

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

In *The Commercial* (*Manchester Guardian*) of May 1 the City Editor discusses the recent crisis in Australian finance. After pointing out that the prices of Australian products are falling "because the existing supply cannot be marketed," he asks what chance there may be for the necessary markets to be found. As a tentative answer he goes on to say:

"A programme has been advanced by an economist whose work has already been mentioned in these columns, Mr. Frederick Holsinger, author of *The Mystery of the Trade Depression* (reviewed in *The Commercial* of November 14). This programme, from among many which have been submitted, has attracted the attention of the Australian authorities in London. Briefly put, Mr. Holsinger wishes to render the notes of the new Australian State Bank convertible, not directly into gold, but into the equivalent of a gold unit, in terms of commodities at the price of the day. Thus, whoever sold goods to an Australian would receive payment in terms of a potential title to goods. If this title depreciated on the exchange markets he would not draw gold, but would give an order to the Australian Bank to sell goods on the London market. Thus a depreciation of the currency would be followed by large sales of goods at the best price obtainable, the bank bearing the risk of the difference between that price and the opening price of the day, which it would have to pay to the currency-holder. Mr. Holsinger is thus imagining an institution as different from anything yet known in Australia, or any Anglo-Saxon country as the Soviet organs of economy. Is such a revolution possible? If not, what?"

Our readers will remember that we reviewed Mr. Holsinger's book in these columns recently, and subsequently published a letter from him in which he announced that he was not prepared to accept the Social Credit analysis and proposals. He said:

"As far as I can make out, the ideas of Major Douglas have no more relation to the realities of money and price than chalk has to cheese."

Of course, from our own point of view it would have been an asset to enlist such energetic and forceful controversial faculties as Mr. Holsinger possesses

in the task of disseminating Social Credit. But despite the favourable notice we gave of certain parts of his book, we had no expectation of getting him to adopt our policy. For Mr. Holsinger differs from most writers on economics in that he possesses an unusual amount of horse-sense and *savoir faire* derived from his long experience in journalism. He is also a practical-minded man who desires to get something done to the economic system in as short a time as possible. He wants to mobilise a vocal political backing for his policy, and recognises that advertising is necessary to this end. He has had, therefore, to depend upon his ability to inspire confidence in his policy in quarters where there resides the power to provide the publicity he needs. It is a fortunate circumstance for him that his independent researches into the economic problem have led him to conclusions and proposals which have already won the tentative confidence of the *Manchester Guardian* and the Australian authorities in London. To borrow Mr. Holsinger's analogy, he has, in less than a year, been able to enter the Press-market with his cheese-remedy, while the would-be vendors of a chalk-remedy are still waiting outside after ten years' travelling. He is entitled to our congratulations on his initial success, and he will by now hardly need us to remind him how important it is for his further progress that he should bank on the slogan: "Guaranteed Entirely Free From Chalk." We are pleased to have contributed to his success by printing the letter in which he so definitely declared his attitude on the Social Credit ideas; and this is not only because of our kindly sentiment towards Mr. Holsinger, but because, being firm believers in a straight deal, we do not want our chalk mistaken for cheese.

Of course the proposal briefly described by *The Commercial* cannot be placed in either category. That is to say, it is not put forward as a basic remedy for a general economic problem, nor is it possible to judge from its provisions whether any general principle of reform is behind it. It is a specific device to deal with a specific difficulty.

Naturally, everyone who has noticed the sharp contrast between the safety and success of banks and other financial institutions, and the insecurity and failure of business enterprise, will be attracted by Mr. Holsinger's idea of leaving a business risk on the bank's doorstep. But before indulging in loud cheers at the spectacle we should feel it desirable to wait and see whether the banker took the child indoors or whether he went round and deposited it on the doorstep of the workhouse. If it is true that the Australian Commonwealth authorities in London have selected this plan from among several for serious consideration, we can only say "good luck" to them, and wait for developments. We take it that the Australian bank would auction wool, etc., on the London market without reserve, and issue money to the Australian exporters to make good the fall in price. Such money would be a subsidy to the Australians. The question arises: Would the subsidy be a gift to the Australians or would it be a loan ultimately to be recovered from them by taxation?

One of the most valuable speakers and writers on the Social Credit analysis and proposals is Mr. W. H. Rhys who is conducting active propaganda in Australia both on the platform and in the Press. He gave evidence before the High Cost of Living Commission in Melbourne. His most recent success consists in the appearance of a serial article of his in the *Australasian Accountant and Secretary* * for the months of February and March. It runs to a total length of seventeen pages and is a comprehensive synopsis of the Social Credit thesis under the title "The Age of Plenty," prefaced by a few biographical details about Major Douglas. Mr. Rhys has rightly devoted a considerable part of the article to an exposition of the mathematics of the price-regulation proposals while not omitting to give adequate attention to the anomalies in the present system and their moral implications. Addressing, as he does here, readers trained in a technique, he could have made his article purely technical; but he has wisely recognised that these readers have other interests besides balancing commercial budgets (balancing their own for example!) and so he has contrived to exhibit the A + B Theorem in a human setting. In the case of this new subject, though it is the head that carries out the study, it is the heart that decides whether to take it up. *What is it for?* must take psychological precedence over *Is it true?*

In the March issue of the above journal the Technical Editor makes a commentary on Mr. Rhys's article, the concluding paragraph of which is as follows:

"We may not be able to go all the way with Major Douglas, but we must surely recognise that there is something wrong with a social system which permits these absurdities to continue. Why should there be over-production and unemployment at the same time as unsatisfied demand? Why should there be any need to limit production, or curtail plant capacity, when consumption is retarded only by lack of purchasing power? These are the questions that arise from a contemplation of the position. Theoretically, there is no reason why distribution should not take place of everything to the full extent that production methods can make available. Is there no way in which this theory can be put into practical effect? To say there is not is to admit that we are lacking in ingenuity. Our remote ancestors produced what they required when they required, and distributed the production equitably among the little community. There was no problem of consumption because the division was large or small according to the capacity to produce. In modern times we suffer because the machinery for division is inadequate, whenever productive capacity is increased.

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Why should not consumption always keep up with production? What is 'money,' after all?"

This is a fairminded initial reaction to Mr. Rhys's teaching, and as we have no doubt that it represents the reaction of the average reader of the journal, we congratulate Mr. Rhys on the result and compliment the editor on the enterprising and scientific spirit in which he has allowed the writer to expound his case.

The reading of Mr. Rhys's article induces some reflections. One of them is connected with the Technical Editor's exclamatory challenge: "What is money, after all?" Why is it that the rules under which people may use it negative the use they make of it? One answer is that these rules—namely, the accepted laws of "sound finance" as applied to methods of controlling the lending and accounting of bank-credits—are designed to produce an economic result which is the opposite to that which the individual hopes and expects to achieve. They constitute a system of what we may appropriately call museum-finance. That is to say, they are only intelligible on the assumption that the true end of economic effort is to make and assemble permanent exhibits of fixed assets. On that assumption the "prosperity" of the individual lies in his contemplation of the exhibits; the "health" of the economic system is measured by the size of the museum; and the "stability" of the credit-system rests on the size of the catalogue. On this theory Mr. Montagu Norman is the British Curator-in-Chief; and under him and his colleagues on the Court of Curators the rest of the community are set to work as collectors. Personal consumption of production is thus conceived as the impairment of an exhibit, and is reprobated accordingly. A consumable article cannot be on show and in use at the same time. Neither can a machine capable of making such articles, unless people refrain from using them. If you put it on show you serve God; if you use it you serve Mammon. This is the rationale of the "Thrifty" philosophy on which the present money-system is founded.

