

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The week before last a member of the Edmonton Guardians asserted that recipients of relief were spending no less than £1,000 a month at the local Co-operative shops. He raised the question at a meeting of the Guardians: Could they not claim the dividends on those purchases? The meeting solemnly instructed the Finance Committee to make investigations.

At just about the same time five Judges at the House of Lords were hearing an appeal arising out of an action brought by a Mr. Urquhart, a Belfast Coachbuilder, for damages for misrepresentation in connection with an issue of Debentures made by Messrs. Workman Clark and Co., Ltd., the Belfast shipbuilders, in 1920. During the hearing one of the arguments of counsel for this company was the proposition that when a person loaned money by debenture-purchases the money was no longer his, but became the property of the borrowing company: he had no right to say how that money should be used. At the time of writing judgment has not been pronounced on the case. If this argument is one of the deciding factors in a judgment against Mr. Urquhart, it seems to us that it rules out the suggested claim of the Edmonton Guardians. The parallel is exact, because recipients of relief are now held to be borrowers of it, and are expected to repay it if and when they get work. The Guardians are in Mr. Urquhart's position: they have loaned money to destitute persons, and presumably have the right to distrain on them as soon as they again acquire any property: thus the Guardians are in essence purchasers of debentures based on the (contingent) tangible assets of the poor. It seems difficult to believe that Edmonton's Guardians will make themselves so ridiculous as to pursue this idea, but such astounding things happen in these days, even to normally sensible people, when there is half a chance to pick up a few pounds, that it is just as well to discuss any legal principle that has a bearing on the issue.

We will make a present of another idea to the Edmonton Guardians, which their ingenious member has missed. Are they aware that it is the practice of some inmates of workhouses, on their periodical afternoons out, to devote their time to picking up cigarette-ends, extracting the fillings, and selling the "tobacco" (leaf, beer, saliva, tuberculosis and all) to their brother inmates? Why not intercept some of the revenue by charging a scavenger's licence-fee? These fellows have no right to compete with the respectable tobacconist, who, by paying his poor-rates, is defraying their overhead costs. For—will it be believed?—they actually conduct the stripping, blending and wrapping operations on workhouse premises! It is most unfair competition; and we call upon all our readers who are lovers of justice to drag this unutterable scandal into the glaring light of public opinion. Write to your local editor immediately.

Reverting to the Workman Clark case, some striking figures were quoted by Mr. E. S. Murphy, K.C., in support of Mr. Urquhart's claim. It appears that the original capital of the company was £360,000. In August, 1917, its balance sheet showed the reserve fund as standing at the enormous figure of £975,000. Mr. Murphy asked what conceivable need the directors could have had for issuing £3,000,000 of debentures in 1920. He remarked that if Messrs. Workman Clark and Co. had continued to hold the assets they held in 1918 the result that did occur could not have occurred. An entirely new company had now been formed, and the old company had sold its yard "to others for £240,000." (*Lloyds List*, June 20.) Without seeing any further evidence it is fairly certain that by the year 1920 Messrs. Workman Clark's reserves were well on the way to extinction. All shipping concerns were in the same boat; and if, as is very likely, their respective reserve funds at the end of the war largely represented holdings of shares in each other's enterprises, the collective amount represented nothing tangible at all, but simply an expectation of continuing to earn revenue on a war-

scale. As we now know, the bankers' deflation policy extinguished that expectation, and thereby extinguished the "reserves."

Under the present system of costing and selling production within the limits of bankers' financial policy no firm can accumulate reserves without to that extent undermining the solvency of all other firms. Hence it is unsound as a general economic principle for any business which makes a big surplus of cash to invest it in other enterprises. In a small town, if a new butcher came along and secured all the existing meat trade he would not invest his surplus in the businesses of the other butchers. And if he could be conceived of as succeeding, by some miraculous advertising-method, in getting the townsmen to spend all their money on his meat, he would not invest his profit in any business at all in that town. This hypothetical town, considered as a closed credit area, would have exhausted its ability to afford him a return on any investment but his original investment in his own shop. But a nation is a closed credit area in this sense—and so is the whole world. National central-bank control of currency in all countries, and international central-bank supervision of those national controls, are being consolidated right and left by the world's bankers with their Currency Acts, their Dawes Pacts, their Reparations Reports, and what not. These schemes all converge on the central objective of rigidly keeping the total supply of circulating money within a certain arbitrary limit. If they succeed, our picture of the town will be an exact picture of the world.

A more appropriate picture at the present moment would be that of racecourse and a Totalisator. The public go on the course with a certain amount of money. Imagine them to be shut in, and to remain there continuously during a series of daily meetings. The amount of money they have is fixed, and (by hypothesis) cannot be increased from outside. Supposing they stake £10,000 on the first day. They will divide out in winnings £9,400—the other £600 being the Totalisator's 6 per cent. official profit. Suppose that every day the public stake their winnings of the previous day. They will, of course, stake a continuously diminishing amount; and it will be simply a matter of time before the Totalisator will have secured the whole £10,000. But let us suppose that in the meantime the proprietors of the Totalisator invest their profits in improving its mechanism, or in building a grand stand, or in some other permanent development of the racecourse; or in all three directions at once. They would, in the circumstances, we will suppose, pay out the money to unlucky backers as wages for doing the work. Now, so long as this development work proceeds, and the proprietors of the Totalisator pay for it by re-distributing the whole of their profits as wages, the public as a whole can keep on staking £10,000 a day; and it would appear as if this money-cycle—stakes, profits, development-wages, and so on—could go on revolving for ever. But two things would happen. The first is that in course of time the Totalisator itself would have become so efficient, and the grand-stand so large, that there would be no sense in developing them any further. The second is that the proprietors of the Totalisator would discover that the value of their "reserves"—of their accumulating investments—was diminishing, not increasing. For what would be the use of their accountants posting figures in ledgers showing the capital value of the improved Totalisator as, say, £20,000, and that of the grand-stand as another £20,000, when at no time was the money on the course more than the original £10,000? They would be bound by accepted accountancy laws to recover all costs in prices. But

supposing they did; and increased their official Totalisator commission to, say, 20 per cent., or levied a charge of 5s. for seats in the stand, in order to cover depreciation charges. If the public bought seats they could not bet, or if they betted they could not buy seats. Lastly, if the development work were discontinued, they would soon be without the money to do either. The game would stop, and although the proprietors would end up with the whole £10,000 in their coffers, they would have to write off the difference between this revenue and their book costs of £40,000. The principle of this analysis is not invalidated by the consideration that a Totalisator does not produce goods for consumption. You may indeed enlarge the illustration to include the production of food on the racecourse. If so, you will see that the price of food must either increase, or the cost of the food delivered for that price will be cut down (i.e., a less quantity will be sold for the same money)—and the fundamental reason will be that, in business accountancy, capital costs are a *prime charge* which consumers must pay. As we have seen, they cannot pay them in the long run; but they are obliged to pay them as long as they possibly can, after which they get let off the rest as an incidental result of the writing-off of capital at the investors' expense. We have not brought the banks into the illustration. But you have only to make the supposition that the £10,000 on the racecourse was originally provided by a creation of bank-credit, and was due to be repaid at some time or other, to see that of all the parties concerned in the narrated events, the bankers are the one who cannot lose. The racecourse capitalists can either pay back the whole £10,000 when called upon or pay only a part. If all, they retain possession of their property but cannot earn any revenue with it. If only a part, the property falls into the hands of the bankers, who, having got it at the cost of the unpaid *balance* of their loan, can, if they choose, reduce prices, and so earn back this *balance lost*, in the sense that they disappear out of circulation by the act of any member of the community. If "A" cannot return his loan, it is because "B," "C," or "D" have got the money; he is short of. If, then, the bankers collar "A's" capital assets, they can, in general, rely on getting in their money by selling them at scrap prices to these other people, who, even if they do not really want them, will endeavour to buy them up, in case the bankers lease them to a syndicate of their own friends, who could then undercut prices. As a matter of fact, the reconstructed Vickers, Armstrongs, and even industries like the Welsh shipping concerns (one remembers the Press references in 1921 to "the bankers' fleet") are really being run by what are virtually bankers' syndicates.

