

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The Governor of the Federal Reserve Board, Mr. George L. Harrison, left New York for London on November 6. His intention was said recently to be to discuss with Mr. Norman the question of a moratorium on war debts; and though the *Financial News* reported on November 6 that financial opinion in the United States was inclined to discredit this information, the *News-Chronicle* of the next day repeated it. The visit and its object call for little comment at the moment. What is of chief interest is the general financial situation in which it is set. United States finance stands in the same relation to British finance as does the latter to Australian finance. It is therefore reasonable to speculate whether, if Sir Otto Niemeyer had succeeded in putting over his policy on the Commonwealth, Mr. Harrison would have given himself the trouble of coming to London. For reasons with which our readers have long been familiar Mr. Norman's general policy is an integral part of United States policy; and his specific policy with reference to Australia is therefore a dollar-policy. Sir Otto Niemeyer is virtually an emissary of Mr. Harrison. Sir Otto has to report back to Mr. Norman, and Mr. Norman to Mr. Harrison; for Mr. Norman, whose initiative is merely held on a lease, is unable either to temporise or settle with Australia except with the consent of the freeholders. The title-deeds of world-power belong to the world creditor; and this must continue to be so as long as the present axioms and technique of finance persist. There is one favourable feature—from a British point of view—about this projected Harrison-Norman consultation, namely that it is Mr. Harrison who pays the visit and Mr. Norman who receives it. Is Mahomet going to the Mountain? If so, the awakening faith of Australia in herself is the magic in the miracle.

There has been some controversy over the action of the Lord Chamberlain in prohibiting the production of *The Green Pastures*. His decision was made conformably with the established principle that the Deity should not be personified on the stage. Since

then the *Evening Standard* has published the play serially, and we suppose many of our readers have read it, or parts of it. If so they will understand the objections raised by members of Christian communities against its presentation and even its publication. For there is no resisting the fact that "de Lawd," as the negroes are made to call Him, is portrayed as a well-meaning bungler. Before the refractory inertia of humanity all his terrorist miracles—his fires, floods and thunderbolts—performed with the object of their regeneration, are dismal failures. The play ends with a scene in which "de Lawd" is scratching his head and wondering what to do next. The author intended this scene to suggest the awakening of the idea in "de Lawd's" mind of regenerating mankind by suffering for it instead of inflicting suffering—thus foreshadowing the events now recorded in the Gospels. But the atmosphere he creates is all wrong. To present Omniscience as adopting the trial-and-error principle to effect its purpose is self-contradictory to begin with; and to represent the concept of the Divine Sacrifice as an after-thought—as a last gamble on the part of a bewildered Deity—is bound in the long run to afford more edification to Atheists than to Christians. Anatole France worked out the same idea, meaning it satirically, in his *La Rotisserie de la Reine Pédauque* and *La Révolte des Anges*.

Our reason for discussing this play is this: that if Marc Connelly would only set his story in the economic world, and turn his "Lawd" into a banker (who might be cast as "de Guv'nor") he could produce a thoroughly coherent, enlightening, convincing satire on the financiers' policy of saving civilisation, without altering in the least the structure of his scenes. All he need do would be to alter the labels of the scenes and the names of the characters. For instance, "de Lawd's" office in Heaven would serve perfectly for "de Guv'nor's" office in Threadneedle Street; and as for other scenes and characters, we would undertake to supply labels and names twenty times over for every one of them. In fact this is one reason for regretting that *The Green Pastures* was banned. Its parallels, in plan and dia-

logue, are so close as almost to suggest that Mr. Connelly's intention was to satirise bankers and their ways. Here are two examples, taken at random (and reproduced from memory):

One of the angels offers de Lawd a light for his cigar. De Lawd replies: "No thanks. I'm gonter save dis a bit."

Another:

De Lawd creates too much water, and has to create seas and rivers to drain it off. Upon which he remarks: "De worst ob passing one miracle is dat you got to pass another."

And so might our bankers reflect: De worst ob passing de miracle ob production is you got to pass de miracle ob reconstruction. And, on a larger scale, Connelly's picture of de Lawd organising the progress of the Israelites to the promised land closely resembles the bankers' organisation in 1918 of the progress of the post-war manufacturing nations into a promised world-market of insatiable demand—with the vital difference that the bankers knew there would be no such demand because they had already decided to destroy it by deflation. We advise everyone to read this play.*

On November 6 the Australian Federal Labour Party Caucus at Canberra adopted a resolution to order legislation compelling holders of the £27,000,000 Loan maturing in December to hold the bonds another year. This followed the refusal of the Commonwealth Bank to underwrite the projected conversion loan. The Bank had previously refused to issue £20,000,000 credit "based on Australian assets" which the Caucus had requested. Upon the adoption of this resolution Mr. Lyons, the Commonwealth acting-treasurer, decided to resign office, and left for Melbourne the same evening. He had proposed to float the conversion loan by means of long-term bonds at 5 per cent. and short-term bonds at 6 per cent. The debate on this proposal was of a stormy character, Sir Robert Gibson, the Chairman of the Commonwealth Bank, being bitterly attacked by the majority-section of the Caucus, some of whom declared that he was aspiring to become dictator of Australia, and others of whom expressed sentiments such as: "Scullin can go to hell!" and "We'll win this or perish." In vain did Mr. Lyons warn the Caucus that "disaster" would follow their decision; he was met by the argument that £25,000,000 out of the £27,000,000 maturing loan was held by big institutions, and that if hardship fell upon holders of the other £2,000,000 they could be assisted to cash their bonds at the Commonwealth Bank. The *News-Chronicle*, in a leading article on November 7, says that the decision of the Caucus, although bound in any case to affect Australia's credit adversely, might reasonably have been allowed to pass without overmuch external criticism "if the whole weight of the Cabinet had been behind it." After all, says the writer, the loan is an internal loan, and the question of its conversion or otherwise a domestic matter for the Australian people. The *Financial News* on the previous day, in a leading article on the Australian situation, had remarked that it was "only just that critics in this country [i.e. Britain] should think long before passing judgment on the corrective measures which the Commonwealth proposes for itself." The rest of the article was devoted to a mild criticism of the optimistic assumption on which Mr. Lyons was calculating his future revenue from taxation. The writer pointed out that whereas the deficit for the first quarter of the current year indicated a possible ultimate deficit of £15,000,000, Mr. Lyons had expressed the hope of ending up with one of only £8,000,000. The *Times* Correspondent's cable

in the issue of November 7 gives some examples of how Mr. Lyons's taxation policy works out:

