

THE NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

The *English Review* for June contained an attack on the Consumers' Council Bill contributed by Mr. J. H. Maggs, Chairman of United Dairies, Ltd. His article is worth reading because it comes from an interested party to a dispute who knows what he is talking about—a refreshing change from the views offered for public instruction by disinterested parties who don't. There are only too many reformers to-day who, under the false impression that they are gifted with shrewdness, brush aside all evidence on a contraverted subject if they suspect that the witness has something to gain by establishing his case. "The man has an axe to grind: don't be concerned this very knowledge illuminates the argument. If we know *what* man and *what* axe, we also know *what* grindstone; and thus have three points of view from which to survey his evidence and reasoning. On this ground alone, what Mr. Maggs has to say is worth listening to; while on the same ground, what the Food Council has to say is not. For the Food Council holds itself forth as a disinterested body representing an inchoate something called the "public interest." This "public interest," under exhaustive analysis, never expresses a permanent identifiable attitude on the part of the community. It is merely a formula used to justify an attack on a particular interest. Therefore whenever there is a change in the particular interest attacked, there must necessarily be a change in the structure of the "public interest" invoked to justify the attack. A "public interest" which can be invoked against any particular interest has necessarily to be something (whatever it is) which does not include that particular interest at that moment, but which will automatically embrace that interest directly some other interest is chosen for attack at some other moment. It is a game of "odd man out."

The issue under discussion is the price of milk. Profiteering in milk has got to be stopped, says the Council, in the interests of consumers. But, for

the occasion, this interest does not include the interest of Mr. Maggs, his administrators, and work-people, as consumers. When, however, the Council drops the milk question and has another go at the bakers, Mr. Maggs and his associates will be readmitted into the Ancient Order of Consumers. That is how the game goes on. And it is worth noting that the "evil of profiteering" is always attacked sequentially, section after section, never comprehensively and instantaneously. The reason is obvious; namely, that in that case you would see all the food consumers in the country excommunicated by the Food Council.

Someone may seek to invalidate this criticism by pointing out that the "public interest" can be intelligibly interpreted as connoting an equitable balancing of private interests, and that the Food Council is disciplining them severally not to eat out of their turn or more than their share. But this is only saying that the "public interest" represents Equity. There remains the problem of deciding the *when* and *what* of the "turn" and the "share"—and who is to decide it. This is the line followed by Mr. Maggs, whose article is devoted to showing that the Food Council is incompetent to decide it. He seems to find little difficulty in doing so. It becomes plain, from what he says, that the Council has no principle or standard by which it can ascertain what is an equitable price for milk. All it does is to say that an equitable price is a price lower than the existing price—but how much lower it does not say. It might be zero. Thus:

"How did the Food Council act in its negotiations with the milk trade? On our side, as the Parliamentary Secretary admits, there was the most complete candour. We submitted our returns of costs and income. The Food Council proceeded to alter the figures, adding to the profits and deducting from the costs, without any indication of the principles on which it did so. They appear to have assumed that . . . profits . . . were earned on a cost figure represented by the standard price settled by the joint committee of distributors and producers without, apparently, attempting to verify this. It is well known in the trade that in 1926 (the year to which most of the accounts related) concessions were, in

many cases, obtained from the wholesalers and producers from those standard prices. Neither the actual cost nor the actual selling prices appear to be ascertained. Further no attempt appears to have been made to ascertain the cost of processing and distributing a quart or any other unit of milk."

As a result:—

"They estimated . . . that the trade would earn 2.6 per cent. in 1928-29 if they charged the public the prices arranged with the farmers when the contracts were made in September, 1928. This rate of profit—although it amounted to only 1s. 5d. per 100 quarts—the Food Council declared, was too great, and they demanded a reduction of 1d. a quart in the month of August, which, on their own calculations, would have reduced the profit on the year's trading to 1.4 per cent. In a word, they suggested that for the month of August the milk distributors should sacrifice the profits of six months trading!"

When the milk trade was interviewed by Mr. Graham he made a statement to the House of Commons which Mr. Maggs says was not a fair representation of what took place.

"What he said, in effect (at the interview) was that, as a layman, he could not be expected to follow the very complicated arithmetical calculations which were put before him, but he had no hesitation in agreeing with the Food Council's view."

When the trade, in the face of this demand for reduction, requested the Food Council to state what standard rate of profit it had laid down for the retailer, no reply was returned.

If it is true that the normal rate of distributors' profit on milk comes to 1s. 5d. per 100 quarts, its entire confiscation would save the consumer one-sixth of a penny per quart—a fat mouse to emerge from the Labouring Mountain. And much the same result would appear on investigation in respect of all other retailers' profits. The Food Council—or at any rate the influences behind it—must be aware of this; and that is the reason why, although it agitates for powers to compel traders to disclose all their figures, it shows no frankness in reporting them to the public, or in explaining how it deals with them to the parties who disclose them. On the basis of Mr. Maggs's information it would seem that in the view of the Food Council the rate of profit on distributing milk ought to be no more than, and probably less than, the rate of interest allowed on deposit accounts by the banks. The "equitable price," then, is a figure at which it pays the active distributor to become a passive depositor. The right price at which the consumer should get delivery of milk is one at which the distributor will stop delivering it! Splendid. You can have anything you like at the price you can afford provided you do not place an order for it. But if you *must* place an order, and want delivery, then you must be prepared to bid something over the bankers' deposit-rate—for these distributors are wicked animals, they simply will not work for you on the same terms as the bankers are willing to maintain them in idleness.

Young Mr. Randolph Churchill missed a good chance in his recent "Challenge to the Bishops in the name of Youth," by overlooking the idea of suggesting an Evangelical Mission to the milk trade. His omission to do so is a mystery, because since he holds *Youth* to be the most potent influence for good in life, and since the essential property of Youth finds its purest expression in the new-born child, whose life is sustained exclusively by milk, then it is manifest that the future of civilisation depends upon the moral regeneration of the milk-distributors. Mr. Randolph Churchill should have called for a "change of heart" in Mr. Maggs and his associates, to the end that they should renounce the harness and accoutrements of commercial laws, and hitch their wagons to the Milky Way. This is the more urgent

because, with the absorption of women in the economic system, the "Youth Movement" is becoming a bottle-fed movement, and the Cow is coming into her own as the foster-mother of the race.

We print elsewhere a short article about the recent concession made by the Post Office to the bankers in regard to the carrying of currency. Back in the times when currency was in the form of golden sovereigns the banks despatched consignments at their own risk and in the personal charge of their own officials. With the substitution of paper money the carrying and the risks were thrown on the Post Office, which, of course, charged an ad valorem registration fee. The banks have objected to paying on this scale, partly because it came expensive on the transfer of large sums, and perhaps chiefly, because the fees paid would disclose the approximate amounts of those sums. So apparently they have been transmitting large sums and registering the packets to cover a nominal risk. Recent successes of mail-robbers have put an end to this device. So now we witness the outcome. The banks have now cut their costs while still keeping their secrets, and the taxpayer has to foot the bill for a private detective service to watch bankers' correspondence from point to point along its entire journey. The H. V. P. (High Value Packet) service is not for the public. It is for the masters of the public and has been adopted at the bidding of their voice. It should be called the H. M. V. service.

Since writing the foregoing we read that some obscure citizens, whose genius should qualify them for those £10,000-a-year jobs which are said to be going begging, have stolen a complete mail-van. They waited outside a London Post Office until the van was driven up. The driver got down, opened the back, and took some bags into the office. When he came out he went to close the doors, or to open them, when the van drew away and slid round a side street. The next that was seen of it was its appearance outside another Post Office. The driver got down, opened the back doors, took out a mail-bag, and proceeded up to the door of the office. Upon reaching it he did not go in, but turned into an alley adjacent to the doorway and disappeared. Nobody appears to have noticed what he did, although several people saw him doing it. The robbery was not discovered until some official inside began to wonder why the van had stood there for so long, and went to enquire. The sublime simplicity of the conception, and the calm leisurely manner of its application, almost constrain us to feel proud of our country. It would be an artistic sequel to the story if the thieves had got off with an H.V.P. mail-bag. This would be a reprehensible method of distributing consumer-credit, but the moral is for the banks to distribute it in the right way. In the meantime more and more talent will be applied to these illicit efforts to promote consumption.