We now come back to the case of Workman Clark and Co. When we hear that the property has been sold at less than pre-war value to "another company," and listen to Mr. Murphy asking where the reserves have gone and claiming Mr. Urquhart's money back for him, we have to smile. Mr. Murphy ought to be addressing the Court of Directors of the Bank of England.

Last Sunday week Lord Beaverbrook published a sort of Manifesto in the *Sunday Express* calling for a "resolute body" of men determined to push the cause of an "Imperial Fiscal Union." Last Thursday Mr. Neville Chamberlain based his address to the Empire Industries Association on the same idea. The Chairman on the occasion was Sir Henry Page Croft, who opened the proceedings with an expression of his pleasure at Lord Beaverbrook's action in raising the question of an Imperial Trade policy.

Last Monday week, that is, the day following Lord Beaverbrook's article, the *Financial News* published a leading article headed "Log-Rolling," which dealt with America's contemplated revision of her fiscal tariff and discussed the consequences of the threatened higher duties. We shall quote from this article in a moment. First let us remark that the speech and both the articles have one common principle—the economic unity of the Empire. This phrase, it will be remembered, was used by Mr. J. F. Darling as the title of his book, in which, speaking with the authority of a director of the Midland Bank, he laid down an Empire credit-policy and sketched out a provisional technique, the most striking feature of his thesis being the recommendation that Britain should dump the future production of South African gold on America in payment of debt. It is important to recall Mr. Darling's gold-policy at this moment when various economic Professors are so busy disseminating the idea that the world's gold supplies will shortly be insufficient to go round. In contrast to them we have an experienced banker asserting in so many words that the Empire can amply provision itself with credit without reference to this magic metal. We shall show later that the *Financial News* says practically the same thing, and uses it as a threat to the United States.

Reference to Mr. Darling and the Midland Bank will remind our readers of the late Lord Milner, whose criticisms of high financial policy are familiar. Lord Milner was, on the one side, a Midland-Bank director, but the older generation of politicians will remember him more as an intimate friend of the Chamberlain family. He was Mr. Joseph Chamberlain's right-hand man in South Africa during and after the Boer War of 1899-1902 when the issue of gold-mining control was being fought out. When that was settled, Mr. Chamberlain came out as an Imperialist with the policy of binding the Empire together by a system of trade preferences for the Colonies, so creating the power of negotiation with, and if necessary, retaliation against, foreign countries. This was in 1903; and now, twenty-six years later, Mr. Joseph Chamberlain's son has raised practically the same fundamental issue. In so doing he has a strong political tradition behind him, and his policy is parallel with that of the largest single bank in the world—the Midland. In the face of this alliance of forces it is not surprising that the *Financial News* is at last beginning to talk less like a cosmopolitan and more like a British newspaper.

Mr. Neville Chamberlain's address is characterised by the *Evening Standard* as "dramatic." This probably has reference rather to the manner in which he supported the Empire policy than to the adoption of the policy itself. For instance, he said:

"All probabilities point to the fact that this Parliament will not run its statutory course. We would be wise during the period of enforced leisure to formulate our industrial policy."

"One result of this election has been to free us from all the pledges we have imposed upon ourselves in the past. (Hear, hear.) The slates have been cleaned. If one looks back upon our past policy, if that policy has had a fault, it has been that it was too insular."

This is an unmistakable hint that Conservative guarantees to the Free Traders are now to be withdrawn; it is consequently a gesture of repudiation of the Bankers' Manifesto which insisted on the removal of all impediments to the free transfer of goods between the nations of the world irrespective of race—universal free trade. For Mr. Chamberlain went on to say:

"The eyes of Canada have been opened to the great danger that lies before her if she turns her eyes southwards instead of across the Atlantic. To-day we find the

representatives of both the great parties in Canada turning to the Mother Country with a desire to make some arrangement.

"Recent events have shown the wisdom and foresight of statesmen who have preceded us—of my father—a quarter of a century ago. Even now it is not too late to introduce a new policy of trade relations within the various parts of the Empire which may strengthen and deepen the sentiments which still unite us."

Of course the words of Statesmen out of office must not be taken seriously unless there are collateral evidences that they are meant seriously. One set of such evidences in this case we can derive from our knowledge of the Social Credit analysis. We know, for instance, that under the laws and technique of the international bankers the largest creditor nation becomes automatically the largest exporting nation, and that the adoption of Free Trade would facilitate the process. We know, too, that whatever the logic of bankers' law may be, the industrialists of the debtor nations are not going to stand for its consequences. Free Trade, yes; if the nation's bankers will finance the population so that it can consume the whole balance of imports over exports. But Free Trade under a financial policy which not only allows, but actively assists, such balances of imports to suffocate domestic production and deprive masters and men alike of the means of earning an income—"nothing doing"! The world outside America will go, must go, protectionist in spite of the bankers. It is easily credible that Mr. Chamberlain really intends to do what politicians in general will have to do in any case under the pressure of industrial opinion.

A further piece of collateral evidence is provided by the spectacle of the *Financial News's* descent from its superpolitical pedestal of financial dispassion, and taking sides in a European-American trade squabble—just as it were an Oracle rolling its sleeves up for a scrap. Though it does not make any reference to Mr. Neville Chamberlain or to the Empire, it creates an atmosphere congenial to the development of his policy. First of all it mentions "graft" and "log-rolling" as the explanation why there is a move in America to increase the tariff even above the high rates imposed by the Fordney-McCumber Act of 1922. It suggests that the House of Representatives and the Senate are contemplating this action against President Hoover's judgment, and adduces arguments to prove that the President is right.

"The starting point is the fact that the States is a creditor nation, with large annual payments to receive on account of war debts and interest on her own capital invested abroad. Further, an increasing number of American manufacturers, exploiting to the utmost the economies of large-scale production, are seeking markets abroad. Many of them are succeeding. But they must be paid for their goods, and the sum due will add to the credit balance to be liquidated by foreign debtors. How are they to settle their debt? It is possible for it to be indefinitely reduced, and for a time wholly offset, if American investors will agree to lend abroad on a sufficient scale. For a while, and until about a year ago, there was a great burst of such investing. Then it almost stopped, and the stoppage has been the dominant factor in the monetary situation. It must, however, be understood that in the long run it is quite impossible for the balance of international indebtedness to be settled by a process of one-sided lending by the chief creditor, unless that creditor is prepared to give his capital away for nothing, which virtually amounts to a cancellation of the indebtedness."

(Our italics.) Quite so. Perhaps shortly the *Financial News* will perceive that this truth applies just the same to a nation's domestic loans as to its foreign loans. The American and the British populations respectively stand in the same position relatively to the investors of Victory Bonds and War Loans in their own countries as do the debtor nations of Europe to the creditor nation, America. They have not got the money that they are debited with. How are they to get hold of it? Not by borrowing from their

creditors (or, for that matter, borrowing from any source), because the new borrowing will increase the debt. If, as the *Financial News* says, creditors make debtors a present of the money, then of course the debt can be cancelled. Stated thus, the suggestion sounds absurd, and is undoubtedly intended to sound so. This is because the *Financial News* assumes that the only source from which such a present can come is the invested earnings and profits of the creditors; which means that if the creditors want the debt settled they must settle it themselves by writing it off and renouncing their claims. But there is a higher source whence the present can be obtained without imposing renunciation on any of these creditors. That source is the banking system.

