

THE NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

The main feature of the trial of Mr. Hatry, Mr. Daniels, Mr. Dixon and Mr. Tabor was the tremendous publicity given to the nature of their crime and the paucity of information afforded as to the nature of its consequences. The result is that whereas the public are aware that these four gentlemen were guilty of a punishable offence, they have no means of forming a sound judgment about the severity of the sentences passed on them. For instance: What is the extent of the damage done? Who are the persons or institutions who have suffered it? Is the damage irrevocable? Everything seems to have been done in the conduct of the case to turn it into a trial *in camera*. When it opened, the newspapers, basing their expectations on the previous proceedings at the Police Court, reasonably predicted a long trial. Almost as soon as it opened the Prosecution announced that certain charges would not be proceeded with. Shortly afterwards all four prisoners, who had pleaded Not Guilty (pre-*sumably* by the advice of their counsel) suddenly altered the plea to Guilty (admittedly the advice of their counsel). One consequence of this was that Mr. Hatry, who had been willing to go into the witness box, was not called upon to do so. Considering that, as Mr. Justice Avory remarked in passing sentence, "the proof of these forgeries would have been comparatively simple," and that the four prisoners, in making confession were "merely succumbing to the inevitable," the initial plea of Not Guilty is inexplicable except on the hypothesis that counsel for the defence considered it preferable in their clients' interests to go fully into the evidence. There was no question here of any hope of getting a verdict of Not Guilty. But what happened subsequently to make them change their minds and assent to the curtailment of the evidence? In the ordinary way a prisoner who pleads guilty is motivated by the expectation that he will get a lighter sentence than if he gives the Court the trouble of proving the crime. But if that was the idea held

by the four prisoners in question, obviously they should have entered their plea of Guilty at once, and not have delayed it for two days.

Again, there is no room for the hypothesis that the Prosecution had, as frequently happens, sprung a surprise on the defence by disclosing knowledge of matters which the prisoner, or his counsel, or both, thought was not in its possession. For Mr. Hatry and his associates had themselves provided the Prosecution with its case, and had done so with a thoroughness that was freely admitted by the Prosecution itself. So whatever caused them to change their minds must have been something not arising out of the proceedings in Court. Let us hope that they got their *quid pro quo*—or *will* get it; for there is precious little evidence of any bargain about the sentences they got.

The upshot of the matter was that the Prosecution secured the conviction with the very minimum of publicity. Mr. Justice Avory had to inflict sentences without judicial cognizance (unless a great deal more came out in Court than has been published) of facts which, we submit, were essentially relevant to the Defence's plea for mercy. As the *Financial Times* says in its leading article of January 25:

" . . . the whole course of the trial has been virtually a procession for the prosecution and there has been practically no defence. None indeed was possible. Such defence as was put forward constituted merely a plea for mitigation of punishment."

"Procession" is a good word. The curtain was raised just long enough to allow the Prosecution to indulge in some ill-informed magniloquence about the honour of the City, and the defence to enter a plea *ad misericordium*; and then the curtain descended. Nothing was revealed as to who had lost (or will lose) anything, how much, how ill he (or they) could support the loss, how many of him (or them) were affected. The victims (if any) being anonymous, there was no humanitarian basis on which the expiation proper to the crime could be

measured. Mr. Justice Avory's reasons for the severity of his sentences, when analysed, amount to nothing more intelligible than if he had told the prisoners that they had infringed Cabalist doctrine and had come near to blowing the gaff on the Rabbins of High Finance.

Mr. Justice Avory's reputation for unemotionality may, as the newspapers report, have been sustained when uttering judgment, but if so this quality was limited to his manner of enunciation; it was certainly not manifest in the matter. He began by characterising the frauds as "appalling"—a word bathed in the most profuse perspiration of emotionalism that we know of. Who has been "appalled"? The frauds had been committed "upon the public" according to the Judge. Now the word "public" is one of the loosest words that passes current in our language. For instance, at one juncture during the trial Mr. Norman Birkett was beginning to analyse a certain figure representing losses consequent on the frauds with the object of showing in what proportions they fell upon the banks on the one hand, and other interests (which he referred to as the *public*) on the other. But Mr. Justice Avory interposed with the remark that the "public" included the banks. In our opinion Mr. Birkett did wrong to let this pass. First of all, it is not a fact either politically or commercially. Banking policy, banking practices and banking privileges are claimed by the bankers themselves to be subjects in which Governments have no legitimate rights of interference. Not only so, but in all the chief countries of the world this claim has been formally and publicly endorsed and defended by the highest Ministers of State, with the acquiescence of their Cabinets or other Executive bodies, and even of Parliaments. It is nonsense for an institution which is above and beyond public control to be counted in among the public.

The nonsense is even greater when the proposition is considered in relation to the privileges and practices of the banking institutions. We need not go further than Mr. McKenna, the chairman of the Midland Bank, for our evidence. A brief consultation of his *Post-War Banking Policy* will show that a banking system (and all the banks are merged in a single working unit to-day) is not merely the custodian of the people's money, but is the sole, originating source whence the people can get any money at all. Banks create credit. Every loan by a bank, says Mr. McKenna, creates a deposit equal to the loan. Every repayment of a loan to a bank, he continues, destroys a deposit equal to the repayment. In between the birth and death of a loan, it has a circulating life during which, by all sorts of fortuitous circumstances, it comes into the possession of various firms and persons, and is conventionally regarded by them as property. Rightly so, because normally they have been obliged to perform a service in order to get it. Now a fraud is a fraud, and deserves punishment. But there is a vast difference between a fraud which robs a few million of poor people of their earned money-property at the bottom end of the scale, and a fraud which robs the banking-system of created money—money which by no casuistry can be shown to be their property at all. Even the word "rob" here loses all significance, for in the case of an institution which can make something out of nothing to an illimitable amount how is it possible for anybody to rob it of any of that something? The truth is that a banking system can replace its money losses as and when it chooses, and from an inexhaustible source.

The objection may be raised that though banks have these powers, the exercise of them is limited

or prohibited by law. But we have just observed that by common assent Governments have no right to interfere with those powers. The immediate resort will be that as a matter of fact they have interfered, and do interfere; and that the bankers are able to adduce statutes and orders in any quantity having that limiting effect on banking policy and operations. This is true enough, but there is an hypothesis which resolves the contradiction, and it is that the interests in control of banking have desired and inspired all this restrictive legislation. Their reason is that they wish to preserve the secret of their complete immunity from the risks and evils that afflict the rest of the population—workers, employers, investors, brokers, and promoters alike—from becoming public knowledge. Take the most important recent enactment of Parliament, the *Currency Act*. One of its clauses imposes a limit on the amount of currency which the Bank of England may print. But banking publicists had been themselves imposing limits to both currency and credit ever since 1920-1. At last, when the public interest in the credit question had grown to the point of challenging this voluntary restriction, the bankers "advised" the Government to make it legally compulsory. The Government was consistent in acting on the advice, because if it had declined its attitude would have been a constructive "interference" with credit policy. A Government must either give orders or obey orders. Directly it assents to the doctrine of non-interference in respect of an institution which has admittedly the power to make or break any firm or individual (by means thoroughly appreciated by every business man) it is placing itself and its subjects under the rule of that institution. This is what has happened, with the result that Parliament's rôle in Governmental policy is to play Jorkins to the financial Spenslows.

So we come back to the Hatry trial. Mr. Justice Avory, insulated as he was from contact with evidence which the above wider considerations would have made relevant to a plea for mitigation of punishment, felt constrained to pass sentences which the public intuitively feel to be unnecessarily harsh. The public will probably get over it by reflecting that although the usual victimised widows and orphans were absent from the picture on this occasion, there must have been some cruel hardships somewhere, or why should Mr. Jorkins be "appalled"?

