

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

On the Social Credit hypothesis concerning the nature and location of the forces working towards a world crisis it was to be expected that the world's consciousness of its approach should manifest itself articulately sooner or later. Three or four years ago it was the habit of publicists in Britain and America to refer to war itself as a remote danger, while the idea of a military conflict between the two great English-speaking countries was described as "unthinkable." These opinions were intended to reassure the public; but to discerning observers they bore an opposite significance. They showed that the fear of war was becoming articulate, in which case the purport of the articulation itself did not matter in the least. The next stage was one of action—the Washington Conference, the League of Nations, the Locarno Pact, the Naval Conversations, and other similar attempts to ward off war which, in themselves, again proved that the fear of war was activating the world's statesmen. Meanwhile, and comparatively recently, the American Rear-Admiral Plunkett butted into the arena of polemics with his blunt declaration that Britain was the enemy against which America was obliged to arm. And now, as one further stage in the development of articulate consciousness, there is announced the publication of a book entitled "We Fight for Oil," by an eminent American publicist, Mr. Ludwell Denny, whose publisher says that he is "in daily contact with the State Department and Embassies" in Washington. The book is to be published shortly in England, according to the *Morning Post*, which has been published in America is not clearly stated; but from the context of the *Morning Post's* report we should gather that it had. Mr. Denny makes no bones about the risk of war, nor about who will be on either side of the conflict.

"Peace cannot be maintained by repeating the lie that war between Great Britain and the United States is impossible. War is possible. War is probable—unless the two Empires seek, through mutual sacrifice, to reconcile their many conflicting interests."

A little later he quotes Rear-Admiral Plunkett as follows—

"Rightly or wrongly, we are actively preparing for the Anglo-American war which our naval men believe will be fought to determine commercial supremacy. The American people are now less opposed than formerly to such preparedness against Great Britain."

Mr. Denny then gives the following reason for his warning:—

"The oil problem of the United States is acute (he writes). American acquisition of foreign reserves is blocked in many places by Great Britain. The British have been more successful than Americans in grabbing foreign fields. The British Government virtually excludes Americans from productive areas of the Empire. The British dominate the world's remaining supply. They are conserving their reserves while helping to drain American pools."

The *Morning Post*, in its commentary, quotes M. Clemenceau as having once stated that "Oil is as necessary as blood in the battles of to-morrow," and says that Mr. Denny's view is the same—that the conflict for oil must sooner or later lead to war.

Mr. Denny discusses also the probable results of an outbreak of hostilities.

"Both nations would lose by war. But Great Britain would lose more. Whatever happened to America, Great Britain would cease to exist as a world Empire. The United States plans to have naval equality or superiority before hostilities begin, if there is to be a war. America's only major weakness, lack of adequate merchant marine for service of supply and naval auxiliary, will be less acute probably within the next decade. America is vastly superior in man power, raw materials, food supply, financial reserves and natural defences.

"Great Britain would have serious labour and political disaffection at home, probably, and native independence revolt in many of her Colonies. Great Britain is exposed to air and submarine attack by her European neighbours, some of whom might welcome an opportunity to complete her downfall. Not that they love us, but that they hate

Great Britain more, as the nearer of two encroaching empires."

In a summing up of the situation, Mr. Denny continues:—

"Though Great Britain were unexpectedly the naval and military victor, she would have received external and internal injuries from which the aged Empire could not fully recover.

"Overshadowing all stands Great Britain blocking the path of American empire. Empire is built on sea supremacy, foreign markets, and control of raw materials, such as oil. Without these the American Empire cannot rise. Hence the conflict. Despite hands-across-the-sea speeches and talk of Anglo-American unity, the two Empires are now in combat on the economic fronts of the world."

The *Morning Post* heads its report: "A Surprising Book." It is not surprising at all except to the average democrat in both countries—who is an utter ignoramus so far as his knowledge of the first principles of effective real-politik is concerned. Nor is the idea novel. It has been a commonplace in the columns of this journal almost since the last war ended. In addition to that, a pamphlet entitled "The Coming War With America" was published by the English Communist writer (we think he is now an ex-Communist), Mr. J. Walton Newbold, who, if we remember rightly, put the oil conflict in the forefront of his argument—although we recollect that his argument was based on a general survey of the economic conflict between the two nations.

This is a warning which European statesmen will have to take seriously. We do not need to elaborate our reasons for saying so to the readers of this journal. They must have realised by this time, quite apart from our *a priori* arguments, that there is no important plane of sentiment in England where there does not appear a distrust of America. The deep-rooted nature of the antagonism was sufficiently indicated by that cartoon in *Punch* which figured Uncle Sam challenging John Bull: "What (if anything) did you do in the Great War?" Last week, to add another item of information, a reader tells us that in York Station he saw a procession of American tourists depositing their "grips" in the cloak-room. (Incidentally they "did" York—with its Cathedral—in about an hour.) They returned to pick them up when he did. Seeing a porter standing near, he made some general remark about American visitors, and got this spontaneous response: "Yes; blast 'em." "But what do you mean?" asked our correspondent. The laconic answer came on the instant. "That bl—debt: they ought to 'ave give it to us." Reflections have obviously gone deep when, without reflection, a workman can come out with a definite sentiment like this on a matter of the highest diplomatic and financial policy.

Last week we referred to the *Observer's* warning to the Government that Germany might become an ally of America. This was said in the course of a plea for this country to hurry up and sign the Kellogg Pact. This week it takes Sir William Joynson-Hicks to task for a passage in his recent speech at Evesham. Sir William said there that when signing the draft treaty the Government would desire to appeal to the United States and say to them:—

"We are signing this pact at your request, a pact to end war, and yet we understand that you are increasing your Navy. . . . I think we are entitled to say to America and the whole world that deeds speak stronger than words."

The *Observer* declares that this reveals a gross misunderstanding of American policy and adduces the fact that America did not lay down a single large cruiser for five years after the Washington Conference in 1922, also that the Congress recently refused to adopt even a revised scheme of naval shipbuilding

—let alone the huge scheme originally published. It concludes on these grounds that "public sentiment" is still strong enough there to defeat the extravagant policy of the "Great Navy" school, "The American nation is not only safe, but feels safe," it declares.

If the safety referred to here is military and not economic (although it is impossible to separate them in any constructive thinking) there is a sense in which one may accept the *Observer's* statement. It is obvious that a virtual continent, potentially self-supporting, and comparatively immune from sudden invasion by air or sea from powerful enemies, can afford to enter into war with commensurately less risk than, for instance, any member country of the Continent of Europe. It can afford to take time to mobilise its food, munitions, and men, secure from early interference. The one risk of such interference would appear to be Canada, but that is on the assumption that Canada chose to take up arms for Britain. But Canada, or rather, the Ottawa politicians may choose to remain neutral. If not, we have to remind our pacifist pundits of their oft-repeated boast that there is not a single fortress along the whole boundary line between the two countries, and that nothing would prevent America's military occupation of Canada. Nor also must it be forgotten that the idea of merging Canada into the United States by common consent has more than once been a matter of political speculation. It is true that the idea has been disparaged as "idle," but considering the extent to which the New York dollar has permeated Canadian finance the political consequences tend to follow these lines, and will follow unless some radical change in the finance-economic system takes place.

So when the *Observer* points out that America is not actually arming, the answer is that America is not under the necessity of starting so soon as her enemies. To achieve equality of military opportunity as between nations who are likely to fight each other, the nation which is weakest potentially must necessarily get ahead more quickly in its visible preparations, and must therefore appear to the moral onlooker as the most aggressive. From this point of view the devising and the advertising of the Kellogg Pact may be plausibly viewed as an American political manoeuvre for the best moral position before the court of the world's opinion. It is no assurance at all that America is prepared ultimately to make any real sacrifice for peace.

