses carrying on successive production processes, and because no incomes whatever are generated by manufacture; (b) the payments involved in transactions between one producer and another do not distribute incomes which are equivalent in the same period of time to the prices which are generated by the same process. And the answer to his question (No. 2) is that the making of such payments does normally give rise to a deficiency of purchasing power.

I should like to make it clear that there is a great deal more to be said in regard to this question of payments from one organisation to another than is said above. I have said a great deal of it elsewhere. I am endeavouring to answer Mr. Robertson's questions, qualitatively and not quantitatively, in as nearly the five minutes which I was allowed, and I have some hopes of doing it in fifty-five minutes.

(To be continued.)

"A + B" Course of Investigation.

I.—THE MECHANISTIC ASPECT.

Problem "A." To ascertain the automatic effect when production-loans by banks to industry are repaid before the production they finance can be put into the consumption market.

Assumption 1. Period between issue and retirement of loan 1.
Assumption 2. Period between the start and the finish of the production financed 4.
Assumption 3. Loans and production proceed continuously over a period of 20.
Assumption 4. Prices are charged at cost.
Assumption 5. Operations are mechanical—there is no psychological factor—the operators are to be conceived as Robots obeying the rules of existing accounting practice.

What is the financial position at the end of the period of 20?

Exercise I. Assume one banker financing a single all-in industry run by a community on a co-operative basis.

Exercise II. Assume the same, but with the all-in industry run by a single capitalist employer (and borrower).

Exercise III. Assume there to be five bankers, and industry split up into five groups, each run by a capitalist employer (and borrower).

For the sake of uniformity, let the amount of each loan be £1,000 in Exercises I. and II., and £200 in Exercise III.

Note. Assumptions 1 to 5 govern all three exercises. (with natural resources for production) as if shut up in an enclosure, with the banker outside. By Assumptions 1 and 5 the borrower(s) from the banker(s) must bring the full £1,000 (or £200) back to the banker(s) at the expiry of every period of 1. This means that the money circulating in the enclosure is constant at £1,000 (either a single loan, as in Exercises I. and II., or five loans of £200 as in Exercise III.).

Conclusions and queries arising out of these Exercises will constitute the material for further Exercises. J. G.

dustrialism of Japan, such conditions are no longer tolerated in the land of their origins, and that the new and better consciousness forced upon the world's masters by the world's workers proceeds in opposition alongside the steady development of the power of money as credit creation and cancellation, in which all the tyrannies of the world are now concentrated.

"I have endeavoured," he writes, "to outline the way in which Credit Power arose; how, in passing from the merchant to the industrialist, and from the industrialist to the politically-minded financier, it has always tended to concentrate itself into fewer and fewer hands. . . . In order to put things right economically, it is not necessary to 'change human nature,' but only to modify the system under which the mass of us are compelled to function."

We may quarrel with his lack of recognition in this passage that the development of the merchant (the middle-man) into the banker, like the development of the serpent from the same original stock as the bird, has been direct and not *through* the industrialist, but his conclusion is our own:

" . . . that control by means of Money Power . . . must be modified or replaced by some less primitive form of control. Also, that *Credit Power—the right to grant or withhold the permission to do and to see things—must be widely diffused throughout the community.*"

The warning given in "The Great God Waste" is built upon a mass of facts that should startle even a Cabinet Minister out of complacency. Our author selects from the continuous succession of wars, riots, and rebellions of the last century certain major events:—

"During the eighty years preceding 1927, there have been three major periods of human disaster and brutality; . . . the Tai-ping Rebellion (1852-1864), in which some ten million people lost their lives; our own Great War (1914-1918) . . . ; and the Belgian and French rubber atrocities (1898 onwards) in the Congo area, in which human fiends caused the agonised and horrible deaths of nearly forty million people."

He then adds:—

"We now [1933] appear to be at the commencement of a fourth of these periods, when the loss of human life will probably far exceed the forty millions of the Congo horrors."