The *Financial Times*, in its leading article of January 25, defends the sentences in this passage: "But the offences were of so serious a nature that one will be either surprised or feel outraged that Hatry at least should be awarded the full penalty for his flagrant breach of the law. That breach has involved more than a tarnishment of our mercantile code—it has meant a great straining of the belief of investors in scrip values, and it has palpably shaken the tradition that by far the major part of commercial dealings must necessarily depend on personal faith and human integrity. Hatry and his colleagues were much worse criminals than men like Whitaker Wright and Jabez Spencer Balfour, who attacked the interests of their fellows in ordinary business enterprises. By forging the scrip of Home Corporation stocks they brought into jeopardy the confidence of the investing public in a range of gilt-edged securities totalling over £461,000,000, and most of which fall into the same category. We can recall no such similar assault on the reputation of high-class scrip since Henry Fautleroy imposed forged transfers on the Bank of England a century ago and was hanged for it.

"The Judge scarcely exaggerated in describing the frauds as 'the most appalling' in our commercial history, for the very reason that they consisted of 'wholesale forgeries of bearer scrip in trustee stocks, which neither banker nor broker nor any member of the public would ever dream of suspecting to be otherwise than genuine.'" Notice here that the crime was not so much the swindling of people—"attacking the interests of

their fellows," as it was the undermining of confidence in investments generally. Again, it was not the cheap scrip that was "brought into jeopardy," but "high-class" scrip and "gilt-edged securities" in which all the richest financial institutions invest and on which bankers will advance money most readily. And the particular kind of scrip that was forged was "bearer scrip," which by its nature could, if spurious, remain undetected for longer than in the case of registrable securities.

The gravity of undermining confidence in investments is rightly stressed if we accept the assumptions on which the argument is founded. One of them is that industry cannot be maintained and developed unless business organisations and private individuals make investments in it out of profits or incomes. But this situation is caused by the fact that the banks decline to invest credit. They say that they are obliged to "Keep their assets fluid" and that in order to fulfil this obligation they must simply lend credit only for comparatively short periods, and always subject to recall without notice. The obligation consists in keeping at hand a sufficient quantity of a special form of credit called "legal tender" in order to supply it to any depositor who wishes to draw it out in that form. If a bank should default in such a demand from a depositor it becomes, in theory, bankrupt: and, as everyone knows, the practice has accorded with the theory up to very recent times, and banks have closed their doors in such circumstances. But we have already seen that the banks can create credit indefinitely. This credit can be in any form they choose. Most of it circulates in the form of cheques, but this is merely a matter of convenience and precaution against theft or accidental loss. There is no reason otherwise why the whole money circulation in the country should not be in the form of legal-tender currency, judged from the technical point of view of the bank-accounting of loans or the practical consequences to trade and prices. Why the whole financial and commercial edifice should be jeopardised simply because the banks happen not to have provided themselves with sufficient currency, when they can get all they need for nothing, is a question which would take a good deal of answering if conditions arose in which the jeopardy became manifest and the public demanded an explanation.

Fundamentally there is no need for industry to borrow money from the public. The banks could provide all the credit required for the country's enterprises, freeing the people associated therewith to use their profits and wages for the purpose of buying the consumable output. If people wished to invest, all right. But if they did not, industry would still obtain the finance it required. But there is another feature of the investment system as now in operation. By drawing credit away from the consumption market to feed productive activities, it is expanding the capitalisation (and therefore total cost and price) of production while contracting the market in which the production must ultimately be sold—the consumption market. There is a growing body of literature explaining the operation, beginning with Major Douglas's comprehensive analysis of the whole system of credit and costing, and followed by the specific investigations of Mr. P. W. Martin (*The Flaw in the Price System*) and Messrs. Foster and writers are borne out by the *Financial Times* itself. On December 30 it said:

"Real economic progress in a capitalistic world is impossible without ever-recurring writing off of capital." This means nothing else than that there can be no industrial progress unless investors are constantly

losing money. And, of course, they are. There is hardly a case of a company failure where the cause is not ascribed to an unfulfilled expectation of revenue from sales. The need for the product may exist all right in the consumption market, but the expected money does not: industry has borrowed it. This is the reason why bankers' loans to industry are on a short string: they can be snatched out at the first sign of anything wrong. Thus it is the ordinary investors' earned money that is written off, while the bankers' unearned and costless money is retrieved.

The *Financial Times's* article on the Hatry case contains the further comment:

"How important this aspect of the matter was rightly viewed by the Crown is shown by the fact that one of the indictments against the defendants specifically charged them with conduct which menaced and impugned municipal credit—a crime regarded as considerably more heinous than any by which they might have severally and individually profited. It is characteristic of the lines on which the prosecution was conducted by Sir William Jowitt that the far-reaching moral and psychological aspects of the Hatry frauds were not allowed to be obscured by their material and purely financial phases, important as these were."

This confirms what we have been suggesting, namely that the actual damage done by the forgeries was a minor issue. The true issue was "moral and psychological." In our view these words are most appropriately chosen, because the power and privileges of the bankers are protected from challenge and exposure by reason of the public's hypnotic acceptance of the doctrine of their superior wisdom under which their prescribed code of conduct comes to be accepted as established moral law. Anything to stop the public thinking. Therefore everything to hush up the "material and purely financial phases" of the scandal, which would have started them doing so. We would wager a good deal that the method chosen to clean up the business would awaken quite a number of industrialists if it were clearly set out. To discerning students its nature is indicated in our next extract from the *Financial Times*.

"The one admirable feature about this aspect of the case is the way in which both the *Stock Exchange* and the banks have developed a much closer community of interest than they ever have before and have discovered in their common plight a self abnegation and a readiness to sacrifice prestige and gain that has largely reduced the share of the general investor in the heavy losses, amounting to some £20,000,000, that the City has had to face."

The reference to the City's loss reminds us to point out that the slump in the value of the Hatry-group shares has become so confused with the forgeries that a good many people have got the impression that the forgeries were the cause of the slump. If they had been, the word "appalling" might have been let pass. But as a matter of commonsense the forgeries, so long as they remained undetected, must have tended to delay the slump. As for their exposure precipitating it, we must point out once more (see THE NEW AGE for September 26 last) that during the nine months of 1929 preceding the disclosure the financial papers said that the Hatry companies' shares had fallen by £8,000,000 in value. The same papers also said that these shares were at one time worth £10,000,000. Without troubling to blind ourselves with a lot of detailed actual figures, we can reasonably assume that not more than half of the City's loss can be in respect of "Hatry" shares. It might be anything less, so far as information is available. We can reasonably assume also from the above extract that the ably assume also from the above extract that the banks, whether they have been directly let in for much or not (we guess comparatively little) have had to come in and nurse the *Stock Exchange*. The "general investor" has been let out for the convincing reason that he couldn't be let in—he was,

for a certainty, operating on differences with the brokers' credit, and when he lost he couldn't pay up. The brokers who financed the general investor did so on bank credit; and they, in their turn couldn't pay up. Some initial attempts were no doubt made to raise the money to fulfil obligations by selling sound shares. But on pressure to sell the sound shares began to drop. And if the demands of the banks as the master-creditors in the piece had been pressed in the normal way the bottom would have fallen out of the investment-market. England would have survived it, but in the reconstruction other brains and interests would have insisted on joining in the operation. The day when the bankers let the situation get out of hand on such a scale as that will mark the end of their exclusive control of financial and economic policy. To guard themselves against such an eventuality the banks have been compelled to break one of their sacred conventions and leave their credits tied up in the form of a more or less permanent loan to the Stock Exchange. It is quite easy to do; it will not hurt them; they will not be forced to reduce their dividends. But that is exactly the reason why they are annoyed, because every beneficiary under this moratorium, together with his friends and others, will have received an object-lesson of the power of the banks to do good without sacrifice when they choose to exercise it. It is up to every broker who has escaped the hammer to ponder over the situation of his brethren in industry itself who have come under the hammer, and to ask himself whether they who produce wealth are not as deserving of financial favours as he who merely deals in titles to its ownership. For ourselves we congratulate the Stock Exchange on its good fortune, and regard the manner of the concession as an important precedent for a new national policy.