It is an old joke against women that, to them, "shopping" means *looking*, not buying. But it is a joke against a whole population, who have allowed themselves to believe that true consumption is sight-seeing. Every shop is a museum, and its unsold stock is an exhibit. In an ordinary museum the visitor is frequently relieved of his walking stick or umbrella at the turnstile in order that he shall not infringe the rule: *Don't touch the exhibits*. In the national economic museum the exhibits are similarly protected by the more subtle device of accounting prices so as to decrease purchasing-power. And to see what a beautifully effective device it is you have only to glance round the halls and galleries of the economic world. Lord Melchett's rationalisation activities, for instance, involve the shutting down of redundant plants—which is of course equivalent to erecting a showcase round them. And then, in the "Efficient Marketing" Gallery you come at once upon an imposing exhibit called a Wheat Pool; next to it a Cotton Pool; then comes sugar; then wool—in fact nearly everything you can possibly want to take home you can here contemplate through the plate-glass of the money-system.

Practically nobody thinks of questioning whether this is the kind of recompense for which he puts in his eight hours a day. Even the most alert and aggressive left-wing student of economics seems to leave his critical faculties at the turnstile when he enters the Exhibition. For instance, in the *Socialist Standard* there is a report of a debate, during the

course of which a Mr. J. T. Murphy representing the Communist Party of Great Britain, upheld the Russian Revolution in these terms. "The Russian Revolution," he said, "had shown the way in which the workers should come to power. The Socialist Party of Great Britain said there had been no revolution in Russia, but the workers owned the means of living there. True, they did not receive the full fruits of their labour individually, but they did so collectively through their control of the State." Exactly. Nothing in the museum has been disturbed. The exhibits, it is true, have passed from capitalist to proletarian ownership, and their custody undertaken by "Reds" instead of "Whites"; but the keys remain as of old under the control of the Financial Curator. Lenin did, at one time, consider the idea of duplicating the keys indefinitely (i.e. inflating credit so as to destroy its power in the hands of the capitalist classes) but nothing came of it. He probably discovered that the keys were useless without knowledge of the combinations of the locks, or, as we should say now that Major Douglas has since revealed the secret, that while money enables you to accumulate wealth, you have to use a new pricing-formula to distribute it. The beneficent "Revolution" which all men of good-will desire to see, namely the emergence of humanity from the shadow of deprivation into the sunlight of comfort and security, will not be accomplished through any action based on the principle of dispossessing this or that section of society. Animosity is impotent. The new social order waits on the adoption of the Social Credit Price-Calculus.

Referring to the question of the West Indies and to the rumours that have been heard from time to time that the United States wanted to take this British Possession as one of the securities for the American Debt, it is interesting to recall that Viscount Willingdon, the Governor-General of Canada, was advocating last year the transference of the Colony to the Canadian Dominion. The *Toronto Tribune* reported him to have declared in a speech to the Empire Club that the West Indies would join Canada as another province, and thus become part of a Dominion, able to negotiate its own treaties through Canada's ambassadors at Washington and other capitals.

"The West Indies are looking to Canada, not to the British Government for encouragement in the future. At present the feeling there is that they are a sort of Cinderella Colony."

This suggestion would be harmless enough if it entailed merely a transference of a political affiliation within the Empire. But it must be considered in the light of the fact that the United States has annexed Canada in a financial sense. If therefore another province be added to the Dominion another asset will have been handed over to Wall Street. The West Indies may be a "Cinderella colony," but that provides no evidence that Canada is the fairy god-mother, or that the Prince is a Yankee. There is no question that the "encouragement" which Lord Willingdon refers to can only mean monetary encouragement; and the only way in which Canadian ambassadors could secure this for the West Indies would be to invite dollar-investments from New York financiers. Cinderella might be provided with her coach all right, but might well find herself kidnapped for ransom instead of being taken to the ball. If anyone likes to weigh the probability of this being the outcome he cannot do better than study the book we reviewed some time ago called *The Bankers in Bolivia: A Study in American Foreign Investment*. (Vanguard Press, New York.) This book is full of well-authenticated facts which show that the terms and conditions on which American

finance lends to these small countries amount not simply to a general control of their policy, but specific controls of every important department of their administration. In the case of the West Indies, the fact that Canadian ambassadors would conclude the deal is no protection at all. As Mr. Garvin said in the *Observer* of May 13, 1928:

"Canada, for instance, desires immutable concord with her giant neighbour and friend, and will not quarrel with the United States for the sake of any European or Asiatic interest."

This is true enough in the sense that Canada could not and would not put any obstruction in the way of the American financiers. Their terms would have to be accepted; and if the West Indies subsequently found them oppressive, the utmost that Canada could do would be to make "friendly representations" about the matter.

The views expressed by Viscount Willingdon have not originated with him: they reflect, whether he is conscious of it or not, the desires of America's military strategists who want to protect the Panama Canal by controlling all the islands which command the approaches to the Caribbean Sea from the Atlantic. They began in 1898 when they opened war under false pretences on Spain and helped themselves to Cuba and Porto Rico. Then, turning to the mainland, they procured a "revolution" in Panama in order to detach it from the Republic of Columbia. Having succeeded, they secured the supervision of the new State and complete rights in the canal zone running across it. They also gained control of the alternative canal route through Nicaragua by establishing a financial control over that State. During the Great War they turned their attention once more to the West Indian islands, and forcibly dissolved the parliament of Haiti (the negro Republic established on the second largest island in the group) and instituted a military administration to "prevent disorder." To-day the islands named, and the Virgin Islands, are all virtual possessions of the United States, and constitute a connected chain of West Indian islands. It only needs the addition of the British West Indies to complete the encircling chain and thus to make the Caribbean Sea 100-per-cent. American.

It is an old saying that trade follows the flag; and there is a new saying that the flag follows the loans. As a commercial asset there is nothing about the West Indies to attract any particular attention from Wall Street financiers. The sugar grown there can be of no interest to them, particularly considering that not long ago there was a crisis in Cuba owing to over-production of the same article. It is as a strategic asset that the West Indies is valuable; and if the planters think that Washington or any other capital is going to "encourage" them with the object of improving their economic conditions, they are mistaken. They have recently gone through a bad time in this respect, and British finance has little to be proud of in regard to the measure of relief which it has allowed the British Government to afford them for holding their sugar-crops. But while the laws of prices as now accepted continue to prevail universally, no transfer of allegiance, either financial or political, will mitigate hardships of this kind. The phenomenon of the unmarketable surplus is, after all, not peculiar to territories administered from London.

We must say a word or two on the March-April issue of the Midland Bank's Monthly Review. Its article is entitled: "The Reduction in Floating Debt: Its Effect on Business Conditions." We are not concerned with the thesis of the writer, but

think that one or two of his remarks deserve reproduction. Referring to the difficulty of meeting pressure on the sterling exchange he says that two features of present-day monetary organisation cause the difficulty.

"One is the enormous expansion in the volume of foreign short-term funds in the world to-day as compared with pre-war years. . . . It would probably be quite safe to say that for every pound, or its equivalent in other currencies, of funds available before the war for rapid transfer between different money markets, five pounds are to-day seeking the most profitable field for short-term investments."

We do not know by how much the deposits of the banks of the world have increased since 1914, but if the case of Great Britain is typical of other countries, the quantity is roughly double. In that case the comparative figure to put against the £5 is £2, which means that the proportion of all credits diverted to short-term accommodation ("investment" is not the right word) is two and one-half times what it was in 1914.

The other feature mentioned by the writer need not be quoted. It consists in London's "tendency to over-lending" due to external demands for loans being always greater than London's capacity to lend. This capacity is assumed by him to be exhausted at the point where the "gross amount" invested abroad is larger than "is consonant with our net balance on current international account." Turning to the question of interest he says:

"Open market rates have been continually outstripping Bank rate in the downward course, and remain entirely out of touch with the official minimum. The rejoicings which so regularly accompany cheaper money, however, are in these circumstances sadly mis-timed, for along with falling money rates has gone, not abundance of credit, but actual credit restriction. We have, then, paradoxically enough, the strange combination of cheap money and restricted credit supplies—that it to say, low charges for the use of money in the money market, but actual scarcity of accommodation for industry and trade."