Under the title "The Nemesis of American Business" Mr. Stuart Chase contributes an article to *Harper's Magazine* of July on the present situation in America. His theme is the relation of the machine to unemployment:

"With the rise of the industrial revolution and the incalculability of the job, at least four kinds of unemployment become chronic phenomena in all nations addicted to the machine.

1. Seasonal unemployment—as experienced by cannery factory workers in the winter.
2. Technological unemployment—as experienced by stokers in a liner when one or two white-garbed oil-tenders displace them.
3. Cyclical unemployment—as experienced by some two million persons in the United States this winter following the stock market crash. The last great cyclical depression was in 1921.

4. Residual unemployment. The creation through the above misfortunes of a permanent class of unemployables incapable of any disciplined effort.

In recent years, particularly in America, two further subdivisions of technological unemployment have been in evidence!

5. Stop-watch unemployment—as when, through time-study methods, one bricklayer takes the place of two.

6. Consolidation unemployment—as when, by virtue of a merger, half a dozen vice-presidents and a hundred times as many clerks and salesmen find their function as overhead charges irrelevant, incompetent, and immaterial.

"What threatens," says Mr. Chase, "to continue unabated, in good times and bad, is technological unemployment with its three faces—the machine, the merger, the stop-watch."

He quotes the following from the *Iron Age*:

"If the productivity of industry through mechanisation continues to increase in the next 25 years in the same way and at the same rate as during the last 25, only 45 men will be needed for the work which to-day requires 70, and that formerly required 100. In the automobile industry 30 workers were doing in 1925 as much work as 100 workers in 1914."

Among several instances of labour-saving inventions the most striking is:

"as automatic mechanism producing 73,000 electric-light bulbs every 24 hours, displacing 2,000 hand operators for each machine installed."

And in the St. Louis concrete-sewer project thirty-three machine operators, aided by 37 labourers, are doing the work of 7,000 pick and shovel men. That unemployment is not confined to the poor classes is indicated by this quotation from *Forbes Magazine*:

"Never before were so many salaried men looking for positions. Men formerly receiving 10,000 dol. to 30,000 dol. are now anxious to start at half salary. Thus many bargains in human material are available."

"Under every merger we shall find a bargain basement" is Mr. Chase's comment. He refers to the "indefatigable time-study men" who,—

"Stop-watch in hand . . . eliminate enough unnecessary movement in the customary method of dipping chocolates to increase production 88 per cent. Moving on to the next shop they cut the time of assembling carburetors from 450 minutes to 45. Few markets can absorb such staggering increases in the output per man."

"the time-study brigade is eliminating motions, and with them men."

Mr. William Green, of the American Federation of Labour, gave the Senate his estimate of a loss of purchasing power in the domestic market of one billion dollars in the first three months of this year. Senator Wagner submitted figures to the Senate showing a collective wage-shrinkage of \$200,000,000 a month in factory employment alone. The figures prove, comments Mr. Chase, that "prosperity cannot be sold like a tooth-paste, by making people want it" — an excellent reply to the whole school of reformers and reconstructors whose policies proceed from the assumption that a state of mind is convertible into legal tender. Mr. Chase mentions that in one of the districts of New York where the bread queues are the longest and the flop-houses the most congested with destitute people, there has "glared" a signboard: "Business is Good—Keep it Good."

Mr. Chase is a complete failure when he passes from criticism to construction. He is by no means the only writer on economics who manifests this weakness. Messrs. Foster and Catchings were striking examples. Having demonstrated that it was investments out of income which caused a lack of purchasing-power, they produced remedial proposals which made no attempt either to regulate such investments or to deal with their consequences. It may be due to Emerson's law of compensation under

which nature supplies certain thinkers with the faculty of taking-apart and withholds the faculty of putting-together. But it may be due not to any deficiency in the thinker but to external circumstances. Everybody who has anything to say wants as many listeners as he can get. But since the avenues of publicity are not controlled by the would-be teacher he is obliged to mould his teaching to the requirements of those who are in control. He must not carry more luggage than is prescribed by the directors of the line. The bankers are the ultimate censors of education. As concerns Mr. Chase, we are not suggesting that his proposals have been shaped to please anybody, and we are prepared to believe that they are the best he can think of, particularly because throughout his analysis he takes no cognisance of the credit question as a factor in the problem. But allowing him his implicit assumption that remedies must operate within the existing financial system, it is yet surprising to hear him say that:

"The logical, sensible and only final answer to technological unemployment is to shorten working hours. . . . Why not keep the entire force on the pay-roll but work them less." (Our italics.)

How does he square this with his analysis of machine-displacement of labour? He ought to have said: "Keep the entire force on the pay-roll and issue extra pay to those whose services you use." For what would be the use of bringing back into that electric-light-bulb factory the 2,000 men displaced by the machine? Or setting the 7,000 pick and shovel men to participate in a 70-man job on the St. Louis sewer scheme? In the latter case, assuming an 8-hour day, if everybody had to do his bit his shift would last 4.8 minutes! And assuming, as we must, that the pay-roll would stand paying every one of these men a day's keep for five minutes' work, it would be cheaper to pension them all off at their keep and call in the few that were wanted at something over their keep.

A machine like the above bulb-making machine can save more than the labour of men: it can save the room that they take up, the hat-pegs, the lockers, the sanitary amenities they require, the clerical work of preparing the pay-roll, and a number of other items which together involve the maintenance of larger buildings and more extensive sites than would otherwise be the case. Thus overhead charges are incurred in respect merely of these men's attendance at the factory, whereas the cost could be saved if the men were told to stay at home until their services were actually necessary. For at home they have already got the hat-pegs, lockers, etc., or their equivalent; and it is silly to provide these twice over. Of course when a site is once bought and a building put on it, these cannot be shrunk in size as and when labour is displaced; but taking industry as a whole as a single productive and accounting mechanism the shrinkage can be accomplished by the same method as Lord Melchett now employs—namely, closing down certain units and loading the work on to the remainder; but with the vital difference that the displaced men would still receive their pay. The logical tendency of modern industrial development is towards a final situation in which one man and one machine occupying an acre of ground, will be making the requirements of the whole community. If so, at every stage of this progression the shrinkage in the size of industrial property should be accompanied by an expansion in the size of private property; or in terms of money, economy in the use of industrial capital should involve increased distribution of personal income. At the present time it does not. Under the bankers' laws money saved by the increase of production-efficiency is money lost—lost to the industry which saves as well as to the displaced labourer. It is absorbed and destroyed

by the banks as received by them in repayments of loans.