The *Financial Times* adds the following reflection:

"An examination and review of the personal reactions of the Hatry affair lead logically to a consideration of the implications of a more general nature. *Society rightly judges offences such as these harshly, especially if it suspects itself of having contributed to their commission.*"

The italicised lines have reference to the "mistake" which "Society" made in trusting men again who had previously failed in their promotions. But this is too narrow an application of such an excellent reflection. There is ample material to demonstrate that the present trouble has its origin in the deflationary attack launched against capitalist enterprises in 1920-1. The Hatry frauds were desperate attempts to stem the tide of defeat which had overtaken so many other concerns. It is poetic justice that the banks who have been passing bad pennies should get landed with a few of them.

The United Dominions Trust, Ltd., is raising its capital from £250,000 to £750,000 by the creation of 250,000 shares of £2 each. This company finances instalment-purchase; and its present managing director, Mr. J. Gibson Jarvie, will be remembered by our readers as an indefatigable crusader for "distribution credit" during the last twelve months or more. The decision to expand capital has been arrived at after negotiations with the Bank of England. The *Times* of January 21, commenting on this fact in its City Notes, regards it as "another illustration" of the "readiness" of the Bank of England to "contribute" in small as well as in large operations towards an improvement in trade conditions." The nature of the contribution is not disclosed: we may suppose that it consists in taking up some of the shares or, perhaps, in merely lending the authority of its name to the concern. It does not matter: the whole thing smacks of advertising pure and simple. When we consider that any one of the

Big Five banks is accustomed to handle business running into many millions of pounds, it does seem ludicrous that for a paltry half-million recourse should be necessary to the central-banking institution of the country. It looks as if the arrangement has been published with an eye on the Snowden Committee, and intended to be a general answer in advance to the criticisms of the Bank of England's policy which the Committee are appointed to investigate.

So far as the practical benefits to trade and the consumer are concerned the comments of the *Times* are suggestive. It remarks that the ordinary banks provide working capital for distributing goods as well as producing them, and that they provide loans to private customers which are frequently used for financing the purchase of goods for consumption. "But," it continues, "for obvious reasons they do not cater specially for this latter class of business." Some of these "obvious" reasons are, we presume, given in the next passage, which is as follows:

"It could hardly be handled by the ordinary banking organisation. Mr. Jarvie's company aims at filling this void in the credit structure. In other words, his company makes a speciality of financing hire-purchase trading or instalment selling. It is a highly intricate and complicated business, and the success of the United Dominions Trust is to be attributed to the conservatism of its policy. It can be readily understood that the financing of instalment selling or hire purchase requires a form of finance different from that which the banks use. Certainly, at this stage, the raising of additional capital is the right way for the United Dominions Trust to expand its activities. It must not be assumed that hire-purchase trading, even on sound lines, will cure unemployment or restore prosperity to the great industries which are depressed owing to their costs of production being too high. But an extension of this class of business should help trade by enabling small traders to improve their equipment and to enlarge their activities. The scheme is not intended to enable people to buy luxuries by instalments." (Our italics.)

The only sense in which the company fills any "void" is that it proposes to take over a sort of donkey-work which the banks have not the time to trouble about. There is no more "intricacy" in credit-transactions with a thousand consumers than in those with ten producers. It is simply a matter of employing more bookkeepers or tabulating machines. We have no earthly idea what the different "form" of finance is. Loans are loans and credit is credit whoever the borrower and whatever he buys. It is superfluous for the public to be reminded that employment cannot be cured by the circulation of an extra £500,000. The use of such phrases as "improve their equipment" and "enlarge their activities," as applied to small traders, will probably improve the faith of the public without enlarging their understanding—which, of course, is all that is necessary from the point of view of the credit-monopolists.

The United Dominions Trust will not work for nothing. According to *The Times*, the holders of the original shares—to be called "A" shares under the new capitalisation—are to have priority of claim on distributed profits up to ten per cent. The Trust also is to take powers to capitalise undistributed profits—a curious item to select for separate mention unless it is intended to tip the wink to somebody that the Trust is going to build up reserves. The only thing that instalment-purchase loans can do for the consumer is to enable him to obtain delivery of goods a few months earlier than he would otherwise do. It does not lessen the rate at which he parts with his income. He simply puts on a little spurt in the placing of his orders; and then he settles down to his old pace of buying. Industry correspondingly spurts, and then slackens. During the spurt its "equipment is improved and activities are

enlarged," and after the spurt its improved equipment is faced by a relapsed demand. There is no way of avoiding this end under the existing system unless instalment credits are advanced by the financiers in a continuously increasing volume. This obviously cannot happen in a community where the aggregate earnings of consumers remain more or less a fixed quantity.

Instalment-purchase schemes do not simply assist the customer to buy goods, but they make him buy insurance as well. It is all very pleasant for Mr. Brooks, of Brixton, to be told that he can have a coffin delivered in a plain hearse to his door tomorrow, and that if he dies before he has paid all the instalments it will become his very own coffin, and that he may pass out of this world with the comforting assurance that he is getting out of debt at the same moment; but Mr. Brooks has to pay for the privilege. The finance houses run no risks at all: they make money by spreading other people's risks. Illness is similarly provided for in some agreements, fire-risks are sometimes covered, and there would be no difficulty in including unemployment-risks as well. There is some humour in the reflection that while the consumer is allowed to get something before he pays for it, he is obliged to pay for something else before he gets it—something, too, which he may never get.

The evidence of this compulsory insurance-levy may not become apparent in prices, because while the spurt is taking place industry can make more profits at the old rates. The ratio of fixed charges to direct charges is so great that a mere five per cent. increase in quantitative output might quite easily cut the cost of an article in half. This fact need not be elaborated, for every business man knows that in respect of his own concern there is a point in the rate of output beyond which his whole revenue from sales is virtually clear profit. Industry does not retain the profit. Under the instalment system it gets paid by the finance houses, and the amount it receives is conditioned by the terms on which they do business. Whatever these are they amount in the end to this; that the consumers' payments are allocated in certain proportions between the financiers and the industrialists. The latter get a "fair return" and the financiers the rest.

"Complete Independence."

What is sauce for the goose is sauce for the gander. The goose, of course, is industrial, political, and financial authority; and the sauce is the New Economic teaching.

Gandhi demands, in the name of India's teeming millions, "complete independence." He may be able to manipulate the technique of a bloodless revolt. Or, the *Swaraj* movement may run past Gandhi and throw up its Lenin.

The weak spot in Gandhi's leadership is not his code of non-violence, nor his policy of non-co-operation.

The weak spot is: that he has no constructive programme for Indian economics other than the use of the spinning-wheel and home-spun cloth. He is scared stiff of modern machinery, and hopes to be able to isolate India from the world-complex of industrialism. This he might be able to bring about if he understood the economic technique which could ensure the supply of goods and services within the Indian home market.

That Gandhi has no such understanding and knowledge is plain to anyone who has followed the ups and downs of his career.

He might reply, firstly: That before any adjustment of India's economic mechanism can be

thought of, it is necessary to achieve complete independence; and that after that is accomplished India can begin to put its own house in order.

And, secondly: That the vast majority of the population of India need no economic mechanism of distribution since they are still living in a state of primitive production in which, for example, rice grown by the family is needed and used by the family, and hand-woven cloth spun by the family is needed and used by the family.