As an instance of this kind of policy, our readers will remember the Columbia University's published analysis of European loan policy in China, which we reviewed in a special article. The whole purport of the book was to show that while European nations were busy carving China up, the United States would have nothing to do with the dirty work. In the event of war, that book would make a powerful text for a wild-fire advertising campaign showing America as the white-winged angel of financial purity and economic justice. The Northcliffe leaflet-campaign in Germany during the last war would be nothing to this. Again, the book talked up America's handsome-looking gesture when she forgave China the Boxer Indemnity. The effect on Chinese popular sentiment was such that Britain was obliged, years after America had done it, to remit her claim as well in order to prove that after all Short was as good a friend as Codlin.

These considerations lend more than domestic significance to injustices done by any nation to its own dependencies. We print a letter elsewhere from Mr. T. C. T. Potts, whose appeal to the Government on behalf of the natives of the Gilbert Islands was discussed in our issue of last week. We forecasted that

one of the replies would be that the phosphates scandal had happened so long ago that it was impossible to put it right. But so far as concerns the advertising value of that episode to blacken Britain's good name, it did not happen long ago, it is happening now—and your publicity merchants in the United States would quickly prove it directly Wall Street chose to unleash them for war-propaganda purposes. The only counter-propaganda possible to our own publicists would be to point out that although high politicians of the Empire had perpetrated a swindle, the Empire, under Providence, had produced an honest man, Mr. Potts, to protest against it. Hardly a cocktail rejoinder!

No modern nation is safe from reproaches of this kind. America herself has her gun-men, her lynchings, and her general record in Mexico, Panama, and Nicaragua. But the victory in the battle of polemics depends upon shouting-power, not in the things you can shout. And shouting power is reducible ultimately to money power. To the extent to which America can control the world's mortgagors she can hypnotise the world's moralists. Financial penetration is in the end educational domination can be traced in such an irrelevant-seeming activity as athletic sports. It is commonly urged by sportsmen in countries which have had to stand round and applaud while America has collected all the cups, plates, and badges for which all of them had competed, that the American "takes his sport seriously." By this they mean that the American will sacrifice everything that impedes his progress to perfection. They complain that, for instance, Englishmen only give their spare time, implying that they should give all their time. In a sports sense this is all nonsense. If games cannot be won or lost as games, let them not be played at all. Nevertheless, the instinct behind this despondency over defeat is sound in another plane. American sport is specialised in to this extraordinary degree because the dollars are forthcoming to subsidise it. The provision of the dollars is not merely to enable athletes to win cups, it is to advertise America as the premier nation of the world. The ship that has just brought over the American contingent for the Olympic Games was plastered on each side with an enormous placard that must have made every beholder think of the Summer Sales. We forget what was on it, but it amounted to: "Look out. Here we come!" This has the same order of effect as the successful flight of the Atlantic by an American airman, and is inslogan—"Buy in America." As Mr. Denny says in his book, the American Empire cannot rise without controlling foreign markets. And America is leaving nothing undone, however trivial and indirect, that can be a converging force on this objective. The single American athlete who brings diet, dumb-bells, massage, clothes, footwear, and equipment into a single synthesis of victory-power is the incarnation of Wall Street, with its uncompromising intentness on a victory of another kind.

So far as the risk of war is mixed up with the struggle for oil—or the struggle for anything else for that matter—Mr. Denny seems to be relying on a questionable assumption. It is easy to speak of "Britain's" capturing this product, or "America's" capturing some other; but it is necessary to look behind these national designations for the realities behind. For instance, one might reasonably think of the South African gold mines as Britain's property. Mr. J. F. Darling, we remember, mentions this property in his "Economic Unity of the Empire" as though the British and South African Governments could by common consent carry out the policy of stuffing gold into America in

payment of debt. We hope they could control gold policy; and indeed we can see that they could if a war broke out and gave the politician temporary domination over sectional commercial interests. But we doubt whether, if the share-ownership of gold properties, oil properties, or any other of these major economic resources were analysed, the effective control, in peace, would not be proved to be held in places which do not correspond in the slightest with the geographical situations of the properties. And even this is not the chief consideration. Supposing you find out the nationality and the policy of the majority shareholders in every world-trust, you still have to find out something else, and that is the source from whence they derive their financial accommodation—the interests, that is to say, to whom these proprietors are obliged to pledge their shares (and their policy) under a perpetual series of mortgage-covenants. So far as the British Empire is concerned, the average man who reflected on the above lines would naturally think he had ended his search for the ultimate effective ownership of Empire resources when he arrived at the Bank of England. But he would not. Nobody knows, or at least nobody will tell, whether the Bank of England itself belongs to British subjects, or alternatively to interests whose policy follows British traditions and can further British aspirations. The British public do not know, therefore, whether the disposition of Empire resources is controlled in London or in New York.

Leave that aside for the moment, and assume an agreed co-partnership between the Bank of England and the Federal Reserve Board, which would involve, of course, their joint leadership of world financial policy. Since no commercial interest in either country has the power to infringe the law of the Central Bank, the struggle for oil which Mr. Denny describes must be a permitted struggle, a struggle, moreover, aided and abetted by credit facilities afforded by this interlocked Anglo-American banking hierarchy. It is, of course, a truism to say that the Central Bank does not stoop down to direct interference with any commercial enterprise, but at the same time it is able to cause the emergence of insurmountable obstacles to any commercial policy it may disapprove. In the case of oil, the probability of direct interference can be admitted, because military strategy is involved as well as dividend-earning—that is to say the Government nominally takes a hand in the game, and the Government backs its hand with money advanced by the Central Bank. The final conclusion from all this is that the Anglo-American war risk can only be eliminated by the Banks. There is only one kind of "sacrifice" which will avoid war, and that is a reversal of bank policy.

We must discuss another point of Mr. Denny's. Speaking about America's preponderating advantages over Britain in case of war, he enumerates man-power, raw materials, natural defences, and then adduces "financial reserves." Here he is guilty of a big blunder. The dominant power of America's financial reserves depends entirely upon the preservation of peace. Let one gun go off, and America's financial power is at once reduced to the correct measure of her economic resources. Machines, muscles, and minds are the supreme currency of warfare, as the Allies quickly found out when they surrounded Germany. War calls the bankers' bluff; and the next war will change the whole basis of such appeals as Mr. Denny's that this and that nation shall make sacrifices for peace is that the credit monopoly wants to be left to carry on its schemes in peace.

The ironical circumstance is that while the two great Central Banks in combination are thus trying

to avoid war, they are separately imposing in their respective countries a system of financing and pricing which must make war the only alternative to general starvation. The struggle for foreign markets is a struggle not to put goods in those markets, but to take money out of them, just as workmen's struggles for jobs are not struggles to do work, but to earn wages. So the real question to investigate is why the domestic market of each country does not yield the money to pay all the costs of home products. Considering that the general principles of financing and pricing production are the same in all countries, if any one country finds itself obliged to sell abroad to recover costs, that experience is *prima facie* ground for inferring that they all do. If that be true—and common observation confirms it—the problem is insoluble by the method of international buying and selling. It is obvious that either sellers must be excused paying out some proportion of their "costs," or else buyers must be excused paying in some proportion of the prices. The result in either case would be to equate general private incomes with general industrial costs, so that every community of citizens would be able to absorb the whole of their consumable output. Then, international trade would become for the first time international *exchange*—a spontaneous and amicable exchange, value for value, of products, and not a dumping of products for the sake of money. The proper object of production is consumption: and the proper object of international trade is to diversify the character of consumption. Any financial system which ignores this truth is bound to end in an economic deadlock, of which war is the only outcome.