"A person with a net income of £300 from rent who paid four guineas income-tax last year is now called on to pay £39, including Federal and State Taxes. A person drawing £600 is called on to pay £114, compared with £41 last year, the new Federal tax accounting for £45 of the increase. . . . In addition to the new tax, net incomes from property exceeding £500 are subject to an increase of 15 per cent. on last year's Federal rate.

According to another cable in the same issue of *The Times*, both the Melbourne *Argus* and the Melbourne *Age* are attacking the Federal Budget proposals. The *Argus* severely criticises the exemption of the Federal public service from taxation, pointing out that the special tax on salaries of £725 and over affects only 535 out of the 33,000 members of the service. The *Age* describes these exemptions as a "crying outrage . . . to men and women in every other walk of life who are making sacrifices."

These same papers, only a day or two earlier, were just as vehemently attacking the left wing of the Labour Party who have been resisting the Government's policy of increasing taxation generally. So the poor Labour Government is catching it both ways round. It must not balance its Budget by means of new bank-credits, and it must not balance it by unjust levies of new taxes. It has to perform the miracle of fleecing the community without affronting it. So far as the Australian Civil Service is concerned, it should be noted that British civil servants have been treated with similar leniency by Mr. Snowden who has remitted reductions due in their cost-of-living bonuses two years running. We have several times discussed the reason for such discrimination. Any Government who proposes to administer a policy of pocket-picking under threat of violence must be sure of the loyalty of its instruments—particularly the taxation officials and the police. As Mr. W. J. Brown warned the British Government at the Civil Service Demonstration at the Albert Hall a year or two ago, a loss of revenue is an inevitable consequence of what he called lack of enthusiasm among Civil Servants. He did not describe how, but it stands to reason that there is a point in the scale of conditions below which you must get slackness in administration generally, if not an increase in cases of corruption. However carefully you select your men you will find that as a principle you must reinforce their probity with adequate emoluments. A Government is in an impossible position unless its servants are collectively bribe-proof. Some readers will remember the unblushing haste with which, soon after the war, the Government improved the wages and conditions of the police when they began to flirt with the idea of forming a trade union and when a certain number of them actually went on strike. And even now that they are in a relatively favourable economic position they are not above collecting illicit perquisites from the bookmaking profession, publicans, night-club proprietors, and street-walkers. Notice, too, how drastically the Government deals with Communists when they try to conduct propaganda among soldiers and sailors. And this leads us to another reflection, which is that, quite apart from the lawlessness and dishonesty which may arise out of the harsh treatment of public servants, their loyalty is also tested in the same measure as the moral sense. Consider the case of the Australian Government. It proposes to set its public officials on a job which they do not like, and the performance of which will get them disliked. Logically the agents of the Government's drive against the taxpayer ought not simply to be exempted from new taxation but be given a rise in salary. For though they are isolated by function, they are not isolated by blood from the community among which they have to do

their "dirty work"—they are in virtually the same position as policemen or soldiers called out to baton or shoot rioters among whom are members of their families. The Melbourne *Argus* and the Melbourne *Age*, while supporting Sir Otto Niemeyer's policy are, if they could see it, impeding its efficient administration by their irresponsible chatter about tax-discrimination.

The Commonwealth Government may arrive at the conclusion that its "moderation" has landed it into worse difficulties than if it had accepted the policy of the "extremists." As we have just seen, the *News-Chronicle* has no particular criticism to urge against the Labour Caucus's loan-suspension policy as such, but against the principle involved in its external coercion of the Labour Cabinet. That is to say, if the Cabinet had adopted the policy of its own volition the *News-Chronicle* would have offered no objection—at least this must be inferred from what it says. Tactically the Cabinet would have been in a stronger position; for, loudly as the Melbourne papers have been blaspheming against the idea of making the Commonwealth Bank expand credit, or underwrite the conversion loan, the Australian public have no instinctive repugnance to it, whereas they certainly have to the idea of being squeezed for more taxes. They do not need, for instance, any instruction as to how taxation will hurt them—its very name is a picture of its consequences. On the other hand there is not one person in a thousand who instinctively associates any definite consequences with the bankers' epithet "inflation." Of course the Press is trying to make good this defect in their intuitions, but we observe that the process it adopts is declamation, not education. "Don't argue; make assertions" was Mr. Joseph Chamberlain's slogan for his Tariff Reform canvassers; and that is what the bankers' canvassers are now doing in Australia. For example, the Melbourne *Herald* on November 4 was fulminating against the idea of the new Commonwealth Bank credit of £20,000,000 in the following terms:

[The proposals are] "the wildest that could be devised to smash autocracy" [Read "democracy" instead of "autocracy," and the declaration sounds equally plausible] "They mean nothing else than plain inflation of the Australian note issue" ["Expansion" is the right word, but "inflation" is chosen because the evil connotation attached to it.] "to be followed by repudiation," [This is a pure speculation if not a deliberate falsehood] "the smashing of all financial institutions, the legalised robbery of every citizen who holds a savings bank deposit or a life assurance policy or who is a member of a friendly society and the throwing out into unemployment of masses of those now employed" [Notice that here is a string of pure assumptions none of which is even plausible: the "how" and "why" of the prophesied disasters is presumably reserved for private communications to the Loan Council and the Labour Cabinet, and not released for public examination and discussion. Lastly, granting for the sake of argument that all financial institutions are "smashed," the only necessary consequence would be the dismissal of bankers, insurance directors and their staffs, not the dismissal of "masses."] "The demands made on the Commonwealth Bank are directed at the Note Issue Department, not, as they might innocently seem, at the Bank as a bank with suggested inexhaustible supplies of so-called credit." [Well, what about it? A £20,000,000 issue of credit might involve, let us say, a £2,000,000 expansion of legal-tender—probably much less—and possibly none at all; it would depend on circumstances not directly involved in the issue of credit itself. The term "so-called" credit, we suppose, is used to imply a sort of credit which no-one can spend: we cannot think of any other meaning. Accepting this meaning, we may suggest that for all practical purposes credit which you cannot spend is no worse than credit you will not spend.]

But it is useless to make point-blank replies to such pin-pricks with any hope thereby of enlightening the general public. It is like fighting a duel behind the curtain, while the audience in front is straining

to construct the scene from the murmurs of voices and scuffings of feet. Their understanding can only come through seeing a battle of axioms on the open stage. Before they can see that, something has to be done to induce or coerce the financiers to disclose the postulates on which their policy and schemes are based, and to defend them in public against the destructive criticism of credit reformers generally and the constructive proposals of the Social Credit Movement. This, as our readers know from their ten years' experience, is what the banking interests have consistently refused to do. In times gone by a gentleman who slunk away from a duel was horse-whipped by his challenger. And if to-day the bankers feel regarding Australia that the extremists are endangering the State by feeding on false ideas and translating them into violent action, they have themselves been the cause of the trouble through their dishonourable silence.

It is because of this that we attach importance to Mr. W. M. Hughes's reply to Sir Otto Niemeyer (which continues elsewhere in this issue). It is in many ways an excellent implement for digging out rats; and the Social Credit terriers, who have been scratching over the run for so long, are watching expectantly to see whether this responsible political spadesman proposes to dig, and if so, how and where he will start. It is significant that the Press both in England and Australia has made the Australian Labour Caucus, and the New South Wales Labour Party with its leader, Mr. Lang, the sole butt of its sarcasm and vituperation apropos of the new credit policy. It presents Australian Labour as the sole repository of the reputedly false financial principles of which it complains. By doing so it is misleading its readers into the notion that if only the Australian Labour Government can be deposited there will be no further interference with the policy and practices of banks and other financial institutions. But will there not? Anyone who reads Mr. Hughes's "Reply" with insight will realise that fundamentally his attitude on the economic problem is identical with that of Mr. Lang. The two may differ on the question of administrative programmes for solving Australia's problem, but there is no mistaking the fact that Mr. Hughes's underlying principles, however he might apply them, must involve some form of departure from traditional financial procedure. It might well be that the ultimate defeat of the Australian Government would hasten the defeat of the bankers. Supposing Mr. Hughes replaced Mr. Scullin? Or, ruling that out, suppose some bankers' Premier got into office? It does not much matter, for the centre of gravity of public opinion in general has shifted to the left. The root cause has been general impoverishment. How, then, is any Government going to shift it back to the right by inflicting greater general impoverishment? We know that the power of the Press is able to stampede poor people overnight into voting themselves poorer, but it cannot keep them from waking up the next morning and opposing a programme which makes them poorer. So much for the political aspect of the dilemma. But the difficulty which a Niemeyer Government might have to face in carrying its tax-legislation would be nothing to the problem of dealing with its consequences. We have several times remarked that the present financial system is only kept alive by the disobedience of the people to its doctrines. Supposing that by some superhuman effort the wage-earners, employers, and bond-holders of the world were to cut their personal expenditure in half and invest the rest ("Produce more; Consume less") the system would topple over. It stands up because these people will not obey it. The bankers, knowing this, can safely enjoin them to obey, and then when any trouble arises, can tell them that it is because they have not done so. On this basis any

charlatan might declare, for example, that the removal of a lung and kidney from every individual would stabilise his or her health and complexion. You could not convict him of his lunacy without trying the experiment, and since you jolly well would not think of trying it, the fellow could go on recommending it, and attribute all illness to the neglect of his advice. And so, reverting to our hypothetical Australian Government, the very success of its surgical operation will engender new complications

Let us turn to discuss the technical side of the Labour Caucus's financial proposals. They are attacked on the ground that they mean "inflation." The reply should be first to invite the bankers to explain how past credit-expansion has caused the phenomenon of inflation which, admittedly, has generally followed it; and second, to ask them whether, if there were shown to be a way of preventing such a consequence, they would withdraw their objections to the expansion. For the fact is, whether you could get them to admit it or not, that they would have an immeasurably greater objection to expansion without inflation than to expansion with inflation. Inflation in its true, i.e. practical, meaning is a rise in the level of retail prices unaccompanied by an equivalent rise in the level of personal incomes. In this sense retail prices may rise to what you will without there being what we may call *penal* inflation. If, for example, this week the price of a loaf is 3d. and your wages are 3d., and next week the price is 6d. and your wages 6d., there is no penal inflation. If you like to call it *nominal* inflation, well, names do not hurt anybody, but strictly speaking the term should be reserved for cases where the ratio of income to price decreases, and not applied to cases where there is co-equality in rates of expansion. Accordingly we shall use the word hereafter in the reserved sense.