A systematic and sincere attempt to formulate constructive proposals logically indicated by the critical analyses of Mr. Chase and others would inevitably be seen to involve a radical change in the existing credit-policy. For this reason the banks, while quite willing to permit the "taking-apart" propagandists to say whatever their ingenuity suggests, they take good care that the "putting-together" propagandists do not get the ear of the public. Directly anybody suggests a definite *thing to do*, the reply is something like the following: "Oh, yes; but don't let us act hastily, for you see, critical research is still going on, and at any moment Mr. H. G. Wells, or Mr. J. A. Hobson, or Mr. G. D. H. Cole, etc., etc., may make a new discovery on which we can base a practical remedy." The principle of the "open mind" is invoked to delay action. And the opposition is applied irrespective of whether a proposed course of action immediately involves interference with the banks or not. If an action is taken, and fails, something is settled by the failure. But if no action is taken, nothing is settled. It is all very well to point to the scientific principle: "Do not hurry to draw conclusions; keep on adding to facts," but this only holds where known facts are insufficient in quantity and quality to justify conclusions. The trouble is that as concerns the economic problem there is plenty of publicity for irrelevant or superfluous facts, and very little for relevant or essential. Tennyson wrote that a lie that was half truth was the worst kind of lie. And this applies to current discussions on economics and finance. An irrelevant or superfluous fact is a lie. The truth of this statement can be tested by the experience of our readers of the normal reaction of people to the Social Credit Proposals. They have been so accustomed to hearing experts adduce a multiplicity of truths in support of a small-scale proposal that they are unable to believe it possible for a large-scale proposal to be soundly established on a small number of truths. Thus the familiar objection that Major Douglas's proposals "go too far"—a formula which can only mean that they are too ambitious relatively to the number of facts examined in his analysis. A good illustration of this attitude was afforded by the Canadian professor of economics who said, apropos of Major Douglas's first book, *Economic Democracy*, that there could be nothing of importance in a thesis which was presented in a book of only 100 pages!

There has of late been a perceptible spurt in the output of books and articles discussing unemployment in relation to machine production and to credit-production. But there is an equally perceptible omission from all of them of the subject of credit-accountancy. During the last fortnight there has appeared a book by Mr. H. G. Wells, a book by Mr. J. A. Hobson* and a book by Mr. G. D. H. Cole.† Mr. Wells's book will be noticed in these pages in due course. Mr. Cole's is a collection of four essays only the first of which is new—the others having previously appeared in *The New Leader* and *The New Statesman*. Mr. Hobson's is his latest re-examination of what he describes on the title-page as "An Economic Dilemma." Both books are full of sound *obiter dicta*: they are what is conventionally described as "suggestive" or "thought-provoking." Neither gives a clear lead to the reader as to what ought to be done. Mr. Cole, it is true, explains in his preface that he proposes only to "outline the elements" of the situation; so that no pro-

* "Rationalisation and Unemployment." By J. A. Hobson. (Allen and Unwin. 3s. 6d. net.)
† "Gold, Credit and Employment." By G. D. H. Cole. (Allen and Unwin. 5s. net.)

posals are to be expected from him. Mr. Hobson's thesis is epitomised by his publishers as follows:

"How can Rationalisation, which is essentially a labour-saving policy, be worked so as to furnish full employment for the workers? Only by an expansion of markets that can keep pace with increased productivity. But this expansion requires that the workers and public services should have greater purchasing powers, a thesis upon which the author enlarges in this excellent little book, which ends with a plea for an International policy for solving the greatest of world economic problems. (Our italics.)"

Without reading any further the student of Social Credit is able to tell that an integral factor in the problem has been ignored by Mr. Hobson. And the following extracts from the text afford confirmation:

(A) "A policy of better distribution of income in this country requires, therefore, to be supported by a corresponding movement in other countries."

(B) "Thus we reach the conclusion of our argument. The world is in effect a single economic system, and the improved or impaired productivity and consumption of every part affects every other part."

(C) "Rationalisation, conducted primarily for profit, is found to promote a distribution of purchasing power unequal to that required in the joint interests of rationalised industries. Therefore, this procedure, operated by private capitalism in the interest of profits, must be brought under a social control which must in the long run be international, so as to correspond with the area of the economic system itself. This economic internationalism, the forms of which it is perhaps premature to discuss, derives from the growing recognition of the fact that the modern powers of production can only be utilised for all a rising standard of life in which increasing leisure and non-economic values shall be the fruits of rationalisation."

While we may respond Amen to the sound of this uplifting peroration, its content is provocative of brawling.

Look at extract "A." A "better distribution of *consumption*" by the population of this country, if it is to mean anything worth having. But if it means that it follows that England cannot consume more unless other nations consume more. Why not? Is the obstacle technical? If so we would like to hear the explanation. If other nations choose to abstain from increasing their consumption, how does that prevent England's access to her own resources?

Extract "B." This is a truth, or a lie, according to how one applies it. Considered in connection with extract "A" it suggests that the power of the English population to turn their own resources into products and consume them at a faster rate is dependent on what other populations are doing in this respect. On what physical law, and by what manner of reasoning, such a suggestion can be upheld passes our comprehension. It is, of course, only too true that changes in productivity in one part of the world react on the rest of the world; but the question is: What makes this true? The answer is not a "what" but a "who"—and they are the International Credit Monopolists. Mr. Hobson somewhere makes the inevitable reference to the fact that Britain is obliged to import food. But the kind of *thing* that any country is obliged to import has no relevance to the question of what goes on inside her own borders. There is one outstanding world phenomenon, and that is that every country is under an obligation to export. And of these countries America, which is a more than self-supporting economic area, is just as hungry for foreign markets as anybody else.

Extract "C." This could have come straight from the pens of the bankers' intelligence men.

Profit-making is wrong, private administration of industry is wrong. International social control must supersede localised private control. Mr. Hobson is looking forward to something that has been happening ever since 1920. Profit-clipping and wage-clipping have had a ten years' run; nearly every industry of importance is now under the control of bankers' nominees; boards of directors are being dismissed right and left, and are being replaced by expert managers; any enterprises still remaining in private hands are insolvent enterprises, which means that their policy is decided by bank auditors. Industry's policy is the banks' policy, the banks' policy is the Bank of England's policy, the Bank of England's policy is the International Credit Monopolists' policy. Mr. Hobson's "international social control" is in existence. There is still scope for the control to be tightened up in this or that detail of administration, but the thing itself is here and is operating. And Mr. Hobson will find it impossible to devise any system of international control that would work at all except it were run by the bankers. The ineffable Mr. Wells, of whose visions Mr. Hobson is a faithful interpreter on a more material plane, may perceive in the spirit a World Council of "good men" repressing violence and rationing prosperity; but on this earth there is no way of achieving these ends except by through the centralised control of credit which the bankers do not mean to part with.

Mr. Hobson does not explain how the mere adding together of a number of insolvent rationalised national economic areas and merging them in one area can make them solvent. Again he does not make it clear whether the shortage of purchasing-power of which he speaks is caused by the *actual taking* of profit. We do not raise this point flippantly. On the contrary the persistent way in which Mr. Hobson uses ambiguous circumlocutions when referring to profits suggests that he is himself not clear whether the trouble is moral or arithmetical. He spells both alternatives with a blot. This is most significant; what the bankers deliberately set out to create. The master-lie of their propaganda is concealed in the suggestion that the greater the quantity of products made by a community the greater the amount of money that will accrue to it. Facts contradict this every day, but the doctrine is still absent-mindedly accepted. There is no causal relationship whatever between an increase in wealth and an increase in money. The quantity of *wealth* can be increased by the community, but the quantity of money cannot be increased except through the voluntary act of the banker. It is obviously to the interest of the banker to get the public to attribute money-deficiencies to their own moral defects; and we see Mr. Hobson giving indications that he is a victim of this deception.