We reprint elsewhere Major Douglas's correspondence with Mr. Lloyd George in 1922 on the subject of the American Debt repayment. Out of forty London and provincial papers to whom copies of the correspondence were offered at the time only one, the *Daily News*, published it. When doing so, it added a word or two to mention that Major Douglas was the author of "Credit Power and Democracy." We revive the correspondence, first, because it has a direct bearing on the major irritant of Anglo-American relations, and, secondly, because it contains an answer to a specific American grievance which Mr. Denny has emphasised. Mr. Denny says that the British dominate the world's remaining supply of oil, and that they are "conserving their reserve while helping to drain America's pools." Now section (b) of Clause 1 in Major Douglas's proposal provided that the Allied Powers, and Great Britain in particular, should offer to supply America with goods in exchange for U.S. War Bonds to the amount of the debt, subject to conditions about prices. The proposal was seen by responsible statesmen on both sides of the Atlantic, but no action was taken. We may assume a reasonable explanation, namely, that Mr. Lloyd George felt sure that America would not accept the proposal, and that she might even consider its publication an unfriendly act. However that may be, Mr. Denny's present picture of America starving for the oil we have got in the Empire, if a true picture, naturally brings Major Douglas's proposal into the region of practical politics. Why not pay off the debt with oil?

It is, of course, conceivable that the British Government and its military advisers might be deliberately renouncing the commercial benefits that would accrue from such a deal in order to gain a strategic advantage over America. But we are inclined to reject the theory. For one thing, there is no evidence with which we are acquainted that the American oil interests are refusing to sell their own product in other markets. Nor have we heard that the Anglo-Persian and the Royal Dutch (let alone the

Russian) interests have laid an embargo on sales to American buyers. So far as we know, the order of the day is "Business as usual" all round. If there be an impediment to sales anywhere it would appear to be the chronic "price" impediment. But to a nation like America the question of price should not weigh much against her danger of running short of vital supplies. Nor should American oil interests object to the purchase if their whole output is insufficient to supply America's needs. Nobody would be put out of work. In any case, the plain man's comment would be this: Let America, instead of publishing peace pacts, publicly offer to buy oil. Then the public could judge where the truth lay by awaiting subsequent events. There might arise a controversy whether she ought to get it, seeing that she would use it for war purposes against Britain. But the answer is that her very act of buying it, or accepting it as debt-repayment, would remove one of the most powerful contributory influences towards war. Moreover, as our readers will realise, if the British Government were to adopt the principle of Major Douglas's other proposals directed to the financing of these supplies, for the war danger would be within sight of death. For the very same provisions by which he would enable us to supply America, with benefit to our nationals, embody a principle by which America could absorb our supplies with benefit to her own, no matter what things we supplied or how many of them.

The time has come when men of practical common-sense as well as good-will should seriously investigate the *price* aspect of finance-economics as presented in the case for Social Credit. Most of them are coming to recognise the anomalies of our present system, one of the chief of which is the spectacle of nations seeking prosperity by giving something for nothing to "the foreigner" in the hope of making their own citizens prosperous. Prosperity has no meaning if it does not entail personal consumption of things and enjoyment of amenities: and how can any people consume and enjoy what is absent from the place where they live? If bank-finance can encourage the act of giving something for nothing to the foreigner it can just as easily finance the giving of it for nothing to the home population. Free credits for the financing of home consumption is the way to do it. All financial credit fundamentally belongs, in any case, to the people living in the country of its creation, and so far as the principle of "giving" it is concerned, how does this differ in practice from that of lending such credit in perpetuity to a foreign people? What has to be done is to send your own people to their own shops. Then you will never have to send them to any battlefield.

Mr. Harry Pollitt, on behalf of the British Communists, announces that they have changed their political policy and will henceforth oppose Labour candidates in every constituency they can. Mr. Ramsay MacDonald professes himself not only undisturbed at this threat, but pleased about it. He says he likes to have his enemies on the other side. Mr. Wheatley has been called up on the carpet by the Parliamentary Labour Party for having identified his policy with that of Messrs. Maxton and Cook. The Party, after hearing him justify his action, has passed a resolution which says, in effect, that whatever it all means they would be glad if he would do it in a different way next time. This seems to suggest that they are content, for reasons of prudence, to let Mr. Wheatley have a free run of no-man's-land. If he ultimately joins the enemy, that will be time enough to call their General up to say "Good riddance."

Mr. Garvin, in the *Observer*, bases large hopes on a rumour that the Government intends to anticipate

the benefits of its new rating policy by a large reduction of rail-freights on coal for export, bunkers and industry. It says that this will command the full approval of the country, and adds that "it has nothing in common with the disastrous subsidy of 1925."

"We are convinced that, as a result of freight relief, we shall soon be well over the worst, and that then the course will be upward."

But it is a subsidy all the same. As to the other subsidy, we remember the "disaster"; but it happened when the subsidy ceased. The only thing not common to the two is that whereas the first one went into the miners' pockets and thence to the shops, and stimulated home production and consumption together, the present one is going to make coal cheaper for foreigners. It is also going to help naval and other shipping interests. Lastly, it is going to relieve "industry," which, in its turn, will pass the benefit on to the foreigner. The missing beneficiary is the British consumer. Not that it matters in the slightest; for if, by some accident, he got a bit of luck in the prices he had to pay, the Cost-of-Living Index would immediately signal a reduction of his wages at the next revision. It is manifestly a much more efficient subsidy. Nothing has been forgotten—or learned.

Again, Mr. Garvin, in a panegyric on Britain's achievements (designed to attract American investment balances we should imagine) pauses to look at our unemployment figures. The subject does not detain him long. Here is his comment:—

"As regards the lesser, though ugly question of unemployment, Mr. Churchill showed that four-fifths of the recent increase is accounted for by certain industries like coal, cotton, shipbuilding."

And that's all. Bless us, what's the point? Is dismissal from a colliery easier to be borne? Does an unemployed cotton operative live on a lower dole? Do leisured shipwrights go to church? Or is it that these three industries provide immoral occupations? If the employing concerns had been breweries we could have seen the idea.

One other little spot on Mr. Garvin's sun of approaching prosperity is Germany's recovery. He mentions it to warn his readers against indulging in what he calls "idle" optimism, presumably to distinguish it from his own busy optimism. It is healthy advice, for anybody reading Mr. Garvin for three minutes on Britain's future could easily give way to the impulse to order a steam yacht and chance the overdraft; and probably many of them had done it, but that sleep overcame them. Germany's recovery, it seems, has been "quite wonderful," and—

"We have now, and we shall have, need as never before to exert every bit of our fibre and our brains."

This is typical of all the usual commentaries on current economics. Nobody ever stops a moment to examine the implication involved in such an argument. It is as though there were a natural law that an industry or a nation which fails to make things more cheaply than any competitor must necessarily be driven out of production altogether. We denied this some time ago in relation to British agriculture—the scandalous neglect of which by British Government constitutes the biggest war risk hanging over our heads. We maintained of agricultural products that their cost relatively to world prices need never prevent their being sold remuneratively in the home market. In any independent credit area there is no height to which financial costs can rise which need prevent the ensuing prices from being recovered and the goods distributed to the people who need them. But the credit area must be independent: the administrators of the credit must not be the agents of

external policies. Any increase in the quantity of goods is still an increase in wealth even if it has entailed twice as much energy per unit of quantity as similar production in another country. An article that costs £1 can be made just as saleable in its country of origin as an identical article costing only 10s. in another country be made saleable there. The money represented by each cost has been in existence at some time or other and has *gone somewhere*. The whole point is: Where? The short answer is: Mostly into the incinerator.