The fact is, however, that India will not achieve complete independence unless the struggle is shifted from the legislative plane to the economic and financial plane.

And as regards the idea of maintaining a primitive individualised use-what-you-make economy: the educational and social reforms advocated by Gandhi and his followers make it certain that no such hand-to-mouth existence would be tolerated for long. Moreover, the poor peasants have long since fallen into the pit of borrowing money, so that they are in debt, and the land on which they grub and scratch for a meagre livelihood is already under the control of a special type of moneylender. Further, to these considerations, India has already an equipment of railways, waterworks, lighting and power installations, radio stations, and mechanised factories, and, although under Gandhi's primitive utopia the factories might go out of action for a time, it is doubtful whether even his administration would scrap the railways, etc. Such State services could not be run on a handful-of-rice or a strip-of-cloth exchange-system. They would demand a finance-mechanism.

Individuals, or family groups, living in a primitive agricultural economic system, able to grow and make what they need and using such supplies themselves as they need them, have no need of a moneyless system. They are moneyless. It is a pre-barter stage, and to keep such an individual-producer-consumer system going it would be necessary to forbid barter, since bartering inevitably brings into play barter-tokens (such as: shells, rice, stones, etc.), and the beginnings of a money-system is evolved.

What are a moneyless people to do when they wish to make use of railways? And how are they to maintain and administer a railway system?

Gandhi's ethical code forces him to reply: We did very well without railways before, and we can do without them now. Railways are a part of that Western enslavement which we wish to throw off. We shall do well to let the railways rust and disappear.

Gandhi's ideal State—his Hindutopia—is a moneyless State, a rice-patch State, in which modern machinery is unknown.

Yet it is modern machinery, especially transport, which could solve the ever-recurring famine problem in India.

As a matter of fact, the New Economics could produce and run a cash-less State. A Social Credit India could conform to the Gandhi ideal of individuals supplying their own simple needs on a hand-skilled basis, together with such mechanical aid—such as the railway—as might be needed by such people. It could do this with no cash whatsoever. It could do it by a book-keeping system alone. But Gandhi does not know this. He does not know the technique of complete financial independence. Without financial independence there is no independence.

Unfortunately, Gandhi is a competent Western-trained lawyer, and although such training may be valuable in the conduct of a campaign of civil disobedience, it is highly metaphysical and unreal in its concepts.

It is a pity Gandhi was not trained as an engineer of some sort.

Drama.

In the Zone and The Man in Possession: Ambassadors.

Would that Lancashire had been as ready to profit by experience as Mr. H. M. Harwood! His last venture at the Ambassadors Theatre failed because one cannot make a meal of dessert. On the present occasion the dessert is itself good, and is preceded by solid fare. "In the Zone" is more than a curtain-raiser. Although it plays for only a minute or two over the half-hour, it is as nearly a perfect one-act piece as one may hope to see. Indeed, Eugene O'Neill is so outstanding as a writer of one-act plays that it is impossible not to suspect him of having drawn out several one-act into three-act plays, much to their detriment, because of the foolish abolition of the curtain-raiser. "In the Zone" portrays the events in the fore-castle of a British tramp steamer as it enters the war zone in Autumn, 1915. It begins as a thriller in which the seamen are dominated by conventional ideas and terrified by conventional suspicions. It changes into a personal tragedy with a simplicity the more admirable in that it risks anti-climax and soars to climax. All the performances are good, if one may appear paradoxical, without there being any individual performances; which is to say that the teamwork of the producer and actors is so excellent that they cease to be actors, and become the crew in the situation given.

"The Man in Possession" begins at nine o'clock, so that those who prefer to take their solid fare in a restaurant rather than in the theatre, and to dally over wine, may enter in the light, without disturbance, and without provoking curses, to see the comedy in its entirety. Its plot is improbable, but not incredible, and is justified by the situations which arise out of it; and although the situations are farcical, Mr. Harwood extracts true comedy of manners from them. Raymond Dabney had just come out of prison, where he had been thoughtfully passing time for buying a car on the hire-system and selling it for cash; for, as he said, commerce on too small a scale. His family, including a self-righteous brother about to be engaged to a beauty and alleged riches, had left Dulwich for Highgate in flight from the disgrace, and they now wanted the ex-criminal to start afresh in the colonies. Since the State gave up transportation private family enterprise has had to start it. Raymond did not see how he was to get on in an entirely strange land if he could not where he knew the ropes. At the opening of the second act he is just about to be installed as broker's man in the house of his brother's prospective wealthy wife, whose only reason for disposing to marry the man is the belief that he has money. This adventuress, expecting her future husband's family to dinner, apparently to negotiate the marriage in the manner of the Irish middle-classes, invites her broker's man into her footman's uniform, which by happy coincidence fits. Apart from the farcicality of the situations, there is as ripe comedy in them. Mr. Harwood's footman, with the free manners of a gentleman and the record of a convict, is as entertaining as Shaw's waiters, dustmen and motor mechanics endowed with the rare minds of objective philosophers.

Without the emotion left by "In the Zone" the first act of "The Man in Possession" would appear too lengthily preparatory; while the last act threatens raggedness, and is rather too much a one-man show. But the effect of the play as a whole is refreshing, and its improbabilities hardly matter in view of the profusion of realistic epigram, which is Mr. Harwood's special strength. When Raymond is reminded by his family that criminals are rumoured to have quite a pleasant time inside, and to be happier in than out, he replies that what he "may do

in the future may not be decent, respectable, or honourable; but it will be legal." Mr. Raymond Massey's production of both plays is efficient, healthy, and full-blooded, and makes one thankful that there are still places where real children, as well as grown-ups, are catered for, and where everything is not done to please the dream children of Lord Brentford. More than once I have taken a delight in noting that the plays performed at the Ambassadors Theatre are consistently cast with genius. It is not repertory casting, nor is it specialised type casting, since it frequently converts relative unknowns into stars. It reflects an artist's eye unceasingly wide open for the actor who can do what is to be done in the way it is best worth doing. In the present production Mr. Stafford Hilliard's Sheriff's Officer is a piece of fine character work, with just sufficient sauce of caricature for illumination. The small parts are as well done as the fat ones. The occasion, in fact, is one upon which only the star can be criticised. Miss Isabel Jeans, as the widow-adventuress with matrimonial prospects, had not entirely found her feet. Her command over her magnificent rhythm of deportment and voice was uncertain, as if she were not yet sure how much to let herself rip. That she will find her rhythm in a day or two I have no doubt, for she is among London's first three or four comedy actresses. Her conversation at the telephone—although the lines were good they would make an actress of less than distinction weep—was a treat for both the imagination and the midriff that made one think more kindly of stage telephone conversations with unseen persons as material for comedy.

The White Assegai: Playhouse.

What is wrong with "The White Assegai," by Mr. Allan King, is simply that its opening promises more than its continuation fulfils. At the beginning it justifies hopes of an interpretation of the clash of cultures, ideas, and religions between the African, with his tribal-presentation consciousness, and the white man, with his self-presentation consciousness. Its descent to dissertation on how woman's deficiency in imperial sense hinders imperial development and weakens imperial responsibility is a disappointment. The author himself appears to become aware of his default, but tries to make amends too late. "The White Assegai" referred to in the title, which means that "the King grows weak," is an excellent theme. That a white ruler may come to be regarded by the blacks almost as a divinity whose death must accord with the religious customs of the ruled, and whose bones must be buried in their soil, is first-class dramatic material. Captain Cook was probably eaten by the Australian natives from the same motive as the blood of Christ is drunk by the worshippers like Christian churches—to render the worshippers like the god. But Mr. King faltered. After spending much of the first act showing that the heart of the Commissioner's wife was not in Africa but at Ascot, thus causing her to neglect her social duty of educating women new to imperial responsibility, he not only spends most of the second act in showing the consequences for imperial disharmony, but for the greater part of it he gives the impression of repeating the first act on another level of white society. The stationmaster's wife longs as much for Mile End as the Commissioner's wife for Mayfair. Being lower in social rank she is by breeding not so fastidious as to whom she mixes with; and not having been taught how she should stand in regard to the blacks, she unwittingly causes one to be murdered for attempting to rape her, as a result of which peace is threatened by the demand of his tribe for an unreasonable indemnity. These first two acts might

have been compressed into one as a background for a more developed clash between the attitude, customs and religions of the white rulers and the black ruled, which need not then have been crowded in as fleeting references and at the end of the play. Expectancy aroused for what did not mature diminished greatly the play's dramatic force, in spite of its accuracy of observation and truth.