With very little trouble he could have got clear on the arithmetical aspect of his analysis. For instance what does the term purchasing-power mean to him? Presumably it is the sum of profits, salaries, wages and other items distributed to private individuals. But if so, the act of profiteering cannot affect the deficiency of the total purchasing-power: it simply raises the profiteer's *share* of the total and reduces the shares of other people by the same amount. The reply to this will probably be to point out that the profiteer does not use all his profits as his purchasing power—that he lives on only a part of them. But this immediately introduces a new factor into the discussion of profiteering: we have to admit that the incentive to profiteer is derived in part from the incentive to save and invest. So, on the moral plane, the question is whether the collecting of profit or the subsequent *allocation* of the profit as

between spending or saving contains the error, and, if the latter, which. As concerns the arithmetic of the problem, when a profit is made and saved it reduces purchasing power as above defined, but the amount saved goes back into industry. So, on Mr. Hobson's showing, for every £1 saved, and kept out of the consumption market, industry receives £1. Hence the saving does not affect the equation—up to this point at any rate. Mr. Hobson says that rationalisation is found to promote a "distribution of purchasing-power unequal to that required in the joint interests of the rationalised industries." Well, take any figures, and say that the distribution of purchasing power comes to £80 and the total amount of money required in the joint interests of industry is £100. If Mr. Hobson were to raise the argument that the £20 represents the sum which industry wants to collect as profit on a total outlay of £80, he would have to admit that any profit at all will produce a deficiency of purchasing power. But it is clearer not to talk of industry's profit as if it were a sum of money received in excess of a sum of money spent, because in an economic system there cannot be an excess: industry cannot get back more money than it pays out.* Industry makes its "profit" by the process of delivering a *part* of its production for all the money in the consumption market, and getting the rest of the money back in investments. The amount of money dispensed and received is the same. The "profit" exists in the form of capital, plant and equipment, and is given a monetary valuation inscribed on shares representing this property. But the valuation is not money, nor is it convertible into money, nor is it *usable* as money, nor does it *imply the existence* of money. The money which gave rise to the investment and the valuation was originally a bank-loan (creation of credit) and subsequently a bank re-payment (destruction of credit). The reason why purchasing-power is deficient is because the prices sought from the community at any given time contain charges covering interest and repayments arising from prior investments, charges in respect of which the money has gone out of existence. If anybody will reflect on the immense slaughtering of investors' share-valuations in recent years, and consider the fact that in spite of this writing-off of charges on production the present deficiency of purchasing power is as great as ever, it ought to be clear that profiteering (even if it can be proved to exist) is entirely inadequate to account for it.

In *The Times* of July 25 the following appeared in some political notes on page 12, referring to the Parliamentary debate of the day before on British trade conditions.

"Sir Herbert Samuel added a plea for the early conclusion of the inquiry into banking, finance, and credit; and a suggestion that the Dyestuffs Act had been so successful that it could be dropped. He then returned to the cold comfort of showing that the unemployment and the trade of protectionist countries was rather worse than ours. . . . To remedy the terrible plight of the cotton industry he urged that the League of Nations and the United States might, if, as seemed possible, they were invited, intervene to bring peace to China; and that the British Government should not allow the history of cotton in 1930 to repeat the history of coal in 1926. He concluded that our disease might be defective circulation, and not foreign bodies in the blood of the economic body."

In the report proper of the same debate on page 7 of *The Times* the reference to the Macmillan Committee is attributed to Mr. Graham, President of the Board of Trade. Thus:—

"In any event, side by side with that problem there was the great problem of world monetary conditions to which the Macmillan Committee would, in the course of its in-

* Assuming, of course, the banks do not create and issue more credit into circulation.

quiry, direct its attention. He could not speak for that Committee, but he very much hoped that it would report at the earliest possible date and that there would be recommendations going down to the roots of, at all events, the financial side of the problem.

There was probably some support for the argument that, with the world slump in commodity prices, there had been large-scale over-production, but he very gravely doubted whether there was, at root, such a thing as over-production. (Hear, hear.) Although it might be true of many commodities, there was on the other side the great mass of legitimate, unsatisfied human demand, not for the comforts or luxuries, but for the necessities, of life, and they were confronted with this everlasting problem: "How are we to bridge the gulf between production on a world basis on the one side and the great mass of legitimate and unsatisfied demand on the other?" If they could bring those two sides together he believed they would have found a solution which would take them, perhaps more rapidly than any other solution, to that improvement and recovery which it was their common purpose to achieve. (Cheers.)

Which of the two said it?—or did both express the same hope in the House? We have not been able to consult Hansard, but perhaps one of our readers will do so. This sudden hint to the Macmillan Committee to hurry up is all right from one point of view, and there are reasons why we should welcome an early issue of its Report. But if this involves the premature closure of a debate, we are all for waiting. The Committee contains a majority of people whom we place in the category of bankers' men, and if the more or less independent minority are not allowed sufficient time to get hold of the subject they are almost bound to acquiesce in the findings of the expert majority who, because they ought to know all about it, will be presumed to know all about it. We do not know if even the hearings of evidence are completed yet. In any case the volume and variety of views already presented must necessitate a very long time for elucidation. If the discussion has already commenced, it may possibly have taken a turn which it does not suit the reactionaries to see pursued, in which event Sir Herbert Samuel's plea for the "early conclusion of the enquiry" (if he made it) would be easily explicable. Mr. Graham's plea was in the more guarded formula: "would report at the earliest possible date." The two formulae may both mean the same thing, but they do not say the same thing; so the fact ought to be recorded for reference. Our general reason for suspecting *mala fides* behind this "hurry" business is derived from the reflection that any Committee of Inquiry must itself desire to complete its task as soon as possible compatibly with doing it thoroughly, and does not need any external prompting to economise its time. Be sure, even if you must be slow, is our plea to the Macmillan Committee.

A short time ago a suggestion for an all-party policy to deal with the unemployment problem failed. Last week a suggestion for an all-party policy to deal with the insolvency of the Insurance Fund succeeded. The reason is perfectly intelligible. From the bankers' point of view the remedy for unemployment consists simply in making it pay for itself. To achieve this, either benefits must be reduced or contributions increased, or both—a fresh raid on everybody's purse. Naturally no single party is going to take the responsibility for doing such an unpopular thing. Nevertheless, it has got to be done, for whereas unemployment is "regrettable," a deficit on unemployment is "intolerable." So all three parties will do it together, leaving the electorate guessing what to do about it at the next election. Such is Democracy as she works.

Someone has sent us the following cutting out of *John Bull*. (It is not dated.)

"Powerful interests in the City have made it known to the Government's financial advisers that if any attempt

is made to raise a £250,000,000 loan, such as Mr. Lloyd George proposes, for employment development works, the issue will be boycotted.

"As the Government cannot afford to face the probable failure of a gilt-edged issue, it can do nothing but tell Mr. Lloyd George that the idea of a loan must be left alone. "It was the knowledge of this City veto that made the Cabinet turn down Sir Oswald Mosley's work loan proposal.

"It is an outrageous situation, but who can fight big finance?"

Of course, the answer is *nobody*. But the reason is not lack of power but lack of will to use it. "Your Parliament," said Mr. E. Sandham, M.P., to the I.L.P. Lancashire Divisional Conference at Manchester last Saturday, "is rapidly becoming a symbol like the Mace."

"I tell you, from my own observation of the House of Commons for over a year now, that it will prove useless unless we can alter its whole procedure and make it a reality and not a symbol. . . . Many of our leaders are blinded by the dazzling light that beats upon the thrones of office. But some of us still cannot see gilt symbols as sacred. We want the reality of power when Parliament shall rule banks, industries and the land in the name of the workers."

Substitute "consumers" for "workers" and the sentiment is sound. In the meantime Mr. Sandham or one of his colleagues ought to consider whether they could in any way initiate a debate in the House on a motion that the Mace, the symbol of the King's delegated prerogative, be deposited in that place where the prerogative is being exercised—the Court of the Bank of England. That was where Mr. Becket should have taken it.

The Church of St. Mary the Virgin, Monken Hadley, Middlesex, dates back to 1494. It has always been lighted by candles, but the Consistory Court of London has just granted the Rector permission to instal electric lighting. The petition, opposed by Mr. J. Percy Callard, of The Priory, Monken Hadley, who was supported by Dr. Walter Mercer. Their objection was on aesthetic grounds; the Rector's case rested on hygienic grounds (rebutted by the Doctor) and on financial grounds (which of course are always irrefutable)—for candle-lighting costs the Church no less than £20 a year! Mr. Errington, the Chancellor of the Diocese, rested his decision on the ground that he must pay particular importance to the views of the congregation; but the proof of their views appears to have been the "almost unanimous vote of the Parochial Church Council." (*The Observer*, July 27, p. 16.) We hope that Mr. Callard will not allow the matter to rest there, and we suggest to any readers who agree with his action to write and tell him so. The destruction by fire of so many old country mansions recently ought surely to be a warning against the adoption of modern lighting methods. The Rector's health, and the health of his congregation, are not of supreme importance. Like candles, they go out one by one, and are replaceable. The fabric of this ancient church is irreplaceable.