As a general proposition, the more a country can cut down its cost of production the larger the proportion of the money represented in that cost has been withdrawn from circulation by the time the goods are ready for the consumer. The cheaper you make a batch of goods the lower the proportion you can sell to home consumers. There is no magic about it. Cheap production is machine production. Machine production means less wage distribution. Wage distribution is the measure of the home market's money resources. Against these resources there is put a total price containing all costs, including the "wages of the machines." That leaves a gap between total price and total personal income which, speaking roughly, is equal to the cost of labour saved by the machines. To fill up that gap, fresh money must be given to consumers. The proper procedure for equating prices with incomes in an age of machine-facture is, theoretically, to pay to the machine a wage equal to the human services it dispenses with. But since the machine cannot spend money, its wages, in current national accountancy, should be earmarked as a credit in favour of the community. This is the rationale of the Social Credit proposal for a free and progressively advancing National Dividend to consumers. It is no use anybody saying that when a machine supplants one hundred labourers that it is physically impossible to keep those labourers on the production of the machine. The fact that the men are made idle without reducing the speed of output is proof that the physical means of keeping them is there. The trouble is financial. It appears to be nobody's business to supply them with money. The reason why the money is not provided is because the above mentioned earmarked credit which ought to appear in a Treasury ledger does not figure in any book to anybody's credit.

All credit is bank credit. All bank credit is loan-credit. All loan credit is loaned temporarily. A temporary loan of credit implies its early cancellation. But a large quantity of this credit is used to produce wealth of a more or less permanent nature. Hence much credit disappears many years before the wealth made by its use wears out. A sound system of finance would preserve all credit in existence for as long as the related wealth remained in existence. And it would only cancel it at the same rate as the wealth was consumed or worn out. To-day the banks are cancelling their loans day by day without any reference to the ratio of total physical production to physical consumption. Their system was never sound, and was only tolerable, even as a makeshift, while the world was building up its productive organisation as a necessary precaution against odd years of famine. To-day, so far are we out of the reach of a "natural" breakdown that the whole world is cursing at over-production and destroying the produce. The banks must revive and restore to the community its missing credit.

The M.M. Club will meet as usual from 5.30 on Wednesday, August 1st. Discussion at 6.15. Enquiries to the Secretary, The M.M. Club, c/o "The New Age," 70, High Holborn, W.C.1.

Current Political Economy.

The incident at the Miners' Federation Conference, in which the Chairman, Mr. Herbert Smith, took part in a scuffle to eject a number of un-accredited delegates, deserves to be looked at from two aspects, first as an item of news, and more importantly as evidence of the state of the miners' minds. In regard to the first aspect, a trifling episode in Llandudno, no bigger as a brawl than the affairs outside almost any public house at Saturday night closing time, developed into a front-page, double-column sensation. As long after—in newspaper time—as next morning it was a feature treated twice at great length in *The Times*, as "Home News" on page 13, and as "Political Notes" on page 16. At this few minutes' disturbance in the Miners' Conference the Nation's heralds leaped to the occasion, as they would say, as though they bore a message of life and death. Was the process of magnification which led to such display of the news that Mr. Horner had got his collar torn due to honest conviction that this was the world-shaking event of the day, to be burned into the memories of their twenty-six million voting pupils? Did they sincerely believe that the affair transcended in public importance the poverty of Durham and Wales? Did they think by this to cure the *encephalitis lethargica* which afflicts the British middle-class, and renders them of no help in rescuing the mining population from suicide? No. As good journalists they used their trained minds to exhaust the selling-value of a magnified dog-fight, which they were at liberty to do, because at the moment Mr. Herbert Smith happened to be striking real critics—if only real in negative aspects—of Britain's social and economic system.

This is no place to describe human conditions in the mining industry. Simply, this is a time of despair for the men and women who are left in it. They are physically starving, psychologically defeated and discouraged, and in spirit doubting whether to go on with life. When one does commit suicide, all the folk of the neighbourhood follow the body, and they cannot speak. Such is the moment chosen by the Press to gloat over a family quarrel at the Conference. So vulgar, tactless, and irresponsible an act is difficult to match even in the life of the Press. With all its trained intellects and self-anointed leadership, it drew from the incident only this significance: that the minority of Iago-like revolutionaries had been once more seen through and repudiated by the patriotic and contented upholders of the Constitution, which they endowed, by implication, with all the perfection of Desdemona. Mr. Herbert Smith and the Miners' Federation, suburbia is left to assume, walk arm-in-arm with Sir William Joynson-Hicks, Mr. Churchill, and the National Guard, and they are all decent chaps together. That Mr. Herbert Smith was worried and irritated enough to want to strike somebody meant nothing. Yet his punching a Communist may be no more remarkable than that a man who is abused by his master without retaliation assaults the friend who taunts him with cowardice. As an incident the affair was trivial. As an indication of the inner desperateness of the most constitutional trade unionists it has a pointer value that no upholder of financial orthodoxy, living in the best of all possible worlds, could be expected to see.

News comes at the week-end that the Government—no doubt, in anticipation of the General Election—is looking after things. Rating-relief is to be applied at once to the railways, which will apply it to reduce coal-transport charges, which will enable the coal-mineowners to reduce the price of export coal. Mr. Churchill seems to have derived

the scheme from the House that Jack Built. The transport tonnage of coal, however, will be reduced by 9d. to 11d. per ton, with the possibility as a consequence of more orders, until the reduced purchasing power of those who will pay the rates now charged to the railways gives them the idea of economising on coal, gas, and electricity. It is, anyhow, a miserable, tinkering scheme, but in the light of the economic analysis now familiar to readers of this review, it is a futile scheme. Nothing that reduces purchasing-power in one place to as great an extent as it increases it in another can do anything but leave the state of affairs unchanged as regards the broken-down distributing system generally. Wait, however; the Government's scheme includes a plan to absorb 20,000 miners in employment overseas. These will forfeit any relief they now receive as consumers in favour of wages to be received as producers. They will swell production to a greater degree by far than the total fund of consumer purchasing-power will be increased. Is it not obvious to Mr. Churchill that if he exported the whole 300,000 miners whom the industry is expected never again to absorb, the removal of 300,000 consumers would cause further dislocation?

A nation which daily increases its productive capacity while its birth-rate falls, and which has to export its most valuable wealth, coal, along with the best of its coal-getters, is past help, solace, or prayer. How oft have lecturers said that farmers went bankrupt because they would not, if they could, learn and practise book-keeping? The nation as a whole is going bankrupt for the same reason, except that the book-keeping is a little more advanced. The anomalies of the existing system of national costing and pricing are plain to everybody. Mr. Cook, the man of feeling, can see them as well as Mr. Maxton, the man of intellect. Mrs. John Smith can see them as well as Mr. Churchill, though she is not as responsible as he for adjusting them. Mr. Cook on Thursday, without placard advertisement, said:—

"The pit-head price of coal in Scotland was below that of 1913, while in England it was only 8 or 9 per cent. above pre-war price. . . . A ton of coal, with its residual by-products, was ten times as valuable now as in 1914."

Mr. Thompson, of Durham, said that

the wages of the Durham miners were only 7½ per cent. above pre-war, while the cost of living was 64 per cent. higher.

Here is a situation with which a Government ought to be glad to deal for the purpose of showing its capacity for administration. It is a situation in which every shopkeeper and producer in the country has a just grievance against the miners for not consuming their fair share, and it is the Government's job to relieve the miners of the stigma. Instead of a scheme to reduce the cost of coal at the expense of suburbia's motor cars, therefore, the Government might apply a scheme for increasing the miners' purchasing power after learning to keep a National Credit Account, a scheme which would benefit not only miners and their families, but other producers and consumers. It is not economic law that farmers must starve because manna falls from heaven, nor that coal-miners must be exported because coal is plentiful. What is economic law in the machine system is that the total of costs cannot be recovered in prices, from which it follows that price must be regulated at a fraction of cost until need is fully met, or the commodity must be conserved for posterity's sake. A country's political economy can be judged only by the degree to which all it can produce, up to the satiety of need, is distributed among its whole population. By that standard—and there can be no other—England's political economy deserves nothing but ridicule.