A number of individual performances were very fine, Miss Marianne Caldwell's Mrs. Van den Bergh, a Boer wife with a fine understanding of how a wife should serve a worth-while man, being outstanding. As the Cockney wife of the stationmaster Miss Phyllis Shand was brilliant. Her spoiled child mannerisms, her slipshod East End habits, her incompetence, her sulky refusal to make the best of her home and environment, were rendered with both sincere character and comedy. The noises which she was called upon to make off, however, at the end of the second act should be changed, for reasons which the producer will understand for himself if he will listen to them from the auditorium. Secondly, it is sincerely to be hoped that Miss Shand's performance will not hold her down to doing the same sort of thing indefinitely instead of expanding her powers. The parts of the blacks were spoiled by the unnecessary stilted of the English language in the mouths both of blacks and whites, whenever the audience was to suppose that the native tongue was being spoken.

PAUL BANKS.

Music.

Schnabel. Queen's.

Each fresh hearing of this pianist leaves me more and more astonished at his almost legendary reputation with the wisecracks, the art-snob, the fashionable sedulous apes who monkey the latest cackle, and with certain otherwise intelligent music-lovers. I should not be surprised at his success with the first alone or with the second alone, it is with both together that there is such food for amazement. The wisecracks naturally admire a dull and dreary imagination—and, soulless pedant, he is a mirror wherein themselves are reflected, a man of the commentator tribe, like Scartazzini, who devotes two whole pages of footnotes to the first line of the *Divina Commedia*, who cannot leave the greatest obviousness unstressed, ununderlined, unexpounded. Schnabel is that right enough. With the art-snob his success is more difficult to explain by far. He is not "modern" à la Gieseking or Arthur Rubinstein, who send delicious "frissons" of modernness slithering down the spines of their modish "high-class" (!!) audiences—indeed, his programmes had to be coloured by a penchant for a most *démodé* "romanticism"—these idiotic labels!—unless it is his "outlook," that is so "modern" . . . and then, of course, if one has really "modern ideas" it doesn't matter so much, does it, for one can always bring things up to date by turning one's "modern consciousness" on them, cannot one?

Lastly, the intelligent music-lovers surprise one more than all the rest by their inability to see through all this pretentious mock-profundity, this Day-of-Judgment tone of voice when saying "It's a nice day." This false emphasis, this crude drabness of tone colour, and prevalently abominable piano tone. The Chopin twenty-four preludes were the least tedious performance of a narcotic programme.

Thibaud. Palladium.

I had not heard the great French violinist before, but it appears for once a reputation is justified. A delightful tone, not sickly like so many "great" violinists, but clean and clear like a beautiful dry

white wine—a fine, delicate and sensitive musicianship, and a grace and elegance of style that distinguish the great pianist, his compatriot, who is so often his partner. A tendency to overdo *vibrato*, against which Saint-Saëns used to declaim, occasionally and, surprisingly in such an artist, marred his playing. The programme was deftly put together. Realising that the Palladium of a Sunday afternoon is not the place for a lofty and austere classical programme, M. Thibaud ranged over the less profound great masters from Haydn to Debussy and de Falla with unvarying accomplishment and unimpeachable taste and musicianship. A remarkable accompanist, Tasso Jacopouo, must be saluted—a rare bird of a rare tribe.

KAIKHOSRU SORABJI.

The Screen Play.

"Atlantic."

London is the first city in the world to have the experience, and an unusually interesting experience it is, of being able to compare two versions of the same film in different languages. This film is "Atlantic," of which the German edition is being shown at the Alhambra every Saturday morning. I believe that most people who have seen them both profess to prefer the German version, but I should imagine that that expression of opinion is largely due to snobbism. That is not to say that the German acting is not admirable; but there are marked differences between English and German stage standards, our own being more finished, while the German acting methods are more intense. I should be inclined to say that it is extraordinarily difficult for even the most finished German actor to play a gentleman as we understand the term.

I would recommend anyone who would like to get an idea of German acting to see both versions of this film. While Fritz Kortner's impersonation is as satisfying and sincere as that of Franklin Dyall, the German actor does not dominate the rest of the players as does the Englishman. On the other hand Elfriede Borodin as Betty is much better than Joan Barry. I don't know whether Berlin has the equivalent of the Royal Academy of Dramatic Art; but if it hasn't that would explain the difference. Much of the speech in the German version is too slow and deliberate; this, I think, is due to the direction rather than being characteristic of German stage methods.

"Gold Diggers of Broadway."

Expecting the conventional leg show, here rendered still less attractive by its being "100 per cent. colour," this film (Regal) gave me a really pleasant surprise. Apart from the fact that it was good entertainment, and that the dialogue is among the best and most natural yet heard in a "talkie" (for which Avery Hopwood and not Hollywood is responsible), it marks a distinct technical advance. Many of the colour sequences are much more faithful to nature than is usually the case, although white linen still assumes a sickly greenish hue, and a scene in which a number of toy balloons are released is as beautiful and artistically effective as anything of the kind in my experience. The direction is good, as is the acting, but the high spot of the production was the performance of Winnie Lightner. I would not go so far as to say that she carries the show, but its interest flags appreciably whenever she is not on the stage, and she is undoubtedly the making of the film. Serious blemishes on the production are the mediocre music, except for a couple of numbers, the uninteresting stage scenes, and the perpetual singing and mandoline strumming of Nick Lucas. This young man is described as "the crooning troubador," and is said to

be a favourite in cabaret. He should go back to that form of entertainment—and stay there.

"Flight."

"London has never been so thrilled," hoot the posters advertising this film (Capitol). If that be the case, it must be as easy to thrill Londoners as to amuse the friends of Mr. Peter Magnus. The film, a "talkie," shows promise at the start, which is characterised by real humour. But after the first ten minutes it degenerates into the mixture as before—American fighting forces engaged in guerilla warfare with Central Americans who may be described either as bandits or patriots according to one's outlook; a sentimental sergeant of marines who cozes with sob stuff slightly concealed behind a jowl; and the inevitable young women who appear to run America's wars and for whose sake American warfare appears to be conducted. I had almost forgotten that there are also some flying scenes. So far as concerns their power to thrill the spectator, these are greatly inferior to much that has already been seen on the screen, although they undoubtedly represent an admirable advertisement for the formation flying of the American aviation service. Jack Holt, whose voice lends itself well to the "talkies," is quite good, but in the long run one tires of his mannerisms and deliberate toughness. Lila Lee is pleasing in a wooden rôle.

"Paris."