How shall this terrible prospect be averted? To what great impulse can we look with any assurance for salvation this side of the hell into which all peoples are drifting?

First, knowledge of the facts of productivity and its wilful limitation must be disseminated as widely as possible.

Second, the highest valuation must be accorded the knowledge of all sane men that "free and spontaneous co-operation is more to be desired than high material prosperity"; that "the mature life of our age demands more than mechanical and scientific toys."

To the attainment of even the economic sanity expressed in these simple propositions, no great gesture has yet been made, but that of Russia, and the immediate problem in the great community of nations gathered under the Soviet System, is so different from our own that a great repression of individual liberty is unavoidable there, to achieve the position, both economic and cultural, from which the re-orientation of our life could start. They have destroyed the internal Money Monopoly though they still suffer many of its effects by external pressure due to their dependence (as yet) upon the machinery, products, and skill of more economically developed peoples.

But in all the world no other system is typical of the "Emergent Order" to which our author looks.

It is at this point we come to the rescue with gratitude for a survey of the field and a plan of the "promised land" such as no one had previously made. We have the instrument of that "free and spontaneous co-operation" upon which the life of peoples who have in fact surmounted economic restriction, can alone be built. Our author concedes that amongst all proposals for dealing with the Money System "none, except that of

Major Douglas, includes any mechanism for getting *Purchasing Power into the hands of consumers.*"

We are assured that not only is this essential requisite assured by Social Credit, but that in its accomplishment all the possibilities of a genuine culture are contained. From the workers the demand is rising, and upon them it must depend for impulsion, but "worker" includes all those of our author's utopia—"Pioneers," Organisers, Craftsmen, Engineers, and Interpreters, upon whose united action we depend. With the passing of aristocracy into plutocracy, all the people are melted into classless unity, and the very evil pressure of financial helplessness suffered by all, is making that unity a living reality. In that living reality is being generated the New Age against which even the world tyranny cannot finally prevail. But not one ardent soul can be spared from its race against time and inertia.

The cloth editions of "The Great God Waste" contain several very finely drawn cartoons symbolical of "Specialisation," "Peace," "Lead Rations," and other aspects of the author's criticism of the existing regime. Everyone should keep this book beside him; it comprises the gist of many volumes and the fire of an alert mind which fuses its multifarious contents into a total effect.

W. T. SYMONS.

The Green Shirts.

NOTES FROM THE GENERAL SECRETARY.

The first street meeting in Warrington took place on July 3. This meeting, held in the poorest quarter of the town, was well supported by the 1st Widnes Section, who came over specially to co-operate with other Green Shirts. There were three speakers: Green Shirt Harper, Section Leader Thomson of Widnes, and the Head Man, John Hargrave, who had travelled North to attend this meeting and to speak in Blackburn the next day. Other meetings in Warrington are being arranged.

On July 4 Mr. Hargrave spoke to an open-air meeting of over 200 unemployed Blackburn men at 10.30 in the morning. Owing to the intense heat the men assembled in the shade of some trees just below a grassy bank in the grounds of the Friends' Meeting House. The meeting was well supported by members of the 1st Blackburn Section, and by other Green Shirts and Associates, some having come from as far away as Matlock, Derbyshire. The address, illustrated by blackboard diagrams, was divided into three main parts:—

- i. The Problem of Poverty in the Midst of Plenty.
- ii. The Social Credit Solution to that Problem.
- iii. The Problem of How to Apply Social Credit.

Throughout the address, which lasted about an hour, the attention of the audience was riveted upon the subject. Speaking in uniform, in a clear voice that could be heard everywhere without difficulty, Mr. Hargrave developed the logic of Social Credit teaching, point by point. Except for the vibrant tone of voice that seemed to carry a quiet determination, there was no appeal to the emotions. Yet, from time to time, there were through this assembly of 200 or more unemployed men a deep murmur of emotional response. They were moved, one felt, not by having their emotions stirred up, but by having their ideas sorted and re-assembled. The greatest response came, naturally, towards the latter part of the address, when the speaker dealt with the problem of how to apply Social Credit.