N.

Views and Reviews.

THE REVOLT OF MORRIS.

By Philippe Mairet.

"In spite of all the success I have had, I have not failed to be conscious that the art I have been helping to produce would fall, with the death of a few of us who really cared about it, that a reform in art which is founded on individualism must perish with the individuals who have set it going. Both my historical studies and my practical conflict with the philistinism of modern society have forced on me the conviction that art cannot have a real life, and growth under the present system of commercialism and profit-mongering. This view . . . is in fact Socialism seen through the eyes of an artist."

This is one of the most significant passages in the letters of William Morris to Andreas Scheu, which have been published for the first time in the last three numbers of the *Socialist Review*.* Most of them deal with Morris's revolt against Hyndman and the Social-Democratic Federation—which is perhaps ancient history in the sense of being unimportant history. They give us another glimpse, however, of a phenomenon we know to have been unique in modern times—an artist actually in politics for the sake of art.

What Morris was roaring for in Hyde Park, what he stumped the provinces to demand, was the destruction of Capitalism, the communisation of land, the international unity of the workers and all the rest of Socialism as it was, is and ever shall be. But the Utopia that he himself saw beyond the horizon of revolution was not the vision of the men who were in the van with him. What he wanted was art for all—not adequate means or leisure alone, but also creative work for every worker. He did not consider art to be the creation of exceptional individuals. To him it was the outcome of the common life and comradeship.

Unless there is an element of art in everyone's work, the work of the great artist is ill-founded. It is like putting a steeple upon a railway platform instead of at the top of a building where it might have meaning. This, of course, is a universal conception of art, as a certain quality of work in general. In this age of increasingly mechanical labour we have plenty of artists—that is, we have men of unusual creative powers. But their work is, of necessity, not so much an expression of their age as a revolt against it. It may even be a dangerous revolt. It is more than likely that some pictures or music may threaten a civilisation more dangerously than any Communist propaganda.

True art is the flower of labour. That quality of flowering must be inherent in the whole of industry, up from its most elemental origins in agriculture and woodcraft and mining, as a flower is inherent in the whole plant including its seed and its root. If the criterion of producing work is one of efficiency and quantity alone, you may still have—indeed must have—artistic production also, but then it is only a fungus, sapping the sad life out of a fruitless tree. So for Morris art begins with the makers of boots and saucepans. Upon such workers, upon something in the work-attitude of all workers, depends the real creative power of architect, painter, and poet. This is the basic conception of art, as a quality of the functioning of the worker, irrespective of the so-called dignity or humbleness of his profession. Morris had lived his own gospel. Failing as a painter, he succeeded most solidly as a maker of curtains and upholstery: and he left behind him work of much more permanent value than that of most contemporary painters.

* March, April and May.

In politics Morris left behind him a certain heroic element or motive power, but no movement and no constructive proposal, though, later on, the Guild Socialist movement owed much to ideas which his work had engendered. Since his time, handicraft workers in his tradition have for the most part withdrawn from politics. This is unfortunate, as it makes it more and more difficult for them to give their movement a clear meaning in modern life.

Thus Thorstein Veblen, in his "Theory of the Leisure Class," neatly explains away the craft movement as an example of what he calls "honorific waste." According to this writer, things have a social value which is of much more importance than any intrinsic usefulness or perfection. That is, they become valued in direct proportion as they give to the owner the sense or the appearance of leisure or of wealth—superfluous time or superfluous means. The survival of hand-made things in a machine age is, he thinks, due to the fact that they reflect this sort of credit upon their owners. Hand-printed books, hand-woven clothes and pottery by individual craftsmen are almost always of a less smoothly-finished appearance than modern mechanical industries. They give evidence, says Thorstein Veblen, of some imperfections. Nothing would make people value them and give higher prices for them than for machine-made things but for the "leisure-class" prestige which is derived from their possession. Their value lies in their honorific waste.

Such a preposterous theory could only have arrived in this learned form from America, where it may be the true explanation of nearly all the art and craft work that exists. In England the craft movement, though doubtless not more free from snobbery than anything else in the national life, was in origin a direct revolt against industrialism, and a positive assertion of something which the industrial conception of economics was leaving out of account. It was England which, having led the world into this appalling mistake was—and perhaps is still—trying to lead the way out of it.

THE way out, however, does not lie in individual and isolated handwork, which of itself can do no more than keep alive a little memory and tradition of something which ought to be a part of all labour. The best of modern craftworkers are almost well aware of the fact. Morris often appeared to hope for the actual abolition of all machinery and railways as well as money, which was the root of their evil. But this was because he was convinced that no free and individual worker would choose to work with anything complicated enough to cramp his style—or to come between him and the object of his labour. The situation has changed since then. It is rather the same with revolutionary handworkers as with revolutionary Marxism. It has not turned out that Capitalism steadily lowers the workers' sustenance to the point of rebellion, and it has not proved to be true in all cases that the use of machines lessens the exercise of the workers' skill. Sometimes, as in the case of agriculture, it increases it. The quality of art, of agriculture, it increases it. The quality of craft, of creation and craft wisdom that for Morris was the essence of the question is not primarily determined by technique. It depends above all upon freedom—the freedom of the producer to plan and execute his own work in relation to the real social need that he is facing.

That freedom implies and demands co-operation, and Morris never really got to that part of the problem. His Utopia was a delightful place where people went about lending a hand in each other's workshops because they liked work better than anything else, and where nobody paid for anything because it was all the same firm. This Communist Anarchism is the best of all human visions, but

nearly all of us are so materially minded as to demand some idea of how it is to be done—some notion, however tentative, of the structure of such a society. Morris, however, did indicate, more clearly than any other anarchist, the deeper, or psychological foundation of it. That foundation is nothing else but the love of work, in which matter Morris was not a moralist or theorist but the thing itself. HE instinctively regarded all men as workers by natural inclination, though, unfortunately, more or less spoiled in the vast majority of cases by tyranny, finance or class distinctions. That was Morris's intuition about men, and it is his gift to the Socialist cause. Up to the present it has been necessary to base the Socialist vision upon the centralised state and the relegation of work to machines. That is, of course, to rely upon the psychic motives of flight from responsibility and work. The workers have been so far deprived of responsibility and cheated with spurious work that their very motives of revolt are necessarily distorted. But in the times at hand, when Capitalism will have been transformed into communal credit, Socialism will naturally be able to dispense with the support of the neurotic motives for change. Then a sane social order will be visible, and Morris's positive conception will come into its own.

Economic Symbiosis.

Symbiosis is a biological term describing a state of affairs in which two or more different kinds of organisms are associated in a partnership (long, and often lifelong) from which both, in some degree, probably derive benefit. It differs from the term parasitism in this respect; that in the "partnership" called parasitism one partner derives more benefit than the other, and in fact frequently ends by destroying it. It is a reasonable assumption to consider parasitism as an intermediate evolutionary step towards symbiosis—as a trial and error means of arriving at the equilibrium of "mutual service." In that case the parasite may be said to be the symbiote in the making.

Readers of this journal are familiar with the results of recent economic research, and will generally agree that one of its most important results has been to invert their old conceptions as to the function of Consumption. To adopt the above biological analogy, they have transferred the Consumer from the category of the parasite to that of the symbiote. The consumer is an *active* partner in the productive process.

One illustration* will help towards a clearer understanding of this relation between biological and economic symbiosis.