The bankers, as creators of credit, can, if they choose, make a free grant of money to the creditors on behalf of the debtors. We can ignore for the moment the technical arguments against this idea, because they are all based on the assumption that the consequences of adopting it must necessarily create another situation as bad, if not worse, than the original. There are answers to them all; but our present purpose is to emphasise the principle that if you wish to solve a debt-problem arising from a general shortage of money, the first thing to do is to look to that source from which all money proceeds: and if the solution is to make good the deficit by a gift, the obvious people to look to are those who can make the gift without cost to themselves—without sacrifice, either present or retrospective. When Mr. McKenna proved that every bank-loan created a deposit, he also proved that a gratuitous issue of bank-credit also created a deposit. Such deposits function as new and additional money. This money is not the property of the bankers who create it; it is the property of the public who use it, for it derives its value solely by reason of the work done by the public in all its manifold capacities in the economic field, and not by reason of any entries made by bankers in ledgers. Viewing the banking system as a commercial institution, it would suffer no loss by issuing gratuitous credit. It need not even forgo a profit out of the transaction, because the public would be only too willing to let it take a handsome commission for its book-keeping services in connection with the issue. But we need not labour this aspect of the case, because bankers themselves have asserted and proved in public that from a commercial point of view they could work a "wrong" system (as they call it) just as profitably, and even more so, than the "right" one which they claim that they are imposing on us all in our own interests.

No Statesman yet has seized upon the opportunity afforded by this claim of the bankers. Insisting as they do that their business is a private one, they would have the right to say to Parliament: "Here, we protest; you are doing something to prejudice our profits and depress the value of our property," or: "You are discriminating unfairly against our commercial interests." In so protesting, they would be exercising no more than the right of any other business concern or individual. But the moment they widen their ground of resistance to claim that their business policy is in the public interest, the Government can obviously reply: "Very well; we are the representatives of the public interest; we will examine your claim." Apart from this, if "self-government" has any meaning at all it implies the right of the public to act against their best interests if the spirit moves them that way. If in social life anybody comes to you and says: "Well, now I've told you: it won't hurt me what you do; you'll only hurt yourself," however right you think his judgment you will certainly tell

him to mind his own business directly he tries to interfere with your action.

We return to the *Financial News*. Having proved that American creditors cannot directly receive money from European debtors unless they give them the money first, it now proceeds to show that the only alternative is the indirect method, namely, the admission into America of things worth money. It explains that the necessary "expansion of exports" from Europe to the United States can not take place immediately, but requires the "machinery" for bringing it about. This machinery is "an alteration of relative prices by means of a gold flow." But:

"The gold has been flowing for some months, but it has not functioned because of the policy of sterilisation pursued by the Federal Reserve Board. Thus we, as the chief free gold market, are steadily losing our gold, the currency system, and the basis of credit are being profoundly disturbed, simply because, while the American economic policy of refusing goods and sterilising gold continues, there is no method for settling accounts with the United States."

"The position might be regarded as farcical if it were not so serious. Clearly the gold drain to America cannot go on very long. Gold is not really a means of international payment. It is a lever for the modification of price levels. If the fulcrum is taken away it ceases to serve its purpose." (Our italics.)

Since the *Financial News* draws the right conclusion we need not spend much time testing its line of reasoning. What it designates as "sterilised" gold is, in common words, gold out of work—gold not employed as a credit basis. Its indictment is that America continues to acquire gold from her debtors but does not expand the volume of her internal credit-issues commensurately. The new gold is simply used to widen the foundations of the same volume of dollar-credit. At the same time, the loss of this gold by (e.g.) Britain narrows the foundation of the same volume of sterling-credit; and, under the law of a common fixed ratio of gold to credit, ought to bring about a reduction in the volume of sterling-credit circulating in this country. It seems as though the *Financial News* were saying to the Federal Reserve Board: "If financial law allows you to take in gold without issuing the equivalent dollars to American nationals, it equally allows the Bank of England to send out gold without withdrawing the equivalent pounds sterling from British nationals." And the same argument would apply with regard to the Central Banks of other European countries. That is to say, Europe also will ignore gold movements. This interpretation of the writer's meaning is supported by the concluding sentences of the article:

"The [United] States must adjust both tariff and currency policy to the fundamental necessities of her economic position as a creditor nation. Unless she does so one thing is certain: the gold standard will be abandoned in Europe and the dollar exchange will become a spring-board from which to overleap the American tariff." Imagine such words coming out of the mouth of the City! What will the Bishop of Chester have to say about it when he again broadcasts the divine virtues of gold? (We suggest that those of our readers who belong to the Church, and recall the circumstances alluded to, would be doing good service if they wrote to the Bishop.)

The *Financial News*, while posing these ultimate alternatives, mentions one means by which America, though unable to avoid facing them in the end, may delay the necessity.

"There is little good to be expected in an increase in our own Bank rate, since it will merely endanger our own industrial position without affecting our international balance to a sufficient extent so long as the United States persist in their tariff and monetary policy. Mutual recrimination in respect of Bank rates is futile. Temporary relief can be obtained if the States return to the role of

large foreign lenders. Relief would also follow upon a cancellation of their war debt. For a time the relief would be considerable, but it would merely postpone the evil." (Our italics.)

Splendid! We are beginning to hear the echoes of our readers' ten years' patient propaganda. They might parody the old song in celebration—

"We shot an arrow into the air,
It fell to earth, we knew not where."

"Long, long afterwards, in an oak,
We found the arrow still unbroke."

"And the song from beginning to end
We found again in the heart of a friend."

Still, it does not do to throw hats in the air while the wind is high. We must give them just one wave and put them on again. For the interests behind this recrimination have shown no indications yet that they are aware of what they are really quarrelling about. As Emerson said in so many words, any fool can speak wisdom; the point is, does he know when he is speaking it? So when the *Financial News* tells America that she must import a surplus of goods from Europe, does it know what America must do as well to make the importation tolerable to American citizens? Sooner or later it will be driven to find the fundamental cause of the industrialists' fear of imports. And that cause will be found nowhere else but in the Board Rooms of the banks. Money does not grow out of work any more than figs grow on thistles. As Mr. McKenna has said, the amount of available money in any country depends exclusively upon the action of the banks in putting it there or taking it away. If populations cannot create extra money by making extra things, it is certain that they cannot collect extra money from each other by making extra things. That is why the only extra things they do make are those things which the bankers desire them to make and will issue the money for—capital goods with a financial "security-value," not consumable goods with a human security-value. And people wonder why their standard of life has remained depressed to the point of discomfort and anxiety during a period of constantly increasing productive capacity. If you will only make extra things which are useless to you, you can get more money to buy the things which are useful—and which you are not allowed to make! If you're a good boy you shall have a steam-engine—and watch father play with it.

Whatever a resumption of foreign lending by America might do to relieve the debt situation there are risks of objectionable economic concomitants which the *Financial News* does not touch upon. Loans are not made unconditionally. They are protected by a security. This security may take the form of an assignment of tangible assets (as in the instance of Lord Beaverbrook's railway-wagons) which can be distrained on and sold up by the creditors in case of default. But alternatively, and often additionally, it may take the form of the right to control the policy of the concern being financed. As illustrating this method we can cite the *Birmingham Gazette* of July 5 which publishes a two-column protest on its front page from the Mayor of Smethwick and the Chairman of the Oldham District Council against speculative transactions by American capitalists in British electrical companies. They call attention in particular to the recent sale of the Shropshire, Worcester and Staffordshire Electric Power Company to the Utilities Power and Light Corporation of Chicago. They make the general complaint that:

"The acquisitive zeal of the American group has, however, extended far beyond the borders of Shropshire, Worcestershire, and Staffordshire, and has resulted in their obtaining control through the Greater London Trust

of many electric supply undertakings throughout the South and West of England, the owners of which can hardly have been induced to sell out except on terms which they deemed decidedly advantageous."

