

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The Government Report for last year (up to March 31) on laboratory-tests of foodstuffs for adulteration was issued on October 6. The *Star* of that date gives a few specimen results, e.g., artificially prepared sugar in honey, water in beer, excessive arsenic in beer, hashish in a smoking mixture, fat other than milk fat in cream and butter, water in cheese (66.8 per cent.), and in margarine (37.6 per cent.). There are probably exceptions to the rule, but we should say that generally speaking it is *cheaper in terms of human energy* to produce a pure article than an impure one. On the other hand, it is *less profitable in terms of money* to produce a pure article than an impure one. The profits accruing from adulteration are thus seen to be a financial reward for a superfluous expenditure of energy. Take milk for example. The *least troublesome* method of dealing with it is to refrain from improving on the cow's method of production, and simply to fill the cans and transport them to the market. Directly you put water into the milk you are introducing an unnecessary factor in the chain of manufacturing processes. That it should "pay" you to do it is one of those ironies with which the existing principles of "sound finance" are constantly confronting us. Leaving morality right out of the question, and even granting that the consumer prefers to have his milk diluted, why should anybody *earn money* for diluting it when the consumer is able to do it for himself for nothing? It is a strong argument for the Social Credit system that, under it, adulteration would be voluntarily given up as a financially unprofitable waste of energy. Contrast this with the present system which first makes this waste of energy profitable and then appoints inspectors and analysts to stop people from following that method of making profit. Under Social Credit no human artifice will be required to make articles *saleable*—the saleability will have been assured by the National Credit Authority. All human artifice will then be left free to concentrate on making articles *well*. Markets will be won or lost on *Quality* alone.

Anomalies like this are inevitable in a system which forces people to work as a condition of getting incomes, and to do so mainly on jobs which result in the production of labour-saving machinery. Under this system the scope for legitimate work is always contracting, with the result that people are always creating occasions for illegitimate work. As and when they are prohibited from participation in production they proceed to intercept and tap the product. Instead of there being 100 people making and consuming 100 articles of consumption there are 50 people making 50 articles of consumption and 50 people claiming a share of the reduced output in return for their unnecessary assistance (a) in distributing it, or (b) in regulating the method and manner of its distribution. Under group (a) you get your professional salesmen and advertisers, your travellers, your redundant shops, your superfluous middlemen and commission-agents, your duplication of transport organisation and equipment, and so on. Under (b) you get your factory inspectors, and your detectives and police, all of them engaged for a large (and increasing) proportion of their time in spying upon and prosecuting members of group "a." Your baker, for example, must not give short weight in bread, because he must not, if you please, cheat the consumer—as if the cheating did not reside, as it undoubtedly does, in the price he is obliged to charge for the right weight. And this baker must not give over-weight either, because he must not, if you please, unfairly take trade away from his brother-baker. The same restrictions apply to the publican. All these stupidities arise out of the fundamental fact that while only a small (and decreasing) proportion of the population are engaged in making goods for the consumption market, room has to be found for the whole population in that market somehow or other. And since the condition of entrance for every individual is "Work," then work has to be improvised somehow or other. Even the man on the dole has to work to get it—his work consisting in "honestly looking for work." He has to apply energy (walking) and use up material (boot-leather) in hawking his services round the district. And the humour of it is that not one of the three contribu-

tories to the unemployment insurance fund—taxpayer, employer, or workman—really wishes him to do it. Should he accost the citizen in the street to know if he could be told of a job, he is glared at and told off as a possible twister or beggar. Let him show his nose at the yard-gates, and the harassed foreman curses him and tells him to get out. And, as for the employed workman, he certainly looks with an unfavourable eye on his distressed brother, whose very existence and condition remind him that his own job is being competed for and is therefore not secure. As Major Douglas once said, if you decide that the proper objective of an economic system is to make people work, then you will take care not to try to improve upon the bankers' present methods of running it. "Considered," he said, "as a means of making people work . . . the existing financial system, as a system, is probably nearly perfect."* The bankers supply credits for enterprises which put people out of work, and they deny credits to people who are put out of work. The task of administering a single system based on these two irreconcilable policies is much too delicate for anybody to handle but its inventors. Let the bankers get on with it. The proper time to tell them to get out of it is when you have decided what you want the economic system to do, and have realised that they are opposed in principle to financing any system which will do it.

The disaster which has befallen the R101 evokes reflections very similar to those which appeared last week in Major Douglas's article on the defeat of Sir Thomas Lipton's yacht. Just as in terms of speed the yacht was handicapped by its wooden mast as against a duralumin mast so in terms of safety was our airship handicapped by its enforced employment of hydrogen instead of helium for lifting-power. In the case of the yacht Sir Thomas could have got a duralumin mast if he had been able to pay down the money; but in the case of the airship the paying down of money was not the obstacle to getting helium; the obstacle was the United States' embargo on the export of this gas. Nevertheless the money-problem is, in the last analysis, the cause of the disaster; as one soon sees if he inquires why there was an embargo on the export of helium. The reason was a military reason, as is proved by the suggestion since published in United States newspapers that the embargo shall be lifted in respect of helium required for non-military uses in time of peace. Military power is the fundamental condition of financial solvency. Although armaments do not make good a lack of economic efficiency, it is equally true that no degree of superiority in economic efficiency will make good a lack of armaments. The reason lies in the purpose for which every nation is obliged to exercise its economic efficiency, namely to snatch foreign credits—without which it cannot recover all its costs. The consequences of its success in doing so are such that there is a definite point at which any victimised nation will, and must, contract out of the economic game and resort to physical force. Supposing that a comparatively defenceless country like Switzerland solved the problem of getting costless power. In theory, she could bankrupt all the other nations by underselling them; but in practice she would be prevented from doing so. Though economic forces would fight in the ring, the ring itself would be held by military forces—and the outcome would be very much like that of certain boxing contests in the United States, where a contestant loses because he "dare not win."

Consider, in this context, the helium embargo in the light of Mr. Owen D. Young's recommended

* At the Society of Friends' Conference at Swanwick, November 7-10, 1924. See full report in THE NEW AGE, November 20, 1924.

economic policy for the United States. At first sight it appears to be in contradiction to his plan to move goods out of America in return for foreign obligations. But on further analysis it can be seen, in its degree, to be a factor which will lessen the difficulty of his putting his plan across. To take an extreme illustration of the principle involved: there is nothing to stop the United States from building cruisers, submarines, aircraft, etc., on a scale sufficient to employ all her machine- and man-power at full speed, and to dump them into other countries in return for "foreign obligations." But of course she will do no such thing; for what she would be doing would be bestowing on other nations the ultimate power of successfully repudiating the obligations that they were incurring. Of course if the United States were able, in addition to exporting these instruments of war, also to export generals, admirals, crews, etc., who would control and operate them on behalf of foreign Governments, that would be a different proposition. But, foolish and careless as statesmen appear to be in other matters, they would hardly fall for this idea. So the United States resorts to less spectacular methods of doing the same thing. Her plan is to export such categories of production as she can control after she has exported them. Instead of military officers, she "exports" (or strictly speaking, appoints) "observers," managers, auditors, and so on who exercise control over what is done with her exports in the countries which receive them. The system is very much the same as if Messrs. Drage Brothers were to deliver a broker's man with every arm-chair they sold on the instalment-plan. The most notorious of such watch-dogs of American interests is Mr. Montagu Norman, the tenacity of whose zeal is manifest in the spectacle of his having stuck tight in the house for ten years or more without having once "gone round the corner for one" getting all his refreshments fetched in, lest, while he was out, someone locked him out.

Mr. Norman Angell, M.P., attacks the Gold Standard in the *Daily Herald* of October 9. These attacks are quite the fashion nowadays, and provide evidence that the bankers have lifted their embargo on the publication of them. Their content is of no consequence to our readers, who have become familiar during the last ten years with all the arguments for and against the system. It is now the import of the fashion which is interesting—that is, what is the objective of the financial powers in releasing this controversy for exhibition to the man in the street? Mr. Angell's objective is indicated in the following passage:

"If we all agreed to add five per cent. alloy each year to all the monetary gold of the world, and call the product 'gold,' the result would be exactly the same as the discovery of a new goldfield. But if we could act internationally with sufficient agreement to do that, we could act with sufficient agreement to abolish the fetish of gold altogether, and create a managed international currency." (Our italics.)