"The final result of drastic reduction of the floating debt is therefore much more serious than would appear at first sight. It is true that cheap money may give some benefit to industry, but the benefit is relatively small. Industry can bear a five per cent. Bank rate far more easily than restricted credit supplies. . . . At the present time . . . further deflation (in Britain) is totally unnecessary. Indeed, in Great Britain's somewhat peculiar position it is nothing short of disastrous." (Our italics.)

These passages require no discussion, as they are a reiteration of truths familiar to our readers. The writer now turns to examine Britain's overseas trade. For the five consecutive years 1925 to 1929 he shows the total imports and exports, and differentiates on both sides of the account between "visible items" and "invisible items." Thus, for 1929 we get:

IMPORTS.
Visible items.—Merchandise, £1,221 mill. Bullion and specie, £71 mill. Total £1,292 mill.

EXPORTS.
Visible items.—Merchandise, £1,221 mill. Bullion and specie, £87 mill. Total £926 mill.

Invisible items.—Government receipts from abroad, £22 mill. Shipping earnings, £130 mill. Income from overseas investments, £285 mill. Commissions, etc., £65 mill. Other services, £15 mill. Total £517 mill.

The final totals will be seen to come to £1,292 mill. for imports and £1,443 mill. for exports, leaving a difference of £151 mill. which the writer regards as a balance available for investment overseas. His main argument on these figures is based on an examination of the invisible exports. Two of these items, "Government receipts" and "Income from overseas investments" differ from the others in that they represent "unearned income." Together they amount to £307 mill., consisting of revenue from long-term debts due to individuals, companies and

public bodies in this country. The writer points out that these two items constitute the factor of growth in the totals observable in the complete table. He then says that this is not a satisfactory state of affairs.

"It is quite true that an individual may enjoy to the full an 'unearned' income without necessarily suffering any corresponding damage, but the analogy between the individual and a highly complex community is here sadly at fault. Who will deny that, from the point of view of general welfare, the portion of the national income which arises from exports of goods and currently rendered services is preferable to that derived from investments abroad? In the one case the income is distributed among numerous contributors to the product, tangible or intangible, exported; in the other it is divided among a relatively small number of people who spend part of it and thus undertake re-distribution, but who re-invest the balance, so that much of it is never actually received into the country at all, but is allowed to accumulate in the form of an increase in outstanding claims."

From this he proceeds to say that if we were anxious to become a nation of "rentiers," we might "draw gratification from our growing claims on other countries." (Our italics. The looking-at-the-show-case idea again.) But even then it is, he says, "highly questionable whether a large proportion of the savings we now lend abroad could not be more advantageously invested at home." Such a course might "curtail our exports," but would be "much more likely to increase our imports, largely of materials required for the improvement and extension of our physical equipment."

"It becomes, indeed, abundantly clear that for the recovery and uplifting of our standard of business activity and material welfare we have to rely more and more on the development of our home market. This is not to say, by any means, that we can afford to neglect overseas trade; it does not even mean necessarily that we should take steps deliberately to curtail the inflow of commodities bought abroad; what it does mean is that, in view of the world's growing tariff restrictions on international trade, in the long run Britain's welfare is likely to depend mainly upon the development of Britain's industrial machine more particularly in the direction of satisfying British needs." (Our italics.)

So far as it goes this is all usefully said, but we hope that the Midland Bank authorities mean the same by the formula "satisfying British needs" as we do. It ought to mean nothing other than the personal needs of British citizens; whereas it is frequently used indefinitely to refer needs for orders and revenue in commercial circles only. Further, given that the right object is intended, it is useless to carry it out under a system in which the more money the consumers get the less it will buy, and the more goods the producer makes the less they will fetch. Certainly let us develop the industrial machine, but let us make sure before we add to our productive power in this way that we add equivalent buying power to the incomes of the population. For if we are going to produce an unsaleable surplus, how can it matter what we make or whom we intend it for?

It is a long time since we referred to Mr. Gandhi's agitation. The reason is that although his programme of civil disobedience which has been carried out in the meantime is interesting, it is not in itself important; nor are the dramatic episodes that have yet occurred in connection with it. That is to say Mr. Gandhi's complete attainment of his stated objective would not alter the condition of his followers a scrap, nor that of the Indian population. We refer to his movement this week because something has happened which we foresaw would happen when we last wrote. The native mill-owners have put up the price of Swadesh cloth. If it were not for the pitiable implications for the penurious natives one could laugh unrestrainedly over the

humour of the situation. Here are these mill-owners whom in form Gandhi is trying to rescue from the tyranny of a foreign power, turning round on him and blunting his instrument of the boycott of foreign cloth by making native cloth more difficult to buy. Cloth of the coarser variety has increased from 9½ annas to 10 annas, and longcloth from 11½ annas to 13 annas per lb. This is a much more deadly stroke at the movement than any action of violence by the police and soldiers in the course of dispersing rioters. It was these same millowners who, during one of Gandhi's earlier agitations when he got his followers to weave cloth at home and boycott the machine-made cloth, set to work to make an imitation homespun which they passed off as the true article.

The significance of Gandhi's new emergence lies in the fact that it is symptomatic of world-wide unrest due to the insecurity of economic life. The insecurity is the same under all forms of political government whether created within the country or imposed from without. "The people hate all governments," replied Mr. Bernard Shaw once to a Communist who was criticising the Tsarist régime. And so they will until governments cease to be instruments of repression in the hands of cosmopolitan money-monopolists. Beside the special reasons why the hatred has manifested itself vocally and visibly in India just now, we recall some comment made by Mr. Orage in THE NEW AGE at the time when Sir Rufus Isaacs (now Lord Reading) was appointed Viceroy of India. The comment was to the effect that the appointment would be a potent stimulant to the self-government agitation. He pictured Indian students drawing the moral that if the government of their country could be entrusted to a member of one oriental race then it could be entrusted to another. Britain could no longer pretend that destiny had decreed the supremacy of the west over the east. This is the gist of what we remember. The logic is a bit subtle for ordinary western minds to appreciate, but that makes it the more probable that contemplative dialecticians like these Indians would find it to their taste. At any rate it is worth noticing that in two places—Palestine and India—where there have been "oriental Governorships" there have been outbreaks of violence; and also that in each case the Governor arrived home in London in good time before the row started. We do not know whence the criticism of Lord Irwin as an irresolute Viceroy proceeds, but it is to be met with pretty frequently. It makes one wonder whether he was not sent out to take the responsibility of dealing with the trouble, and perhaps the odium for its extension and consequences supposing that it develops.

Lord Reading, then Sir Rufus Isaacs, was, in 1912, Attorney-General in Mr. Asquith's Administration at the same time as Sir Herbert Samuel was Postmaster-General, and at the same time as Mr. Godfrey Isaacs, brother to Sir Rufus, was negotiating with Sir Herbert Samuel about the Post Office wireless contract. The culmination of the negotiations was the celebrated Marconi Affair, when rumours of Ministerial corruption had grown so insistent that an official inquiry had to be held. The Committee of Inquiry found that no Minister whose name had been mentioned had acted in a corrupt manner. At the same time, as Mr. Orage pointed out in THE NEW AGE, whatever injury those Ministers might have felt about the circulation of the rumours, they had themselves contributed to it by the supercilious attitude they had exhibited—that "hoity toity" manner which suggested that whether the rumours had been true or false was no concern of the public's. Ministerial correctitude

does not consist merely in the avoidance of technically corrupt practices, but in the avoidance of acts or attitudes which provide material for a reasonably constructive *prima facie* case to be made out against their integrity.