One Green Shirt said: "Ah, well, of course I know more or less what the main lines of the lecture would be—it was question-time that took me by surprise. The way he replied to questions was masterly. I would have missed that for anything—and every man in the audience felt the same."

At 8.30 p.m. on the same day Mr. Hargrave addressed the members of the 1st Blackburn Section in their local

Headquarters, Section Leader Carrysforth being in the chair. Besides the Green Shirts present there were members from local Social Credit Study Groups, and several interested friends. The Head Man spoke on "The Proper Development of the Green Shirt Movement in the Provinces." This was followed by questions, each of which was fully and satisfactorily dealt with.

Green Shirt activity is reported from Burnley, and we hope to hear of the formation of a Section here before long.

I have permission to quote the following extracts from Mr. Hargrave's written report on his visit to Warrington and Blackburn:—

"Warrington, July 3, 1933: More street meetings in other parts of the town are necessary. First meeting should be followed up without delay. . . . Apathetic psychology in the crowd due to (a) difficulty of taking in a new idea and new methods (b) lack of physical energy due to under-nourishment and usual 'deadening' influence of poverty-stricken environment. One noted the drawn and grey faces of men and women (especially the women), and the streets littered with paper and other rubbish. The crowds of children in these streets seemed to be in fairly good physical condition. Very marked difference between the children and the adults. A good-hearted people subdued in mind and spirit by lack of food, bad housing, and going short of everything. Imagination dulled and therefore the will to act unable to come into play. General response to the G. S. message: good. No quick response to be looked for in the poorest districts.

"Blackburn, July 4, 1933: Physical condition of the unemployed poor, but stamina here appears to be better, and fighting spirit still retained. Response to G. S. message: very good, and recruiting should go forward steadily. Population about 126,000. Unemployed 20,000. Greatest obstacle here, as elsewhere throughout the country: arrested action—waiting for someone else to 'make a move.' The 1st Blackburn Section has already broken through this 'wait-and-see' complex. . . . Some very fine material here for the Party of the People's Credit. . . . As everywhere, the key to the situation is: *be seen and heard.*"

At the Warrington meeting there were swarms of children of all ages in and round about the crowd of adults. In putting forward the advantages of Social Credit the Chairman and one or two of the G. S. speakers explained that good housing conditions would be possible and that "children could be kept at school until the age of sixteen." (This idea of an extension of the schooling period is generally accepted amongst the masses, especially in the North.) It was rather amusing to note, however, that each time a speaker put forward this advantage of Social Credit there went up a chorus of small voices in opposition:

"Oh!—school till sixteen?—we don't want that!—Keep us at school? Pooh, we don't want that. . . ."

So the children, at any rate, were not in favour of Social Credit if that was what it meant!

The 1st Shoreditch Section has been formed, and a local Headquarters is to be opened in this district shortly.

We hear that some of the Widnes Green Shirts are going over to Durham towards the end of this month to co-operate with the Stockton Green Shirts during the Durham Miners' Gala. We believe the Gateshead Green Shirts are also making an effort to attend this great annual gathering of pitmen.

The following is an extract from a letter received from a one-time militant Suffragette, who is a strong S.C. advocate, and whose opinion and advice we value:—

"This is just to congratulate you on the way your Green Shirts are tackling Social Credit. This is what will bring it to a head—I believe the only way. No one pays attention to lukewarmness—only to heat."

We should like to make it clear that the "heat" we

are generating is not the result of tub-thumping. We say this because there are student-types who imagine that speaking to a crowd at a street corner is, and must be, "tub-thumping." We would remind them that it is possible to speak from a "tub" without thumping. It is, however, often necessary to shout—to throw the voice powerfully—so that people can hear. There is sometimes a tendency to disparage Green Shirt methods by calling them "orange-box methods." We strongly object to that reaction, especially when it comes from within the Social Credit movement.