This conjures up a vision of the Bank of International Settlements creating, shall we say, the World Peace Dollar, for advocating which President Hoover (or was it President Coolidge?) sent that autographed letter of congratulation to a Jewish pacifist in one of the South-eastern European countries (which we commented on in these columns at the time). Since Mr. Angell's article follows Mr. J. F. Darling's recent proposals after at least a week's interval, it is a pity that he, Mr. Angell, had nothing to say about Mr. Darling's suggested Empire monetary unit, the *Rex*. The article leaves the reader uninformed whether Mr. Angell supports the principle of an Empire plan or whether he insists on a World plan. Assuming the equal technical soundness of alternative plans, the preference, from a

political point of view, should go to that which involves the least delay in consultations and negotiations before it is put into action. Mr. Angell's silence leaves us guessing whether he objects to Mr. Darling's scheme, and whether, if so, it is because that scheme leaves the United States out of the consultations. Or has he not heard of it?—or is his silence due to his preference for discussing general ideas rather than particular schemes? Perhaps he will clear this up in another article.

We do not know what the average reader of the *Daily Herald* will make of his explanation. For example:

"A gold standard money means, not necessarily that you can go to the bank and get five golden sovereigns for your five-pound note (you cannot), but that the issue of notes shall be so limited that the value of (say) a five-pound note shall be equal to that of five gold sovereigns." If the "value" of a five-pound note that won't buy you any gold, is measured as a claim on gold, the value is obviously nil. But if, by "value," Mr. Angell means the purchasing-power of the five-pound note in the commodity-markets, he seems to be suggesting that there can be a difference between how much your five-pound note will buy and how much five sovereigns will buy (if you have them), and that to prevent such a difference arising the issue of notes must be strictly limited. Our experience, during the highest inflation-years immediately after the war, when the note-issue was not so limited as now, was that a pound-note bought no less or more than a golden sovereign. Or, to put it another way, we have never heard of a monetary situation in which a person who paid five golden sovereigns into his bank got credited with any other sum than five pounds. Mr. Angell would probably say that he did not mean this. Probably he does not: but that is our complaint about so much of this exposition of the gold question—the exponent means something else, or can plausibly say he did afterwards.

He refers of course to German inflation under which, he says for an illustration: "You could [in 1923] buy a billion-mark note for a penny." Quite so: "You" are an Englishman in England. But the point is: could a German in Germany have got a million-mark note for a pfennig? Or, supposing him to have paid Mk. 100 in German gold coins into his bank, would he have been credited with a thousand billion marks, or one hundred, or anything in between? But it is fruitless to discuss these points at any length, because they are not brought forward in relation to any definite proposition. We only notice them because to an ordinary reader of the *Daily Herald* they must deepen the impression that the technique of monetary reform is too intricate to be handled by any other than experts, and the only effect of Mr. Angell's exposition will be to prepare him to back any reform which Mr. Angell may certify to be sound later on.

The Gold Delegation of the League of Nations Financial Committee issued its interim report on September 23. Apparently new supplies of gold will begin to be inadequate in 1934. These are expected to decline from £80,000,000 to £74,000,000 annually between 1930 and 1940. The future requirements of gold "will tend to increase as production and trade expand." According to the *Newcastle Journal's* article on the report, September 24,

"The report expresses the opinion that the minimum legal gold cover against notes is largely based upon traditional and conventional grounds, and if the current accepted minimum were reduced a considerable economy of gold could be effected without in any way weakening the general credit structure, although such action would re-

quire international agreement, but the difficulties in the way of which should not be insuperable."

Whenever the banks decide to carry out a policy they procure the appointment of a representative body of gentlemen to advise them what to do; and the recommendations of these gentlemen always coincide with what the bankers have decided to do. This is not necessarily because the gentlemen desire to arrive at those recommendations, but because their terms of reference are so designed and formulated as to make the findings inevitable. In this case they were limited by three *a priori* assumptions: (a) that gold must be used as a basis for credit, (b) that an expansion of trade must necessarily involve an expansion of credit, and (c) that such expansion was to be expected. Very good: on these assumptions the findings were already predetermined: either more gold must be forthcoming or it must be made to do more work. The first alternative being ruled out by the fact that gold-production was destined to decline, the second holds the field. Obviously there was no need for the Delegation to meet at all. The investigation was appointed to conduct was exactly the same in character as if we appointed a Commission to advise us on the following problem: "There are five articles and five people; and in a short time there will be ten people and still only five articles; the people must share equally. What can we do about it?" There would be only the one answer: "Divide each article between two people." And if we had privately decided that people should have only this quantity, and we could get the Commission to give us this answer without challenging our terms of reference, it would, of course, pay us to adopt this procedure as a means of averting any suspicion that the problem was capable of being stated in another way. This is the case with the bankers. Quite irrespective of whether there is a gold-basis or not, expanding production or trade does not necessarily use up more credit, it is the movements upwards of price-levels which cause credits to appear short. Of course everybody will say that the two movements must be parallel: and so they must under the present system of costing production. But the adoption of the Social Credit price-calculus can, if necessary, expand the total quantity of production by the use of the same quantity of credit. There is no reason why it should be necessary, but the point is that even a real, natural and humanly unavoidable limitation of credit need not peg production and consumption down at any point below the physical producing and consuming capacities of the population. The very comment used by the Delegation on the gold ratio will serve us as a comment on the present system of pricing; namely that it is "largely based upon traditional and conventional grounds."

The final chapter of our original prophecy about the Salvation Army seems likely to become history in a few weeks' time. We see in the Press that Commander Eva Booth is coming to England at the head of a United States delegation with the object of demanding complete autonomy for the Salvation Army in the United States, both as regards policy and the control of property. As we indicated at the time, the ousting of General Booth from his leadership was only one move in the game, and camouflage was only one more practical objective than the "democratisation" of the Army. Nobody but a fool would suppose that people like Rockefeller would have put their dollars as they did in financing Eva Booth's first agitation if they had not counted upon getting something tangible out of the establishment of the new principle that she advocated. We naturally do not suggest that these people hoped to, or will in fact, gain a penny through the change. But

the very fact that the change is demanded for impersonal reasons makes the event the more interesting. It is obvious that so long as London is the headquarters of this world-wide organisation it is difficult to Americanise the religious and social policy of its branch in American territory. So the Salvation Army is to be plunged into a sort of civil war comparable in its own plane with the revolutions which are now proceeding in the South American countries. Behind both phenomena lurk the diplomatic rivalries and commercial animosities now so rapidly developing between the United States and Great Britain, and there would be no incongruity in this connection if Commander Eva Booth were to be landed here from an American destroyer.

Since writing the above we see by the *News-Chronicle* of October 13 that Commander Eva Booth has denied the intention of secession to a New York correspondent of that journal. Mr. F. A. Mackenzie, on whose original report we relied, writes a reply to the message from New York, in which the following passage occurs:

"What I stated . . . is that the heads of the American Salvation Army have drawn up a provisional scheme for reform so far-reaching in its character that unless it is modified before being presented at the conference, or when presented, it will produce a crisis . . . My article did not state that America intends to leave the Army, but a much greater measure of autonomy is demanded." (Our italics.)

We must wait until the Conference of Commissioners meets next month and then we shall see what it all means.

A most pregnant incident is reported in the *Evening Standard* of last Saturday. We will quote it in full:

Vicar Sells Apples in His Own Market.

The Rev. M. Cotton Smith, the vicar of Nettlesham (Lines), has started a village market of his own because he feels that the prices obtained for the produce of cottage gardens are not satisfactory.

He has obtained an auctioneer's licence costing £10. Villagers bring their produce to him to be offered for sale.

Writing in his parish magazine the vicar asks:

"Isn't it better to obtain a halfpenny a pound for apples than to let them waste on the ground? If agriculture is run down, why not run it up at my sales?"