A man was rebuked by a magistrate at Nuneaton for not drawing the dole. Alfred Beasley, an unemployed mechanic, of Coventry, was accused of neglecting his wife and two children, and when asked why he had not drawn any unemployment pay he admitted that he was entitled to full benefit, but had not registered as he hoped to get work. "I don't think it is to the credit of any one to draw the dole," he added. Mr. W. T. Smith, a magistrate, replied: "I disagree with you. It is not charity. You have paid towards it, and you are entitled to draw it. There are your wife and children to think of." *Daily Express*, July 17.

Numerous strikes are reported from the Lille district as a protest against the coming into force of the social insurance law, which provides for a compulsory deduction from wages as a contribution to the insurance fund. At Armentieres 5,000 textile workers are out on strike.—*Evening News*, July 16.

"H. V. P."

The above letters appear on a Post Office label, introduced on June 16, which, to quote the official instructions, are for use in affixing to packets of a certain class termed High Value Packets, *which the Banks undertake to mark with the distinguishing label*, to post specially, and to prepay with a registration fee of 3d. and postage at the letter rate. The packets are given exceptional treatment in the post. They are segregated from all other registered, insured or valuable packets, and differ from them in being advised in detail at every stage of their transfer or transmission.

This latest concession by the Post Office to the banking interests, apparently introduced as a precaution to avert losses by mail-bag robberies, is another example of the preferential treatment already accorded the banks by the Post Office. It is not generally known that bankers' correspondence, registered or unregistered, has always been given special consideration in the post. For instance, in all reports regarding the missending of letters raised by one office against another there is a column headed "If a banker's letter." The appearance of one or more items in that column undoubtedly influences the decision to inflict a fine or other punishment upon the official responsible for the missending; who might otherwise be excused for the irregular treatment of correspondence posted by members of the public other than the privileged financial classes. It is also customary to make up a special mail bag for even one unregistered banker's letter which, by missending, has failed a connecting despatch. This, of course, involves extra cost to the department if the bag is conveyed by train or other public vehicle. Such special despatches are common enough for bankers' letters missorted in the night mails from London.

But the unusual thing about the new H.V.P. service is that special treatment is given without extra charge. Hitherto the Post Office has always compelled its customers to pay for every extra service. In this it was distinct from all other public departments, claiming to work strictly on an economic basis; dealing solely in ready-money transactions which recovered the full cost of the services rendered. The general public have now a grievance in that they are denied a special privilege which, *even if they offer to pay extra for it, will not be granted*. For whereas a merchant of Hatton Garden, or any other person, taking a packet to a Post Office counter and declaring it to be valuable, must pay an extra fee to cover the risk of loss in the post, the High Value Packets are charged the ordinary fee of 3d., are treated specially, and subjected during the whole process of their transmission to what is known as the "hand to hand check." One of the post-war economies adopted by the Post Office was the abolition of the individual hand-to-hand check of registered letters, and its substitution by the bulk system of transfer. The H.V.P. procedure is a restoration of the hand-to-hand check, but other registered packets, irrespective of the amount paid for insurance, are counted in bulk when passed from hand to hand, and thereby lose, in all the official forms of transfer, that identity which the new procedure preserves for each High Value Packet.

It is understood that the banks have an arrangement with their colleagues of the insurance companies to indemnify them for losses in the post. If they are now provided gratuitously by a Government department with a practically infallible security for their remittances by post there appears to be no further need to pay insurance charges.

R. S. V. P.

Current Political Economy.

The Modern Scot.

Shortly we shall say of the Scots what Harcourt said of the Socialists. One of the first questions brought up in connection with the Scottish Nationalist movement was, indeed, as in the case of Ireland, a frontier question, the old problem of where to draw the line, which the Westerner settles by drawing it, and the Easterner never settles. Mr. C. M. Grieve and the present writer, taking into consideration folk-character, manners, customs, and temperament, of the lowland Scots and the North English, decided that the frontier of Scotland could not be drawn north of the Humber, and no doubt the similarity of the Lincolnshire and Yorkshire dialects will provide Lincolnshire with an argument for coming in.

The foregoing is important because it justifies the use of Mr. Priestley's "Good Companions," and work in fields other than literature, as evidence of the Scottish Renaissance, which has now evolved to the extent of having an organ.* There is no doubt, however, in all earnestness, that the Scots are far more wide awake and energetic at present than the English, and that in every sphere, political, economic, philosophical, literary, and artistic, their energy and penetration are heart-warming to meet with by comparison with the Saxon lethargy in face of problems as serious as any that ever beset a community. There is good reason for wanting to separate from England now. It is one thing loyally to stand by an unfortunate who tries to help himself, and another to stand romantically by a fool who refuses to recognise his danger. While there is uncomfortably much evidence that the Scot commits culturally the Irish mistake of adoring one's grandmother while neglecting one's children, and of basking in the Celtic twilight—many Scottish plays, Gaelic, and so forth—the Scots do not commit this mistake in practice to anything like the same extent as the Irish; and many of those whose backward-looking is the source of their nationalism are forward-looking as regards the purposes of political autonomy is to fulfil. That the Scottish Nationalist Party has decided on a full enquiry into Social Credit, the up-to-date expression of which originated with a Scot, is of the highest importance if the advanced group can ensure the promised thoroughness. It would probably be better for both Scotland and England if Social Credit were the real goal of the Nationalist movement, and political separation simply a bargaining counter with which to bring about the application of Social Credit in Great Britain. After all, individual option is better than local option on every question. There are signs that the future tendency of the world is that States should grow bigger, and that, if the growth is well managed, individuals may become increasingly free.

In the present number of the "Modern Scot" there is an excellent contribution from Mr. T. Kennedy, who, as Ireland appears to prefer poverty to listening to his advice, now offers it abroad. The article is a clear, definite, and simple statement of the distributive function of money and the misuse of it in modern States, together with a political-economic corollary. Mr. Kennedy recalls that the Irish were so eager to be cut off from England politically that they were blind to everything else, in-

* "The Modern Scot." 2s. quarterly. (136, Nethergate, Dundee.)

cluding their financial dependence; with the necessary consequence that they remain inside the Empire of the Bank of England, and, incidentally, that their poverty in a politically emancipated State is rather harder to bear than their previous poverty in a politically subject State for the reason that it is more severe. Because Home Rule has not made Ireland a country easier to make a living in, the Irish still prefer bar-tending in London (nearer the Threadneedle Street fountain of credit) to starvation on their own fertile soil. Scotland has no excuse for following in the wakes of Ireland, none for depending on the replacement of English and Scottish lords in the deer forests and other places of amusement by American bankers, and none for hoping that Henry Ford, taking advantage of cheap and plentiful local labour, may plant his new works in the Highlands. Mr. C. M. Grieve believes that a creative renaissance may be prepared for by critical ploughing. It is good that the criticism includes the economic variety, and it will be bad unless this takes precedence. "The problem of the artist," as Matthew Arnold wrote in his notebooks more than once, "is daily bread."