The writers are not drawing the most important moral. The prices at which the Shropshire and other concerns were sold do not matter—indeed, within the American-Debt frame of reference the higher the prices the better. It is the transfers themselves that matter. Again, the assumption that the "owners" of the transferred concerns had a free hand to make their own price is not proved, and there is plenty of evidence to invalidate it. For instance, the writers state, in support of their contention that the Shropshire Company was showing foresight and enterprise and was becoming a sound revenue-earning concern, that it had built a great "super" power station on the banks of the Severn. That is all right so far. But they say that the work was carried out "with the aid of a loan of £750,000 guaranteed by the Treasury under the Trade Facilities Act." This mere fact blows sky-high the notion that the directors of the Company had the power thenceforth to do what they liked with the property. At the least, the Treasury would have the power to veto the sale. At the most it would have the power to enforce the sale. Readers of this journal will have no difficulty in deciding which of the two hypotheses is the true one. Mr. Churchill—a bit more courageous now that he is out of office—taunted Mr. Snowden last week in the House (over some decision that he had announced) in the words: "The Treasury have won again!" Precisely. And the Department which can make puppets of Chancellors can leave its under-secretaries to order directors about. It is further to be noted that, privy to the high counsels which inspire Treasury policy, is Mr. Grenfell, who sits for the City and represents the Pierpont Morgan interests. In fact, it is extremely probable that the House of Morgan Grenfell was concerned in financing the purchase made by the Chicago Corporation, which, it appears, bought the whole of the ordinary shares of the Shropshire Company at 50s. for each £1 share, a price which the writers say was "largely in excess of their intrinsic value."

They make a more cogent point when they ask what is to become of the promised cheap electricity, which was to prove "the salvation of British industry," when on the very threshold, industry will be "loaded with inflated capital charges." They also point out with regard to unification that there is no reason why unified control could not have been gained "without the duplication or triplication of the capital of the electrical companies." Lastly, they declare that—

"If further capital was in fact required for genuine development of the industry the Shropshire Company and the other concerns could most certainly have raised it here without recourse to Chicago, and by methods consonant with prudent finance."

In regard to this last statement we would advise them to make sure. It may be true in respect of one or two small concerns, but it is a well-understood fact (one that we have seen stated in Wall Street journals) that the Bank of England in practice has the power to prevent any considerable borrowing of capital in this country where it wishes to do so. So, granting our hypothesis that the Central Banks, the Treasuries and associated groups of professional financiers in America and England respectively were agreed on the sale of the Shropshire concern to American ownership, how could the directors of the company hope to raise capital for the purpose of resisting the sale and retaining their independence?

Where the two writers are off the mark is in their supposition that the cause of inflation of electrical capital lies no deeper than the blind acquisitiveness

of self-determined directors and shareholders. Nothing of the sort. We pointed out, for instance, a few weeks ago, that in the case of the Bolivian Republic, the New York bankers forced her to borrow some millions of dollars more than she had proposed to. Moreover, there was the condition that Bolivia should not borrow from any other lender during the currency of the loan: if she wanted more money she must go to them for it. The motive was obvious. The more money Bolivia could be coerced into putting into her property the longer time she would take to repay the debt-instalments, and the more comprehensive the list of tangible securities the bankers could demand to have made over to them. In brief, the motive was not to make a profit out of Bolivia, but to control her economic policy by keeping her in a perpetual condition of visible insolvency.

Similarly with the British electrical enterprises. The more dollars paid by the Chicago Utilities Corporation (and the bankers behind them) the more certain will be continuity of American control. And not only does the over-capitalisation perpetuate control, but automatically enhances the cost of electricity to British industries, as the writers point out. Further, supposing that, even in spite of such an automatic increase of prices, British industrial users of power were yet able to threaten American trade in the world's markets, we know of nothing which would prevent the American financiers adding any further margin to the price which they found necessary to paralyse British competition. But that contingency need not be discussed, for we feel certain that the degree of dollar capitalisation has been nicely adjusted so as to ensure that the electrical combine would have to sell at *below cost* before it could put its industrial customers in a position to compete with their American rivals in their respective lines of business.

According to these correspondents there is to be a new company to take all the electrical undertakings acquired by the Greater London and Counties Trust. We recommend them to do all they can to discover who will be responsible for the administration of the new company, and what interests will govern its policy. Let them not be put to sleep by the reassuring formula "under British management." Managers do not have the last word in fixing prices. Whatever group has that power holds the salvation of British industry in its hands. Meanwhile we are glad to see that the Councils of Smethwick and Oldham have passed "unanimous resolutions of protest" and that steps are being taken to "lay representations before Parliament"—not because Parliament will take any action but because these events prove that industrialists are becoming more awake to the danger to themselves of Treasury policy.

WORKMAN, CLARK APPEAL.

House of Lords, June 24. Counsel's argument against Mr. Urquhart's claim. (See Notes.)
Mr. Greene: "My point is that a debenture-holder by affirming his position as a debenture-holder is taking up the position that the money is no longer his, and that it has gone into the assets of the company, which are no longer his assets. . . . There could be no sense which had any meaning in law in which it could be said that the misapplication of the assets of the company was misapplication of the debenture-holder's money, any more than a creditor could say that the money that had gone into the debtor's pocket was his money. What had taken its place was the relationship of debtor and creditor. What had happened afterwards was no concern of the creditor. If the money was lent under false pretences he could get his money back afterwards. There was nothing shocking about it, for the reason that the law gave the creditor complete protection in such a case."

Viscount Sumner: "It does not find the money for him."

Twelve o'Clock.

"Shakespeare strikes twelve every time."—Emerson.
(Edited by Sagittarius.)

"People are not to be led, either by their love for, or by their fear of, a leader or a group, but only by an exact truth presented on just the right emotional wave-length."—Knud Storfensson.

[Some English sayings dating from the seventeenth century, mostly from Ray's "Compleat Collection."]

Samson was a strong man, yet he could not pay money before he had it.

The skilfullest wanting money is scorned.

He that hath money in his purse cannot want a head for his shoulders.

Money will do more than my lord's letter.

It's money makes the mare go.

God makes, and apparel shapes, but money makes the man.

It would make a man scratch where it does not itch, To see a man live poor to die rich.

This buying of bread undoes us.

Cobbler's law, he that takes money must pay the shot.

A beggar can never be bankrupt.

The belly is not fill'd with fair words.

The best is best cheap.

He that goes a-borrowing goes a-sorrowing.

He that borrows must pay again with shame or loss.

A pound of care will not pay an ounce of debt.

When good cheer is lacking your friends will be packing.

Out of debt out of danger.

Forecast is better than work-hard.

That's my good that does me good.

They that be in hell think there's no other heaven.

Better to be idle than not well occupied.

Ill luck is worse than found money.

A heavy purse makes a light heart.

Misreckoning is no payment.

As good play for nothing as work for nothing.

Poverty parteth good fellowship.

That's but an empty purse that is full of other men's money.

Why should a rich man steal?

Every penny that's saved is not gotten.

Through German Eyes.

"The fool knows more in his own house than the wise in another man's."

"From whence may be learned, that though sometimes those that govern are destitute of sense, yet it often pleases God to direct them in their judgment."
(The Wisdom of Sancho Panza.)

All who have striven to scrape acquaintance with one or more foreign tongues by help of the older grammars must be familiar to weariness with the repetition of the story of Oxenstierna the Swedish chancellor, who urged his son to "go and see with how little wisdom the world is governed."

It is humiliating to reflect that if the young diplomat had set out of his travels in the twentieth instead of the seventeenth century he would have found but little improvement in the state of Europe. He would have discovered that the world war had left behind it a mass of tangled folly exceeding even the evil legacies of the Thirty Years gentle bickering—and the end is not yet.

Now if there is ever to be greater wisdom in the ordering of the world's affairs it may possibly be attained by the pooling of experience; by the formation of a "League of Notions and Eliminations," and by the contemplation of common problems from different visual angles. As a tentative step in that direction it would be a good beginning to admit frankly that there is a German point of view: that it may not be destitute of sense, and that its unprejudiced consideration may even help us in the solution of our own difficulties, e.g.