Again I expected the mixture as before, and again I was pleasingly disappointed. Here is a very amusing screen play (New Gallery) which would be worth seeing if only for the acting of Irene Bordini. I had not previously seen this very finished artist, who is a favourite on the New York stage, but the screen is evidently her medium, and if she could only sing as well as she acts, she would justify almost any of the epithets of the publicity hounds. Our own Jack Buchanan supports her, and that other finished actress, Zasu Pitts, is given the part of a maid. Why Miss Pitts, the leading woman in "Greed," should now invariably be cast for a soubrette rôle is inexplicable to me, the more so as she is one of the few American film actresses whose voice does not sound like the screaming of a hand saw. "Paris" is partly in colour, and the skilful selection results in some of the colour schemes achieving a remarkable fidelity to nature. There are, however, too many of these sequences, due to too much of the film being given up to revue scenes. Cutting would here be an improvement, the more so as the film is very long. "Paris" should be a box office success, but, as is the case with most productions of the kind, its music is uninspired and old-fashioned. Has not Hollywood the names and addresses of a few competent syncopators?

"Taxi for Two."

I notice this film, also at the New Gallery, because it is, I believe, Mabel Poulton's first "talkie." I conceived such an admiration for Miss Poulton's Tessa in "The Constant Nymph" that I have since then regretted the mediocre nature of the opportunities given her by our producers; while "Taxi for Two" does not enable her to do herself justice, it is a very pleasing and essentially English affair, which shows her voice to advantage in the "talkies." Miss Poulton is one of the few English actresses, either on the stage or on the screen, possessing an unmistakable personality, and I recommend you, in the horrid language of Wardour Street "to see and hear her."

DAVID OCKHAM.

The M.M. Club will meet Wednesday, February 5, in Room 22, Kingsway Hall, at 6.15 p.m. Discussion on current events; report from Committee.

The Doctrine of Economic Fatalism.

By John Hargrave.

Mr. Herbert Rivers, in his miscellany, "About Things" (NEW AGE, Jan. 16), points out that Paul's doctrine of theological fatalism is parallel to the doctrine of economic fatalism.

In the same issue (p. 123-4) the writer of the Notes of the Week says of Social Credit that it

"is a policy which can afford simultaneous alleviation" to present economic straits, "and ultimately remove them, but since its adoption involves interference with the bankers, and the bankers rule over Cabinets and Parliaments, it can only be ushered in by influences working outside the representative system. These influences should largely work outside the business system, because inside that system there is such abject acceptance of bankers' policy, whereas the new policy demands at least a suspicion of the existing one, and preferably an informed and sustainable rejection of it." (My italics.)

I entirely agree. The introduction of Social Credit involves interference with banking policy, and therefore "with the bankers," since policies do not exist apart from human agencies. It is also clear that Social Credit can only be ushered in by influences working outside the representative, parliamentary system. We have all arrived at that conclusion by this time. These "influences" (what a good word it is!) should also work largely outside the business system, because that system is unable to break free from the financial network spun over it by the operation of the bankers' policy.

That destroys one of the planks in the doctrine of economic fatalism, for we have been told: That the introduction of Social Credit is quite inevitable; that sooner or later it must and will come about, because of the flaw in the present system, the consequences of which are pressing more and more heavily upon business men; and that, eventually, when, at long last, after making all sorts of experiments (such as the Beaverbrook-Rothermere Empire Free Trade experiment), these disillusioned Business Men come, gradually, by reason of their continued failures to solve the problem in any other way, to see the New Economic "light," then they will "get together" and "do something."

But they won't. For they will not be able to do anything more than you are able to do now. Perhaps not so much. And the reason is that business men have no longer the real economic power than the rest of the community. The longer the futile experiments of business men to escape from the paradox of "Produce More and Spend Less" go on, the less economic power they will have. By the time they have run through the whole gamut of Rotarianism, Rationalisation, of Empire Free Trade, and all the hundred and one other makeshifts—scuttling hither and thither like rats in a trap—they will be what the more thoughtful amongst them are now, only more so, bemused, bewildered, bothered, wondering, hoping, waiting—for someone or something ("influences," in fact) to turn up and—put things right (but, even so, not by any drastic means . . . just gently muddling out of the muddle, you understand). And will there be no one at hand—no influence—to help these poor, distracted, Hard Headed Practical Men? There will. Long before they have the chance of realising that Social Credit could solve their dilemma, long before they could even begin to think of what to do, the Helping Hand will be at hand. The F.B.I. Business Man's mentality will rally, even in what may seem to be the last ditch of economic depression, to the slogans of "sound finance." Upon what, at such a time, could such a slogan be based? With financial interests also in a state of collapse or semi-collapse, what possible way out could be found other than Social Credit?

The crossword puzzle is easy. No. 1, Down: a word of three letters; "what happened in 1914":—

W—A—R.

Economic fatalism is a doctrine that allows the mind to project the burden upon other shoulders. Though we are helpless, others will do the job. We can watch the process:—

Perhaps the Labour Party will bring in Social Credit? After all, it might, and we have interested Mr. So-and-So, M.P.—he's almost converted.

Perhaps the Tories will put forward a Social Credit programme? After all, they ought to . . . Sir Thingummy Something has read So-and-So's leaflet—at least, he said he would—and he might talk to Mr. Skimpson about it. If only the Liberals would take up Social Credit there

might really be a chance. With all Mr. Boyd Porge's eloquence and boldness. . . .

Well, even if the political parties don't do anything, in the end we know that the Business Men will come to see that Social Credit . . . , etc.

And, besides, even if they don't, the Financial System itself will be forced to introduce Social Credit "at the top"; they can't possibly keep going if they don't. Mr. Doller Snooker, of the Quidland Bank (who has an uncle who knows a director of the Bank of Ojibway) practically said in his speech last Thursday exactly what we're always saying: That banking policy can assist or retard industrial prosperity.

What hopelessly defeatist fumbling it all is; what a dismal display of inability to formulate thought on the political plane.

There is, it seems, only one more rung on the ladder of hope, and that is the topmost rung of all, right "at the very top": even if Finance itself does not bring in Social Credit—the Life-Force will; we can leave it in the hands of Providence. It is a wonder the absurdity does not go as far as this.

You will not get someone else to "take up" Social Credit and "adopt" it. No one else is going to "hold the baby." If you keep trotting from doorstep to doorstep and hoping that some kind creature will one day accept the waif, take it in, tend it tenderly, and bring it up in a nice, comfortable home, you are much mistaken. No one wants it. No one will ever want it—until they get it.

Maybe, if we made an ark of bulrushes and let the stream of events take it, it might land up at the right place. But an ark of bulrushes is a properly plaited structure that is watertight; in this case it is only to be made by political insight, using logic-tight words. Just as one would have to be skilled in basketry to plait an ark of bulrushes, so we need skill in plaiting our own political formation.

Social Credit will not fit into any existing formation. You may have to wait patiently, or impatiently, for a flood tide on the stream of events, but the bulrushes are within reach now.

The Pauline doctrine runs: "But if we hope for that we see not, then do we with patience wait for it." Mr. Rivers, writing against the doctrine of economic fatalism, paraphrases as follows: "Let us hope patiently for what we cannot see, and trust the City to make all things work together for our good."

In other words: "Let us wait patiently for Social Credit, and hope that Finance itself will bring it about at the top."

There is no hope at all in any of this economic fatalism. It is merely a psychological escape, or projection, in order to avoid mental conflict.

There is only one hope, and that is in the "influences" working mainly outside the parliamentary system, and outside the business system, and outside the financial system.

Economic fatalism is fatal to Social Credit.

Pastiche.

Hello! NEW AGE. 5SC calling all stations. We are asked by the Police to broadcast the following S O S:—

Missing from their homes on the evening of the 21st inst., a group of persons known as the Glasgow Social-Credit Reform group. When last seen they were observed to be wearing broad smiles, lounge suits, and an air of expectancy. The directors of the Scottish groups of banks are extremely anxious to locate and identify two of this group who are believed to have broken into the columns of the Glasgow Herald with lengthy and pernicious letters to the Editor, setting forth principles most subversive of the established policy of "sound finance" as practised by Mr. Philip Snowden and other equally orthodox Chancellors of the Exchequer.