Now since every living being is a consumer, inflation is injurious to the whole community. The burden of the injury varies according to the size of income, but its incidence is universally felt. So it is vitally important for a community which realises that it is short of money and is asked to consider the policy of increasing the supply to know whether this need cause inflation. The answer is no. The bankers insinuate that not only is inflation inevitable but that the degree of inflation will be in automatic relation to the degree of credit-expansion. What they say is: "When once you have issued your new credit both the nature and measure of the consequences are beyond your control"—if you try killing food with a loan-boomerang it will come back and hit you in the stomach.

The first proposition can only be disproved by reasoning from the Social Credit analysis. But the second can be disproved otherwise. It is not only possible to limit the measure of inflation but it has been done by the banking authorities. The method is to divert circulating credit away from the consumption market. If, for example, a new credit of £100 is lent out, and the people who ultimately get it as income for services are more heavily taxed, or are induced to invest some of it in productive enterprises, the money demand in the consumption market will be reduced to that extent, and the retail price-level will be lower than it would have been otherwise. It is of course true on the other hand that in such a case the original credit would add £100 to the preceding collective cost of production, and that, assuming the recipients of it invested, say, £50 in a further act of production, there would be an increase in the collective total of retail costs by the amount of £150. If so, and the quantity of retail goods on the market did not increase commensurately, there would be a

rise in the price-level—but only provided *the retailers could get the higher prices!* However high the accounted collective price may be the effective price cannot exceed the total income of the consumers. There is a large and growing literature, beginning with Major Douglas and continuing through Mr. P. W. Martin and Messrs. Foster and Catchings, which proves that the investment of personal income in industry and insurance leaves a gap between the book-prices of consumable goods and the incomes of consumers. This gap is closed (presuming no more new loans are issued by the banks) by goods being sold at the best price the consumer can pay, the loss being borne in actual practice by the investing classes in general. Thus Somerset House and the Stock Exchange between them successfully check the operation of the so-called law that the retail price-level has an automatic mathematical relation to new credit issues. Our point, we hope is clear. We accept the assertion that an expansion of credit is followed by inflation, but are trying to show that the so-called inevitability is not a law of nature but a matter of human ingenuity. If we have succeeded in showing that inflation can be controlled, we have made out a *prima facie* case for Major Douglas's proposition that it can be eliminated.

It will be useful for our Australian readers to remember the function which is imposed on private investors as described above when they come up against fomented agitations about "repudiation." Repudiation is held out to be confiscation, and if ever there was a system which could be called a "confiscation mechanism" it is the investment system. Hundreds of thousands of innocent people are induced to turn their salaries and wages into capital with the expectation of making an income out of the consumption market (which is the only market where capital can look for its principal and dividends) and in the end find their savings taken to subsidise the consumers whom they thought were going to subsidise them. The less the bankers' spokesmen talk about "jeopardising small savings" the better.

The general moral for the "left-wing" Labour leaders is that they must learn all the tricks that can be played in credit-manipulation before they commit themselves to any programme of credit-creation. Until then we advise them to go slow, because just as the bankers have been able to limit the inflationary effects of their own acts of credit-expansion, so are they able to take the brake off when Labour performs such an act or forces them to do so. They can only be defeated by an Authority which understands the correct principle of Price-Regulation.

We must say a word or two about the conversion loan controversy. To the onlooker it must seem strange that there should be this fuss over whether the Government should hand out new bonds for old or should renew the old bonds, especially as the renewal is to last only for a year. The bankers' solicitude for little investors in these bonds is rightly scoffed at by the Labour Caucus. Granted that their investments total £2,000,000 (we are surprised to hear it is so much) out of the £27,000,000 there is nevertheless no difficulty in dealing with cases of hardship. How many of them need to cash out—or even want to? Anybody would think that something had happened to make them all simultaneously in need to draw out their savings at the same moment. Again, nobody knows to what extent they have borrowed money on the bonds, so the total sum due to them is purely a matter of guesswork. Until much more information is forthcoming we shall rest on the hypothesis that the banks' solicitude concerns themselves.

On Cleaning One's Own Boots.

By F. le Gros Clark.

Few men in their heart of hearts mind doing dirty jobs. Most men incline to revolt against doing dirty jobs for other people. I enjoy staining and polishing my own floors; and I might cheerfully polish the floors of any friend for whom I had an affection or of any public institution in which I had an interest. But I wouldn't—if I could help it—polish the floors of the stranger in the flat above mine.

If therefore I have sufficient purchasing power to make me independent of the man upstairs, his floor may bide unpolished for all I care. Let him see to it. If he dislike polishing floors and have, maybe, a liking for watching me upon my hands and knees—then it will not be to his taste that I should have an income that sets me beyond his control. Perhaps if he owns a factory, I might consent to work therein and turn out commodities for the open market, provided, of course, that labour conditions, hours and so forth be to my taste; but polish his floors I will not; neither will I polish his boots or take his wife's Pomeranian out for an airing.

Now the man upstairs has constructed his whole view of life on the supposition that he will always get someone else to polish his floors and boots. If he keeps a factory, it is almost entirely as a means to this end. Therefore he will resist any measure that will add to my private income, and make me independent of him. If my income rises, he will be faced with the necessity of either polishing his floor himself or else living in a public institution with others of his kind.

The leisured class would agree to raise the purchasing power of their employees to-morrow, did they not instinctively know that the day after they would have very few parlour-maids, chauffeurs, valets and charwomen. It is *personal service* that matters to the leisured class. That's the first thing they think of, whether they are honest enough to express it or not: "Who, then, will clean my boots?" No argument will penetrate further. Some employers may be idealists in their spare time; but few carry their idealism with them through the twenty-four hours, and fewer still persuade their wives and families to share their ideals.

If the economic structure of society is so altered as to release purchasing power to individuals, we shall still have plenty of offers to do the dirty work—maybe even an overwhelming rush for it. What we shall not get is the offer of *personal service*. A few old "family retainers" may linger on to the end and die in livery; but this kind does not usually breed true. And I repeat that, what the leisured class desires and demands is *personal service*.