The vicar charges a penny in the shilling on sales to pay his expenses.

Whether the plan in its present form succeeds or fails, its mere announcement is a gesture of profound significance, as our readers will realise for themselves, especially those who co-operated as contributors and distributors in connection with our "Lambeth Conference" issue of July 3. The Vicar of Nettlesham, unprompted so far as we know by any external propaganda, has come to the conclusion that economic waste is an affair of the Church. That, in itself, would have been stimulating enough to deserve appreciation in our columns. But he has not halted at the mere affirmation of the principle, he has gone ahead and *done something about it* on his own initiative. Prophesying in the Lord's name is not enough; and the usurpation of the power of the pulpit by the B.B.C. with its recently-published proprietary Prayer Book, and by the newspaper trusts with their commissioned sermon-articles—a power which they use to teach the masses that to render Cæsar his dues is to fulfil their whole duty to God—ought to convince the Church that the rehabilitation of her prestige must now depend on her doing that *something else* the neglect of which her Founder warned her would make her preaching vain. ("For I was an hungered and ye gave me no meat.") The mere mention of an auctioneer's licence in this context seems ridiculous—but not more so than did the five loaves and two fishes among the five thousand.

The Law and Betting.

III.

IV.—CASH BETS v. CREDIT BETS.

A case occurred in the Courts about a year ago where a gentleman brought an action against a bank to recover damages for breach of confidence. It appears that an official at the bank noticed one day that a cheque which passed through his hands was drawn by this gentleman in favour of a firm of bookmakers. Whereupon he "though it his duty" (as was explained in the Court) to telephone this gentleman's employers and communicate the information to them, with the result that they dismissed him from his post. Judgment was given in favour of the bank. It will readily be seen that the cheque-system can be used as a spy-system: and since credit betting transactions are settled by cheque, the superiority of cash betting, from the point of view of the safety of the backer, needs no argument: nor does it from the layer's point of view; for cash deposits guarantee him against the backers' defaults. But for this very reason the City prefers credit-betting; for its policy is to make betting as risky for both parties as possible. We have referred to one object which it has in view, namely, to divert money from the Turf to the Stock Exchange. But there are two other and particular objects.

The first is that the profits of banks as commercial institutions depend on their having as much cash as possible (currency notes, bank notes, etc.) in their tills and vaults. Under the rules governing banking practice they can lend £10 more, or £10 less, of *credit* for every £1 more, or £1 less of *cash* that they have in their possession. They make their profit on their credit-lending. To illustrate: supposing that the rate of interest they charge is 5 per cent. and the rate they allow is 2 per cent., then, on the basis of £10 of cash they can manufacture or create credit (passing in circulation as cheques) to the amount of £100, on which they earn £5 per annum. And supposing that this £100, when spent by the borrower with some other person, is brought by the seller to the bank, and *the whole of it* placed on deposit by him (a very rare occurrence) even then the bank makes a net profit of (£5 less £2) £3 per annum. But in general practice a very large proportion of bank-credit in circulation is not deposited to earn interest, it is kept circulating through current accounts, on which the banks do not pay interest, and in fact very often make a charge to customers for handling such accounts. Hence, on the figures of the bank for illustration, the actual net earnings of the annum in respect of its holding of £10 worth of cash.

Now, cash cannot be in two places at the same time. If cash is out feeding the bookmakers' pools it cannot be in the banks strengthening their earning power. And when the enormous amount of money is considered that changes hands in respect of Turf transactions, it will be realised how vital it is for the banks to see that settlements are made by cheque and not by cash. While it is true that the bookmakers, if they had a long run of luck under a system of cash-betting, would, of course, pay in the cash to their accounts, the banks would not know exactly where they were; they would not know—any more than the bookmaker does—when the backers' "great day" would come, resulting in a sudden demand for enormous supplies of currency-notes and bank-notes.

The second reason concerns the Treasury authorities considered as tax-gatherers. They frown upon cash-betting because of the opportunities it affords both layers and backers to evade income

tax. Whereas cash transactions can be conducted without leaving a trace behind, credit transactions have to be recorded in accounts and pass books.

V.—THE MORAL ASPECT OF BETTING.

In our first chapter we quoted Sir Alexander Cockburn's argument that betting led apprentices to rob their masters. Granting that it may do so in some cases, the risk of such a consequence occurring is very much greater in respect of credit-betting than of cash-betting. It stands to reason that a person who makes a bet daily, and pays over his stake each time, is able to keep a daily check on his outlay during a losing sequence, and is likely to keep his stake within the limit of what he can afford to lose. Every day the dwindling contents of his pocket warn him not to be too optimistic, and even if he is reckless in temperament, at any rate he cannot lose more money than he is able to deposit. On the other hand the person who bets on a weekly account is not nearly so subject to these checks and warnings. Not having to find money in advance, he is likely to stake larger sums; and having a week in which to find a winner he is much more likely to chase his initial losses by increasing his subsequent stakes. And for both reasons he is prone to lose count of his accumulating liabilities until the bookmaker's statement arrives and gives him a shock. If he can pay up, well and good. But if the amount is beyond his means, then is the time, if at all, when recklessness comes into play and the temptation to steal enters into his mind. For every person who steals money in order to bet with it, a hundred would steal to settle losses already sustained. It is the debt that makes the thief. So the Attorney-General's argument was totally misapplied when used by him, as it was, to suppress cash-betting while leaving credit-betting free from interference. Up to a point it was a valid argument, but it was equally valid against all forms of gambling, not merely against betting. For example, if the amount of money embezzled to cover losses incurred by Stock Exchange speculation be totalled up, it will simply blot out the total of Turf thefts.

One reason for this has already been alluded to, namely, that much of the money invested on stocks and shares is never returned to the investors when paying-out time comes, whereas the betting-pool is wholly drawn off by layers and backers. But there is a psychological reason. It is that the dominant motive of the average backer is not acquisitiveness, but ambition for success—the desire not to accumulate money but to excel in finding winners. The truth of this statement rests primarily on criminological research,* but anyone can confirm it by systematically observing the speech and practices of people who habitually bet. On the other hand, this motive, in Stock Exchange speculation, is admixed with a good deal of business calculation whether the return looked for be in the form of capital appreciation or dividends. Naturally enough, every type of person likes to make money; but the distinction between wanting to win it *for its own sake* and wanting to win it *for pride's sake* is of vital importance when legislation is in question—and particularly so when that legislation is concerned with risks of theft. For it is obvious that where pride in finding the winner is the dominant motive the size of the stake is a subordinate consideration. The sense of achievement in winning is just as fully gratified whether the stake be a shilling or ten pounds. But if there will be extravagance in risking money. For these reasons, if the State wants to protect society from thieves we can at least affirm that to hunt the bookmaker and his clients is not the way to begin. The logical beginning would be to make Throgmorton Street a "place within the meaning of the Act"!

* Cf. Professor Severn's account of his observations at Continental Casinos, in his autobiography.

The Films.

Two Worlds: Dominion.

British International Pictures have every reason to be proud of this production. It is the first trilingual film yet presented to the public, and has established a further record by being the first picture to be presented simultaneously in London, Paris, and Berlin, in an English, French, and German version, respectively. That is alone enough to make Hollywood sit up and take notice, but "Two Worlds" is also a film of distinction. It is, indeed, in the great tradition, incomparably the best picture Dupont has made since he came to Elstree, and, if combination of good qualities be the criterion is in many respects the best English talkie yet shown. A strong human story, a theme—the clash of castes, creeds, and races—of universal interest, excellent acting, superb photography, natural dialogue, and no concession to the box-office in the shape of conventional "happy ending," are among its characteristics. Individual English films have excelled "Two Worlds" in individual aspects, but not in the combination of good qualities.

And yet I would not call "Two Worlds" a great film. It makes a deep and lasting impression; it is sincere; it seems to have all the root of the matter; but for some reason which I find it extraordinarily difficult to define with precision, it fails to grip completely. This is not due to such defects as a certain slowness of action, although judicious cutting would improve it. On the other hand, the editing is admirable, and Dupont makes very dexterous use of counterpoint and pictorial parallelism, without succumbing to the temptation to overdo either.