This question of the economics of art comes out between the lines of an article by W. Scott Harrison reviewing the Royal Scottish Academy, the contents of which are commented on without foreknowledge—and also between the lines—in an article on "Idea in Art," by William MacCance. Mr. Harrison asks whether artists need to scour the Continent for something to paint; whether Scotland has nothing save the lochs and bens and old cottages. "Man is doing wonderful things," he continues, "with steel and concrete . . . and his work has a beauty which need not wait for the mellowing hand of time, but only for the vision of the artist." The answer is that the economic issue having been stated, it has to be solved before it can evoke a creative art. Until it is removed as a social problem it cannot enhance vital energy in the single-minded way necessary for artistic creation. Single-minded hate can produce a magnificent, if destructive, satirical art. Single-minded love can produce creative art, in more fields than satire can exploit, since satire is at war with itself in the grander arts whose centre is architecture. At present contemplation of the works of civilisation, "the tracery of the great derricks against the steam-laced smoke of Clydeside," or "the vast shapes, lit with crimson and orange, of the steel-works of Lanarkshire," to quote Mr. Harrison, merely provokes a protest against any pretence to romanticise industrialism at this stage. The artists with most creative potentiality represent places such as New York and London as nightmares. So far from being exalted by their beauty and grandeur, every penetrative mind abhors their wastefulness, their anarchy, lack of direction, and their robbery from their inhabitants of personality and will. In that half mind he merely half decides to present them satirically, and finally decides to let them be damned while he goes back to nudes and nature for half-solace. The engine-room of a ship is a place of grandeur, as the whole ship is a thing of grandeur. But what creative impulse can it stimulate if the people of the country to which it is bound want to turn it back because it is filled with good things, silks and satins, sugar and wheat. Art at present has a bad time, since its only patron, apart from a few who have practically retired from civilisation in despair of it, is commerce. The imagination which can see the beauty of derricks and steel skeletons, of ships, aeroplanes, and locomotives, is the servant of the advertising industry. In return for its income it has to suppress part of the truth which it knows. Artistic fire is left only

to those who, without denying the magnificence of cranes, have their passion concentrated on the human beings, tools, fools, dupes, and victims, who can make the machines of civilisation yet cannot manage them.

The essence of art is spiritual responsibility. All art henceforth will be coloured by the nineteenth, and early twentieth, century awakening to world responsibility of multitudes who hitherto corresponded as regards conscious horizons with the land they owned or tilled, or the craft or trade they carried on. Political events will reflect themselves in art. The Scottish artistic, musical, poetic, plastic, dramatic, renaissance, if it develops, will depend for its triumph on what sort of a success or mess Scotland makes of the job of making Scotland a place where a man, woman and children can live, and whether they can become increasingly masters of their own fate and culture, within the limits of birth and death. As long as we remain conscious that mankind is held in prison at the bankers' pleasure, all art will be tainted by that fact. If we had never been awakened to this social responsibility we might have gone on decorating churches and composing religious epics or individual lyrics. Some of these things will continue to be done. But precisely as the art arising from the last war is quite different from that grown from previous wars, so the art arising from a civilisation in which prolific productive power leads to poverty must differ from previous art not merely in the choice of its subjects, but in the spirit of its vision. Mr. Harrison suggests that a Cup-final is as good a pictorial subject as a bull-fight. The latter is far away, it has multitudes of romantic and historical associations. The Cup-final is on a quite different plane. The observer's mental associations lead to conflict, not to a single emotion. To see a charabanc filled with cheering enthusiasts from the country on Cup-final day may merely provoke one to picture their homes and the insides of their heads, and to wonder what London has done for them that they should add to its riches at the expense of their own; and why, when they come to the centre of financial government and political administration, they should gape in awe at the tinsel, crumbling, Houses of Parliament, and attach no significance to the Bank. As Mr. MacCance says, "we seem to be getting to a stage where we are more concerned with man's creative function than with some objective blurb called Nature." That applies not merely to pictorial technique, but throughout man, the family, and society.

BEN WILSON.

EFFICIENCY.

It seems that one of the employees of Henry Ford dreamed that Henry died. He dreamed that he saw the black casket being borne by six of Henry's oldest and most faithful employees. As the casket came by Henry raised up, looked around, and offered the following suggestions:—
"If you would put rollers under this casket, you could lay off five men."

—*Sour Owl.*

Mr. Morley (Southampton, Lab.) asked the Chancellor of the Exchequer what steps he proposed immediately to arrive at an international agreement for rationing and economising the use of gold in order to stabilise its value in relation to commodity prices.

Mr. Snowden, Chancellor of the Exchequer (Colne Valley).—The causes of the fluctuations in the value of gold are under consideration by a delegation of the Financial Committee of the League of Nations which is expected to make a report to the Council of the League in September. They will also, I have no doubt, be considered by the Committee on Finance and Industry. The question whether further action should be taken in the direction indicated by my hon. friend must, I think, await the reports of those bodies.—*Times*, July 25, Parliamentary report.

Drama.

Traffic: Lyceum.

For certain special accomplishments which Mr. Dennis Neilson-Terry possesses nothing seems to provide such scope as crook plays. During the whole of the time that Mr. Neilson-Terry is on the stage in "Traffic" the audience is pleasantly warmed by his charming and disarming manner. He is the *maestro* of nonchalance and inconsequence. He looks a little foolish, but is, obviously, to persons so perspicacious as we, very clever. Always at the crisis his brains unmask themselves for action, while remaining masked as far as appearances are concerned. In fact, he is very near akin to an idealisation that, at any rate, once upon a time, we daydreamed of ourselves; so near that, if he were to turn out to be the "boss" of the gang, we should have entirely to modify our views on the sort of traffic for the exploitation of which it was formed. There are other good performances besides Mr. Neilson-Terry's; for instance, Miss Mary Glynn's as a pert housekeeper to the manager of the White Slave bond-warehouse and stolen-goods clearing-house on Hampstead Heath. She also might be anybody, a victim, a tool, possibly, even the "boss" himself, possibly one of the frightfully emancipated women who risk their lives and their virtue in clearing the underworld and similar tasks for which Scotland Yard is too stupid. Mr. S. J. Warrington gives a good performance as a police-inspector, and Mr. Frank Royde another as a rogue whose damnation is not in doubt from the moment he appears. So much said, what of the play? A gang of *procureurs* works from a large house on Hampstead Heath. None of the managers has ever seen the head of the organisation, but all of them know that in degree of omniscience, omnipotence, and omnipresence he has only one rival. Those whom the boss loves not die suddenly, if not always young. Hampstead Heath must be a veritable graveyard bulging with the corpses of ambitious White Slave traffickers who failed to please the managing director, and who gave up their lives to encourage the others. The method of operation is to engage housekeepers and lady-secretaries, who are lulled into confidence, drugged, and carried to a public-house in Poplar at night by motor-car, having been sold to agents for temporary use, and transport to Brazil, where the nuts come from, for resale. Hence it is clear that not the whole of the boss's organisation was shown in the play. His ships must be as numerous, if not as the sands of the sea-shore, at least as the fleets of the rum-runners. Either they are ghost-ships or the boss has his own secret docks and traffic routes. What a stir this frankly and confessedly incredible melodrama would have made in the White Slave half periods, when girls went out in the evening half hoping to escape from their sewing-machines by being spirited mysteriously away to awake with a queue of men waiting for them in South America. The League of Nations having taken over the White Slave Traffic question, however, it is obvious to everybody that there was never anything much in it; and that volunteers would sooner go to Brazil, than follow the armies of Europe for a lean share of army pay. The only possible excuse Dr. Noel Scott could offer for writing the play would be that he did it long ago, when we were all very young, and that it was only a lark perpetrated in a fever period as burlesque. Indeed, it contains evidence as having been composed a long time. Whether or no, it is incredible, full of carelessness by policemen, bosses, and everybody, and as melodrama inferior to "The

Ticket of Leave Man." As a background for a clever and charming actor it is not good enough. While it may bring the worst audiences back from the talkies, it will certainly speed the departure thither of the intelligent theatre-goers, who are already beginning to trek to the kinema.

PAUL BANKS.

Lenin In London.