The Annual Report (1932-33) has now been published. Copies (1½d. each, post free) can be had from National Headquarters, 35, Old Jewry, London, E.C.2.

H. T. W.

Verse.

By Andrew Bonella.

Last week I discussed Professor Housman's general view of poetry; this week I propose to write what I can about his very tantalising reference to Prosody, that "difficult, long-debated, often mistaken, but always, if duly handled, profitable and delectable subject," as the late and lamented George Saintsbury called it. Professor Housman tells us that only a few pages of Coventry Patmore and a few of Frederic Myers, out of all that has been written on the subject, are of any value; and that to these pages he himself could add a few more. One would have thought it was his duty to give those few pages to the world; yet, from the way he speaks of his incursion into literary criticism, I gather that he is content for the knowledge to die with him. He asks, by the way and in a footnote, a number of questions, to which apparently he knows the answers, about Prosody; and so far as I know the reviewers have so far treated them as unanswerable. Now there was a game we used to play in buses when we were much younger which consisted of saying loudly—to take the simplest possible case—as you approached Marble Arch: "Ah! There's Hyde Park Corner." One counted the number of people that corrected one on each particular journey, and that was one's score. A silly game; but it gave one an insight into one side of human nature. Now I propose to bring the same moral pressure to bear on Professor Housman as the players of the bus-game exerted on their unfortunate fellow-passengers: I shall answer his questions as best I can and hope that he will be so infuriated by my mistakes that he will rush forward to correct them—"the bleating of the kid excites the tiger."

Q. Explain "the existence in some metres, not in others, of an inherent alteration of stresses, stronger and weaker."

A. I don't understand the question, in its present form at any rate.

Q. Explain "the presence in verse of silent and invisible feet, like rests in music."

A. I take it this is an allusion to Patmore's attractive theory that every line of English verse has the value of either eight, twelve, or sixteen syllables. Anything short of the nearest number is taken out in pause. For instance, ordinary blank verse has an end-pause equal to two syllables.

Q. Why "some lines of different length will combine harmoniously while others can only be so combined by great skill or good luck?"

A. I only wish I knew; I am tortured by the idea that I have seen a convincing explanation, somewhere; but I may be wrong. Possibly it has something to do with Patmore's theory.

Q. "Why, while blank verse can be written in lines of ten or six syllables, a series of octosyllables ceases to be verse if they are not rhymed."

A. This question, which the leader-writer of *The Times Literary Supplement* quoted as unanswerable, is easily answered by Patmore's theory referred to above. Octosyllabic verse is "acatalectic," or full; this is why it is the swiftest English verse-form; but, since it has no end-pause, if there is no end-rhyme to keep the lines apart it becomes merely prose with an alternate stress.

Q. "How Coleridge, in applying the new principle which he announced in the preface to 'Christabel,' has fallen between two stools."

A. Coleridge announced that he had returned to the stress principle of versing and yet continued the use of end-rhyme. To be consistent he should have dropped the rhyme and marked his stress by means of alliteration.

Q. What is "the necessary limit to inversion of stress, which Milton understood and Bridges overstepped?"

A. I think I answered this question in my article in the New Age of the 27th February, 1930, where I explained how Bridges had deliberately set aside as an "anomaly" Milton's rule never to invert the accent in the last foot, and how this added to the difficulty of reading the syllabic verse in which "The Testament of Beauty" is written.

Q. Explain why, "of two pairs of rhymes, equally correct and both consisting of the same vowels and consonants, one is richer to the mental ear and the other poorer."

A. I cannot attempt to reply without being given an example.

Q. What is "the office of alliteration in verse," and how must its definition be narrowed if "it is to be something which can perform that office and not fail of its effect or actually defeat its purpose?"

A. I suppose he means that alliteration is only a true ornament to modern verse (it is never a necessity) when it marks the beat. It is necessary to mark the stress in the old "Gothic" verse:

In a summer season when soft was the sun.