This is one of those rare productions in which each of the cast is just right. John Longden is the young officer, C. M. Hallard his father, Randle Ayrton the Jewish father, and Donald Calthrop his friend Mendel. One has long known Mr. Calthrop as among the best of our character actors, both on the stage and the screen, but in this part he excels himself. He gives a masterly and richly-humorously impersonation of an old Jew, and his make-up would have drawn envious tears from Beerbohm Tree. As for Norah Baring, who has made continuous progress since her first appearance on the silent screen, it is enough to say that she has now definitely proved herself to be the greatest of our native film actresses. The superb camera work is by Charles Rosher, whose reputation it is to have to make Mary Pickford famous, and who has unfortunately gone back to Hollywood again.

Two and Fourpenny Critics.

In the exercise of his harmless craft, the writer presented himself at the Stoll Picture Theatre one night last week with the object of seeing an English film, "The House of the Arrow," which he had been prevented from seeing at the time of its pre-release. The late Mr. Hammerstein's Opera House was crowded, and the writer was herded in a species of pen to await the penultimate moments of "Condemned." Mr. Colman and Miss Harding dissolved in a long shot. The audience underwent partial dissolution. The writer could obtain no seat. Appeal to an official elicited the admission that seats were available—a fact already disclosed by independent observation—but that there were "none at two and fourpence." The writer emerged into Kingsway, and his readers must consult other sources for an informative opinion of "The House of the Arrow."

But, may I ask Sir Oswald Stoll whether the Press, which gives more free publicity to the films than to almost any other topic, and certainly more than is bestowed on any other form of entertainment, is of such small account that the value of a critic is properly rated at less than thirty pieces of bronze.

DAVID OCKHAM.

Herr Hitler and His Movement.

"Our political movement wishes to acquire the power of the State by legal means. . . . It is represented as being hostile to the State because those who oppose it see how it is growing."—Extract from Herr Hitler's evidence before the Supreme Court at Leipzig, September 25, 1930.

The political outlook of post-war Germany has hitherto been intensely individualist in character. Since the inauguration of the Republic every German actively interested in the welfare of the Reich can only promote this object on constitutional lines by means of the exploitation of the democratic principle. Consequently, when he discerns a new method of social improvement his first impulse is to form a party-group to further it. Should this party-group obtain sufficient support to gain representation in the Reichstag and thus become a party, two courses are open to it—it may either, having achieved or abandoned its main objective, become absorbed in one of the greater parties, or else it may continue to pursue obstructionist tactics in the legislature, through the medium of its handful of representatives in the hope of attracting popular attention and so increasing its numerical strength at the next elections. At present there are over twenty parties which are represented in the Reichstag—outside it the number of party-groups is legion; one was recently formed in Berlin for the sole purpose of opposing the beer-tax! The political government of the country thus depends for its successful conduct upon the coalition of several of the great parties, since it is almost impossible for one party alone to obtain a clear majority over all the others together. So when a small party sufficiently increases its numbers by success at the polls to justify its initiation of overtures, it announces its willingness to support the Government of the day if the Chancellor will entrust its leaders with certain portfolios. This is the situation which confronts the present Government with regard to Herr Hitler's National Socialist Party (Nazis). At the elections held in May, 1928, the Nazis secured only twelve seats in the Reichstag—at the elections in September, 1930, they secured 107, so that from being a fractious minority they have, within a short period, become the second strongest party in the Reichstag and a serious power to be reckoned with in the formation of any future Government.

Eleven years ago Herr Hitler had six supporters—now he has over six million! This increase is due for the most part to the general discontent against the financial policy which successive Republican Governments have been compelled to adopt, and which has produced grave economic distress within the Reich. There are now over 3,000,000 unemployed. The working of the Young Plan is felt to impose too severe a burden upon the community, while the enforced subservience to American economic interests which it involves is strongly resented by the sturdy nationalism of the country. The inhabitants of Upper Silesia, the Polish Corridor, and East Prussia chafe beneath the present rule. Early in the present year Herr Brüning's Government considerably added to its unpopularity by adopting a novel expedient in order to raise fresh taxation: it issued special decrees for this purpose by virtue of an Article in the Constitution of Weimar empowering the Chancellor to pursue this course in a time of national emergency without submitting his proposals to the Reichstag.

General dissatisfaction with the policies of the old parties thus grew in volume, so that the appearance of a new party, national in its essence, Fascist in its organisation, and revolutionary in its aims, was hailed with enthusiasm. Since September 14 it has received fresh public support by reason of the trial of three German officers before the Supreme Court at

Leipzig on a charge of fomenting treasonable activities of a Nazi character in the army (Reichswehr). Herr Hitler, who was called as a witness by the Public Prosecutor to the Court to state the objects of his movement, did not lose this opportunity of delivering a propagandist speech clearly intended for other ears besides those of the presiding judge, the effect of which was to depress the Berlin and Frankfurt Bourses. Though grandiloquent language about "heads rolling in the sand" would not appear to increase the Nazis' chance of being invited to participate in a coalition government, and though the avowed desire to tear up the Treaties of Versailles and St. Germain can hardly be calculated to inspire foreign confidence in the movement, it cannot be gainsaid that the feeling continues to increase, outside as well as inside the country, that the Nazis may ultimately prove to be the real saviours and regenerators of Germany. No one is more confident of this than their leader. "I know," he boldly declared before the Court at Leipzig, "that in three years 35,000,000 Germans will stand behind us, and that the time will come in which the people will be thankful that there was such a movement as ours."

Adolf Hitler is forty-one years of age. Having been born on the Austrian side of the Bavarian frontier he is thereby precluded from assuming the parliamentary leadership of his party; hence he conducts his campaign from Munich. Its leader in the Reichstag has hitherto been Dr. Goebbels, a journalist who, on account of his small physical stature and his rhetorical passion, is caricatured by the Social-Democratic Party's posters as "having chest measurement 27, mouth measurement 72"! But the real leader of the party and the author of its programme is its founder, Herr Hitler. Like St. Ignatius de Loyola, the idea of founding a militant movement came to him while lying in hospital recovering from war wounds; but whereas the Jesuit movement was to be religious and international, the Nazi movement was to be political and national. The Revolution of November, 1918, made him realise the necessity of forming a national movement strong enough to protect itself from the terrorism of the streets. The new movement, as he told the Court at Leipzig, was built upon principles of "fanatic Germanism, an autocratic leadership, and an unbreakable fighting spirit." Hence the formation of "storm detachments" (Sturmabteilungen), and later "defence squads" (Schutzstaffeln), with their characteristic "ready for action" attire. These bodies were not intended to be used against the State, but only to combat Communism and Pacifism and assist in the spreading of Nazi ideas.

But as Herr Hitler euphemistically explained to the President of the Court at Leipzig, "a certain pressure of events caused the energies of the movement to be directed against the Reich in 1923. At that time war between Bavaria and the Reich was on the verge of breaking out, and as the Bavarian Government had encouraged the formation of the "storm detachments" Herr Hitler determined to make a bid for power by effecting a *Putsch*. Joining forces with General Ludendorff's *Völkische* Party, which endorsed his anti-Semitic views but not his economic projects, Adolf Hitler in his thirty-fifth year appeared with armed supporters in the Bürgerbräukeller at Munich, where the Bavarian dictator, Herr Von Kahr, was speaking, and proclaimed the establishment of a National government. Herr Von Kahr, while ostensibly approving this action, took suitable precautions to avert the rising, so that the proposed march on Berlin ended in the Bavarian capital with the wounding of General Ludendorff and the flight and subsequent capture of Herr Hitler, who was sentenced to five years' imprisonment for high treason. This sentence was abrogated a few

months later, and from that time onward Herr Hitler patiently worked at the reconstruction of his party. He changed its name from the National-Socialist Freedom Party to the National-Socialist Workers' Party. This was done chiefly for propagandist reasons, since despite its new name the bulk of its representatives in the Reichstag is not drawn from the ranks of the workers, but is composed mostly of soldiers, lawyers, journalists, tradesmen, and members of the middle classes generally.