We must point out, moreover, that eighteen years ago such suspicions appeared more plausible than they would to-day. There was a common notion then that in all financial matters the political administrator was the top dog, and that if he chose to act corruptly and to fill his pockets or his relatives' pockets at the expense of the taxpayer or investor there was nothing to stop him doing so; there was no superior power that could discover and check his action; he could only be found out by accident. But since then—particularly since the war—the research that has been made into the credit-system has revealed the fact that such a superior power exists, and existed then, and that it chooses to, and does in fact, exercise the supervision referred to. We can be quite sure that no Minister can to-day, or could then, carry out financial transactions of the magnitude involved in this case without the knowledge and approval of the banking interests. The Marconi Affair appears now to have been an act of deflation by monetary interests instead of an act of corruption by politicians. Marconi shares stood at 11s. at the beginning of 1911; at 70s. at the end of that year; at just under 100s. at the end of March, 1912. Up to that point no official pronouncement had been made of the Government's intention to place the contract with the Marconi Company. But at that point some information leaked out, precipitating a general scramble which forced the price to £9 by the end of April. After that the inevitable slump set in. The public lost their money, but no Minister received the proceeds. Some of the money may have passed indirectly into the funds of the "Bankers' Party," but the bulk of it went to consolidate the reserves or to defray the bank-loans and overdrafts of large financial institutions. On this hypothesis one can well conceive the high-financial authorities actively encouraging popular suspicions of political Ministers in order to lead the public off on a false scent. Listen to the qualifications of the chairman of the Committee of Inquiry that was set up, Sir Albert Spicer. He had been a wholesale stationer; was the first lay Chairman of the Congregational Union of England and Wales; until 1910 Chairman of the London Missionary Society; was still a member of the Advisory Committee to the Army Council on the Spiritual and Moral Welfare of the Army. This was the man appointed to unravel the intricacies of a complex financial transaction of this sort.

Bankers from the countries participating in the issue of the loan provided for by the Young Plan and The Hague agreements met yesterday and to-day at the National Bank of Belgium—

Mr. McGarrach, president of the Bank for International Settlements, presided, and those present included M. Quesnay, general manager of the Bank for International Settlements; Baron Brinard and M. Masson, of the Crédit Lyonnais, which is organising the issue of the French portion in France; Mr. Thomas W. Lamont and Mr. Arthur Anderson, of Messrs. J. P. Morgan and Co.; Mr. Montagu Norman, Governor of the Bank of England; MM. Wallenberg and Rydbeck, representing M. Ivar Kreuger, head of the Swedish Match Trust; Herr Fuchs, a director of the Reichsbank; Signor Beneduci, representing Italian banking groups; M. ter Meulen, of Messrs. Hope and Co. (Holland); M. Bindschedler, of the Swiss Credit Bank; M. Dreyfus, of the Union of Swiss Banks; M. Morel, of the Basel Commercial Bank; M. Gunther, of the Swiss Union Financière; M. Fabri, of the Société Générale de Belgique; and M. Thys, of the Banque de Bruxelles.

—The Times, May 3, 1930.

Drama.

Our Ostriches: Royalty.

That propaganda is one of the legitimate purposes of the theatre is no more to be argued about than whether William the Norman had a right to conquer England. The social experiment of democracy necessitated somewhere a free pulpit; and the theatre was the only one which could more or less comfortably—more comfortably than a church, anyhow—seat an audience, and which had no respectability to fear for. The stage was, indeed, the best possible pulpit, since its tradition at once exposed any violation of human nature for the sake of a case. One is supposed to enter a church prepared to believe, the only other motive justified by history being to smash things. One enters a theatre ready, if not always prepared, to hear, weigh, and criticise. Propaganda has accordingly had to be conducted more responsibly in the theatre than anywhere else. Lastly, when propaganda invaded the theatre many stages were being used for far less worthy purposes.

"Our Ostriches," by Dr. Marie C. Stopes, is perhaps more a historical than a propagandist play, since, although birth-control is not yet in the domestic hygiene syllabus approved by the Ministry of Education for elementary schools, Dr. Stopes has certainly informed the people; and the contraceptive industry has fallen far behind its philosopher in that not yet, so far as I am aware, is it possible to obtain delivery of the devices by automatic machine. As a partly autobiographical play "Our Ostriches" helps to explain Dr. Stopes's enormous success with her crusade; for it shows her simply unable to understand her opponents' objections. The case she puts into their mouths in the play is their weakest, most antediluvian and absurdest. It is the experience of the genuinely dramatic propagandist, of Shaw, for example, especially, to be seized at some stage by the spirit of the opposers' case, and to state both sides so well that the audience is compelled to think and to decide for itself. Only rarely was Dr. Stopes so threatened, and when she was she ran away at once. When Brother Peter, for example, took Mrs. Flinker's host of brats on his knee, he recalled to me an episode that occurred in a large but poor family the eldest son of which, about sixteen years old, was of the thoughtful disposition. The father and boy were discussing birth-control, which the father condemned. "But," said the boy, "surely you, father, would have been better off if you had not had so many." "Yes," said the father, "but suppose that one of the 'birth-controlled' ones had been you."

Dr. Stopes chooses names for her characters after the manner of eighteenth century comedy. In the dialogue she distributes her affection and contempt in accordance with the baptisms. Lady Carfon and Lord Simplex are the aristocrats who see no reason why the upper ten should enquire how the submerged tenth breed. Brother Peter represents the Church. Dr. Verro Hodges is the truth-seeking doctor who ultimately allies himself with Evadne Carillon, as Dr. Stopes romantically calls herself, to spread the light. The Royal Commission, one of the sittings of which is the scene of the last act, includes such persons as Professor Beverley Black, Lady Highkno, and Sir Theodore Ravage. It is pretty obvious who the author would have birth-controlled. In the first act Evadne Carillon decides to visit her old nurse, somewhere in the slums, on the day of her engagement to Lord Simplex. Mrs. Flinker, with a pram full of washing, sensibly wheels it across the park, clouting the kids' heads to keep the formation of the procession. In this act a patch of the dialogue was so poor that the actors could not remember it, and Dr. Stopes may be confidently

regarded as the debtor of Mrs. Flinker's excessive family for all that was of interest. In the second act Mrs. Flinker is at home making her husband's tea, she finds Annie's beads in the dough, and slings the offending pieces into the eye of one of the kids who happened to interpose it between her aim and the fireplace. But what Dr. Stopes proved was not that Mrs. Flinker had too many children, but that she was far too poor. When Mrs. Flinker fainted and the kids had to go into the next teneament while she brought forth her thirteenth before its time, it was still her poverty that was serious rather than her fertility; since the removal of her poverty would reduce her fertility, give the surviving half-dozen a chance, and surely set her practising birth-control out of herself. Nobody in the whole play stated the case for a more equitable sharing of wealth and opportunity as a substitute, if not for birth-control, at least for birth-control propaganda. The case at its best against birth-control is not against birth-control, which everybody practices in some way, if only by celibacy. It is against the primacy of birth-control; it is, that birth-control is one of the things that, if necessary, would be added unto us after we had remedied the maldistribution of wealth and education. It is still as true as Aristotle believed that a share in the wealth of the country is necessary to develop a responsible citizen. Nor is Lenin's case answered: that family limitation is for slaves who, instead of living to break out of their slavery, have accepted self-annihilation as the peaceful way out. Brother Peter stated the case for the religious objection with only a fraction of the power and clarity that any priest would have given it. Dr. Stopes takes as a granted premiss the natural right of all human beings to sexual intercourse for pleasure's sake. It is a tenable view, but a much more powerful opposition can be put forward on spiritual grounds than Brother Peter's immediate retreat into the position that conception must be left to what the contraception propagandist calls chance, the young couple call luck, and the Church calls the Will of God. The "self-restraint" argument is no better for the Church, since all contraceptive methods require both self-discipline and self-restraint for their efficient application. The Church's case should be based on its responsible office as "sublimating influence"; on the fact that people in love, unless they practise chastity, which religion alone can help them to do, bungle contraceptive methods, or make themselves physically or nervously ill. It does not matter whether even this case can be answered. The better for the case Dr. Stopes advocates if it can; it remains that not a single opponent of birth-control in the play stated the case against it at its best, which is the only case worth answering.