It is ornamental, and helps rather than obscures the rhythm, in such a line as this:

Cover'd with cold, and wrapt in wretchedness.

That is the best I can do with Professor Housman's examination paper; let us hope that he will be tempted to take out his blue pencil and not only correct the mistakes but also fill in the gaps for us.

Gramophone Notes.

It goes almost without saying that the possession of a good gramophone and a library of records is an essential item in the liberal education which marks the cultured man of to-day. Many, especially those who live in the provinces, have but few chances of attending first-class concerts, and such people in particular find the excellence of modern gramophones and recording provide them with music which they would hardly know otherwise. I hope these notes will prove of interest to readers who, like myself, regard their gramophone music as one of their great relaxations and pleasures, and I will try to bring to their notice records of outstanding interest and any other interesting news.

We have learned to expect the superlative from Cortot, Thibaud and Cortet, and our expectations are fully realised in the two records of the Fifth Brandenburg Concerto in D Major. (H.M.V. DB 1783-4.) The orchestra is that of the Ecole Normale of Paris, and the recording leaves nothing to be desired. Here is Bach at his best, and the interpretation is truly admirable, the trio of solo instruments working together and with the orchestra with rare sympathy and understanding. In the passages for trio alone, each instrument responds truly to its predecessor, and the long solo passage for piano on the second side of the first disc fully displays Cortot's great interpretative powers. DB 1677, H.M.V., is a recording by the B.B.C. orchestra under Adrian Boult of the Good Friday music from Parsifal. Dr. Boult treats this orchestral version with great restraint, and rightly insists on the poetical character of this beautiful scene. The playing of the orchestra is excellent.

A Paderewski record of Chopin's Nocturne in E flat and Mazurka in C sharp minor (H.M.V. DB 1763) has just been issued. Somehow, this record just fails to please. Paderewski plays the Nocturne with a *rieno* for the right hand which is so insistent as to seem out of accord with Chopin's intentions, and there is a lack of resonance in the Mazurka. The Chopin Ballade in A flat is played with restraint by Inez Friedman, and the piano tone is excellent. (Columbia DX 466.)

A record which is likely to be of considerable interest is H.M.V. DB 1901. Here we have Signor Gigli singing "Ombra mai fu," the well-known "Largo" from "Xerxes," and "Una Furtiva Lagrima" from Donizetti's "L'Elisir d'Amore." Gigli's is probably the most discussed voice of to-day, and either you like it or you don't. Those who like to consider him as a present-day Caruso will find it interesting to compare his voice with that of Caruso in the re-recorded "Celeste Aida" and "Je crois entendre encore" (Bizet). H.M.V. DB 1875. Caruso was the very type of dramatic and heroic tenor, who, nevertheless, was hardly less endowed with lyrical gifts. Signor Gigli would appear to be a lyrical rather than a heroic tenor, and his records are never uninteresting. His singing of Donizetti's "Down her cheeks a pearly tear" brings out the haunting pathos of this aria, but while his singing of the Handel Largo is impressive, he appears to achieve dramatic effect by rather too much reliance on little tricks.

Those who love real lyrical singing will be attracted by Elizabeth Schumann's record (H.M.V. DB 1844) of three Schubert songs, "Heidenröslein," "Lied im Grünen," and "Du bist die Ruh." Her voice is exquisitely round and even, and full of pathos in the last-named song especially, while her diction is a sheer joy.