It is the case with all popular movements that their most radical views receive the most publicity, particularly from more distant and ill-informed quarters. The *Hitler Bewegung* is consequently criticised as being too destructive—it is anti-Semite, anti-Communist, anti-Young Plan, anti-Banks, and anti-Peace Treaties. True, it does wage a ceaseless campaign against all these factors, because in the eyes of its leader they all form barriers in the way of national prosperity and economic freedom. For example, consider the characteristic vigour with which he puts his case against the Jews, of which the following passage from *Mein Kampf*,* his autobiography and the biography of his movement, is typical:—

"Little as the interests of Great Britain, from the Imperial point of view, lie in the direction of a further crippling of Germany, those of international Jewish finance are correspondingly great. The difference between official, or rather traditional, British policy, and powerful Jewish finance cannot be better illustrated than in their respective attitudes towards the question of English foreign policy. Contrary to the interests of the British Commonwealth, the Jewish financiers desire not only the total economic ruin of Germany, but also her complete political enslavement. (Author's italics.) The economic internationalisation of Germany, in other words, the passing of the control of German producing-power into the hands of Jewish world financiers can only be ruthlessly accomplished on the basis of a politically Bolshevik state. But if the Marxist fighting forces of international finance succeed in destroying the German nation, then this can only happen with the assistance of friendly support from outside. The French armies must quarter themselves upon Germany's body for so long a time that the Reich will become internally powerless and a prey to the Bolshevik fighting forces of international Jewish world finance.

Thus the Jew is to-day the most potent instigator of the complete economic annihilation of Germany. In whatever part of the world we read of attacks having been made against Germany, we may be sure that the Jews have launched them. So, in the time of peace the Jewish and Marxist press systematically stirs up hatred against Germany until the Reich could no longer remain neutral and entered the struggle of the world Powers in 1914 against the real interests of her people." (Author's italics).—*Mein Kampf*. Vol. II., p. 702.

But what of the constructive side of Nazi policy? No more than a brief examination of this aspect can be attempted here. According to the official publication of the party,† "Our object is to effect a re-nomic, and cultural unity." The first programme in the shape of a manifesto was drawn up by Herr Hitler and promulgated in the congenial atmosphere of the Hofbräuhaus in Munich on the 23rd of February, 1920. It contains twenty-five "Theses," of which the following are selective:—

1. We claim the union of all Germans in a great Germany.
2. We claim equality of rights for Germany with other nations, and the cancellation of the Treaties of Versailles and St. Germain.

* "Mein Kampf." By Adolf Hitler. 2 vols. (vol. I., 1925; vol. II., 1927). Pub.: Franz Eher, Munich. Popular edition, 8RM. In German only.

† Das Programm der Nationalsozialistische deutsche Arbeiter-Partei, und Seine weltanschaulichen Grundleiden. By Gottfried Feder. Pub.: Franz Eher, Munich. 60 pfs.

3. We claim land (colonies) for the nourishment of the people and the settlement of the surplus population.

4. Only compatriots can be citizens. Compatriots can only be those who have German blood. . . . No Jew can be a compatriot.

7. Public offices shall be held by citizens.

We claim:—

11. The abolition of unearned income.

12. The complete repayment of war profits.

13. The nationalisation of trusts and banks.

16. The Communalisation of large stores and their lease at low rates to small traders.

17. The sequestration of land without compensation for public purposes.

18. The conduct of a ceaseless campaign against those whose activities injure the Commonwealth. All criminals, usurers, traitors, etc., to be punished with death.

25. The creation of a strong centralised Government within the Reich.

Most of these demands have undergone subsequent modification and expansion. For instance, with regard to "the sequestration of land without compensation for public purposes," a proposal which evidently caused some alarm among Herr Hitler's landed supporters, the Nazi leader officially stated that the party stood for private property, and that his proposal was aimed "mainly at Jewish companies speculating in land."

But by far the most significant part of Herr Hitler's programme is that which deals with financial reform. He commences by remarking in his usual trenchant manner that:—

"The struggle against international finance and bank loan policy has become an especially important feature in the struggle of the German people for independence and freedom."—*Mein Kampf*. Vol. I., p. 233.

The popular economic theme, he urges, is the necessity for funds to finance production, and not the highest possible charges for capital loans. The country derives its wealth from trade within its boundaries and potentially this wealth is infinite. Money, therefore, should be the servant of the community, and the community should not permit the bankers to establish a powerful state within the State. "Our object is to break down the bankers' power" (*Brechung der Zinsknechtschaft*) by the following reforms:—

1. The liberation of the State and with it the whole Community from the tributary encumbrance caused by capital bank loans.

2. The establishment of a National Bank and other banks with power to issue notes.

3. The financing of all great public services (such as lighting, tramways, etc.) by means of the issue of interest-free Treasury notes or cash, thus avoiding the usual methods of raising loans.

4. The establishment for the public benefit of Building and Commercial Banks with power to grant interest-free loans in the same way.

5. The thorough revision of the present scale of taxation after popular social and economic principles. The liberation of the consumer from the present heavy burden of indirect taxation.

6. The introduction of a fixed monetary standard based upon a stable foundation.

Lord Rothermere would do well to consider these proposals and to give them some publicity in his next eulogy of the Nazis. This noble lord's support of the *Hitler Bewegung* has been adversely commented upon by the intelligent section of the German Press which reminds its readers of the case of Hungary, whose people have little cause to remember with gratitude his Lordship's interference in their affairs, a fact which has doubtless not escaped the Nazi leader with his Austro-Hungarian connections. The feeling prevails in Germany that it is chiefly the anti-Red features in the Nazi campaign which have provoked Lord Rothermere's patriotic outburst in the *Daily Mail*, for he carefully avoids reference to the bulk of the Nazi aims

which must appear personally objectionable to a Press magnate with such powerful financial interests behind him.

In the event of a political deadlock when the Reichstag meets the last word will rest with the octogenarian President von Hindenburg. If he dissolves the Reichstag and decides to continue the Government through the Reichswehr, it is uncertain in view of the recent trial at Leipzig how far he can count on its loyalty. The choice of his birthday (October 2) by the *Stahlhelm*, an avowedly militarist organisation in close alliance with the Nazis, on which to assemble nearly a million of its members for mass parades and demonstrations on the Rhine between Coblenz and Bingen, is not without significance. At the moment it is impossible to predict what course events in Germany will take. It is generally felt that there is no immediate danger of a Nazi *Putsch*, but it is not inconceivable that the "pressure of events" may soon induce Herr Hitler to abandon the constitutional path, despite his recent assurances to the contrary, for he would not join a Coalition Government without having the key Ministries of Interior and Defence in the hands of his lieutenants. But one thing is certain. The "Second Reich" is sick and nigh unto death. Herr Hitler wishes to hasten the obsequies, and having appeared as chief mourner thereat, to proclaim the birth of the "Third Reich," with black shirt and *Hakenkreuz* (swastika). If he takes adequate precautions against the danger of premature delivery, then there is no reason why he should not expect a strong, healthy national child. There seems no other alternative to Communism in Germany.

ERIC MONTGOMERY.

Coblenz. October 3, 1930.

Drama.

The Outsider: Apollo.

Asked to contribute to a symposium on the right of the incurable to make his exit from a too painful world, Shaw replied, "Don't ask me whether the incurable has a right to kill himself; ask me whether he has a right to kill his doctor. After all, the incurable is the aggrieved party." This Shavian reaffirmation of the "life for a life" code no doubt had its roots in Shaw's philosophical combination of Jewish puritanism, Hebrew logic, and Jehovistic self-assertion. At any rate, official Christianity takes a slightly less bloodthirsty view. Dean Inge, not content with reducing the population by sterilising the working-classes, would encourage the incurable to cut short his tribulation on earth; he would enjoin Church, State, and Society, to pronounce such a suicide not guilty, and, therefore, in God's name, destined for everlasting bliss; and he would give the same privilege to the incurable as to the murderer, of making his departure in his own way, by prussic acid, lethal chamber, or hara-kiri. In face of this Miss Dorothy Brandon restores the theatre to its pristine immorality. The second act of her melodrama, "The Outsider," with Miss Isobel Elsom in the invalid's chair, is a heart-stirring affirmation of the incurable's right to be cured.