The termite (a species of ant) eats, and appears to digest, wood. To digest wood he should be able to secrete a substance which splits up cellulose. But he does not. The digestion is performed for him by symbiotes working inside him. So multitudinous are these tiny little bodies that they almost completely block his gut, and weigh, together, nearly one-half of his total body weight. These soft protoplasmic bodies are found crammed with tiny fragments of wood which the termite has masticated. The ingenious experiments of the biologist, Cleveland, have placed it beyond question that they split up the cellulose for the termite—the suggestion being that they turn it into sugar glucose, and then

into glycogen. However that may be, the fact remains that when Cleveland, by judicious administration of oxygen, killed these little bodies without injuring the termite, the termite died of starvation in three weeks notwithstanding that he still devoured wood greedily. He could eat, but he could not digest. The tiny things that fed on his stores fed him on his stores. All of them brought grub to the picnic. Again; when Cleveland separated them, not only did the termite starve, but so did the symbiotes. Their lives were temporarily preserved in a blood-serum medium containing liquo-cellulose, but ended on the tenth day.

In the economic system the symbiotic function of the consumer is not so direct as its biological counterpart. That is partly because production is more a matter of mechanical than human energy. But the deeper correspondence becomes manifest directly one reflects that behind machino-facture is the mind that conceives the machine. Although the term "mind" is frequently used generically, and although what may be called mind-products (inventions and discoveries) are the cumulative result of multitudinous mind-processes, the fact remains that the essential functioning unit is the *brain of an individual*.

We may consider industry's machines as industry's teeth. They accelerate mastication. But the digestion is another matter entirely. For example, it is conceivable that one day industry might masticate by machinery alone—that is, that mankind might be able to stand by and watch solar energy being used in production on an astronomic scale without the intervention of a single human muscle. But with what effect on industry? It would be clogged with indigestible products—or, to call them by their current economic designation, *capital* products.

The moral is plain enough. Undigested production is fatal to industry itself. Having to be voided by the system in its unchanged form, it need never have been masticated at all for any nutriment it supplies. As the accountants would say, it has to be "written off."

To see the remedy, one can imagine the little protoplasmic bodies in the termite inventing some mechanical substitute to perform their vital tasks. But a great change must here be made in our concept of the case. In economics the consumers are an essential part, as persons, of the production-structure—as though the protoplasmic symbiotes inside the termite were at the same time cells forming the very structure of the termite, and physically inseparable from it. In that case it would be beyond argument that as these symbiotic cells delegated their functional *of digesting for the termite* to some non-biological mechanism, their very individual lives as cells, and their corporate life as the termite, would depend utterly upon their absorbing in themselves the digestion-products now resulting. All of this is to say that in economics personal consumption is the completion of productive digestion.

Any imaginative reader will be able to apply these reflections in a number of directions without prompting. One of them may be briefly indicated. When we look round and see such things as an industrial system condemning its surplus labour to the direst penury, and only allowing the scantiest means of life to its employed workers, we are witnessing, as it were, a termite committing suicide by administering oxygen to its own symbiotes, under the mistaken idea that it is prolonging its life by eliminating them. There is a biblical proverb, is there not: "Go to the ant, thou sluggard: consider her ways and be wise"?

JOHN GRIMM.

Drama.

Many Waters: Ambassadors.

Although Mr. Monckton Hoffe's play, "Many Waters," doubles back to recover the events of twenty-six years in the life of Mr. and Mrs. Barcaldine, requiring as a consequence eleven scenes, each cameo is a finished impression. Each comes to an end, to paraphrase Wilde on women and cigarettes, the moment one gets the flavour. Mr. Nicholas Hannen's production is exquisite. Consider, for special example, the love scene between a young boy and a young girl at the Plaza Club. The dialogue is of the scrappiest and most economical, trite as the love-dialogue of real life, but written by an author with a knowledge as to what could be done with it. In production every pause between question and answer, between word and word, is measured to load the words with all the meaning which, for their inarticulate utterers, they carry. On top of all this the very large cast is a clans-meeting of high talent and higher than talent. Nearly every actor, except the two who play the Barcaldines, has more than one part—one actor has four—and the excellence of their work is a source of pleasure in every scene. Nicholas Hannen and Marda Vanne play the Barcaldines; among the rest are Maisie Darrell, Harold Meade, Aubrey Dexter, Milton Rosmer, Paul Gill, Frank Harvey, and Robert Douglas. The author himself plays the registrar in the bankruptcy excellently. Names alone must convey the quality of acting gathered in one theatre, as the play demands attention.

In the opening scene a theatre manager argues with his author as to what the public want. The former is cynical, the latter thinks they want romance and reality. When the Barcaldines arrive the question is submitted to a practical test by the manager offering them a box at any of his three theatres; they may pick where they like out of a fine play, fine acting, or the Cinderella Princess. They choose the Cinderella Princess, for reasons so unsatisfying that at that point the author breaks off the interview to answer the question *why* by reviewing their lives. They meet at Earl's Court Exhibition twenty-six years ago by artificial fairylight. They were married at a registrar office with two charwomen, procured by the clerk, for witnesses—also, incidentally, by artificial light—on a pea-soup foggy morning. They had one child, Freda, and they became well to do. But Barcaldine was not a business man. When rogues came upon him he proved a pigeon in their hands. On the eve of his examination in bankruptcy, with a probable sequel in the dock, his daughter dies in giving birth to an illegitimate child. Some time afterwards the Barcaldines are discovered sitting on the grass in St. James's Park, contemplating the ups-and-downs of life prior to calling on the theatre-manager in the hope of leasing him for the summer their river bungalow, saved from the smash by deed of gift. The conversation in the theatre-manager's room is then resumed. That, says the manager, is why the Barcaldines chose the Cinderella Princess, and there is no answer to it. They had had, shall we say, enough grief of their own.

Mr. Hoffe has played the public a clever trick. Although the Barcaldines choose musical comedy because they have had enough of themselves he reproduces them in a manner as pleasant to them as the perusal of their old photograph albums. There is a far briefer reason why the Barcaldines chose musical comedy, however, than their lives. There is themselves. They were anxious to be friendly towards the manager, whom they had just beaten in a business deal, and who described the stars in the Cinderella Princess with an enthusiasm he denied to the alternatives. They accordingly chose what they thought was expected of them.

Secondly, much of the pathos of their lives was revealed only to the audience—not to them. They did not know the tangle of their daughter's affairs, nor, so far as the play implied, who was the father of the baby. Nor did they know that one baby makes all women mothers, with the result that the moneylender's wife beat compassion into him. Most surprising of all, however, is that this Darby and Joan, aged forty-seven and forty-five in 1928, have a biography that entirely misses out the war, the event which, in the life of anyone who was thirty-three in 1914, cannot help being of maximum significance if he be a sentient being. To a very large degree the Barcaldines portrayed in this play *derived* their drama from their daughter, who, by stepping outside law and morality, was the one person who raised spiritual issues. She was the one soul in chaos, and in consequence more the centre of dramatic interest than her parents. Birth, love, marriage, generation, and death, are the stuff of literature and drama. Shakespeare and Spenser were as much preoccupied with them as the Barcaldines, and whatever theatre any couple might have chosen, they would have had the same excuse, if it be an excuse, that, along with all creatures of this world, they have to pass through these crises. Yet no more in art than in religion can these things alone justify man. The Barcaldines are just an English middle-class couple, bourgeois in ideals and philistine in culture, and followers of the line of least resistance. Their portrayal in an endearing atmosphere does not entail the forgiveness of cultural sins, which must depend on something they showed no sign of—namely, emerging consciousness. To excuse the Barcaldines for their refusal to risk their spirits in the maelstrom of universal conflict and growth for no better reason than that they were subject to the same biological experiences as Red Indians or Tasmanians, plus the trial of maintaining respectability in money matters, is to acknowledge, in a Nietzschean word, the validity of slave-morality. Mr. Hoffe has given his work a subtle appeal. With very gentle fingers and skillful passes he has put the weary Barcaldines into a sleep of contentment with happy dreams. He has enabled them to forgive themselves without mending their ways.