To imagine that members of the leisured class will consent to a measure that will deprive them of *personal service*, is sheerly Utopian. Anything else they will agree to—never to that. They will lend lip-service to such a measure when it is propounded, and they will deny it in their hearts; they will deny it by doing nothing about it, by waiting for someone else to make a start, by waiting for some possible or impossible catastrophe in the future. They will pin their faith on catastrophe.

Catastrophe, however, does nothing, unless there are spirits abroad prepared to reconstruct the world. Men do everything; and sometimes it is not until catastrophe arrives that men can act. And the minds of such men must be plastic and without prejudice; for they will be called upon to construct not the old world over again, but a new one out of its ruins. What we are now asked to do is to construct a new world, in which there will be no *personal service* offered except in friendship's name.

That is an entirely new world. As it takes shape it may bear very little resemblance to the world where-to we have accustomed ourselves.

The minds of those who construct this new world must, I repeat, be plastic, and their values must be fluid. Where shall we find such men? Shall we trust that catastrophe will itself create them? That is absurd. No catastrophe can be guaranteed automatically to give birth to fresh heroes. Shall we then wait ourselves until a suffering people calls upon us to lead them? That, too, is an absurdity. No man in history ever gained leadership until he had shown that he deserved leadership. Men are entrusted with great tasks after they have shown themselves trustworthy in small ones. That is how the Bolsheviks gained the leadership of the Russian revolutionary movement; they had led countless strikes and agitations for years before the final crisis.

Many members of the comfortable class—the class that demands *personal service*—have joined the Socialist movement. Precisely—and what have they left of its Socialism? The watchword of the Labour Party is now "Gradualness and Continuity." Go as slowly as possible; and let us pray that Socialism will *not* come in our lifetime; let us make the present state of things last as long as possible. When the I.L.P. speaks of "Socialism in our time," it merely reveals its own desperation—its acute sensitiveness to the moral and intellectual brake that is being gradually applied. It is the recruitment of members of the comfortable class that necessitates the application of the brake; and they are insisting on this application not because they worry about changes in industry, commerce, or finance, but because they realise instinctively that the ultimate consequence of such changes will be the end of *personal service*.

It is the home life that matters to a man, far more than the life of business or club. Business and club may interest him profoundly; but to the opinions of wife and parents and children he is sensitive down to the last fibre. If in his home life a man depends upon the service of valets, nursemaids, cook-housekeepers, and chauffeurs, he will not in the long run countenance any measure that deprives him of these services. What is the moral? That permanent support for any measure of this description must be sought among those who do *not* depend upon the service of their fellow citizens—that is to say, among those simple members of the Labour Party who are now wearying of their leadership and looking anxiously for fresh guidance. They at least can be trusted; for they have little to lose. To trouble with the rest of the public is mere waste of time.

Such of the leisured class as are idealistic and clear-sighted enough to appreciate the value of a new gospel will probably discover it for themselves. One intelligent man, who has persuaded himself of the correctness of a certain economic theory, is worth a score of equally intelligent men half-persuaded by others and yielding consent in spite of themselves. Usually it will be found that the aspect of themselves, which still resists, is precisely that corner of their souls that dislikes cleaning its own boots.

"It is as nearly true as are most antitheses, that while our modern world is curiously knit together by the economic bonds of international finance, and yet sadly divided by the clash of different national cultures and different creeds, the mediaeval world, sundered as it was economically into separate manors and townships, each leading a self-sufficient life on its own account, was yet linked together by unity of culture and unity of faith. It had a single mind and many pockets. We have a single pocket and many minds."—From Dr. Barker's book, *Church, State, and Study*, quoted in a review in the *Church Times*, October 31.

The Films.

Windjammer: Regal.

What might have been a great film has been ruined by the lust for the human voice at all costs. In the beginning, "Windjammer" was a pictorial record of a voyage in an old sailing vessel from Australia to England by way of Cape Horn, made by two young men, A. J. Villiers and Ronald Walker, of whom the latter was killed by falling from the rigging. If the picture had been presented as first made, it would have been comparable with "Drifters" and "Turksib." But it has been padded out to regulation length by the introduction of a number of studio sequences, of the hundred per cent. all-talking variety. The interpolation has certainly been done with skill, and the dialogue, by A. P. Herbert, is not too bad. But the discrepancy between the moving reality of the scenes at sea and the artificiality of the studio settings is too immense and glaring, and the result is a masterpiece which has wantonly and stupidly been spoilt. I suggest that one of the private film societies might do useful work by presenting the film in its original form.

The British Film Gala.

It was an excellent idea to take advantage of the opportunity afforded by the Imperial Conference to show the Dominion Premiers assembled in London how the quality of British films has improved during the past two years. But it is to be regretted that the organisers of the gala performance at the New Victoria Theatre last Wednesday did not draw up a more representative programme. Humour is not the long suit of our producers and directors, and although such films as "Murder," "Two Worlds," "Escape" and "Loose Ends" were available, the two principal features were farces. One of these, "Plunder," which was shown for the first time, is not a film at all, but merely a photographic copy of a play cut to the stereotyped Tom Walls—Ben Travers pattern, which relies entirely on primitive and out-moded humour. Of this production, the less said the better. "The Middle Watch" I have already reviewed; this has been slightly pruned since its private presentation, and should be a great box-office success. Incomparably the best thing in the programme was "Plants of the Underworld," one of the excellent "Secrets of Nature" series, which depicts the life story of fungi. Here the camera gives a magnification of twenty thousand, while time is speeded up fifty thousand-fold, and the result is something that no human eye has ever been able to see, the birth and death cycle of a parasitic growth whose whole existence is a matter of seconds.