A record of the much discussed Neo-Bechstein Piano has appeared (H.M.V. 2567) on which we have John Hunt playing Debussy's "Clair de Lune" and Chopin's Prélude in C minor and Mazurka in C sharp minor. Whereas in an ordinary piano the sound is produced by the impact of a hammer on a string which is stretched over a sounding-board, in the Neo-Bechstein there is no sounding board, and the vibrations which are started by the impact of hammers on the strings pass through microphones which are arranged suitably, and so are passed on to a loudspeaker for amplification. In effect, as might be expected, this is a new instrument, and not merely a different pianoforte. Its principal advantage would appear to lie in its capacity for remarkable sustained effects and for crescendos upon sustained notes and chords, which, of course, is impossible on the pianoforte. A good example of this will be found in the last pianissimo chord of the Prélude, which starts pianissimo, swells out to a mezzo-forte at least, and then is allowed to diminish back to pianissimo. But the unevenness of the Neo-Bechstein would appear to be greater than that of the pianoforte. Rapid passages in the upper registers have a curious quality which is reminiscent of the glockenspiel, with a touch of xylophone, while the lower register can sound almost like a harp, or like what is sometimes called "string-tone" on an organ. Thus, I think this instrument will not prove more than an interesting experiment. Nevertheless, the rendering of "Clair de Lune" is decidedly interesting and pleasing, and there is a curious limpidity in the contemplative and reflective passages for the right hand. I do not care for the instrument much in the Chopin pieces.

I have received also some thrilling records of the massed military bands at the Aldershot Tattoo (H.M.V. B4446 and B4458) and Columbia LX 240 is a record in which the Halle Orchestra under Sir Hamilton Harty displays considerable dexterity in a Tschaiikowski Sack Dance and the Concertgebouw Orchestra play Johann Strauss's "Perpetuum Mobile" to its best advantage. H. G. B.

Social Credit and Foreign Trade

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

II.

Our present system, says Major Douglas, if unmodified, will lead us to a state in which domestic trade (including the fair barter of goods with foreign nations) is clogged

by the fact that only a fraction of the employable population is in receipt of purchasing power, and in which loan-created foreign trade is clogged for the reasons given above. At the same time, he believes that there will be available, as another result of the machine, more real wealth than man has ever before had at his disposal; that in the Western industrial world there is no longer any necessity for want, that the materials and the machines and the men are at hand to create a superabundance of life's needs. This vast real wealth, he says, is the product of "the cultural inheritance by the aid of which wealth in practically unlimited quantity can be produced by a small and diminishing amount of human labour." In order to realise this potential wealth the nation must provide its citizens with an effective demand on production; and, since this huge recent increase is a common inheritance (a kind of unearned increment for the entire nation), justice demands that it should be made available for all. A feature of the Social Credit proposal is that the State should issue to all its citizens national dividends, against the yearly net increase in the real wealth of the country, so as to enable its citizens to purchase all the consumption goods which the community is able and willing to produce. Among these consumption goods, of course, would be included those received in exchange for exports. For the purposes of Social Credit, there is no distinction between goods made and consumed at home and goods made at home and exchanged abroad.

It should be noted that Major Douglas defines a nation's "real wealth" as the rate at which goods and services can be delivered as, when, and where required. "It seems difficult," he writes, "to object to the statement that the real basis of credit is the producing and consuming capacity of the community, and still more difficult to justify a condition of affairs in which this credit is loaned to it as an act of grace."

If, aside from problems of detail, this proposal for national dividends seems too audacious, it is only fair to recognise that it is not audacious unless the possibilities of machine production have been grossly overrated. If it be true that the Western world can now produce (or produce in exchange) all the raw materials, all the manufactured goods, and all the agricultural products that it can desire, and that it will soon be able to produce these with less than 50 per cent. of the available labour supply, then a system of "Dividends for All" seems logical. "Money," Major Douglas writes, "is nothing but an effective demand. It is not wealth, it is not production, and it has no inherent and indissoluble connection with anything whatsoever except effective demand." If the Western world's potential supply of all types of goods has far outrun, not its to make effective, then the time may have come for listening to the "money cranks." If, as the result of two centuries of desultory invention, we have, in fact, stumbled upon an age of possible plenty, it stands to reason that a money system which grew up during an age of scarcity may well have paralysing defects.