NOTION.

"Squaring the Circle."

Referring to the establishment of the World Bank Dr. Daniels in his April review of foreign politics in the *Preussische Jahrbücher*, says:—

"—the Americans are reported to be specially interested in an institution of this kind, and for the following reasons: they foresee that in the future large sums for reparations will not be transferable, therefore they must be invested in Germany for the benefit of her creditors.

"Now the American has it in mind to finance through the 'World Bank' the manufacture of certain articles for export, such as American merchants could handle in Latin America and other 'exotic' countries: articles which America, blessed with high wages and salaries, is not in a position to make at a competitive price. If this inter-pretation of the World Bank prove correct, the final outcome of reparations would be that underpaid German workmen and clerks will work for the promotion of American imperialism.

"Do, ut des' will be interpreted from the American point of view as providing the Union with cheap goods for the economic penetration of Latin-America, and offering the Kellogg pact as *quid pro quo*. . . . For a long time," adds Dr. Daniels "we in our part of the world have been puzzling our brains as to how the Americans would collect their debts and maintain a tariff that becomes more and more prohibitive.—It appears as if the World Bank were to succeed in 'squaring the circle.'—German reparations are to find their way into America's pocket in the only possible form, i.e., goods, and these are not to disturb the industrial economy of the U.S.A., but to promote its expansion!"

Who says the age of miracles is passed? Are we not all nephews of the same Uncle? Well, well,

"Whatever he has lent to thee,
Returned a thousand-fold shall be,
Lender to all."

FOR "ELIMINATION."

The Visage of War.

Under the above title Dr. Veit Valentin opens the May number of *Krieg* with a review of recent war novels.

It would appear, he says, that on this war question mankind is divided into two parties:—

"Those who are striving to prevent the outbreak of another war and those who are resolutely preparing for

it; either because they desire war or hold it to be inevitable."

As a pacifist Dr. Valentin maintains that the only effective propaganda is to tell the public the naked truth and expose war in all its horror and beastliness, to the confusion of those who still preach that war is a glorious arena for the display of "steel-hard heroism." This is a case for the Eliminations Dept. All who are suffering from war complex or desire to be steel-hardened should be put through a course of concentrated discomfort under selected survivors of trench warfare—with Dr. Valentin as O.C.

A VIEWPOINT.

Socialism and the Colonial Question.

The main purpose of *The Colonial Friend*, the organ of the German colonial party, is to impress on the world at large that "New Germany" is more than alive to the value, nay, necessity of colonial expansion, and is as intent on the recovery of the lost dominions as the most reactionary monarchy could be.

The article in the May issue, headed, "Socialism and the Colonial Question," consists entirely of excerpts from a book with the bellicose title, *The Call to Fight*, by H. M. Gruber, who asserts emphatically that the welfare of the Reich is bound up with an adequate and guaranteed supply of raw materials, which can only be secured by the restoration of her former possessions. "If that be Imperialism," says Herr Gruber—"then we are Imperialists."

Since then Dr. Stresemann has stated that Germany maintains in all conditions "her claim to obtain her raw materials in colonial territories under her own administrative control." Quite so; but if that claim be pushed to its logical conclusion the result must be war with somebody—and that somebody might be John Bull. Well, why fight, why not go into partnership instead under the style of "Bull & Meyer, Importers and Merchants, Branches Everywhere"? The Articles of Association could be very elastic. The company would really constitute a Zollverein of the British Empire and the Reich, and be a very effective retort to the American tariff. It might speedily make a reasonable man of Uncle, and to ask for admission to the ring. And he should be admitted—on terms.

The time may come when he will have to issue debentures to get out of the instalment mess, and it would be only poetic justice if they were held by "Bull & Meyer."

"I can wonder at nothing here," said Don Quixote, where you may remember I told you all things were ruled by enchantment."

"I believe it," quoth Sancho."

J. S. K.

"Many old-fashioned writers would deny that expanding bank credit is a source of capital. They would say it is absurd to contend that the mere creation of two liabilities, namely, the liability of the borrower to the bank and the bank's deposit liability to the borrower, creates new capital. But, held within limits, it must be recognised that this is a real source of capital. The great trouble in recent years is that this source of capital has been overworked to an extent which passes far beyond the limits which any theory of credit can justify."—*The Chase Economic Bulletin*, May 8, 1929.

"Dr. Seymour, who has been the custodian of the papers of Colonel House relating to the Allied Conferences during 1917, 1918, and 1919, emphasises (says the B.U.P.) that General Pershing, the American Commander-in-Chief, was the only one of the Allied generals to oppose the granting of the Armistice to Germany in November, 1918. 'Colonel House laid General Pershing's memorandum advising the continuation of the war before M. Clemenceau and Mr. Lloyd George,' writes Dr. Seymour, 'but they brushed it aside with some show of contempt.'"

Drama.

The Gauntlet: Everyman.

Of the dramatic work of the great Norse trio, Strindberg, Ibsen, and Björnson, only that of Strindberg withstands time successfully. Ideals, like morals, decay and are changed; but miseries flourish eternally. In consequence all romantic drama falls out of date in half a century; comedy has its vogues, being true then and there, possibly, but false here and now; whereas tragedy is true all the time. Björnson's play, "The Gauntlet," is a problem play with an idealistic tendency. It is said that, at the time of its original production, its challenge to the different standards of pre-marital sexual morality allowed by custom to men, and required by authority from women, caused a host of engagements to be broken off. Masculine infidelity before engagement became an offence punishable with divorce before marriage. "The Gauntlet" may still inspire a number of women to further democratic demands; and it may develop democratic bad conscience among, and thus entail further concessions from, a number of men. Nevertheless, regarded either as problem play simply, or as propaganda, it is out of touch with the difficulties of the present day.

In the greater light and intenser darkness of the present Swava Riis had not a good case. At least one of the arguments used against her was unanswerable: that, as she had not discovered the desirability of her aristocratic neighbour until both had spent or misspent their youth, she had no right to demand virginity from him in anticipation of her wanting him. Björnson, of course, as many dramatists have done since, was modelling his ideal enlightened woman who, beyond compromise, would impose her saving eugenic, if puritan, discipline on the male world. To the present generation, more versed in human motives, it is amusing that when Swava's prospective lord and master had humbled himself to acknowledge her chosen standard as just for both parties she was able to swallow her scruples about his previous conduct. In Strindberg's hands that would have been the chief strand of the theme. What is most truly dramatic in Björnson's play has less to do with Swava's challenge to the prevailing double standard than with her conflict in face of the social and political arguments thrown at her by friends and relations to persuade her to compromise; the knighthood, for example, which her father was to receive on her marriage to an aristocrat; her father's illicit affair with Mrs. North, and, apart from the public ridicule in which her action would place him, the aristocrat's finger in the financial arrangements connected with the affair; and the social decline of her family which, Swava was told, would surely ensue if she threw scandal on an aristocratic name at whose darker doings the public preferred to blink. Without this under-theme the play would become a simple middle-class moral problem play with a pre-arranged feminist solution.