Nadezhda K. Krupskaya—I can't pronounce it, so I call her Mrs. Lenin—has written a book about her husband called "Memories of Lenin." It has been translated by E. Verney from the second Russian edition, and is published by Martin Lawrence, price 5s. net. On the book-jacket the publisher says, "There are many pictures of prominent revolutionaries, and the book reveals (perhaps in spite of herself) the modest, devoted, yet independent nature of Krupskaya." Well, perhaps it does. But it certainly does not tell much about Lenin, in spite of the fact that it is all about him and his work. Vladimir Ilyich never comes alive. That is because Mrs. Lenin has no eye and no ear for the small things, the characteristic details. The broken bootlace, the twitch of an eyelid, the wet imprint of boots on worn-out lino—for her such minute impressions have been, or seem to have been, swallowed up in the onslaught of the Party Congresses. When she does try her pen at giving direct impressions of things observed she, somehow, just misses the right note:—

After winter frosts, Nature burst forth tempestuously into the spring. Her power became mighty. Sunset. In the great spring-time pools in the fields wild swans were swimming . . . one felt how overwhelming was this tumultuous awakening of Nature.

Perhaps that would run better in the original Russian, but I cannot help feeling that Lenin's widow lacks any vivid descriptive ability. And so it is no wonder that most of the reviews of this book have drawn attention to the chapter on "Life in London, 1902-1903."

Here there is a break from the interminable internal conflicts of the Party Congresses and conferences, and some shrewd observations. There are other such breaks, as in the chapters on exile in Siberia. We know London, and naturally find a special interest in Lenin's stay in this country. The chapter begins, "We were astounded at the tremendous size of London." Lenin arrived in London, April, 1902. Mrs. Lenin says:—

We thought we knew the English language, having even translated a whole book (the Webbs') from English into Russian, when we were in Siberia. I learnt English from a self-instructor, but had never heard a single live English word spoken. . . . When we arrived in London we found we could not understand a single word, and nobody understood us. At first this was very comical, but although Vladimir Ilyich joked about it, he soon got down to the business of learning the language.

Lenin got to know English fairly well, and he also studied London. He did not explore the London museums, except the British Museum, where he spent half his time.

But there he was attracted, not by the museum, but by the richest library in the world, and the conveniences it afforded for scientific study. Ordinary museums bored Vladimir Ilyich. In the Ancient History Museum he showed signs of unusual fatigue after the first ten minutes. We generally passed very quickly through the rooms hung with mediæval armour and the endless wings filled with Egyptian and other ancient vases. But I remember one little museum from which Vladimir Ilyich could not tear himself away. This was the Museum of the 1848 Revolution in Paris in the Rue des Cordeliers, where he examined each little item, every single drawing, with

profound interest. For him it was a fragment of the living struggle.

Lenin was always attracted by working-class crowds. He went wherever they were to be found. He went on outings of all kinds, often on the top of a bus, and visited public-houses and reading-rooms. They went about all over London—they even went to church. They also visited a Socialist church. Mrs. Lenin says:—

There is no recounting the strange variety of meetings we attended at one time or another. We once wandered into a Social-Democratic church. The Socialist in charge first read aloud, his nose glued to a Bible, and then preached a gospel something like this: The exodus of the Jews from Egypt symbolised the exodus of the workers from the Kingdom of Capitalism into the Kingdom of Socialism. Everyone stood and sang from a Socialist hymn-book: "Lead us, O Lord, from the Kingdom of Capitalism into the Kingdom of Socialism."

But now listen to this, and consider its bearing upon Social Credit, for, although Social Credit is not Socialism, it has to make its way through certain strata of society:—

We did not know much about the home life of the English Socialists. The English are a reserved people. They regarded the Bohemian life of the Russian emigrés with a naïve perplexity. I remember the questions put to me by an English Social Democrat. . . . "Have you really been in prison? If my wife were put in prison I don't know what I'd do, I'm sure. Just think of it, my wife in prison!" How strongly entrenched this petty-bourgeois mentality was we were able to observe in the family where we had lodgings, and from the two Englishmen who exchanged lessons (English for Russian) with us. Here we sampled to the full the whole bottomless inanity of English petty-bourgeois life. One of the Englishmen who came to us for lessons, and who was manager of a large book shop, declared that he thought Socialism was the most correct theory of evaluation. "I am a confirmed Socialist," he said. "At one time I even made Socialist speeches. Then my boss sent for me and said that Socialists were no use to him, and if I wanted to remain in his employ I would have to keep my tongue between my teeth. I considered it, and realised that Socialism would come inevitably, irrespective as to whether I advocated it or not—and I have a wife and children. Now I no longer tell anybody I am a Socialist, but I can tell you."

"I considered it, and realised that Social Credit, no, no, Socialism, would come inevitably, irrespective as to whether I advocated it or not. . . ." How perfect, how shy-making that is!

In all these books about Russia and the Russian revolutionaries—and they are pouring out of the printing presses just now—there is, I find, a kind of "blind spot." For instance, we know now all about Lenin and what he did. In London he spent half his time in the British Museum, and the other half in writing revolutionary literature, and in keeping in touch with all the tangled twists and turns of the "organisation." Yet, apparently, he and Mrs. Lenin were able to pay for their food and lodging—for tickets on buses—for boots and clothing. We are never told how and where they were able to get the money to pay their bills. The same with Trotsky. He has just written his "Life," and he seems to have been able to live, sometimes fairly comfortably, without earning a living. There is a hint in his book that now and then it was necessary to earn money by writing articles. But how could he, or any other haphazard journalist, be sure of selling such articles? Trotsky hints that Lenin also turned to writing articles when short of "the doings." It is obvious from their own accounts, however, that almost every moment of their time was taken up in incessant revolutionary propaganda and subversive organisational work. Right. Who paid?

Mrs. Lenin, speaking of the time when she and Lenin lived in London, says, ". . . we had found that the Russian stomach is not easily adaptable to the 'ox-tails,' skate fried in fat, cake, and other

mysteries of English fare. What was more, we were at that time on the pay-roll of our organisation, which meant we had to look after every penny and live as cheaply as possible."

Who paid the money into the organisation—the Russian working-classes? We are never told.

One understands, of course, that revolutionaries exiled to Siberia were "guests" of the Tsarist State. They had no need to bother about money. But what about these Russian emigrés, revolutionaries in hiding, carrying on very extensive and obviously expensive propaganda? For instance, during this London period of Lenin's life he was sending out masses of leaflets, books, booklets, pamphlets, to all sorts of places in Russia and other countries. Every day Mrs. Lenin was attending to the mass of correspondence going on between Lenin and a network of revolutionary agents. All this would cost money.

Mrs. Lenin explains this work:—

Transportation (of propaganda) was organised through Vilna. The Petersburg comrades tried to arrange transport through Stockholm. Concerning this traffic, which functioned under the title of "beer," there was endless correspondence. We used to dispatch literature to Stockholm by the post, and were informed that the "beer" had arrived. We were sure it was being received in Petersburg, and went on sending literature to Stockholm. Later, in 1905, on returning to Russia via Sweden, we discovered that the "beer" was still in the "brewery," or in other words our literature had filled a whole cellar in the Stockholm "People's Home."

We also learn that:—

At Batum the reception of literature was organised by the Baku comrades. . . . Literature was also carried by way of Alexandria (Egypt) and transport arranged via Persia. Afterwards we organised traffic through Kamenetz-Podolsk and Lvov (Galicia). Although a heap of money, energy, and time was put into all this transportation work, and tremendous risks were entailed, probably not more than one-tenth of the literature dispatched arrived at its destination. We also used double-bottomed trunks and bookbindings.

They were also, at this time, running the Russian Communist newspaper *Iskra*, edited and controlled by Lenin in London, printed abroad, and distributed in Russia.