Anton Ragatzy cures cripples with such disabilities as hopelessly dislocated hips after the doctors have pronounced them helpless. His instrument, so far as he describes it, is an electrically worked rack that stretches bones at a thousandth of an inch in an hour. He has the egotism of genius, and wants recognition, glory, and as a means to these an honorary medical degree. The chief surgeon at St. Martha's Hospital refuses to see him, for reasons which had better be cut out of the play, since they excite questions rather than sympathy. He had handed over his own daughter to an ignorant

foster-mother when he could have afforded a wiser one, and therefore could not blame anybody if her hip had been mangled by an ignorant bone-setter. After he had gone the "bone-setter" and "maker of surgical instruments," who, so far from mangling, performed miracles, was told that for recognition he could either "qualify or work with a surgeon," which was at least better than the actuality, in which men of proven skill, such as Barker and Kennard, have been denied official anaesthetists. Naturally a genius, who learned more of anatomy in the slaughter-houses at the stockyards than doctors ever will know, and whose power was already mature, did not care to waste some of his best "years in learning Latin names for English bones." He tried another line. Partly by force and partly by trick, he interviewed Dr. Sturdee's crippled daughter in her father's house, and pledged his reputation on a cure. If you put yourself into the hand of an unqualified quack, said the father in effect, you cannot live in my house; you cannot be my daughter. He might have added, but did not, that if a qualified man had cured her after she had been officially pronounced incurable, he would probably have resented the blow to his prestige nearly as much; and that it would have been in accord with many precedents if the qualified man had soon been found guilty of unprofessional conduct. Al-though most to utter the principle that medicine is the art of healing, and only a science insofar as science contributes thereto, is heresy, as the homeopaths, who are qualified, have had to realise. Lalage Sturdee tells her father what everyone in her place would want to tell, whether she did so or not: that a lovely woman with heart and lungs and body would much rather be somebody's beloved than anybody's daughter. The healing power of Christ, she said, goes on working, and if it is not working through surgeons and is working through the bonesetter, the "incurable" has a right to renew faith and go where help is given.

In melodrama as good, as stirring, as far off the beaten track, and as thought-provoking as this, much can be forgiven. One aspect of the last act, however, provokes criticism of the structure of the play instead of thought on the theme. Ragatzy makes Lalage anatomically whole, but she cannot walk. Not until the bonesetter has kicked her fiancé out of the room, and a declaration of mutual love between bonesetter and patient is imminent, can she trust herself to walk, as a child stumbles to the mother's waiting arms. Apart from the fact that Ragatzy could not very well treat many patients by this variant of Christian love, except in America, where he might, perhaps, in correspondence with Saint Paul, divorce daily, her psychic dependence on him reflects on his previous use of hypnotism in a manner that the author may not have considered. Hypnotism, at most say the French experts, is the awakening of love, excused by the hope that it may subsequently be diverted from the person who arouses it.

The play was well worth its revival, although the rewriting that has been done might have been extended to give the play still a wider field. Miss Isobel Elsom raises the second act out of melodrama into tragedy. As a cripple whose complete healing depends on her obtaining an interview with Ragatzy, Miss Stella Rho also gives a remarkably good performance. As Ragatzy Mr. Harold Huth allowed the genius's egotism to have a little too much play, and as Sturdee Mr. Norman McKinnel appeared to find the sentimentality not altogether to his liking. But the play is good, healthy, live stuff, well done, and should succeed again.

All That Glitters: Duke of York's.
The temptation to complete the proverb is almost irresistible. This adaptation of Mr. Roy Cohen's

story of the same name is a sort of alloy of gold and aluminium; it applies, in plainer words, the method of comedy to the very light substance of farce, and while it pleases at the time, it is so light that it blows away between the acts. The scene, Swyncombe-on-Sea, is a rising town on the South Coast, whose most interesting proof of its prosperity is that the richest inhabitant is an immigrant pawnbroker from Lancashire. The plot follows the adventures of an eighty-five pound diamond ring, with which the journeyman tailor could afford to woo his deceased master's widow. A won't-work chauffeur persuades him temporarily to substitute a Woolworth's (more evidence of prosperity) ring for the real one behind his betrothed's back so as to go into partnership buying and selling cars. The pawnbroker, to annex the dairy, gives the ring to the proprietress, who flaunts it before the tailor's widow, who swops it again. At a spiritualist séance the voice of the deceased tailor exposes all villains together, and finally the deceased tailor himself appears, to explain that he was not on the overturned lifeboat, but had visited his brother in Australia to dodge his creditors, which at least indicates that all creditors are not tailors. It is all amusing. Mr. Wilred Shine's characterisation of the pawnbroker is delightful. One sighs when he goes out, since one knows that the plot takes charge again. Mr. Richard Goolden's journeyman tailor is excellent, too, although he chiefly stands for the plot. Other good performances are given by Mr. Frederick Burtwell, Mr. Arthur Hambling, and Mr. Edmund S. Phelps in a small part. But one does not laugh hard enough at the farce, nor think hard enough at the comedy, nor feel deeply enough at anything for the play to stand the shaking of the journey home.

Music.

The Promenades and Other Matters.

A so singular and so singularly devastating comment on the average musician's spiritual and mental constitution that I cannot refrain from drawing attention to it. A few weeks since it will be remembered that I spoke in terms of warm praise of the work of the young Scottish musician, Erik Chisholm. This I have done in another place also, drawing attention to his admirable and most indefatigably enterprising efforts in introducing contemporary music to Scottish audiences, which the latter, but for the concerts organised and run—very largely at his own risk by Mr. Chisholm—would probably never hear. Now, as is well known, Mr. Chisholm has already and is again going to devote some of his concerts to my own work (which incidentally speaks most highly for his taste and discrimination!!). This, as I gleefully anticipated, has given the capricious and mean-spirited creatures of whom the London musical world so largely consists (and Spengler's drastic condemnation of the artistic crew of modern Europe when he declares that there is more real talent, intellect and character in the office of any great engineering establishment than in the entire body of European artists of the present day put together), an opportunity of saying that my reason for speaking well of Erik Chisholm's work is because he is producing my own work. One must then refrain from expressing one's favourable opinion of a man's work just because one happens to be under an obligation to him, that is to say, feelings of decent and ordinary gratitude to someone who has done or is about to do you a great service must be allowed to sway one against any sort of public tribute that one is convinced, apart from these considerations, is thoroughly and richly deserved! It would take a musician to put forward a

notion of such thoroughgoing baseness and mean-mindedness—to think that the only motive I have in speaking well of Mr. Chisholm's work and enterprises is self-interest—and it would take a musician to think it inconceivable that anyone else should do the smallest action of generosity from disinterested motives—as inconceivable, in fact, as would be such an action on his part.

Promenade Concerts. Mahler IV. Symphony.

Sir Henry appeared to be aiming at Brighter Mahler in this performance, with his hurried tempi and undue emphases, to the damage of the quiet, tranquil charm of this most delicious of Mahler's Symphonies, which does not at all tolerate Promenade playing of which we have heard glimpses (aural glimpses!) now and then during the season. Most of it was treated roughly, insensitively, unsympathetically and unimaginatively. And in the lovely last movement, with the soprano solo, although the words are a child's description of the delights of Heaven, Mahler has expressly vetoed in a footnote the treatment of his voice part as though it were being sung by a child of ten, for it is obvious that all possible beauty of sheer singing must be brought to the subtle seeming-simple curves of his exquisite vocal line. The simplicity must be in the *expression*, not the *technique* of the singing.

The Goossens and Ireland Concertos. October 3.