It is suspected that these were the same persons as a group who were observed in the Royal Restaurant, Glasgow, making an annual dinner the plausible excuse for undermining the foundations of the existing financial system.

Any information regarding this group, especially such as will lead to the identification of the two persons who write pernicious and plausible stuff over the pen names of "H. M. M." and "PHILIP CARLYLE," will be gratefully received by the directors of the Bank of England or any branch bank in Scotland. Information to the directors of the B. of E., sent to Threadneedle Street, London, will be forwarded to their home addresses in U.S.A. and Germany.

Listeners are reminded that it is not advisable to send any information to the chairman of the Midland Bank, who is suspected of being to some extent in league with this group.

A telegram to "Epilogue," B.B.C., Savoy Hill, will also serve the purpose.

God Save the King (from his advisers).

We are now going over to the Cat-Kit Club, London, where the Rt. Hon. Jimmie Thomas and his band are to broadcast Baldwin's unfinished symphony, "The Cure for Unemployment."

Good night! everybody.
Goo-ood night!!

D. P. M.

LETTERS TO THE EDITOR.

THE KING'S PREROGATIVE.

Sir,—I read with great interest the remarks on the prerogatives of the Crown.

I found my self putting myself in the King's place and trying to imagine his thoughts if he also read your comments.

And this led me to wonder if he has had the opportunity to read them, or if he even knows anything about them.

May I ask, have copies been sent to him, and, if not, why not?
HANDEL LANCASTER.

[Not directly.—Ed.]

BANKERS AS GLORIFIED PAWNBROKERS.

Sir,—One man goes to his "uncle," the pawnbroker, and pledges his watch, best suit, or other article of real wealth. After "valuation," uncle liquefies such frozen wealth by passing over currency—for a consideration.

Another goes to his banker for temporary accommodation. Much the same process obtains. Collateral security is, in general, required. Bills for discount and re-discount also represent pre-existing wealth in lien or approved securities.

The question is: Do banks create credit, or something from nothing, as some allege, or is there always antecedent real wealth, which it is their function to transform, to liquefy?

Pawnbrokers and bankers both have to carry on business within the letter of the law. It seems to me that it really is the law of the land, as Bumble said, that is the ass. The Bank Charter Act of 1844 seems to stand in need of revision. From that somewhat obsolete piece of legislation arise most of the evils that we, as social creditors, are desirous of seeing removed.

F. J. SEWARD.
[The question whether bank-loans involve the creation of credit is not affected by the presence or absence of securities. A paper security is, after all, nothing more than a certificate implying that a certain person or institution owes the holder the face-value of it, or simply a dividend on it (as in the case of ordinary shares). It may or may not be backed by real wealth. Its only value, from the banker's point of view, is his assurance that he can, if necessary, get somebody to buy it at a price not less than the loan. The law within the letter of which the bankers "have to" do business is the law that they prescribe themselves. They legally compel themselves to do what they want to do.—Ed.]

MR. THOMAS AS A DISEMPLOYMENT AGENT.

Sir,—There is one important aspect of Mr. J. H. Thomas's scheme for bank financed rationalisation of industry that is not made clear in Mr. Ben Wilson's article in your current issue. It is obvious that the result of the proposals, as Mr. Wilson points out, will be to increase unemployment. It is not quite so obvious, but none the less true, and all the more necessary to observe, that the immediate effect of this reorganisation of industry will be to produce a temporary relief of unemployment and a transitory increase of purchasing power while the work of reconstruction is being carried out. A fictitious and utterly unstable boom will thus be created and the wave of spurious prosperity will be followed by more unemployment than ever when the work of reconstruction is completed. At the moment, when unemployment is thus intensified, the banks will be calling in the loans and cancelling the credits that have been expended upon capital goods, and must be recovered in prices of uti-upon capital goods. Mr. Thomas will have reconstructed industry for the unemployment of the millions; more machines and fewer men will have been organised to produce an increased quantity of goods for a workless and wageless people. It is important to note that the Manchester proposals will produce a false and transient appearance of prosperity during the period of expenditure upon industrial equipment, because the scheme will be hailed during this period as a triumph

of "sound" finance, and its author as the possessor of a rod that brings water from a rock. By the time disillusion has come, Mr. Thomas will, doubtless, have made way in the natural course of events for a Lord Privy Seal of some other party to clear up the mess—if some mightier power has not risen to smash the tablets of the bankers' law delivered to the people by the Moses of Manchester.

H. NEVILLE ROBERTS.

TOWARD IMPLEMENTING DOUGLAS.

Sir,—A line or so to explain to NEW AGE readers the present position.

The Economic Party had been well aware of a certain opposition its coming had aroused. It was none the less a definite opposition, even though it was, if I may say so without offence, somewhat furtive, seldom fully acknowledged, and sometimes even definitely denied.

The meeting on 15th inst., reported in your last issue, was not held to arouse enthusiasm on behalf of the new party, but as an open challenge to this hidden opposition. It was desired to bring it to daylight, and this was done.

And what did we find?

In the first place, with the exception of one denial that numbers were of any importance in a movement, the three public documents issued by the E.P. were left entirely without criticism by this opposition, its leading speaker, indeed, singling them out for high praise.

These documents, the main work of the party so far, may therefore be taken to have received the full approval of the meeting.

I would point this out as noteworthy and important.

Secondly, there were those who objected to any sort of real organisation. What we want, said one speaker, is merely a consciousness that we all have the same end in view. As an ideal or parallel case, he mentioned Christianity, and drew a fancy picture of the Churches all working beautifully together to one end. Romanism, Calvinism, Fundamentalism, Quakerism, and, no doubt, Eddyism, Seventh Day Adventism, and the followers of Joanna Southcote!

Thirdly, there were those who did not denounce the idea of organisation, but who were in a state of fear lest it should be improperly led. They did not propose to lead it themselves, nor did they suggest any alternative course. They were quite unable to deal with an idea, but were only too keen to discuss a personality.

There was, in fact, as it seems to me, no *reasoned* opposition at all!

These things being so, I put it to your convinced Douglas readers whether the time has not come to put aside mere personalities and either to agree openly with the theses nailed up by the Economic Party or definitely to disagree.

In the former case, we ask those who have not joined the E.P. to pay up their five shillings and join at once.

And we ask all well-wishers to help us according to their ability, as very little can be done without money.

PHILIP T. KENWAY.

[We must refer Mr. Kenway to his previous letters, and also to Mr. Hargrave's article in this issue, to support a comment which we feel constrained to make; namely, that there has not been any quarrelling, but a good deal of provocation thereto coming exclusively from the sponsors of the Economic Party. Is it worth while?—Ed.]

MUSICAL COPYRIGHT BILL.

Sir,—Now at last we have it. "Quits" fails utterly to substantiate his charge of extortion. His figures are seen to be a very reasonable and moderate 10 per cent. rate. He confirms to admiration my contention not that this rate should be reduced, but that the other rates should be enormously increased. The Government takes in Entertainment Tax an average of 20 per cent., I suppose, *takes* it in return for—as one expects of Governments—nothing. Assuming the composer gets two-thirds (which, I am told, is the proportion, the remaining one-third going to the publisher and the P.R.S., which seems to be fair enough), his share will amount to a trifle over 6 per cent. This manner of assessing a single performance is parallel with the principle that obtains in the theatre whereby the author receives a percentage of the box-office receipts, for it is a perfectly reasonable and fair arrangement. There is, however, further information about this in last week's issue. When a composer wishes to get published—assuming he can—such (owing to the mechanical reproduction of and broadcasting of music with the consequent progressive and steadily disappearing sale of it) is the precarious nature of music publishing that he invariably has to surrender his copyright in order to get into print. After, as it often happens, a hundred copies or so of the work have been sold

he receives a royalty of so much in the shilling on the published price. If, like some, he publishes at his own expense entirely, he is considered to have got good terms if no more than 50 per cent. commission is charged on the price of all copies sold. How would "Quits" like that? And still he invites sympathy for "village halls and the like"!*

But, Sir Editor—and you, benevolent and percipient readers—observe and regard that it is not a 20 per cent. Income Tax, nor a 20 per cent. Entertainment Tax, that has aroused the promoters of the Musical Copyright Bill—not robbery, in fact, but an absolutely legitimate charge, which in certain extreme cases may have reached the modest and reasonable rate "Quits" mentions, but generally is at the derisively microscopic figures I have mentioned: a charge for the use of that without which they could not exist: a spectacle one is more inclined to vomit than moralise over.