In spite of this, with the exception of two very dull places, the play is interesting, for which thanks are mainly due to the producer, Mr. Reginald Bach, and the actors for seizing the object-lesson marionettes fashioned by the author, and turning them into human beings. Mrs. Flinker's family was mere moral illustration; the children simply "a bundle of children," but the children who acted the parts performed miracles with them, as Miss Clare Greet did with Mrs. Flinker. The producer criticised the philosophy by exhibiting himself as happiest where life was most abundant. As the Chairman and Government Representative, respectively, at the Commission, Mr. Kinsey Peile and Mr. Frederick Annerley created two fine comic caricatures. Evadne, the birth-control crusader, was performed by Miss Norah Robinson, who seemed to wish that the other side would test her with a better case, and who failed to summon up at times the degree of indignation which the lines required.

PAUL BANKS.

The Cost of Wear and Tear.

By A. W. Coleman.

In these days of hustle and high pressure, wear and tear becomes a much more important consideration than in the calmer and more spacious days of our forefathers. It is not alone the human machine which suffers; the mass of machinery which mankind has accumulated during the present age is equally subject to deterioration and decay, and the cost of this in terms of financial figures is enormous. How far do these figures reflect the actual physical depreciation and loss?

Major Douglas has said that a human being, from the point of view of a cost-accountant, is a machine who must bear his own depreciation charges. To enable him to meet these he is paid wages. In the case of a non-human machine also, a payment of wages is arranged for the same purpose.

The method adopted for such payment is familiar to all. When any machinery is installed an estimate is made of the number of years that it is likely to remain in use before replacement becomes necessary owing to wear and tear, obsolescence, etc. The financial cost of the machinery is then divided by this number of years, and the figure obtained—the annual depreciation charge—is spread over the annual output of the machinery as a cost, to be accounted into the price of the product. This depreciation charge is placed, year by year, to a reserve fund which will ultimately provide for the renewal of the machinery.

Now this cost differs from ordinary labour and material costs in that it has never been distributed as income in any form or at any time. The money will be used in the future to defray future capital costs, but while the machinery is in use the money equivalent of this cost does not exist at all in the hands of the public, although it is charged into current prices; it may thus fairly be regarded as a wage paid to machines.

It follows, then, that as the industrial system pays wages to machines as well as wages to individuals, the incomes of individuals cannot possibly purchase the product in respect of which these dual wages are paid. And this inability increases as the machine factor in industry increases.

The result is that industry is left with unrecovered costs in the shape of surplus goods, etc., over and above current demand, either on the market or piling up behind it. And when industry cannot recover its costs, production slows down and finally ceases.

So much for the immediate situation; but what of the future? Will industry be able to recover its costs when the reserve fund is used, and the production of a new set of machines accomplished? To answer this question we must discover what happens when money abstracted from consumers' incomes is used to purchase capital equipment.

The argument has been stated by Messrs. Foster and Catchings in "Profits," and developed by various writers in this journal, but it will bear repetition. In the first place it is desirable to regard Industry as a closed organisation, with its final customers, the consuming public, outside it.

In the second place it must be realised that the sole end and aim of Industry, thus regarded, is to supply ultimate goods and services to individual consumers. Consumers, as such, are not interested in capital equipment or intermediate products; when, for instance, Industry builds railways and locomotives, ships, harbours and docks, it is with the ultimate aim of providing transport for individuals, and of moving goods about so that ultimate products may, in the long run, reach retail-store counters.

During productive operations, Industry is continually distributing incomes to individuals, and,

concurrently, entering these in its ledgers as costs. Industry can only recover these costs by the sale of ultimate goods and services to individual consumers. When one industrial firm sells capital goods or intermediate products to another industrial firm, Industry as a whole does not recover any costs; they are simply transferred within Industry. The latter firm in this instance must defray its own particular costs by transferring them, with profits added, to yet another firm, and so on, until the mounting costs arrive at retail stores or other point of contact with the consuming public, from whence the ultimate products can be taken right out of the industrial organisation, and the final costs defrayed.

It should now be apparent that the whole of the money issued by Industry as incomes must be used for the purchase of ultimate goods and services, and it must be so used before it is again issued as a new income with a new cost-entry against it in a ledger; that is to say, it must be used alternatively, first for production and then for consumption. If money incomes are not so used—if they are "invested"—they are used primarily to purchase capital and intermediate goods instead of ultimate products, so that the money is entered as costs in industrial ledgers twice in succession instead of defraying costs in between two such entries, thus leaving Industry with unrecovered costs.

It may be noted in passing that this view of the problem removes a difficulty which many students of economics meet in connection with the circulation of money, and dispels the idea that an inadequate supply of money can be made to function satisfactorily by circulating it faster. Every time money makes a complete circuit, it is entered as a cost on the outward swing and defrays a cost of the same amount on the inward swing. If consumers are to spend money faster, they must earn it faster, but in so doing it will be entered as costs against them faster. No increase in velocity of circulation can prevent it being entered as a cost at least as often as it defrays one. But whenever money is invested, and used for the purchase of capital goods, it makes an incomplete circuit—a double outward swing with no inward swing—leaving Industry with unrecovered costs. And to make matters worse, Industry is provided with an increased ability to produce, while consumers are left with a decreased ability to consume, even as measured against the old scale of output.

To hark back to the reserve fund, it will now be seen that its expenditure on new capital goods will not recover industrial costs, so that Industry is left with unrecovered costs on two counts; first on account of the payment of wages to machines, and secondly on account of the spending of these wages on capital re-equipment.

And the costs in question are not only unrecovered, but irrecoverable. Seeing that the issue of all money, whether old or new, represents costs, and that if it is new money it starts its life as a debt to the Banking System, it is quite impossible for Industry on a world-wide scale to recover these costs within the conventions of the present money system. It is of course possible for the industrialists of one nation to recover costs from another, a sinister possibility—technically known as a "favourable balance of trade"—which is fairly accurately reflected in the size of armaments twelve years after the war to end war, but a complete and final League of Nations must find them irrecoverable as a whole.

Rationalisation in Industry is thus precipitating an impasse which was sufficiently serious before. The remedy for this state of affairs is however so simple that all well-conducted, orthodox economists are bewildered and scandalised at any mention of it. The impasse arises from the practice of debiting the consumer with the cost of all depreciation. So be it.

Then, credit him, on the same scale, with the cost of all appreciation, and, presto! the trick is done.

Just *how* it is to be done, accurately and equitably, is a technical problem, the solution of which can be accomplished by technicians with the aid of an instrument known as the "price-factor."

The Boomerang in Education.

By Arthur B. Allen, L.C.P.

I.

The United States' Government has granted to the Indians huge reservations of lands to be held by them in perpetuity. Further, it has granted an annual capitation gratuity which removes the fear of starvation. Starvation away from the door takes with it the necessity of working for a living, and so the Indian becomes a gentleman of leisure. Upon the reservation, this leisure is taken up with following the pursuits and the racial activities of the Indian's forbears.

The children of the Indian attend school on the reservation, and if of sufficient mental calibre graduate to the High School, to College, and finally into the University. During this process of education they acquire a veneer of civilisation. On the return home, to the primitive dwelling places of romantic story, there is a marked tendency to look down upon those to whom they are by blood-line bound. It is an economic necessity for these young folks to return to their villages, for there are very few opportunities for the Indian in normal industrial life. Not that there is a movement against the Red Man. There is, however, an atmosphere which very effectively keeps the old Indian within his acres and returns the young Indian to the fold.

So one is confronted with the spectacle of youth going forth from the tribal villages to dwell in the cities of the White Man. There he is to learn of the amenities of civilisation—only to be thrown back upon the aboriginal state in the last stage. Is it a matter for wonder that family ties become strained, and respect for parents reduced to zero? A few years back with the tribe, however, will temper the wildest convert, and he lapses again into the way of his fathers and returns native.

Education for Industry cannot be applied to the Red Man, for there are no openings for his genius. Education for leisure is as unknown in the American schools as it is in our own. To what purpose, then, is the Indian educated? Education for Discontent? The antithesis of culture.

II.