An all-British night beginning with Purcell, the Goossens Oboe Concerto struck me as being not an especially good nor characteristic work. The texture is too slack, the deliberate struggle to avoid a cliché of expression when it was obviously a cliché of thought behind it was unpleasantly obvious, and the backbonelessness and lack of meat in the work I found very trying. Far other was Ireland's piano Concerto—also a first performance—his first large work for a very long time, and by very far his best, in spite of certain defects of cohesion arising more out of an indifferent performance and a mistaken choice of pianist than in the presence of the defects in the body of the music itself. Here is a freedom of expression—a liveliness of movement, with no loss of the close-grained concentrated quality that is to be found in Ireland's best work. The work is inventive and ingenious in pianistic treatment, but it was obvious that the young lady who played the solo part with a prevailing and lamentable prettiness, the last quality on earth to be associated with the genuinely virile music or forced into an ill-assorted marriage with it, was not only miscast, but out of her depth. The essentially masculine tenderness of Ireland's slow movement, the musical counterpart, in a way, of a feeling that D. H. Lawrence so finely expresses, is simply not to be understood at all by a woman performer except under the most exceptional and extraordinary circumstances, as it must of necessity be right outside the range of genuine emotional experience. There is nothing derogatory in such a statement of this most obvious fact, nor indeed of the fact itself. KAIKHOSRU SORABJI.

"In Washington the President and Secretary of State, Henry Lewis Stimson, were officially 'shocked' by Argentina's revolution, but not even officially grieved. As one official frankly said: 'Dr. Irigoyen's fall has eliminated the outstanding menace to the prestige of the United States in Latin America.' London was as worried as Washington was relieved. Dr. Irigoyen signed with Viscount D'Abernon in Buenos Aires last year a \$38,880,000 mutual trade agreement highly advantageous to Britain and distinctly menacing to U.S. trade. Does that still stand? Worried, the London *Daily Herald*, organ of James Ramsay MacDonald, called up General Uriburu to ask. Over a radio telephone span of 7,000 miles the General answered slowly, loudly in English, 'I have not had time to think about that yet.'—*Time* (Chicago), September 15, 1930.

SOME "A + B" REFLECTIONS.

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Taking the progress of the conversion of a raw material to a consumable product, as it actually takes place within the production-system, the principle under which the material is bought and sold is the same as if every firm along the chain of production directly borrowed from the banking-system an amount of credit equal to the total of its purchases from its supplier. In practice such firms usually follow the custom of extending credit to their customers, and those customers to their customers, and so on. But none of them can provide more facilities of this sort than it receives: and all the time it is the banking system which originates and determines all their floating credits. So, in principle, every debt owed by one firm to another for supplies is a debt owing to the banking system. If so, then its payment of such a debt is the repayment of a bank loan, and results in the cancellation [or "destruction" (vide Mr. McKenna)] of a deposit. This is another way of saying that the "B" expenditure of a firm represents the cancellation of purchasing-power and not an addition to it. To state this conclusion in ordinary terms: if the energies of the whole community were directed to producing one consumable article, say bread, then no part of the money spent by any baker on, say a purchase of coal, would rank as valid purchasing-power in respect of the private consumption of the particular batch of bread which was to be baked by the use of that particular batch of coal. Notice our italicised emphases, which we now explain. A trader may often use business revenue for personal consumption; but this use of it is invalid; it has to be temporary only, and must be replaced. "Private consumption" is emphasised because the term "consumption" is often popularly used in reference to the purchases of goods for use in business; e.g., "consumption of raw materials," to describe purchases of goods by firms inside the industrial system. The only real consumption is represented by deliveries of goods to private buyers outside the system. By using the term *batch* our intention is to lay stress on the separateness of each chain of production—the reason being that unless one can disprove the A + B Theorem in respect of the costing of an isolated chain of production, he has no ground of argument left. If there are, say, ten lines of production, all of them convergent on the ultimate appearance of a certain consumable product, and anybody asserts that the final cost of this composite product can be met by the consumers' incomes under existing financial arrangements, he can only prove it by showing that the incomes distributed along each of the ten lines of production are separately able to meet the final cost of each particular constituent at the time when the ten constituents and costs are merged into one article and price. It is not the slightest use showing that the costs incurred along Line No. 1 can be met by dipping into the credits used along Line No. 2.

Another line of investigation is to start with the private consumers and to consider them collectively as a "firm" buying supplies from the retail trades. In this transaction the expenditure of the Consumers' Company (so to call it) would be wholly "B" expenditure, i.e., money spent on "supplies from other firms"—to wit, the retailers. Now, this "B" expenditure of the consumers becomes the revenue of the retailers. The question arises: can the retailers use any portion of this revenue to buy goods for their personal use? Is so, what proportion? Where is the dividing line? And when that question is resolved, against what *batch* of goods would the supplementary purchasing-power rank?

It is a complex matter to resolve these questions by reference to practical examples. The last complex example would be, say, the case of an old lady running a sweet shop. Taking sweets as representing consumption in general, it is easy to answer the first question. If she sold four boxes of sweets which had cost her 1s. per box for 1s. 3d. per box she would be able to spend 1s. out of her 5s. on a box for herself. She would thus become a customer of her own business in respect of her profit. In principle these transactions amount to the same thing as if she had sold the five boxes to her customers for their 5s., and they had made her a present of one of them for her trouble. Which ever way you look at it no portion of this 5s. is now valid as purchasing power for further sweets from her remaining stock; on the contrary, it is entirely earmarked for paying off a debt to the wholesaler (if she bought on credit) or for paying for a replenishment of her depleted stock (if she was buying for cash). That is to say, that she is a trustee for the 5s. and has no property-right in it. And if, as we have mentioned before, the bankers did in practice with

every individual business what they are doing with industry collectively; that is, if they directly lent credit in subdivided sums directly to every business, great or small, instead of lending in large aggregated sums to selected industrial borrowers, this old lady would owe the 5s. to her banker. It would represent a part of a bank-loan secured on her original stock. This is a rough indication of what is meant by the proposition that all "B" expenditure represents money earmarked for repayment of bank loans—money under sentence of death. The popular illusion that it is still alive is chiefly due to the fact that the bankers, by reason of the designed or fortuitous circumstance that their loan-credit is sub-leased many times over and in multitudinous directions, hardly ever appear to the ordinary looker even to be participants in the transactions under notice, much less the effective owners of all the wealth in respect of which economic transactions as a whole take place.

Pastiche.

DUMPING.

An Imaginative Episode.

By C. F. S. Barker.

A largely attended meeting of Pigeons in the neighbourhood of the Exchange was held recently. The convener of the gathering—Sir Pouter Pigeon—announced that the meeting had been called to protest against the "Dumping" in their midst of Foreign corn. For a long period their food had not been too abundant and they, one and all, had to work hard to find what little "fell from the skies." He understood, however, from his estimable colleague, Sir Fantail, that the portion of corn already provided (for which, by the way, they were all grateful) emanated from the "Corn Association," who in general earned considerable revenue from the trade. In addition, the Association supported their friends the Home farmers, who, in turn, benefited by the sale of their grain.

His colleague, Sir Fantail, had assured him (Sir Pouter) that his fellow pigeons would be well advised to stop this "Dumping" at its source; on pain that if they refused, the future Home supply might be stopped. To him (Sir Pouter) the position seemed a strange one.

His worthy spouse (Lady Pouter) had reminded him that a larger supply of Corn would be beneficial to the whole community. She, like the rest of her sex, would be able to fill her crop; and she could promise her mate a more plentiful supply of eggs and greater connubial bliss. The rising generation, also, would benefit by plentiful food.

It appeared to him (Sir Pouter) that this was "a congregation assembly." Their main need was food. They were offered summation devoutly to be wished." (Hear, hear! from the assembly.) Their main need was food. They were offered it in abundance. Why, then, refuse what their neighbours in foreign lands desired to endow them with?

After some further discussion a resolution was passed unanimously expressing appreciation of the considerate action of their "foreign" colleagues in "dumping" in their midst so large a volume of fine grain.

The meeting concluded in a happy vein, the expressions, "More power to their elbow," and "Long live the 'Soviet' of pigeons," were freely heard.

Sir Pouter and Sir Fantail thereupon adjourned to the club for lunch, the ladies dispersing with much dignity and satisfaction.