This gala presentation, in which five producing concerns co-operated, was the first of its kind to be given in England, and it is a pleasure to be able to congratulate the organisers on the admirable organisation, which gave proof of good staff work. The Dominion Premiers evidently liked the fare, and one hopes and believes that they will leave England as not unenthusiastic ambassadors of the British film industry.

Hell's Angels: London Pavilion.

This film has, literally, been talked about for years. Its sponsor and director is Howard Hughes, a young American millionaire who makes pictures to please himself, and incidentally makes money out of them. The production of "Hell's Angels" began in 1927, and the original cast included Greta Nissen, who seems to have faded out of the screen since the coming of the talkies. Four or five versions were made, most, if not all, the picture was re-made with sound and dialogue after it had been finished as a silent film, and nearly a hundred aeroplanes

and over seventy pilots were employed. The total cost is said to have been £800,000.

I mention these details, not because they are interesting in themselves, but because as a general rule very costly and much-heralded spectacular productions are completely unworthy of the time, money and effort lavished on them, while most of "Hell's Angels" is superb. Here is the real war in the air, which makes every other film of the kind seem an affair of cardboard. The spectator participates in the aerial duels, and there is communicated to him a more tense excitement than I have ever known the cinema to produce. Much of both the beauty and the effectiveness of the picture is due to the great altitudes at which the dog fights were photographed; there are whole sequences in which the action takes place far above the clouds, and there is one unforgettable scene in which the cloud mass is suddenly broken by a rift below which the earth shows from a vertiginous height. The photography, for which, as in so much else of the picture, credit belongs to more than one man, is magnificent; there is another unforgettable episode in the slow passage of a Zeppelin across the whole width of the screen. It is charged with rhythm and has an extraordinary sinister beauty of a kind which only the cinema can achieve.

"Hell's Angels" has more genuine thrills than are contained in all the rest of the war films I have seen. We have often had munition dumps blown up, but never so convincingly, and there is an extraordinarily clever and exciting detail in this sequence; after the dump has itself been blown up, a lorry dashes out of the gates, apparently gets clear, and then suddenly explodes. This is a soundly clever piece of work. Some of the love-making in the earlier part of the picture might have been omitted with advantage, but the real effect of these scenes is to heighten the remainder. "Hell's Angels" ranks as one of the finest and most remarkable pictures yet made.

DAVID OCKHAM.

Review.

More Points of View. By Various Hands. (Allen and Unwin, Ltd. 4s. 6d.)

This is the second collection of a series of broadcast talks by eminent people under the heading of "Points of View." The contributors to the present volume are the Archbishop of York, Viscount Grey of Falloden, Sir James Jeans, Dame Ethel Smyth, Sir Josiah Stamp, Sir Henry Newbolt, and Hilaire Belloc. The only one of these seven speeches I was able to read with genuine interest was that made by Dame Ethel Smyth. What first attracted my attention under the title, which evidently she had insisted on having printed, "This article is a talk and is published as such and is not intended to be a literary essay." Though possibly not intended, nothing could have more quickly drawn attention to the easy conversational tone of Dame Ethel's article, its lively pace and properly personal manner, in contrast to the rather heavy style, the too official English of the other contributors. And what pleasingly concrete and individual things she has to say about such a hackneyed subject as the love of money. For instance: "Great illusion number one is that every person ought to make, or in some manner become possessed of, as much money as he can. I live in a semi-suburban part of the world where the price of land is on the rise—more particularly on the airy heath where my cottage sprang into existence some twenty years ago. To my astonishment, well-meaning acquaintances are continually saying—in the tone of good friends your cottage racing tips—'I suppose you will be selling your cottage now?' and when asked 'Why?' the reply is: 'Well, you will get a lot of money for it.' No thought, you see, of the nuisance of finding another cottage to replace one built oneself to suit oneself; no wondering whether it would sadden one to snap short one or two local friendships that have grown up in a couple of decades; no thought, above all, of tearing up other less tangible roots which one probably has struck, as all decent plants will do if let alone. And all this for the turnover of a few hundred pounds!" That is a point of view I can applaud with gusto.

The Metropolis and Culture.

Some time ago a newspaper in Liverpool published a series of articles voicing a genuine grievance among the local business community, the grievance being that there were now no bank managers who could make decisions on loan-propositions. They were invariably obliged to refer all business of more than trivial dimensions to the "Head Office"—the office being, of course, in London. The writer had no difficulty in showing that this metropolitan control of provincial activities had the effect of impeding the economic development of the district. There are tides in the affairs of men which lead on to fortune; but in a competitive economy it is only the earliest man to embark on the flood who gets the fortune. Whether he can be the first to push his boat off depends upon whether he can be the first to get it out of the boathouse. There is no use in having boathouses in Liverpool if the keys are lodged in London. For the Thames will always be ahead of the Mersey, even granted that the boatmen waiting on the banks of the Mersey are allowed to have the key at all. To get the key late is the same as not getting it.

The situation in Liverpool is typical of the situation everywhere outside London. From all quarters in the country initiative and energy are drained to feed the purposes of the metropolitan banking monopoly. Evidences of this are too familiar to readers of this journal to need mention. But the economic consequences are by no means the whole evil. There are the moral consequences. Money decides the character of cultural development no less certainly than it does economic development. This truth underlies the theme of Mr. Banks's book.*

London saps the country of spontaneity in self-expression, and in return imposes fashions in self-repression. Just as London Finance prescribes what shall be made elsewhere, so London Culture prescribes what shall be thought elsewhere. Mr. Banks does not, however, make this parallelism a definite feature of his book; in general he confines himself to an analysis and criticism of cultural values in London and elsewhere: but many of his remarks and allusions indicate that he is aware of the relationship between economic and cultural fashions of action and thought. His omission to assert this relationship does not matter as regards those readers who are aware of it, but others may find difficulty in putting a constructive interpretation on his general thesis. For example, the man in the tube will not be impressed when Mr. Banks tells him that the newspaper is spoiling his soul by stuffing it with items of unrelated news; less still will the woman in Knightsbridge accept his suggestion that her soul suffers through her looking into shop windows. And neither of them will see any harmful influence in electric advertising signs. Allusive hints of disapproval concerning perversions of taste are not in themselves enough to persuade the victims out of them. However, this criticism loses its force when Mr. Banks's appeal is considered as addressed to that smaller audience of people who have formed, or are studying, standards of æsthetic and moral judgment.