In England our sons enter into State schools. If of an average ability they leave at the age of fourteen plus, and enter into the ranks of industry. If they have a well developed interest in, and ability for a given branch of study, they are drafted to secondary schools or grammar schools, technical or art schools, and leave at the age of sixteen plus, entering at that age the ranks of industry. Should they possess outstanding ability they may, by steps in scholarships, exhibitions and bursaries, attain to a University, from whence at the age of twenty plus, they come forth armed with a degree and enter into industry. But a degree does not guarantee a salary. There are in proportion more highly qualified men earning less than £5 a week than there are unskilled men earning the same wage. Modern industry has placed a premium upon unskilled labour that renders the diplomas of the trained men null and void. As example of this, a Ph.D. working in the laboratory of a tobacco factory in England is, to my personal knowledge, drawing £5 a week. In the same factory an overseer of girls making cigarettes, i.e., minding the

machines which make the cigarettes, is earning £10 a week. The first man must know his work from A to Z; the second need know nothing about the processes; his work is to see the amount of work is produced and produced according to plan.

What else may be claimed for an educational system that will support this topsy-turveydom, save that it educates to breed discontent?

We have arrived at a moment when distinction in terms must be indicated. We must differentiate between *education* and *culture*, for it appears there is great confusion as to the implication of each word. I was asked to define education at a public meeting, and I gave as my definition "Education is a subtle thing. It is the cumulative effect of an idea." This no longer holds the field in the implied sense of the terms. Turning to the dictionary one finds *education* given as "the bringing up of the child; instruction; the training that goes to cultivate the powers and forms character." Of *culture* it says it is "intellectual and moral discipline and training." We need go no further for the statement of our case. We send the child to school, and the Chamber of Commerce sees to it that the child is brought up and instructed in the morality of industry. This is the New Ideal in Education. As for culture, where in all our schools, private, State, or public, do we find a child given an "intellectual or moral discipline and training"?

The face of education is changing. No longer are we asked to bring out the individuality of the child which makes education and culture akin. Rather are we compelled to instruct the child in the morality of business and in the mechanics of industry. And then the churches moan of a God-less world.

The House of Rothschild.

The five Rothschild brothers established financial houses in Germany, France, England, Austria, and Italy. The Encyclopaedia Britannica XI., after narrating how Nathan Rothschild enriched himself out of Waterloo, says: "Latterly he became the financial agent of nearly every civilised government." One J. Reeves, in a book now out of print, said: "It's (the Bank of Rothschild) influence was so all-powerful that it was a saying, no war could be undertaken without the assistance of the Rothschilds."

A book published by Victor Gollancz, Ltd., 14, Henrietta Street, Covent Garden, London, W.C., and called in the first volume "The Rise of the House of Rothschild" says: "Although in sending guineas to Frankfurt, Nathan was generally acting in accordance with quite definite plans that suited the British Government, James, in order to gain the support of the French Departments for these operations, pretended to the Ministry in Paris that the English authorities viewed the export of cash with extreme displeasure, and did everything possible to prevent it. He succeeded only too well in hoodwinking Mollien, and, through him, Napoleon. Nathan wanted just at this time to send exceptionally large sums of ready money to France, having the secret intention that they should ultimately be destined for Wellington's armies. It is true that his firm had friends in both camps, but it was important that, if either of the political structures collapsed, or showed signs of instability, the centre of gravity of the firm's business should be rapidly shifted to the victorious side."

It is significant that the second volume of this book changes the name to "The Reign of the House of Rothschild." It brings things down to the present, and while maintaining that the house wanted peace, shows how the family has worked in and through the rulers of the Powers. On p. 459 we see that it was the Rothschilds who financed Japan against Russia. With regard to the world war we read: "Again they had a foot in both camps. The London and Paris Houses were in the camp of the Entente, the Vienna House was in the camp of the Central Powers. The Vienna House certainly suffered enormous losses, but scarcely had peace been concluded and the close relations between the three Rothschild Houses re-established, when everything possible was done by the two houses operating in the victor countries to assist the Vienna House in its great difficulties. From a 'Confidential Memo' accompanying a pamphlet sent for review by an anonymous propagandist calling himself 'An American.'"

Notes on War Fiction.

By F. Le Gros Clark.

No one who is ordinarily sociable need join a League of Nations Union or a pacifist body to assure himself that the public is worried by the thought of war. War has become a matter for conversation. The war-fiction has given us an excuse for talking about it; to ask in company what one shall say of "All Quiet," for example, or of "Good-bye to All That" is to initiate less an aesthetic criticism of the novels than a general post-mortem on war-emotionalism. This is one of the many reasons for the present flood of war-literature. The public was craving for an excuse to talk about war; and literature is an excellent sanction for matters otherwise vaguely *tabu*. "Uncle Tom's Cabin" made it quite good form to discuss slavery in the Northern States.

But why all this anxiety about war? Cynics have commented that there was little outcry about China or Morocco; and they suggest—with some justification—that distance alters the perspective. This is true; but it is not a complete explanation. For all our protestations about a "change of heart," the fact remains that it was the war of '14 that gave us our real organic shock; and that what staggered us about it was not its essential character as armed conflict—nor even its enormous scope—but rather its unexpected duration and the efficiency of its destructive forces. It went on—one might say—about three years too long and was responsible for about twenty times too many deaths.

Past wars were by contrast sane and purified affairs. Not only were they endured with fair equanimity; they have provided the basic stuff for our school history-books and for our best romances. War on such a scale did not perturb us as children; rather were we taught to contemplate it as a worthy human institution, an institution calculated to bring out much of the best in man and certainly to release him at times from the *ennui* of his normal life.

'14-'18 shocked us, because it demanded far more than the best of any man—and because it soon imposed on the public an *ennui* far more oppressive than that from which it might have released it. We were—and are still, to my thinking—prepared for "wars" in the traditional sense. For a repetition of '14 we are not prepared; and our historic acuteness has been sufficiently increased to teach us that the next war will be by no means a repetition of the last, but will probably involve us in calamities too outrageous to meditate upon. It is not war we fear but ineluctable massacre.

In the traditional or history-book use of the term, "War" has ceased to exist; it has developed into sheer massacre; and whatever pleasurable features it may have had in the past, these have so intensified as to convey nothing but discomfort and horror. Humanity is faced with an emotional dilemma. On the one hand we still feel that "War"—in the old sense—can give a peculiar zest to life. On the other hand we are painfully aware that, if we attempt to indulge in War, we shall meet less with War than with a destructive force more closely akin to plague or volcano.

That is the problem; and few generations have had to solve a problem as difficult, or one calling so insistently for solution. Our social metabolism has gone out of gear, just as apparently the metabolism of the extinct Irish Elk went out of gear; the horns of the species grew so large that the skull was unable to support them, and the creature perished. Yet it could not renounce its horns and go hornless; and we cannot renounce our belief in War as a social institution. We cannot free ourselves

of the haunting sense that a warless world would be tame, monotonous and insignificant.

War is an excitement. The public reads and discusses the War literature because it wishes to stimulate itself. But rarely do we advance to the central point—our wish to enjoy the shadow without being forced on to face the substance. Here is the danger. An alcoholic cannot gratify his taste for ever on pictures of whisky bottles; and a generation nourished on the ideals of manly virtues and sensitive to the drabness of its normal life cannot for ever find its satisfaction in War dramas and War novels. It is playing with fire; and dimly it is growing aware of this. It would, if it could, take refuge in pleas for partial or total disarmament. It is like the child who, conscious that his hands will involuntarily stray towards the box of matches, agrees that they be taken from him and put upon a high shelf.

Our ancestors meddled with cross-bows and breach-loaders, and did damage to themselves—but not irreparable or even unspeakable damage. In the hands of their descendants have been placed bombing aeroplanes and poison gas; and with these we dare not meddle. We are burdened with a power too great for us. War in the future will not prove our manhood but our insanity.

Yet we are still intent on proving our manhood; and our civilisation, if indeed it is ever to complete its task, must evolve outlets for human courage and endurance that are less destructive than War and remain as alluring to the human imagination.

Music.