Reviews.

The Process of Learning. By Constance Bloor, M.A. (Kegan Paul.)

This is a very good book for its purpose—the needs of students in Training Colleges. It is well got up with a full bibliography, and an index. There is no attempt to write down to its readers, neither does the writer try to make the lecturer on educational psychology superficial. In fact, parts of the book are distinctly beyond the average young student without the sympathetic help of a tutor. A very wide field is covered, which again makes it a good text book, if not so inspiring for the common man, as, say, the articles on "Human Behaviour and the Human Mind," and "Modern Ideas of Conduct," in *The Science of Life*, by H. G. Wells, Julian Huxley, and G. P. Wells. To return to Constance Bloor, talking of *plateaux in learning*, "When a teacher discovers a child stranded on a plateau far below the attainable peaks he must investigate the cause of the delay." As a concrete example in questions on percentages may, in the belief of the writer, be due to

the fact that the child is seeking for the formula which will express directly the relation of Selling Price to Buying Price, —"

I am not clear what the writer means, but it opens up interesting ways of thought.

D. C.

Bran the Bronze-Smith. By Joyce Reason. Illustrated by the Author. (Dent. 5s.)

This adventure story—describing life in ancient Britain—is written primarily for children, but it is none the less suitable for adult reading. Its heroes are two lads, who are captured by Carthaginian traders and sold into slavery to the bronze-workers of Cornwall. By their prowess and skill, one as a bronze-smith and the other as an archer and horse-tamer, they escape from slavery and rise to eminence. The relation of their adventures gives scope for vivid descriptions of manners and customs, and these descriptions are supplemented by a number of excellent illustrations.

I. O. E.

"The Medieval Scene: an Informal Introduction to the Middle Ages." By Dr. G. G. Coulton. Cambridge University Press. 5s. net.

Dr. Coulton is our historiographer-in-chief of the Middle Ages, and this fascinating little volume should send any intelligent reader to the author's larger works. He is no upholder of the "good old times" conception, and in a few vivid strokes paints a picture of an epoch which, although near enough to our own in point of time, is actually so remote as to be almost incredible. Thus, the inhabitants of an average medieval village

... went from the cradle to the grave in company with about as many adults as could be carried in four London omnibuses, every one of whom they knew by name, and saw and spoke to almost daily."

The one question which did most in Central Europe to decide between an eternity of indescribable bliss or unspeakable torment "was whether one died in the Roman Catholic faith. As to those unspeakable torments, there is the charmingly Christian conception of Hell as imagined by that celebrated preacher, the Franciscan Berthold of Regensburg.

"If thy whole body were a red-hot iron, and the whole world, from earth to Heaven, one vast fire, and thou in the midst, that is how a man is in hell, except that he is an hundredfold worse. . . . The tortures will endure as many thousand years as there are drops in the sea, or as the number of all the hairs that have grown on man and beast since God first made Adam; and then, after all those years, the pains will only be at their beginning."

In comparison with this revolting Sadism, how refreshing are the learned medieval disputations regarding the precise number of angels capable of sporting themselves on the point of a needle. "The Medieval Scene" contains the substance of some recent wireless talks by the author. If even a tenth of the B.B.C. talks were as interesting as these, almost could I be persuaded to become a "listener-in."

DAVID OCKHAM.

The Thinker's Library (Watts. 1s. each.)

XIII.—"History of the Civilisation of England." Vol. I. By H. T. Buckle.

XIV.—"Anthropology." Vol. I. By Sir E. B. Tylor.

XV.—"Anthropology." Vol. I. By Sir E. B. Tylor.

XI.—"From Meteorite to Man." By Prof. J. W. Gregory.

XII.—"Religion as a Bar to Progress." By Charles T. Gorham.

Tylor's "Anthropology" is already well known as a classic introduction to the study of the development of man and of civilisation, admirable not only for the excellence of its information, but for the attractiveness of its style; this, its first appearance in cheap form, and with adequate illustrations, is greatly to be welcomed. The volume by Buckle is only an introduction to a projected work which the author never lived to complete, and would be more accurately described as dealing with the philosophy of history. Where he touches on economics he shows a *laissez faire* turn of mind, yet his chapter on the "Influence of Physical Laws" shows that he has a notion of the basic importance of Food-Man, Shelter in human history. "From Meteorite to Man," written by four leading scientific technicians, is as excellent and readable as Tylor, and has the additional advantage of being thoroughly up-to-date. Gorham's little book, an account of the anti-social aspects of organised Christianity, is accurately described by its title.

I. O. E.

LETTERS TO THE EDITOR.

MRS. ADELA PANKHURST WALSH.

Sir,—I wish to correct a statement in a paragraph referring to Mrs. Pankhurst Walsh in an issue of yours about six months ago. Mrs. Adela Pankhurst Walsh has nothing whatever to do with the land or agriculture, and as far as I am aware never has had. She haunts the City of Sydney and spends her time in public speaking, and from her remarks and published statements has very little sympathy with the workers in this distressed land of Australia. I am forwarding, among other newspaper cuttings, a pamphlet which she edits and broadcasts among her followers, this will show what she really is doing.

I should be glad to see your earlier statement corrected because she is a well-known woman, and her movements are noted.

Australia is suffering at the present moment from a visit of Otto von Niemeyer, and I fear, as he arrived just as Mr. Scullin was trying hard to get his Federal Reserve Bank Bill through with the clauses to which the private banks object, it will meet the fate of all attempts for nations to control their own credit issues.

AUSTRALIAN CORRESPONDENT.

Sydney, August 22.

SPENDING MONEY TWICE OVER.

Sir,—Can you say in your columns how Major Douglas explains the circulation or flow of credits and currencies? He seems to base his arguments on the supposition that money issued in wages will only buy "production" once, and then for some reason or other it ceases to operate as consumers' credit? E.g., as I see it, if a labourer spends his week's wages in food, and pays the grocer for it, that part of his wages he pays to the grocer will in turn be paid by the grocer to his employee, and he in turn again will buy more food, and so on.

AUSTRALIAN CORRESPONDENT.

[This example seems to suggest that a trader can spend his business revenue on himself. Of course, it is possible, but there are consequences. Take a row of ten retail shops. If the grocer at one end takes £1 from a visitor, he can spend it at the greengrocer's next door, and the latter at the butcher's next door, and so on until the £1 comes to rest at the chandler's. But the consequence is that the row of shops, considered as a whole, has parted with £10 worth of stock and has received £1. The final position is the same as if each of the first nine tradesmen had consumed one pound's worth of his own stock—i.e., had used up £1 of his capital (if he had paid for his stock with his own savings), or used up £1 due to his wholesaler (if he had bought his stock on credit).—ED.]

Mr. Vowles and Mr. Wells.

Since the recent correspondence between Mr. Vowles and Mr. Wells closed, we have learned that both these gentlemen are members of the Society of Authors. When the difference of opinion about collaboration arose, Mr. Vowles did not act in a personal capacity; he handed his case over to the Society, and signed a document which destroyed his right to interfere afterwards, supposing he had wanted to do so. This appears to be the answer to Mr. Wells's statement that Mr. Vowles made a claim for £6,000. The ment that Mr. Vowles made a claim for £6,000. The solicitors to the Society, after counsel had been consulted, issued a statement of claim on Mr. Vowles's behalf. This statement indicated counsel's opinion concerning Mr. Wells's liability, including a reference to the £6,000 guaranteed by Mr. Wells, but the only claim actually made (and we are informed, issued before Mr. Vowles saw it) was expressed indefinitely as follows: "And the plaintiff claims damages."

California grape growers subscribe \$2,000,000 with which to buy 300,000 tons of grapes on the vines, where they will be permitted to rot. Federal Farm Board approves, as "it would be impossible to get anything but red ink for the remainder of the crop if the entire production were thrown on the market." (*San Francisco Examiner*, September 20). S.C. Moral: Why not take hint from the New Testament? Grapes do not grow on thistles. Slogan: Plant more thistles. Procedure: Apply to banks for Thistle Credits. Success assured.

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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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