Indeed, the whole sexual problem is confined to the middle-class, which had, from 1883, when "The Gauntlet" was first produced, two main lines of sexual life; to be respectable for advancement's sake among men, and among women, to impose on the male the standard of pre-marital chastity and post-marital fidelity which women were acknowledged, from chivalry rather than investigation, to practice. The working-classes have next to no sexual problem, since as every working woman will agree,

necessity not only knows no law, it needs none. The upper classes have equally no need of morals, since they successfully trained their servants to give the impression of exemplary monogamy in high places as long as the middle-classes could be kept moral by their desire to be as their betters appeared. This system works no longer, of course; war-time terror of the loss of life itself, followed by post-war decline of the prospects of advancement, has caused the middle-classes to doubt whether the universe distributes its rewards and punishments according to the gospel of Samuel Smiles. Their attitude is accordingly changed. Quaker oats in youth for ambition's sake have been followed by old age longing for wild oats, to get the most possible out of a universe which respects not business morality; while the young middle-class female nowadays day-dreams of sitting outside the temple to be de-flowered by the first male who fancies her, thus to rid herself of a doubtful treasure that may have no price at market, and certainly stimulates her to envy those who do not suffer under its load. Hence the modern novel and the modern play. Thus women, instead of forcing their own puritan eugenic standard on men have weakened to the degree of adopting that of the wandering male, either in practice or in longing. So Björnson's positive prophecies in the first scene of the last act, of a purer and more eugenic womanhood every generation, as well as his negative prophecy that "if these bachelor habits were sanctioned as right and proper" . . . "it would mean the end of marriage," were the flowers of a middle-class idealism whose renewal depended on the unceasing cultivation and worship of the tree of progress.

The problem of the present day is not to gain men's agreement to equality; it is to apply equality without cutting across biological necessities or innate psychological prejudices, and without much changing the habits of the male. Reason has triumphed; the sexes are to be equal. Mrs. Bertrand Russell's career-woman is to be free to take her boy away with her on her holidays, and to use in pursuit of voluptuousness the energy temporarily unoccupied in cost accountancy or salesmanship. If the middle-class—men and women—are primarily brain-workers with accidental anatomical differences, the vestigial remains of which exact a certain degree of animal compromise with pure intellectuality, the solution is perfectly rational. If the premises are sound, in short, feminist idealism has rightly gone down before feminine rationalism, and Björnson was a false prophet.

Mr. Malcolm Morley's production of this Björnson challenge is of great interest for the sake of its associations. He has not overdone the earnestness of the original intention; indeed, in some characters he has underdone it, although this was to some extent necessary to avoid too emphatic a dating of the controversy. It is provocative of thought to witness the pioneer work of the middle-class idealists at its best, in conjunction with the present outlook. Plays of this character are peaks on the mountain-range of social history, and well worth doing whether one agrees with or disagrees with—or is detached from—their thesis. Mr. Morley's smooth preparation of the artillery barrage on Swava's idealist notions of purity was admirable. First-class performances were given by Louise Hampton as Swava's mother, Walter Pearce as the father of the young aristocrat, and Frederick Piper as the poor husband whose liberal wife had cooled the young blue blood before its serious engagement. As Swava Shirley Bax was excellent when under stress, but she did not give out the warmth which her holy fire of idealistic purity implied, while Douglas Ross as Swava's father played the part a trifle too near farce.

PAUL BANKS.

Music.

At the risk of wearying and possibly infuriating my readers, I want to add a postscript to my recent remarks on singers and singing, particularly in connection with the much-advertised Miss Ponselle and her "Norma" performances. To those both sufficiently *avisé* to remain unmoved by the rhapsodic rhetoric of the journalists and sufficiently perceptive to be dissatisfied with what was offered to us as a "Norma" performance, I would like to point out that there is still to be had a double-sided Columbia record of the great Italian dramatic soprano, Celestina Boninsegna, singing the great *Casta Diva* and its pendant, *A bello a me ritorna*, which will serve to show how far, even with the disadvantages of being a twenty-year-old recording by the old process at its worst, the Covent Garden performance was from what fine *Norma* singing is and can be. This contrast tells more than all words, and serves again to drive home the fact that only the most consummate singing artistry can cope with this music, can release its dramatic and emotional significance. To all others it is literally a sealed book, and it revenges itself on them by sounding feeble, empty tinsel (which it is very far from being) when they try conclusions with it, like Ninon Vallin, for instance, over the air the other evening—an effort utterly ludicrous and grotesque. This singer, who is clever and even brilliant as an interpreter of modern French songs, was like a child trying to lift a great weight, and the immense Bellini line was hopelessly, pitifully, beyond her grasp.

D'Alvarez Song Recital. Queen's: June 25th.

In some respects, in musicianship, and a lesser tendency to let emotion of the more obviously "intense" sort run riot, Mme. d'Alvarez has improved; in others, the quality of the voice and the singing, she has markedly deteriorated. The voice has lost not only in fulness, richness, and volume, but has become unsteady with a frequent tendency to a worn redness of quality in the middle and upper middle part, which shows that things are very far from being what they should be in her use of it. Indeed, upper notes which a few years ago she reached with ease she only now gets, as my old maestro used to say, by "banging at" them, and even so it is very much of a hit or miss. Her two commencing Bach arias, needless to say, sought out all those deficiencies cruelly. There was a great deal too much theatricality about them, especially in "Prepare thyself, Sion." Mme. d'Alvarez does not appear to perceive with sufficient clearness that this epithalamium has to do with a mystical, not a human, marriage. The Strauss *Allerseelen* was frankly a failure, it calls for all the qualities that the singer does not possess, a serious contained intimacy of expression, a steady line-drawing in phrase. On the other hand, the lovely *Du bist so jung* of Erich Wolff, that clever young song-writer who died so sadly early, and who used to be Gerhardt's accompanist, was quite successful. The foolish and pointless little discourses to which the singer treated us by way of preface to the Spanish songs were both gratuitous and superfluous since they merely told us what we could see in the programme for ourselves—and the songs were completely negligible.

Mark Raphael Song Recital. Wigmore: June 26.

Mr. Raphael has the most admirable, indeed, exemplary, intentions and ideas on the singing of *Lieder*, but his vocal apparatus and equipment is insufficient to allow him to carry them out. The voice is harsh and rough and unpleasant in quality, and the production and method accentuate its natural defects. The lovely cycle of *Kindertotenlieder*, by Gustav Mahler, call for velvety smoothness and perfect singing, and it was inevitable that they should

fail of their effect in Mr. Raphael's hands, and in a piano accompaniment as a substitute for Mahler's unique and untranscribable orchestral writing, though all credit must be paid to him for the very obvious earnestness and enthusiasm with which he undertook the thankless task of Mahler propaganda against English critical prejudice. Here, by the way, it may be remarked that the years' long agitation on the part of some of us is at last bearing fruit. We are promised the eighth symphony, postponed from early this season, and the lovely *Lied von der Erde* later in the year.

"Judith." Covent Garden: June 27.

I prefer to defer saying anything about this very interesting work till I have had more opportunity of becoming better acquainted with it. Sufficient to say that on a first hearing the ballet interludes, so far from giving, as doubtless intended, dramatic relief, merely irritate and hold up the proceedings; also one feels that the composer has been hampered by Mr. Arnold Bennett's rather fatuous libretto. Mme. Göta Ljungberg sang finely as Judith, and acted with impressiveness and conviction. The rest of the cast were not of any great matter—much more could have been done than they did. It is devoutly to be hoped that we shall have an opportunity of seeing it again next year. To produce a new opera for only two performances isn't sense. As for the ballet, *Les Matelots*, of Georges Auric, it is difficult to know how one is intended to take it. The music, after the elaborate and vivid score of the Goossens' work, sounded like the prattle of a garrulous and not very intelligent child after the intelligent conversation of an alert adult mind. As for the choreographical part of the affair, it falls to the ground, considered seriously as a work of art; or as a *jeu d'esprit*, a diverting entertainment, for so incredibly, futilely stupid, boring and dull is it that it is quite impossible to be amused. And this *reductio ad absurdum* of ballet technique makes one understand and realise the weightiness of Isadora Duncan's denunciation and detestation of the thing as a stultification of the movements of the body, unnatural and artificial in the worst sense, meaningless and stereotyped. The setting was a fitting counterpart to this display of impotent stupidity. The "simplicity" of "primitive" art that has been the supposed inspiration of so much contemporary work, only serves the more cruelly to expose the hollow falsity and spuriousness of "designs" like those of these settings and other fashionable and expensive French designers and illustrators.