Vienna Philharmonic Orchestra: April 27.

At first the educated music-lover and musician is almost bound to confess to a movement of impatience at the very stereotyped and very common-place nature of the programmes that have been or are to be given us by the bevy of illustrious foreign orchestras who are visiting London just now, but one has only to hear them in these familiar works to realise that what we are hearing is anything but familiar, that that complete and perfect balance, that exquisite transparent clarity and cleanness of sound texture, that perfect unanimity, that superb polished musicianship and style are things about which the critically intelligent members of an English audience may dream but only hear when a Vienna Philharmonic Orchestra visits them or they it—that, in fact, we are hearing scores in many instances as they were meant to sound by their creators *for the first time*, and irritation evaporates in the delightful sense of being led through an unfamiliar familiar area by guides who know every inch of the way. Furtwängler, the conductor, is not either exciting nor is he remarkable as a musician of any real profundity of thought or depth of feeling. He is an excellent artisan admirably routinised, and knows how to get exactly what he wants from his orchestra, but what he wants doesn't often seem to amount to very much. But the Vienna Philharmonic is such a marvellous body that they could be relied on, I am sure, to give admirable performances entirely *sans* conductor. Their strings have not quite the massive weight and power of their colleagues of the Berlin Philharmonic, but what silky perfection of tone quality, what velvety smoothness! And what brass! What round, warm sonority without any of that dreadful harsh, vulgar blatancy as of a merry-go-round steam organ that is so cultivated by English brass players. And the extraordinary rich, full sonority of the harps, so different from the thin zither-like nasal twanging that we are accustomed to! I was inclined to suspect that the instruments used (by splendid artists, of course) in the Vienna Philharmonic Orchestra are the wonderful products of the great American

makers, Lyon and Healy, whose harps have a sonority and fullness and body of tone that is unprecedented, and must be heard to be believed. And the delicious quality of the triangle even, and the perfect moderation and reserve of the tympanist, so different from our gentry who drown everything in a strepitous uproar at the least excuse—or none at all!

And now that so many great orchestras are coming, why not the wonderful Augusteo body? It is little known, but it is one of the finest in Europe, without a doubt, and has in Molinari a conductor of the first order.

KAIKHOSRU SORABJI.

The Screen Play.

Berlin.

Some months ago I made the suggestion that it might prove an instructive experiment, with reference to certain aspects of the talkie, to present a number of selected films, and in particular "Berlin," without the customary musical accompaniment. Since then the same idea has occurred to the London Workers' Film Society, who showed Ruttman's film at the Scala on the Sunday before last without any music. The experiment was eminently successful, although one missed the excellent score which Meisel wrote specially for the film, and in particular the train *motif*. "Berlin" is, of course, so arresting a production that it is an exciting adventure to see it, however often one has seen it before, apart from its being one of those films which require to be seen several times in order to study its subtle technique.

I should like to see a similar experiment made by a large number of theatres. Within the past eighteen months filmgoers have been saturated with sound, and before the talkie they had become so accustomed to the presentation of films to music, even if the orchestra consisted only of a third-rate pianist and violinist, that it was an article of faith with the trade that audiences would not sit through a film if it were shown "cold," to use the expressive *argot* of Wardour Street. If "Berlin," which has no story, no *dramatis personae*, and no titles, can hold the attention of an audience without the aid of an orchestra, then such a screen-play as "Anna Christie" can certainly dispense with continuous dialogue.

Mamba: New Gallery.

This is one of those pretentious films which irritate the critical. The story of the impoverished aristocrat married to the brutish parvenu in order to pay her noble father's debts is not strikingly original, although here a touch of novelty is given by the East African setting. The latter is, however, ruined by the extremely bad colour photography, which is so far from the standards of the present day as to appear old-fashioned. So is the melodramatic atmosphere of the whole film. That a supposedly German heroine, in the person of Eleanor Boardman, should speak with a strong American accent, is, of course, one of the inevitable absurdities of the talkie, but for British officers to speak as Cockneys, and for other characters to indicate their German nationality and the fact that they are conversing in German by speaking English with a Teutonic accent is an avoidable absurdity, which capable direction would have eliminated.

"Mamba" is, however, worth seeing for the acting of Jean Hersholt. This distinguished artist is so rarely given any but stereotyped roles, that it is a pleasure to have him in a full-blooded character study that incidentally furnishes further proof of his versatility. He redeems the film from utter mediocrity. The rest of the players did what they could in impersonating stuffed dummies.

DAVID OCKHAM.

Scotland and the Douglas Scheme.

"Rip Van Scotland." By William Bell. Cecil Palmer, 2s. 6d. net.

"The Modern Scot." 136, Nethergate, Dundee, 2s.

Mr. Bell's excellent little book is a trenchant restatement of the essentials of Douglasism, with special reference to Scotland and the possibilities of the Scottish National Movement. In its analysis of the existing financial system and its advocacy of the Douglas Proposals it traverses ground familiar to all readers of THE NEW AGE. Mr. Bell has nothing fundamentally new to contribute, and does not attempt any detailed application, but he is a keen controversialist and within its limits his book is a telling bit of propaganda. It is impossible for any case to be effectively re-stated in new terms and in relationship to a new and particular set of circumstances, instead of the customary and more general connections of previous advocacy without advantage. The resultant variation in the distribution of emphasis is valuable to all concerned. New sidelights are developed; and if the writer is a man of integrity and enterprise he enriches the pool of propaganda material with first-hand instances of his own. Mr. Bell is a well-equipped advocate and his alert mind has seized upon all manner of apt illustrations and points in passing. His little book, therefore, even in so far as it deals with the Douglas Proposals, will not be merely "cauld kail het again" to NEW AGE readers. His purpose, however, is to preach, not to convert, but to the unconverted, and those who want to follow his example can glean useful hints from his method of exposition. Douglasism is difficult to "put across" in terms intelligible to the Man in the Street. Mr. Bell has a way of his own, which should prove very successful. Apropos his book, indeed, a good deal has already appeared in Scottish newspapers about Douglasism. Creating occasions for additional publicity in this fashion is excellent propaganda in itself. The majority of the Scottish papers are not so chary of mentioning Major Douglas by name as their English contemporaries. "Enterkin" (a pseudonym which conceals the identity of a leading Scottish journalist), for example, devoted a column and a half to "Credit Reform and Scottish Problems" in the *Glasgow Evening News*. True, the burden of his article was the "incomprehensible terminology" of Douglasite advocacy in general. Nevertheless, publicity of this kind is a useful means of inserting the thin end of the wedge, and that has been very effectively done now all over Scotland.

Mr. Bell's purpose is to drive it home, and his book is equally concerned with the very grave social and economic problems of Scotland to-day and the Scottish National Party, of which he is a keen supporter. "Without a complete reorganisation of credit control along the lines of the Douglas analysis," he writes, "I believe there is small hope of trade revival for the Scottish people, whether the administration be at Westminster or Edinburgh. Merely to establish the Parliament in Edinburgh, but to leave the power to issue credit in control of the Bank of England is but to quibble with the meaning of self-government." The central thesis of his book—the vital relationship between Douglasism and the growing Scottish National Movement—he states as follows: "The advent of Major Douglas at this precise moment in history is a significant portent economically for Scotland as it is for the whole world. For now arises the question whether the destiny of Scottish genius may be to drain the economic morass in which the first-class nations of civilisation are floundering. It may be that the Scottish people shall be the first to express in terms of economic action that celebrated equation first enunciated by her latest son of economic genius." So mote it be!

Several of the leaders of the Scottish National Movement are ardent Douglasites and for several years now have been trying to bring the movement as a whole round to this position. While Douglasism has not yet been adopted as the official economic policy of the party, it probably will be. The propaganda of Douglasism and Scottish Nationalism is at all events, going on hand-in-hand, and there are few branches of the Scottish National Party which do not include a number of keen Douglas supporters. Mr. Bell's book may suffice to put them in a majority in the party as a whole.