Mrs. Lenin says, regarding propaganda:—

In Russia the work was carried on by *Iskra* agents. They were supplied from abroad with copies of *Iskra* and *Zarya*, and with pamphlets. These agents arranged for *Iskra* literature to be reprinted in the illegal printing presses and for it to be distributed to the various committees. They likewise saw that *Iskra* was well supplied with correspondence, and that the paper was kept informed as to all illegal work being conducted in Russia. They also collected funds for the paper.

Who contributed to the funds? We never know. What we see is ceaseless propaganda activity, exiles and emigrés travelling from Siberia to Madrid, from London to Stockholm, from Paris to New York, from Baku to Berlin, double-bottomed trunks travelling from London to Petersburg via Vilna, by way of Alexandria via Persia, illegal printing presses churning out literature—all, so it seems, free of charge! Although little or nothing is explained in any of these books as to the fount of all the money that must have been forthcoming for such work, we are driven to conclude that the revolutionary struggle in Russia had, at the time of Lenin's early efforts, already become a mass, if scattered, movement, which could tap itself for funds. However, it would be interesting to know whether such funds were the pennies and halfpennies of the poor, or the heavy "subs." of certain rich people—or both.

N. Krupskaya's book carries her account to the end of 1907, but in her preface she tells us that there is to be a second series of reminiscences from 1908 to the moment of Lenin's death.

G. F.

The Stars and Stripes and the Three Balls.

The sixth volume of this ably edited, well-written, fully-indexed history of the British Empire* is now published. The main subject, Canada, is of particular interest at present because this Dominion is especially subject to the influences of dollar-diplomacy emanating from New York. Of the twenty-three chapters of this book (about 400,000 words of text), each of which is written by an expert, two chapters on the financial development of British North America, should be examined by credit students in search of data. Numerous facts pointing to American financial domination of Canada have been printed in THE NEW AGE, and by now readers must be sufficiently convinced that (1) this domination is as real as it is invisible to the great majority, and (2) when this domination becomes powerful enough Canada will be part of the Empire only in name. This may already be a fact. For a man may be foolish-proud enough to call his house his castle even when the bailiffs are in.

Chapter XV. covers the financial development of Canada from 1840 to 1867; Chapter XXVI. carries the tale from 1867 to 1921. The first is by Mr. Adam Shortt. Mr. A. J. Glazebrook, special lecturer in banking and finance to the University of Toronto, is responsible for the second, which includes valuable statistics illustrating the financial responsibilities of the Dominion year by year, the particular directions from which financial help has been forthcoming, and what proportion each amount bears to the total. This seems to me to deserve quotation. The figures are labelled "Summary of Sales of Canadian Bonds (in dollars)." First year covered is 1910. I will quote this and the following year in full and indicate the scope of the figures. Thereafter I will give only totals and proportions. Please note that figures represent dollars.

	1910.	1911.
Government	55,000,000	5,675,000
Municipal	35,748,690	47,159,288
Railway	69,950,000	100,472,700
Public Service Corporation	7,945,400	32,105,500
Miscellaneous	62,356,500	81,400,500
Total	231,000,590	266,812,988

Percentage placed in	1910.	1911.
Canada	17.00	16.86
U.S.A.	1.50	6.58
Great Britain	81.50	76.56

Before proceeding it may be worth noticing that when, in 1911, Government Bonds drop 50 million, municipal and railway bonds go up about 43 million, while Public Service and Miscellaneous send the total up to an increase of thirty-five millions. Watch how the totals climb up and up until 1920, when they crash from 909 millions to 318 millions. Watch how the percentages tell the tale, Great Britain falling from 81.50 to as low as 00.00, and U.S.A. rising from 1.50 to 67.18.

Totals (in millions of dollars)	1912	1913	1914	1915	1916	1917	1918
Placed in Canada	13.82	12.20	12.09	43.71	33.56	74.63	94.87
Placed in U.S.A.	11.35	13.56	19.77	42.11	54.89	24.71	4.70
Placed in G.B.	74.83	74.24	68.14	14.18	1.55	0.66	0.43

Totals (in mills. of dollars)	1919	1920	1921
Percentage placed in Canada	909	319	400
Placed in U.S.A.	76.89	32.82	50.36
Placed in Great Britain	22.54	67.18	45.49
Percentage placed in G.B.	0.57	00.00	4.15

It will be noticed that the Canadian percentage grows very large during the last war years and the pre-deflation period. The first Dominion Government loan floated internally was in 1915, and with great

* "Cambridge History of the British Empire. Vol. 6. Canada and Newfoundland." (Camb. Univ. Press. 35s.)

trepidation the Finance Minister named 50 million dollars, which seemed (says Mr. Glazebrook) an incredibly high sum for the Canadian investment market. The amount subscribed was 100 million dollars, and that sum was allotted. More internal loans followed, amounting by 1919 to 2,200 millions. It does not occur to the historian to ask, or to think we shall ask, where all these millions of dollars were supposed to have come from. All he says is that "the Canadian banks were singularly free from any burdensome participation in war loans and were thus able to use their resources for the industrial purposes created by the demand for munitions and war supplies generally." As Mr. Glazebrook is decidedly pro-banker, and occasionally emits an almost lyrical note in stating what fine fellows bankers are, and as he expressly bases some of his arguments on that exploded fallacy that banks lend what they receive on deposit, I should be glad to hear him explain how the Canadians managed to invest such huge sums in internal loans without participation (burdensome or otherwise) by the Canadian banks.

J. S.

LETTERS TO THE EDITOR.

"THE AMERICAN SITUATION."

Sir,—While your reply to the letter from Mr. H. S. Goodwin covers the question, there is, perhaps, an additional comment to be made.

The role preferred and almost universally adopted by High Finance is that of steersman, not that of motive power. It is much less trouble and far more effective to deflect the activities of others than to continue to provide those activities. While the financial system itself provides a fairly effective sieve to the end that the personalities thrown up for nomination to the Presidency shall be trained in obedience to the requirements of the system, it would probably be too much to say that every nomination is consciously arranged by financiers. It is quite sufficient that they should be able to control his course when elected.

In regard to Mr. Hoover, there seems to be little doubt that he was a power that had to be dealt with, much like the Labour movement in England, although very different in character. The simplest way of dealing with such a situation is to give the dangerous party or person a "run," and to make sure that they fail. This is obviously much better than obstructing their appointment.

That is the great danger which Social Credit has to contemplate in this country, and why it is so necessary to make sure that no compromises are made in regard to essentials.

C. H. DOUGLAS.

"THE AGE OF PLENTY."

Sir,—The note which recently appeared in THE NEW AGE, announcing the temporary suspension of the publication of "The Age of Plenty," has caused some people to think that the paper has definitely ended its career. They are wrong. It is hoped to again publish next month.

May I add that the propaganda is still going on, and that we hope to accomplish much more good work in the future than in the past.

Full particulars of the new method of propaganda and of publication will be given in the next issue of "The Age of Plenty."

H. E. B. LUDLAM.

ROTHSCHILD AND THE MERCURY MONOPOLY.

Sir,—I recently had a conversation with the Managing Director of an important firm of instrument makers who are large consumers of the metal mercury. He informed me, that three years ago, the cost of mercury was rigidly stabilised at double its previous price, and had not been subjected since to an iron, immutable, inexorable law of supply and demand so heavily laboured by orthodox economists and traders of the bankers type of mind. After remonstrating at this piece of profiteering his supplier informed him that the reasons for this exorbitant 100 per cent. increase in price was due to two factors.

(1) The Russian Government for humanitarian reasons decided to restrict production. Mercury production is the most poisonous industry known—the average life of workers only eight years.

(2) The mercury mines of Spain, the other source of supply, were the property of the Crown. The Rothschilds made a tempting offer for the monopoly, and the Constitution was modified to permit King Alphonso to accept the Rothschilds' offer.

H. J. D. THOMPSON.

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The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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