The Farmer's Wife: Court.

For the hot weather the Court Theatre has revived for a month, with the aid of what appears to be a repertory company, a comedy which ran originally for three years, namely: Mr. Phillpotts' "The Farmer's Wife." No play without great merit could command audiences, adult and child, to laugh for that length of time, though it may have, as this had, the benefit of being nursed for six weeks before it earns its own bread. Mr. Phillpotts is a stage technician of the first quality. His tricks, up to now, have not proved numerous, but they are sufficient to get any one play past the critic under his nose. The author's control of plot is also to be admired, although he is too much under the impression that the strings must all be tied—in this case, that the farmer must get a wife in the end. When Mr. Phillpotts aims at character his aim is true, but he is far too content to draw caricatures and comic types. George Smerdon, for example, is a caricature of a village lover that goes beyond what Mr. Phillpotts' professions of humanism ought to allow. The author makes figures too wise to be true, and others which are too stupid, though excess of wisdom, as in the case of Churdles Ash, can be endearing.

But what Mr. Phillpotts does possess as a foundation for getting away from artificial rural comedy is genuine country idiom and humour. Many of his phrases and metaphors show him to be a true listener in sympathy with his people. When at the party the plate of sandwiches is offered to old Coaker, for in-

*Taken from a paper by Professor Doris L. MacKinnon, read at the Royal Institution on May 11, and reproduced in *Nature*, July 14.

stance, he asks for it to be put down beside him. But old Coaker is very near indeed to a truly imagined character, only omissions leaving him a conventional village worthy.

Ernest Stidwell gave a very amusing performance as Churdles Ash, and is to be congratulated, especially on the way he exploited his power of facial expression. Dorothy Darke ought to have looked older as Minta, since the ultimate marriage to the farmer of one so young-looking was an offence against the instincts which ought not to constitute a happy ending. Perhaps the best performance was that of Cicely Oates as Miss Tapper. Two performances among the major parts were bad—Frederick Victor's Samuel Sweetland, the farmer, and Edmund Tottenham's young Richard Coaker. The former was spoiled by great excess of irritating gesture and monotonous speech, and the latter by an Oxford accent that would get him turned out of decent Devon company.

PAUL BANKS.

Major Douglas on the American Debt.

CORRESPONDENCE WITH THE PRIME MINISTER.*

September 6, 1922.

Sir,—It is remotely possible that my name may be known to you in connection with the discussion of possible defects in the Financial Credit System.

It is no longer seriously disputed that the increasing gravity of the general situation has its roots in this subject. In view of this, and of the rapid growth of a somewhat more attentive public opinion, I have the honour to ask you for a short interview.

The test of science is prophecy; and the course of events since 1918 is some confirmation of the forecast, made then, of the outcome of the financial and industrial policy since pursued in Great Britain and the United States of America.

I may, with propriety, refer you to the Canadian Hansard of March 20, 1922: speech by Mr. William Irvine, Member for East Calgary.—I am, Sir, yours faithfully,

(Signed) C. H. DOUGLAS.

The Right Honourable David Lloyd George, M.P. P.C.,
Criccieth

10, Downing-street,

Whitehall, S.W.1.

September 8, 1922.

Dear Sir,—The Prime Minister wishes me to acknowledge the receipt of your letter of the 6th inst. Mr. Lloyd George regrets that he is unable to grant you an interview, but I am to say that he will give his careful attention to any suggestions which you may care to send him.—Yours faithfully,

(Signed) G. H. SHAKESPEARE.

Major C. H. Douglas.

September 11, 1922.

Sir,—I have received your letter of September 8, and regret that you are unable to afford me an interview. I note, however, that you are prepared to give attention to suggestions on the subject of Finance.

In view of this, I have the honour to submit for your consideration the following concrete suggestions, which, you will appreciate, are of necessity in outline only.

(1) That the British Government address and publish a further Note to the United States Government setting forth with the maximum clarity: (a) That the debt contracted to the United States by the Allied Powers in general, and Great Britain in particular, was a debt for *goods*, and that the capital appreciation incident on the supply of those goods accrued to the United States nationals, together with the financial media representing that appreciation. (b) That the Allied Powers, and Great Britain in particular, are now prepared to deliver at the same rate, over an equal period of time, at prices ruling during the periods at which the various debts were contracted, goods to the value of the debt, in return for U.S. War Bonds, which will be cancelled on receipt.

(2) On the acceptance of this proposal by the United States Government, the Allied Powers will notify the late

* Reprinted from "Public Welfare," September, 1922.

enemy Powers that raw materials and semi-manufactures are required for the purposes of (1).

(3) During the period covered by (2) the credit-capitalisation of all manufacturing firms in Great Britain will be assumed to be ten times the yearly profits. At the outset of this period the credit-capitalisation of such firms will be assessed as ten times the profits of 1922.

(4) At the end of each three-monthly period subsequent to agreement as to (1) a fresh estimate of the credit-capitalisation of British firms will be made on the basis of (3), and the collective increase will be taken as the increase for that period of the general credit. Fifty per cent. of the financial equivalent of this credit will be applied to the provision of the floating credits required to finance (1), and fifty per cent. will be applied to enable retailers to supply goods for home retail consumption at reduced prices.

Should it be found, as may well be the case, that the influences effective through the United States Government are not concerned to secure the liquidation of the debt, but rather to use it as an instrument for the imposition of policy, it is clearly a matter of the gravest concern to the people of Great Britain and the United States.

I feel confident that you will raise no objection to the publication of this correspondence, but will take no action to that end before the 16th inst.—I am, Sir, yours faithfully,

(Signed) C. H. DOUGLAS.

The Right Honourable David Lloyd George, M.P., P.C.

10, Downing-street,

Whitehall, S.W.1.

September 14, 1922.

Dear Sir,—The Prime Minister has asked me to thank you for your letter of September 11, and for the suggestions which your letter contained.—Yours faithfully,

(Signed) T. L. STEVENSON.

Major C. H. Douglas.

Reviews.

Day of Fortune. By Norman Matson. (Benn. 7s. 6d.)
A remarkable book, commonplace in a fashion, yet fascinating. A Norwegian peasant family go to America, and here are their lives, drawn with a clear, fine brush. Mary and her son Peter stand out. She finds in him, too late, the day of fortune she sought in vain in her husband Knub. And this is her victory.

My Life. By Isadora Duncan. (Gollancz. 15s. net.)
This is the life-story of a delightful person who just went and lived and did not care a damn for anyone. But what a price to pay for free love! Isadora did not escape the heart-rending sob suffered by *Peg's Paper* heroines. Jealousy gnawed at her heartstrings when, at the last, her Archangel fell for one of her young and pretty pupils. Alas, for love—bond or free! *He loves me, he loves me not* . . . turn the tea-cup, count the cherry-stones, pluck the petals one by one. Isadora was a great dancer, Isadora had no lovers, Isadora loved life and beauty, and Isadora had no organising technique. Everything came to nothing. "While I endeavoured to teach my pupils beauty, calm, philosophy, and harmony, I was inwardly writhing in the clutch of most deadly torment," because her Archangel kissed another girl on the balcony in the moonlight. "Anyhow, these are only my poor human experiences. . . . Whether they be worthy or worthless, they may perhaps serve as a guide to others as 'What not to do.'" "But, says Isadora the moral philosopher, "probably everyone seeks to avoid their own disaster and torment in the only way they can." Probably. This book ought to be reviewed by the wife of an unemployed dock labourer who has had to "do" on a dole of 32s. a week for a family of six for the last three years. She would find just the right words for it, and they would be poetry.