The extent to which this development is "in the air" is illustrated by the first issue of a new quarterly—*The Modern Scot*—which is the organ of the Scottish Renaissance, the cultural wing of the Scottish National Movement. It contains an admirable five-page article by

Douglas himself on "Delusions in Regard to Money and their Effect"; an editorial announcement that the Douglas Theorem will be fully dealt with in subsequent issues; and a two-page review of Mr. Bell's book, the tenor of which may be judged from the following extracts: "The economic salvation of Britain, not to mention the whole of the industrialised world, lies in a wholesale reform of the financial system along the lines laid down by Major Douglas; and the chief importance of Mr. Bell's 'Rip Van Scotland' is in its making 'Douglasism' part and parcel of Scottish Nationalism. . . . The author, besides being one of the many Scots wishing to destroy, is also one of the few who know how to build, quickly and surely."

The omens are propitious and it may well be that Douglasism will be adopted as the official economic policy of the Scottish National Party at a very early date. The younger and more active wing have been quick to follow the lead given them by the Douglas advocates on the National Council, and *The Modern Scot* is a welcome new organ of propaganda which will undoubtedly render yeoman service to the cause.

C. M. G.

LETTERS TO THE EDITOR.

DIVORCE AND EQUITY.

Sir,—Mr. Roland Berrill is entirely unjustified in drawing from my remarks on the treatment of divorce by the Roman Catholic Church the innuendo that a petitioner's costs are greater if the annulment be granted than if it be disallowed, and that the Sacred Rota is influenced in its decision by this consideration. I repeat my words: "The Roman Catholic Church forbids divorce on any ground whatsoever, though its wealthier members can usually for a consideration get their marriages set aside as null by means of a papal dispensation." The only innuendo, I submit, which can be drawn from this passage is that, as the grounds on which the Rota will grant a nullity decree are so numerous, it is a comparatively simple matter for the wealthier and more influential members of the Church to obtain a dissolution of marriage when they wish. I decline to withdraw the statement, and in support of it I would refer Mr. W. L. Kennedy and Mr. Berrill to the lengthy correspondence on the subject in *The Times* in November, 1926, and also to an extremely illuminating article, entitled "The Papal Attack on Marriage," by H. E. M. Stutfield, in the *National Review*, July, 1927. Mr. Stutfield cites numerous authorities, and mentions the case where a papal dispensation cost a certain exalted personage £4,000.

Mr. Berrill also taunts me with the use of the word "unjust," and he asserts that "to a good dyed-in-the-wool lawyer the idea of 'justice' is childish." As a prospective lawyer (though not, I hope, of the dyed-in-the-wool variety) I can emphatically state a fact with which Mr. Berrill does not appear to be acquainted, to wit, that in every country the object of the courts is to administer justice between the parties in accordance with established principles, cases, and statutes. Any arbitrary behaviour on the part of a court which suggests high-handedness and capriciousness is invariably regarded with disapproval by the rest of the legal profession, if not by the lay public. A regard for precedent is by no means necessary in every legal system, but a comparative degree of certainty is essential for the maintenance of public confidence and respect. In England, where the process of judicial decision is inductive, precedent has always occupied a prominent position, since that process involves the reasoning by the judge from particular cases to a general principle applicable to the matter in hand. In most other countries, especially those whose legal systems are based upon Roman jurisprudence, e.g., France, Germany, etc., where the process of judicial decision is *a priori*, the function of the judge is to deduce from a general formulated rule of law the principle applicable to the case before him, and therefore decided cases are generally regarded as only binding upon the parties to them. The result obtained by each method is the same, and they work with equal fairness. But whereas the former regards precedent as authoritative and the latter does not, they both endeavour to attain to as great a measure of certainty as possible in interpreting and administering the law. It is just in those cases where the courts have betrayed uncertainty that injustice has resulted, e.g., in England, in the extension of the equitable doctrine of tracing to the common law sphere of unjust enrichment during the latter part of the nineteenth century.

Mr. Berrill's analogy between the practice of the Rota and English Equity is unfortunate and false, and it indicates an entire misunderstanding of the function of Equity,

and an astonishing ignorance of the history and practice of the English Court of Chancery. He says "That precedent and certainty in law have a purpose and value of their own is not denied, but this value is national rather than individual, and is served at the expense of justice. . . . Equity was an attempt to meet this difficulty by establishing a high-handed, capricious, and benevolent tribunal to override law in hard cases. Lawyers complained bitterly that 'the measure of equity is the length of the Chancellor's boot.'"

The growth of every legal system has been characterised by a conscious aspiration towards "fairness," which has been brought into play in the shaping of the rules of substantive law. This discretionary or moderating influence is known as Equity. Aristotle defines Equity as "a corrective of law where it is defective, owing to its universality," *Ethics V., 10*. This means that equitable interpretation of the law should be in the spirit of the law, and it should do what the law itself would have done had it envisaged the particular case in question. Hence the maxim "Equity follows the law." This idea is quite apparent in our own system from earliest times, though it should be remembered that in England equity has a rather technical significance, owing to its separate and distinct administration beside that of the common law, till 1875, when the two conceptions were fused together by the Judicature Act. *But it cannot be too emphatically stated that the object of equity, which grew up in England under the auspices of the Lord Chancellor, is not to override the law, but rather to supplement its deficiencies and correct the harshness of its application.* At first, it is true, the Chancellor's jurisdiction was founded on "grace," and John of Salisbury's jesting description of the Chancellor as "the Minister who cancels the unjust laws of the realm (*hic est qui regni leges iniquas cancellat*), originally had more than a little truth in it. [The true derivation of the word Chancellor is probably from the Latin "Cancellum" (a screen), behind which sat this official, who was also in early times the King's secretary and chaplain, and transacted the King's business.] This conception of the origin of the Chancellor's equitable jurisdiction doubtless led Selden to make his half-serious raiillery that "equity is a rough thing, and varies with the length of the Chancellor's foot." Long before Selden's time the idea of "conscience" had begun to supersede that of "grace," as the working foundation of the Chancellor's equitable jurisdiction. (As an ecclesiastic, the Chancellor was familiar with this idea, for he was also Keeper of the King's Conscience.) The last Chancellor who can be said to have claimed a power to override law, was Lord Ellesmere, whose quarrel with Lord Chief Justice Coke in the reign of James I., brought the question of the Chancellor's authority into sharp outline, and was undoubtedly one of the causes leading to the Civil War. But even the Royalist Ellesmere inculcated a regard for precedent, and held that "the office of Chancellor is to correct men's consciences for . . . wrongs and oppressions of what nature so ever they be, and to soften and mollify the extremity of the law." The case of *Magdalen College* [1616] *Cro. Jac.* 343. Thus he supported his employment of that formidable weapon the injunction on the ground that injunctions did not question the legality of judgments, but only the "hard conscience" of those who obtained them.

Spence, the leading historian of English equity, proves authoritatively that "there is an uninterrupted chain in the influence of precedent from the earliest times in the application of the principles of equity and conscience." History of Equitable Jurisdiction I., 415, et seq. As early as 1258 of *Equitable Jurisdiction* I., 415, et seq. As early as 1258 we find the barons inserting a clause in the "Provisions of Oxford" which forbade the Chancellor to seal any writ for which there was not an exact precedent in the register. However, the effect of this restriction was considerably modified in practice by the famous Statute of Westminster, II. (1285), which permitted him to issue a writ where the case was similar to one on the register. But by the time of the Restoration Equity had commenced to become systematised and the work was carried on during the eighteenth century by such men as Nottingham, Hardwicke, Thurlow, and Eldon. At the beginning of the nineteenth century it is not surprising that Lord Eldon should be found summarily repudiating any notion that mere individual discretion is open to an equity judge. Since Eldon's time there have been very few judicial extensions of equitable doctrine, and most of them have been embodied in statute form, e.g., and have subsequently been embodied in statute form, e.g., the protection of married women's property from what Dicey calls "kicks and kisses" by the Court of Chancery, which has been confirmed by the legislature in the Married Women's Property Acts.

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