When the Social Credit scheme was first advanced, just after the war, the world was beginning what may prove to have been its final fling at the old foreign investment game. Major Douglas predicted that the game would last until about 1929, and that when it was played out the nations could no longer conceal from themselves the discrepancy between their powers of production and of consumption. It now looks as if the second part of his prophecy may be as accurate as the first, as if the true world-problem for the present generation may be the problem of learning how to prevent our machines from begging us, the problem of seeing to it, in the words of Major Douglas's evidence before the Macmillan Committee, that in spite of the machine age, "the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for the consumable goods for sale in that country (irrespective of the cost prices of such goods), and such cash credits shall be cancelled or depreciated only on the details of the Douglas plan for creating and cancelling these consumer-credits may be studied in the Draft Social Credit Scheme for Scotland.) If the era of economic nationalism on which we are now entering forces a concentration of attention on this problem, it may prove to be a blessing, rather than the disaster that Mr. Louis Fischer foresees.

(Concluded.)

LETTERS TO THE EDITOR.

THE BROADCAST DEBATE.

Sir,—X.J. is wrong in his deduction that London Regional was "damped down" for the Douglas Debate. It is a bad station to receive here and usually "fades" a great deal, but during the debate I received it all quite well on an indoor aerial and 1932 Murphy set.

Note: It was *not* broadcast on Western Regional as stated it would be, in the B.B.C. reply you printed.

Bristol. ROBERT J. HINTON.

Sir,—Your readers will be interested to know that the reception of London Regional during the Douglas-Robertson debate was exceptionally good, both here in Antwerp and also in Amsterdam. Usually L.R. is badly interfered with by Muhlacker (Stuttgart), but during the time in question L.R. came through so strong that M. was scarcely audible.

Nor does X.J.'s theory tally with the extensive publicity given to the debate in last week's *Listener*. Personally, I think the B.B.C. did the job well.

Amsterdam, July 7. J. G.

Sir,—X. J., in a letter published by you in your issue of the 6th, suggests that the B.B.C. possibly "damped down" their London Regional transmission of the Douglas debate. May I point out that the debate was received here at very full strength and that reception almost required tuning down in a large public room in which some thirty or forty people were listening, and who heard every word. As transmissions cannot be damped down for one area and not another, bad reception as mentioned by X. J. in his district must be due to other causes.

Jersey, July 7. "JERSIAIS."

Current Events.

(Compiled by M. A. Phillips.)

Saturday, June 24.

Hitler destroys German Social Democratic Federation and disbands all youth organisations except his own and those of the Catholics.

£ = \$4.24.

World Wheat Commission—provisional pact to reduce production by 15 per cent.

Disarmament Conference adjourned until autumn.

Finance Bill passes Commons.

Monday, June 26.

Hugenberg declines to resign from German Cabinet.

Schacht capitulates to International Banking Combine, interest on external loans to be met. (Dawes and Young Loans in particular.)

Anglo-Soviet talks on trade embargo commence.

Tuesday, June 27.

Swiss and Dutch currencies fall suddenly.

Hitler bans Hugenberg's Nationalist demonstrations.

U.S. commodity prices still rising.

Revolutionary moves in Bulgaria.

Sugar restriction Commission meets in London.

Final report on Unemployment Grants issued.

Wednesday, June 28.

Hugenberg dismissed by Hitler, Nationalist Party dissolved.

Kuhn Loeb examination by U.S. Senate Finance Committee commences—Davis revealed as recipient of gifts for services rendered.

Prof. Moley arrives in England.

Thursday, June 29.

Tory meeting on Indian question—Baldwin wins for Government by 838—356.

Dutch bank rate raised from 3½—4½ per cent.

Sudden dollar slump to 4.34.

Big French Railway merger announced.

Population of Australia 6,580,000.

Hindenburg declines Hugenberg's resignation.

De Valera loses Dublin municipal elections by 22—13.

Friday, June 30.

French, American and English bankers meet in London to discuss stabilisation of currencies and next moves to this end.

Drugs Inc. (N.Y.) "reorganised."

Ghandi ends Passive Resistance campaign.

PURPOSE

A Quarterly Magazine

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