Cheiron's Cave, The School of the Future. By Dorothy Revel. (Heinemann. 7s. 6d. net.)

This is a stimulating and useful book, based upon actual experimental work carried out at the Priory Gate School, Kings Lynn. The general recapitulatory theory of education is clearly set forth. The author is a keen member of an organisation calling itself "The Order of Woodcraft Chivalry," which, at the first glance, seems to have a good deal in common with The Kibbo Kift. The one essential lacking in this book, as in the O.W.C. itself, is a grip on the economics of our present educational system and the impossibility of establishing a School of the Future for the

free development of individual personality without first requiring a new economic system. The recapitulatory method of education advocated in this book does not, so far as we can make out, include a simple recapitulation whereby the children can see for themselves the process of primitive barter and exchange, leading on and on to the introduction of "money" (cowrie-shells, beads, pebbles, anything), and so at last to book-entry money. In spite of this "Cheiron's Cave" is of great importance to all those who are awake or are wakening to the revolution slowly gathering way outside and inside the present educational system. The book is called as a sub-title, "An Educational Synthesis based on the New Psychology," but it is no mere clutter of psychological jargon. The author is able to make the subject come alive because she is not afraid to tell us simply and in plain words about her own work with children. These examples jotted down from real life, and the many excellent photographs of the new education at work, make a living thing out of what so many educationists would have made a deadly dullness.

LETTERS TO THE EDITOR.

THE PACIFIC PHOSPHATE SCANDAL.

Sir,—I notice that in the last issue of THE NEW AGE you have drawn attention to my late appeal to the Prime Minister in regard to the Gilbert Islands and the guano phosphates in that group.

To guard the interests of Pacific islanders and to prevent any advantage being taken of their ignorance and weakness to exploit or rob them, the British authorities by edicts and proclamations assumed the position of trustees for the natives, and the following shows how they acted in regard to the Gilberts.

The inhabitants of these islands were poor, the area of land limited, and every square yard had an owner. Little could be grown on the coral sandy soil but coconuts and pandanus, and these not everywhere, and in time of drought they failed and this brought on famine. Paanopa (Ocean Island) perhaps suffered more than any other part of the group; in one drought it is said to have lost half of its population.

Though these islands had come into Great Britain's possession through a treaty with Germany in or about 1888, they were considered of little value until towards the end of last century, when it was discovered that this despised enormous deposit of many millions of tons of guano-phosphate of the finest grade ever discovered. This phosphate was on Paanopa (Ocean Island), hitherto regarded as the poorest island of a poor group, and the natives on it the most unsophisticated.

Here was a grand chance for the authorities at the Colonial Office to act in conformity with the edicts they had promulgated for the protection of native property and interests. Instead of doing so, however, they by licence handed over all this enormous wealth to an influential company in which were ex-high officials of their own service, members of both Houses of Parliament, and other influential people. This contract or licence granted the company the monopoly of exploiting the phosphate for ninety-nine years. The terms being that the company should pay the (600) inhabitants of Ocean Island £50 per annum (nearly 2s. each) for six years, and then, in lieu of rent, the company was to pay 6d. per ton royalty on all phosphate exported, and even this ludicrously small payment out of the immense profits to be made was not to go to the native owners or the revenue of the group, but to the British Imperial Exchequer. Having thus been promptly deprived of their newly-found wealth, the inhabitants of Ocean Island and the other natives of the Gilbert group were merely left the opportunity of engaging themselves as cheap labourers to dig and ship the phosphate for the benefit of the company, which in one year made hundreds of thousands of pounds net profit (between one and two pounds net profit per ton exported).

This disgraceful exploitation has been denounced as a swindle and a robbery both in Parliament and the Press. As a member of Parliament said to me, the Gilbert Islands case is not a party question, but a matter of right and wrong. It is whether in order to enrich themselves or the people they choose to favour high-placed public servants can with impunity rob those whose interests it is their duty to protect. For robbing to a far less extent those whose interests have been severely punished and their dishonest contract-giving schemes put a stop to. The latter were unable to

prevent the matter being impartially tried in a court of law; the former have been able to prevent even the holding of an impartial investigation.

However, years of agitation in Parliament and the Press (several home papers and the *Fiji Times* in the Pacific) did at length cause some little change. After taking it for about four years the Lords of the Treasury agreed to resign the 6d. per ton royalty in favour of the Gilbert Group exchequer. Three or four years later the company, evidently with reluctance, undertook to give in future something to the native landowners in the form of a payment per ton exported and rent for phosphate land actually occupied, but this, together with the 6d. per ton to the exchequer amounted to a very small fraction of the profit made on the sale of these guano phosphates which rightfully belonged to the natives.

The phosphates paid no tax towards the Gilbert Islands Revenue for about the first ten years, and the 6d. per ton royalty subsequently received by the Group's exchequer did little or nothing to relieve the natives. For the demands of the exchequer increased by leaps and bounds, and the money has been found by levies on the coconuts, customs and other dues which have pressed heavily on the natives. It may be mentioned that the exchequer of Chilian South America has benefited by an export tax which has taken the greater part of the profit made on the nitrates shipped from that country.

These guano phosphate deposits have now been taken over by the Governments of Great Britain, Australia and New Zealand. It has been said that it was a piece of "good business" for the governments concerned, but it ill becomes a great people like the British to profit by the robbery of a small community of natives (hardly 30,000 strong) who have been so utterly in their power; and I have appealed to the Prime Minister, who has publicly proclaimed his love for the truth, to establish the truth in this case. For if the truth were honestly and thoroughly brought home to the public, one can feel assured there would, for the honour of the British name and through a British love of fair play, be an overwhelming demand to give these natives of the Pacific justice for the future. Nor would this be difficult to accomplish. The Governments of Great Britain, Australia, and New Zealand, for the benefit of the people within their borders, are allowed to have this phosphate at cost price. Let the Gilbertians therefore have a fair share of this natural wealth of their own country also at cost price, then have it sold in the open foreign market, and placing the profit thus gained to the credit of the Gilbert Group from this fund obtain the whole revenue for these little islands.

T. C. T. POTTS.

PELL AND MALTHUS.

Sir,—The writer of one of your Notes in the issue of July 12 is guilty of what I am sure you will admit to be a disgraceful solecism when he alludes to "Pell" and "Mr. Malthus."

Mr. C. E. Pell, whose "Law of Births and Deaths" I was sorry to see remaindered, is fortunately still living, and is neither your butler nor of such notoriety that he should be so baldly referred to. But T. R. Malthus, who died in 1834, was one of the only three economists known to the British Public, and the only reason for clapping a derisory Mr. on to him—why not "Parson"—is dislike of his Theory of Population.

But, though evidently it is unknown to your clever note writer, Malthus, together with Sismondi, was the author of the Theory of Consumption as opposed to that of Production ("Principles of Political Economy," 1820. Ch. 8), and therefore the originator of the very Doctrine which you, Sir, profess to expound.

SANDYS URQUHART.

[Mr. C. E. Pell, to give his name in full, is well enough known to readers of THE NEW AGE, since more than one series of articles in this review have been written or based upon his "Law of Births and Deaths," to justify reference to him by the evidence of distinction which surname only constitutes. The title of Mr. before Malthus expresses by a formality the distance we wish to preserve between ourselves and the views by which this writer is known generally, and for which alone he is quoted and applauded by economists and biologists.—Ed.]

"THE TIME MACHINE."

Sir,—In your review of H. G. Wells's "Quartette of Comedies," you remark on the absence of "The Time Machine." May we say that this story is included in a companion omnibus volume of the short stories of H. G. Wells already published by us.

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