In these circumstances the author appropriately projects his own reactions to facts rather than exhibits the facts themselves. His public are presumed to have reflected upon the meaning of the

* "Metropolis, or The Destiny of Cities." By Paul Banks. (C. W. Daniel Co. 86 pp. Price 3s. 6d. net.)

economic and cultural tendencies which he brings under his survey; and this book may be regarded as an attempt to get them to compare their conclusions with his own, and to evoke from them either approval or disapproval of his own scale of values—no matter which way the judgment goes, so long as it is conscious.

Unfortunately the intelligentsia—the influential "thinkers"—are a mixed mob. Most of them are tasters of cults: they peep at poetry, meddle with music, philander with philosophy, and so on—all with the object of embellishing their conversational technique. They have largely come to be arbiters of culture, although their influence in this field is not justified by their qualifications but is derived chiefly from their social position. The metropolis is the national Salon; and there it is where these people congregate. The renown of a genius is a question of social patronage; it depends upon his luck in finding himself a "lion" in the drawing-room, or his work a topic in the dining-room. It would not be a burlesque to imagine a Society dinner-party sitting down to a prescribed meal, not of material food alone, but of æsthetic food. Culture on the *table d'hôte* principle. The menu now might be set out in parallel columns, e.g.—

Course.	Topic of Conversation.
Hors d'œuvres.	Mr. Arnold Bennett.
Soup.	Professor Laski.
Fish.	Miss Tullulah Bankhead.
Entrée.	Mr. Cochran.
Joint (Australian mutton).	Sir Otto Niemeyer.
Sweet.	Sir Thomas Beecham.
Ice.	Mr. Philip Snowden.

In a newspaper reference to a biography lately there was a quotation which recounted how some society woman wrote (or said) to a hostess: "Oh, do invite Mr. — to dinner: I would like to meet somebody who has managed to screw a couple of millions out of Monty." The reference was to some foreign diplomat-financier who, according to the account, had overcome Mr. Montagu Norman's prolonged refusal to lend £2,000,000 by threatening at last to move gold from London otherwise. (The account was authenticated with names, but I have forgotten them.) So, one must presume, this foreign person was "taken up" and made a minor lion—not because of anything particularly clever that he had done, but because what he had done happened to tickle "Monty's" society friends. It is significant, incidentally, to notice that in London society even the Financial Dictator of Europe has a pet name.

This episode serves as a reminder of the fact that Society patronage in general is directed by other than purely æsthetic considerations. If Society judged work on the basis of its intrinsic worth, there would still be misjudgment, because of the inadequate qualifications of the judges. But at least it would be an honest misjudgment. As it is, the judgment is based on something else as well—on the effect of the work on the prestige and privileges of any interest represented in Society. For example, while Society can call Mr. Norman by a pekingese name it would boycott anybody who proved him to be a pekingese dog, however brilliantly the work was done. Genius by all means; but genius in blinkers. If Mr. W. M. Hughes were here in London you would not hear Society ladies saying: "Oh do invite Mr. Hughes: I'd love to meet someone who's got the pluck to talk back to Ernst and Monty."

Mr. Banks devotes too much space to criticising present standards of culture and too little to describing the process of their development. There is too much psychology in his analysis and not enough physiology. The consequence is that his presentation will appeal more to the contemplative than to the constructive mind—which is a defect in a thesis

which is intended, as this is, to stimulate remedial action. It is rather in the diet and digestion of the metropolis than in its neuroses where the conditions of the cure will be more easily—and therefore more widely—recognised. For example, an average reader who may passively assent to Mr. Banks's condemnation of B.B.C. culture, is likely to sit up and listen if he is reminded that Mrs. Snowden functions on the Board as an arbitress of mass-education—for no intelligible reason but that her husband is useful to the banking interests. It would certainly lend point to Mr. Banks's final chapter where he appeals for a decentralisation of cultural leadership; for the reader would doubtless get a vision of the Snowdens' departure from London, she to set vogues and he to superintend a reformatory in the district from which the exigencies of politics have unfortunately separated them for so long.

But the mere mention of this example exposes the dilemma in which Mr. Banks is placed, and I do not quarrel with his adoption of implicit methods of persuasion. If he were too explicit he would be denied an audience—for Metropolitan Society pickets the bookshops.

HERBERT RIVERS.

Drama.

Machines: Arts Theatre Club.

Captain Reginald Berkeley does not regard the theatre as a place where only the æsthetic faculty is to be kept awake. He endeavours to engage the whole mind of the audience, its thought, passion, and senses. "Machines" was written for broadcasting, but was rejected by the B.B.C. as too controversial. As the obvious aim in the writing of it was to treat such controversies as it was necessary to raise non-controversially, and as that should merely be the object of the B.B.C. if that corporation's claim to educate has any foundation, it seems demonstrated that the B.B.C. is damned from the standpoint of drama. It is impossible for any positive contribution to drama to be non-controversial by what appear to be the B.B.C. standards.