KAIKHOSRU SORABJI.

MR. HATRY, BANKER.

Sir,—Mr. Hatry would make an excellent Governor of the Bank of England, and his associates efficient directors. They were, in fact, performing exactly the same functions as bankers do, and came to grief only because they were not powerful enough to get the Legislature to back them. They were convicted, in Mr. Justice Avory's words, of having committed "wholesale forgeries of bearer scrip in credit stocks." Now, before the war, bank-notes, and credit deposits in the banks, were bearer scrip in gold stocks. In August, 1914, when there was a movement by depositors to draw their gold, the quantity available was not more than about 10 per cent. of the value of their legal claims. Nine-tenths of the credit entries and documents were therefore "forgeries." The banks' promises to deliver gold could not be fulfilled and the banks ought to have paid the due penalty. But not a bit of it. They got the Government not only to condone the past forgeries, but to legalise an extension of them. The currency Notes came into existence. Now suppose that Mr. Hatry, when he was faced with a similar crisis arising from the demands of his creditors, and when he had printed the £795,000 worth of spurious Corporation-certificates, had taken them to the Government and got them guaranteed as a gilt-edged security, or, if you like, certified as legal tender. He would have succeeded in doing on that small scale just what the banks did on a national scale. He did not succeed. The late Sir Edward Holden was able to say of Mr. Lloyd George, the Chancellor of the Exchequer at the time, that "he did everything we asked him to," with reference to the bankers' ramp in 1914. Mr. Hatry was not so fortunately placed with reference to the duplicated Swindon stock. He could not get his forger's licence. And because he did without it he has now to do fourteen years.

SNOWDEN FINANCE COMMITTEE.

Sir,—Your comments on the nature of this Committee and its terms of references are very much to the point. Yet you will doubtless agree that the temper in which the members of the Committee approach their task is also of vital importance.

It happens that last Wednesday I found myself in close proximity to one of the members of this Committee. Having met him some while back, and engaged him in discussion after a public lecture, I felt constrained to make a remark. So I expressed a hope that he had enjoyed the perusal of the green book by my friend, Mr. Hattersley, which I said I was aware he had recently received. This member thought fit to say: "Of course I have a wastepaper basket which comes in handy for such communications." It is obvious that I cannot disclose his name in this letter, but I can vouch for the above statement, and the man receives *public* money for doing this work.

ERNEST A. DOWSON.

JOAN OF ARC.

Sir,—In reply to Mr. Franks, my submission is that articles for an encyclopaedia should be written in the intellectual atmosphere that we associate with the Hellenic culture and the Renaissance—the scientific atmosphere. Monsieur Pierre Champion is quite obviously a pious Catholic; and he would be the first to agree with me, and heartily, I feel sure, that his view of St. Joan is not scientific in that sense, but is considerably coloured by religious faith and the irrational factor generally. The mere fact that he does not examine the controversies is sufficient confession.

* It is useless and unfair blaming publishers. The costs of printing, circulating, and advertising music are enormous and increase steadily. £750 for a small score is a low price as they go.

sion of this, as he would readily admit. He cannot possibly be "an accepted French authority."

I have no claims whatsoever to scholarship on this subject. That is why my remarks took the form of an argument, rather than a didactic statement. I suppose I can hardly take Mr. Franks to task for not dealing with the argument; but I do suggest that his slighting references to myself are not justified until someone has done so.

I should be only too happy to be proved wrong. I regard the fourteenth edition of the "Encyclopaedia Britannica" as a sign of the times, and a very dismal one.

ROLAND BERRILL.

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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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THE SECOND MANIFESTO OF THE ECONOMIC PARTY ON THE NEED FOR ORGANISATIONAL UNITY.

Addressed to Credit Reformers in general, and to the Social Credit Movement in particular.

FELLOW WORKERS :

In our *First Manifesto* of August, 1929, we declared our desire as a Party to give all the support and encouragement possible to individual initiative, without trying to impose on it any kind of organisational control.

At the same time we made it clear that we considered organisational form and technique essential to the achievement of the common objective, and we defined the objective as : the re-organisation of social economics in this country on the basis of the Exact Price.

In drafting our *First Manifesto* we were conscious of the existence of two main schools of thought : (1) those who maintained, for various reasons, that individual initiative was to be preferred to any organisational form, and (2) those who maintained, for various reasons, that organisational form was essential to the development of the politics of the New Economics, and that it need not interfere with individual initiative.

It is evident that the Hope Conference was faced throughout its deliberations, and finally left stranded, by this unresolved duality of opinion. Such opinions have nothing to do with the technics of the New Economics ; they bear directly, and only, upon the technique of the politics of the New Economics and therefore come within our scope.

Contrary to the accepted view, absorbed from the ideology of a defeated liberal-democratic idealism, that in order to cooperate one should try to ignore differences and seek only points of mutual agreement, we hold it to be a fixed canon of guidance when dealing with internal divergences of opinion, such as these, always to bring matters to a head, and to stand always at the point of conflict. We therefore come to grips on the question of the need for organisational unity.

We assert that when, in the past, any great social reform has been brought to a successful issue, it has always been necessary to build up and use organisational form and technique ; and that no great social reform can be accomplished by haphazard individual initiative alone.

It is, we contend, impossible to bring about what is certainly the greatest social

reform ever contemplated—that of establishing the economic security of the individual—without organisational unity. Not only has organisational form been the necessary and inevitable instrument for the successful prosecution of all great social reforms in the past : we point also to the immediate post-war past and present, to show that before an idea can become socially operative it must create its own "idea-carrier," and that this can be none other than some organised grouping.

One attitude to our contentions may be summed up as : "Very well, you go ahead with your organisational form—and good luck to you!" and it causes some dismay when we return again and again to the point of conflict.

Let there be no confusion : we want organisational *unity*, not organisational *control* over the methods employed by the individual.

To say : I am in agreement with the *First Manifesto*, but I cannot agree to organisational unity, is to say "Yes-No" in one and the same breath. Utterly defeated by the logic of the Party, unable to refute the historical facts on which it bases its argument demonstrating the necessity for organisational unity, there is but one loophole left : the "Go-ahead-and-Good-luck!" get-away. It is muddle-headed. It is fatuous. It is defeatist.

Every student of the New Economics who accepts *The Groundwork* but who holds aloof from Party membership acts as a drag delaying progress. Each one must have the courage to abandon this onlooker position and to say, in effect : "Well, I may not be able to do very much to help, but I'm in this along with the rest, and, to show it, I join the Party."

We issue this *Second Manifesto* as a reasoned appeal for organisational unity throughout the movement.

Towards the Economic Runnymede!

(Signed) PHILIP T. KENWAY (General Secretary).

C. J. HUNT (Organising Secretary).

FRANCIS A. REED (Treasurer).

A. F. G. COOPER (Member of the Central Committee).

on behalf of the Economic Party, approved and issued by the Central Committee, January 23rd, 1930, at 10, Fetter Lane, London, E.C.4.