KAIKHOSRU SORABJI.

"The new working capital (up to 4s. per spindle) is to be found, we are told, by the Bank of England. (I am aware that the printed conditions of the Lancashire Cotton Corporation say that debentures may be issued, etc., and mentions no names, but from the platform we are told it is the Bank that is finding the money.) For this loan of approximately £20,000 per mill they are to receive, first mortgage debentures (interest to be arranged later), with a charge on all fixed assets and a further charge on the floating assets, the right to exchange these debentures into Ordinary shares if they desire, and, further, to appoint the chairman and half the board of the Corporation. They also claim other advantages, but those mentioned above will probably be considered sufficient. Compare this with the treatment which the Ace Preference shareholders get for the £70,000 which they will be compelled to find under the scheme. I notice in the Ace scheme that the bank gets 17s. 6d. in the £, the loanholders 2s. 4d., and the shareholders a very small amount indeed. After all the talk of 'sacrifice all round' it certainly appears as if the bank scores here. Further, all of us who are interested from inside know that bank managers in many cases are pressing and urging directors to join the Corporation. I think I have said sufficient to account for the rumour that has somehow got out that this is a 'bank scheme.'—From a letter signed "Justice" in *Manchester Guardian*, April 9.

The Abbey of Theleme.

FROM RABELAIS.

And now the only one left to provide for was the monk, whom Gargantua would have made abbot of Seville, but he refused. Then Gargantua would have given him the Abbey of Bourgeuil, or of St. Florent, which would have better suited him, or both, if he had cared for them. But the monk answered straightly that he would never take upon him the rule or governance of monks. "For how," said he, "shall I rule others who cannot rule myself? Yet if you think that I have been, and may further be, of service to you, then give me leave to found an abbey after my own heart." The monk's desire was pleasing to Gargantua, who offered him all the country of Theleme by the River Loire, to within two leagues of the great forest of Port-Huault. So the monk asked Gargantua to found a religious order whose rule should be clean contrary to any other.

"First, then," said Gargantua, "you must build no walls around your convent, for all other abbeys are strongly walled about." "There is truth in that," said the monk; "for where there are walls behind and before there will be great murmuring, envy, and conspiracy." And because in every abbey in the world all is ordered, constricted, and confined by hours, it was decreed that here should be no clock nor any dial; but that all their business should be done according to their occasion and opportunity. "For," said Gargantua, "the most certain waste of time that I know of is to reckon up the hours. What good can come of it? There is no greater folly in the world than that a man's life should be ordered by the tolling of a bell, and not by the dictates of good sense and understanding."

Item, Because at that time they put no women into nunneries but such as were wall-eyed, halting, hump-backed, ugly, mis-shapen, imbecile, insane, ill-doing, or corrupt; nor men save such as were snuffling, under-bred, idiots and public offences ("By the way," said the monk, "what is that woman good for who is neither fair nor good?") "To be a nun," answered Gargantua. "Aye," said the monk, "or to sew shirts." It was decreed that here no woman should be received except she were lovely, well-fashioned, and sweet-natured; nor man except he should be comely, personable and well-disposed.

Item, Because in women's convents men only came by stealth, and underhand, it was decreed that here should be in no case women if there were no men, nor men if there were no women.

Item, Because both monks and nuns were used to make the three vows of chastity, poverty, and obedience, it was decreed that here each might with honour be married, be rich, and live in liberty.

The lives of the Thelemites were ordered not by laws, ordinances, or statutes, but according to their good pleasure and free-will. They rose from their beds when they thought good, they drank, they ate, they worked and they slept, whenever they had a mind to. None woke them, none made them to drink, to eat, or to do anything else whatsoever. Thus was it established by Gargantua.

All their rule was this one clause, "Fais ce que voudras," do as you please; for men that are free, well born, well nurtured and well used to honest company, have by nature an instinct and a spur that ever prompts them to deeds of virtue and draws them back from vice; which men call Honour. But these same men, when by vile subjection and constraint they are down-trodden and oppressed, must needs leave off the noble disposition that freely turns to good, that they may shake off and shatter the yoke of servitude. For men will ever attempt things forbidden, and long for that that is denied them.

So by this liberty they entered into a laudable emulation, that all should do what was pleasing to any one of them. If he or she said, "Let us drink," they all drank; "Let us play," they would all play; or "Let us go walk in the fields," and they all went together. Never were seen knights so valiant, so noble, and so worthy, so dexterous afoot or ahorse, so mighty, so nimble, or so apt to all weapons, as were there. Nor never were seen ladies more proper or handsome, more modest and more ready with hand and needle in aught that might become a free and honest woman. Thus, when the time came that any man, whether by the wish of his kinsmen or for any other cause, had a mind to depart from the Abbey, he took along with him one of these ladies, to wit, she that had taken him for her cavalier; and so they were married. And if they had lived together in Theleme in good will and harmony, by so much the more did they in marriage; and so, even to the end of their days, they would love one another as they had loved on the first day that they were wedded.

The Philosophy of Social Credit.

(From C. H. Douglas's writings.)

There are very few people who would claim that the money systems of the world are perfect, and the number of such persons is decreasing daily. But when asked to define the various defects in the money system, it is quite remarkable to notice with what monotonous regularity these ideas of "justice" and "value" are paraded.

the most important fundamental idea which can be conveyed at this time, in regard to the money problem—an idea on the validity of which certainly stands or falls, anything I have to say on the subject—is that it is not a problem of value measurement. The proper function of a money system is to control and direct the production and distribution of goods and services. It is, or should be, an "order" system, not a "reward" system. It is essentially a mechanism of administration, subservient to policy, and it is because it is superior to all other mechanisms of administration that the money control of the world is so immensely important.

Just so long as a rigid abstraction is made the test to which physical facts must conform (and any theory of money) which pretends to measure values comes under this description, just so long must there be friction and abrasion between the theory and the facts (and facts are much harder than theories). In a very literal sense, the picture and specification of the world people most undoubtedly want at the present time, is, like the kingdom of heaven, within each one of them, and their desires in general are not more likely to be satisfied by a card-indexed Paradise after the heart of Mr. Sidney Webb than by an Imperialistic millennium ruled by Mr. Kipling's "Aerial Board of Control." It is quite arguable that material wealth, with the emancipation it can carry with it, will not bring happiness, but it is not arguable at all that the vast majority of people will take this truth, if it is truth, on hearsay.

It must be recognised that the great elementary human emotions, desire and fear, are employed with great skill by the Invisible Government, in the guise of rewards and punishments, to obtain certain results. These results, and it would appear, could not have been obtained had not a large majority of the world's population been cajoled or forced into doing a great deal of work which momentary necessity did not, in point of fact, render inevitable.

But because a thing was once sound and desirable, it is by no means necessary to admit that it is permanently advantageous. . . . a system of world organisation which is based on the deception of the general public, the practical necessity or expediency which might perhaps be excused in the past, has now become both undesirable and actively and practically vicious.

The re-action of a threat on the highly strung human product of human civilisation is utterly dissimilar from that which was obtained a few hundred years ago.

The inductive or experimental method of attack on the problems of life which may be said to be the outstanding feature of the Renaissance in the West, resulted in a profound disturbance of the premises of human existence. From the moment that the first crude steam engine pumped the first gallon of water, if not before, the metabolic cycle contained a factor, a new method of entrance for solar energy, which was bound to result in a much steeper spiral of ascent.

The outcome of this must surely be obvious. So far from the mere sustenance of life through the production of food, clothing, and shelter from the elements being, with reason, the prime objective of human endeavour, it should now be possible to relegate it to the position of a semi-automatic process.

Retrospect.

JULY 9, 1925.

The mining crisis—the *Daily News* will allow wage-cuts if made in the right spirit. The walrus must eat fewer oysters and shed more tears. Remedy not in elimination of "self-interests" but in their co-ordination. Lord Aberconway's pessimism regarding future demand for coal.

Reserves as destroyers of demand. Expository illustration based on Lord Aberconway's own company, the Tredegar Iron and Coal Company.

The *Veil of Finance* (series of editorial articles commences.)

JULY 8, 1926.

Mr. Henry Ford on the instalment system. Central-bank politics—England and America get M. Robineau dismissed from the Bank of France. The *New York Journal of Commerce* of May 31 describes plans for world combination of banks-of-issue. (Probably

this is the first piece of publicity concerning the bank for reparations settlements (1929)—the "World Bank.")

Mr. J. F. Darling on Lord Milner as a banker. French banking habits—the *Observer's* comments. Dodging income-tax—the case of the Englishman in France who received a business deputation asking him to cook his returns.

Suffrage demonstration in Hyde Park—"votes for women at 21"; "seats in the House of Lords."

America, Europe and the Empire. (Editorial article.) America's four acts—less immigration, higher tariffs, instalment selling, financial control of Europe.

The "Age of Plenty"—Review of first number. JULY 7, 1927.

Mr. Fitzgerald becomes Minister of Defence for the Irish Free State—his concept of the Irish army as co-operating with the British in a war.

Sir Laming Worthington Evans on Lords Reform—opposes elective principle. Sir Herbert Samuel on same—opposes an uncontrolled House of Commons.

The achievements of Liberalism—statistical history of National Health Insurance Funds—reserves sufficient to pay claims for three years.

Anglo-American naval rivalry—the *Observer* argues that there is no real discord.

The *Evening Standard's* discovery that the coal trade only flourishes in one country when depressed in another. JULY 12, 1928.

The Midland Bank questions the "savings" doctrine. Mr. Goodenough on the "negative" qualities of credit—do not gain anything by the right use of it; you only escape the danger of the wrong use.

Mr. Britten Austin on "Will the World Crash?"—scientific invention "out of control."

The City Carlton Club admits Liberal members. Mr. Snowden at Halifax—invites Liberals to join the Labour Party to swamp its left wing—claims that 90 per cent. of Labour policy is Liberal policy.

Railway deficits. The G.W.R. loses £900,000 in first five months of the year.

New York refuses a loan to Rumania. Lord Inchcape's gift of £500,000 to help wipe out debt by compound interest.

The World Economic Conference and tariffs—Free Trade and the recovery of costs.

LETTER TO THE EDITOR.

A SOCIAL-CREDIT REGISTER.

Sir,—In one of your May issues a Shanghai correspondent signing himself "Pallas Athene" suggested a register of subscribers to the "New Age," and mentioned that local discussion circles in various centres might be of assistance to people interested in "Social Credit."

As far as Shanghai is concerned, we have had a circle for some months, and if "Pallas Athene" will get in touch with me I shall be pleased to introduce him to the various people who attend. It is unlikely that further meetings will be held until October, as the weather is too hot during the summer; but it is possible to arrange private discussions.

C. W. PENNETT.

149, Avenue Haig, Shanghai.

[We are always glad to publish the names and addresses of persons interested in Social Credit who desire to come into contact with others. At the same time, we must point out that the resulting "Register" would be extremely useful to other persons who might feel it their duty to discourage such contacts, and who were in a position to do so. When a reader is assured that his own economic security can in no way be prejudiced by his public profession of his attitude towards the present system, by all means let him seek contact in the above manner. Otherwise he had better rest content to remain isolated from his unknown friends rather than risk being cut off from his bread and cheese.—Ed.]

ANSWER TO CORRESPONDENT.

MIXING THE POETS.

The following letter has come to the Editor:—
"SHE WOULD NE'ER CONSENT."
Sir,—It is well to wield a pontifical pen when ascribing a hackneyed quotation from *Don Juan*—written by Byron, Peer, poet, and pretty fellow of the days of the Regency—to Tennyson, the apostle of Early Victorianism. But perhaps the *New Age* writer had his tongue in his cheek?

AGNES CLARKE.

No: if ever I put my tongue in my cheek the bump is prominent. I do not agree with the "peep-bo" manner of

expression so frequently affected by writers, who seem to think that obscurity is artistic. No: the answer is the same as Dr. Johnson's—"Pure ignorance, Madam." (I hope this quotation is right, anyhow.) But Miss Clarke has been an unconscionable time spotting the mistake, for a friend of mine told me of it on June 12. I was most amused and had a joke with other friends about their omission to detect it. We decided that I should lie low and see if anybody else knew Byron from Tennyson. Miss Clarke gets the second prize. The competition, of course, is now closed.

But doubtless others will be opened, because while I remember fairly well quotations that I like, I do not like the fag of verifying who wrote them. Moreover, I have no particular wish to remember poets' names. I agree with Charles Lamb who held that a joke which came, new, into a man's mind was not that man's joke. The same with poetry. If I like a verse or a line, it is mine—and the credit is mine for liking it when I see it. The author can take himself off. He has reminded me of something, and I don't want him any more.

The most consistently entertaining and stimulating type of poetry in the world is the bawdy "Limerick." Yet even the most pedantic "General Knowledge" question in a newspaper competition never asks you to name the author of "There Was a Young Lady of Derby." These modest creators of immodesties are content to let their handiwork speak for itself. Moreover, when it no longer appeals to the contemporary public it is lost in oblivion, and no poor little schoolchild has to do an imposition for forgetting that "Smith" wrote "Then Up Spake the King of Siam."

Another admirable quality in the "Limerick" poets is that never has any one of them attempted to evolve a "new form." The old form is the same yesterday, to-day and for ever; and yet within its rigid rules their genius has continued to display itself in endless permutations of undiminished splendour, and will undoubtedly continue to do so until the end of time.

Of the other "geniuses" the less I say the more politely I can speak. It is not simply that they create a new form because the old one would exhibit their inferior craftsmanship, but they attract to themselves other mediocre people of the same sort, who begin to advertise the new vogue because they, too, see in it the opportunity of exploiting their names. And in the end you have what is called a "new school"; and a name is given to it; and then people who want to be thought "cultured" have to know its name and discuss its work. Lastly, in a generation, the children have one more horror added to their examinations.

The only tolerance I feel towards these people is born of the reflection that (a) they cannot help being made that way, and (b) they have to do something to turn an honest penny. The first is the less important, because many criminals could plead the same excuse. The second is more important, and the more pleasing to reflect upon, because I know that under a reformed financial system it will be possible to let these people have their honest penny without requiring them to turn it. Directly that has been accomplished Parliament will be able to devote some attention to the abatement of the nuisance. It might impose expensive licence-fees on poets: it might forbid them to advertise any examples of their literary genius, and make them sit at home like the doctors and lawyers do, and wait for clients to call when they feel the need of a poetic stimulant, or when they want to buy a smart original couplet to let off at a dinner party. In the meantime, while the world is waiting in the queue outside the New Economic Playhouse, these street performers, so to speak, serve to relieve the monotony for a few though they irritate the majority. But one day we shall all walk in and leave them outside, unless they are content to sit and look and listen.

But somebody must entertain us. Oh yes. We shall sit on the hills of the Leisure State and watch God perform.

THE WRITER OF THE NOTE.

"Mr. Ford realised, he said, that his suggestion that the Government issue paper money whenever it wanted funds for improvements, retiring the fiat money as the improvements began to pay for themselves, was not popular with financiers. Nevertheless, it was practical in his view, and would work out, if tried, far better than the present plan where the Government goes out and pays interest for the use of its own money." He offered no comment on Senator Brookhart's plan to issue \$2,000,000,000 in fiat money at once to develop a highway system to compete with railroads. —*Manufacturers' Record*, June 6, quoting from an interview granted by Mr. Ford to the *New York Herald Tribune*, May 25, 1929.

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The Social Credit Movement.

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

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