The play illustrates the career of an intelligent mechanic in a model factory, equipped with all possible hygienic, life-saving, and welfare schemes, who declares war against his class's servitude to machines. At the end of the shift he delivers a speech to the men which starts the "Workers' Fellowship." This organisation is rather nebulous, but its justification is that the trade unions are immersed in politics to the detriment of industry; and its purpose to secure equal representation for Labour with that of Capital on industrial directorates. The mechanic-emancipator, James Mansell, is at once offered a thousand-a-year post on the Imperial Federated Industries, with only the simple and pleasant duty of going to see the Empire at the I.F.I.'s expense. But millionaires' daughters give as much trouble as parsons' daughters and cabinet ministers' sons. The millionaire's daughter took a fancy to Mansell, and offered a trust fund to the organisation. When it had succeeded she slept with him, properly refusing to hear, while sitting on the edge of the bed in silk, that his past included a wife.

Mansell enters the House of Commons, contrary to prophecies; but contrary to fate and experience, he does not become immersed in politics. A general strike for his organisation's programme looks like winning. The Press has, therefore, to down him. Lord Bouverie refuses to attempt the creation of a

scandal on the strength of Mansell's being a founding; it would only make him a hero. That he has been living apart from his wife would no more than show that he had shared the travails of humanity in general. That he had even committed adultery was too little in itself. But he had received his money from his mistress. That, said Lord Bouverie, is different, and down came Mansell in a public scandal. His beloved, instead of standing by him in the smash, reproached him for not having disclosed her what she had refused to hear, and he murdered her. So after the machines of the Press, society, and tradition had mangled him, the machine of the law hanged him.

Production, staging, and acting are a splendid example of what can be done on a small stage in the intimate theatre. Mr. Edmund Willard's delivery of Mansell's speeches caused me to wish that politicians would engage actors to deliver their speeches as well as literary men to write them. In at least the aesthetic aspect of politics apathy would give no further cause for lamentation. The scenes are dramatic, and the large cast presents an astonishing number of displays of studied craftsmanship; for example, Miss Cherry Hardy as Mansell's working-class wife, Mr. Frank Cochran's Lord Bouverie, Mr. Roland Culver's news editor, Mr. George Will's catch-phrase workman, and Mr. Brember Wilkings as works proprietor and manager. As Colonel Willoughby, the Conservative millionaire M.P., Mr. George Zucco again proves himself possibly without an equal for character work in the "thinking, aloud" theatre. Here he takes a puppet, a political cartoon-figure, and transforms it into a breathing, living, thinking person. The audience can both see and feel that the men played by Mr. Zucco think. In the theatre which portrays empty-headed intellectuals responding by automatic reflexes there is no place for acting of Mr. Zucco's quality. As Joyce Willoughby Miss Marie Ney was at first uncertain of herself, but improved as the play became more human and less political.

"Machines" is nevertheless unsatisfying. It arouses appetite, and leaves the impression of every dish being swept away just as one reaches for the spoon. First, the masses and machines background of the play demands, for successful communication, a much greater use of expressionist technique for the crystallisation of the many necessary episodes, as Mr. Aubrey Hammond crystallised an engineering works in a stage-setting of a few wheels and belts and lights. Next, although the thread on which the play is strung is a career ruined by the machines because of a slight slip, that is not the centre of interest, which is the "Workers' Fellowship," in relation to the present economic and political situation. Centrally, therefore, the play is a dramatisation of a controversy which was settled in 1914 when the working-classes threw over the financiers to collect both the prestige and the profits. In 1913 this dramatisation of National Guild propaganda would have been alive. In 1930 it is warmed-up history served as news. As regards what is news, Captain Berkeley's naivetés come as a shock, as when he allows the millionaire to explain why the banks would withdraw their credits from co-partnership industry: "Whom do you suppose the money in the banks belongs to?—the general public, of course." One would expect the B.B.C. to welcome help in "putting over" this conventional fallacy. At this day Captain Berkeley ought to know that the banks can cause trouble by withdrawing credits because the banks in the public's pockets not only belong to the banks, but the banks can order industrialists, on pain of bankruptcy, to extract more than is there. So Captain Berkeley's play remains an up-to-date and realistic version of Samson and Delilah against an

out-of-date and unreal economic situation. Like Parliament itself, it is insignificant politics.

An Object of Virtue: Duchess.

"Le Gendre de M. Poirier" belongs to a theatre not now in fashion. Its characters appear marionettish. But I am not of those who, enjoying Noel Coward, cannot enjoy good things in other modes. There'll come a time some day, and before long, when the characters of Mr. Somerset Maugham will be recognised as they are, far more marionettish than those of Pinero, Wilde, or Emile Augier and Jules Sandeau, the authors of "Le Gendre de M. Poirier." Sooner or later every comedy ceases to be topical, since comedy treats of manners and class-distinctions, which inevitably change in form. Comedy thus passes into puppet-show because memory preserves the manner and customs of the past in a sort of marionette immortality. The most serious complaint with "An Object of Virtue," the English version by Mr. Edward Percy, of "Le Gendre de M. Poirier," is that it is not well enough edited. Such a phrase, for example, as "the man who went to the crusades and got caught in a shower of rain" requires trimming and pruning. Apart from this fault I enjoyed the play. Costume comedy calls on actors to articulate, precisely as modern society comedy makes a virtue of slurs and slovenliness. Messrs. George Curzon, Brian Aherne, Horace Hodges, C. V. France, and Robert Farquharson all delighted me by their respect for my hearing and understanding. Miss Jean Forbes-Robertson spoke the part of the Marquise de Prestes with that perfect diction which soars in the memory for long after the performance, and will remain as a pleasant memory among all who have heard it. Her voice, speech, and deportment are exquisite, and belong to the ethereal rather than the theatre of every day. But she is dressed in some scenes out of keeping with her features and complexion, and her manner is too intense for this happy, irresponsible, marionettish occasion.

Gone to Earth: Players'.

The Swanage Repertory Company has come up to the West End for recognition. Let it be said at once that anybody passing an evening in a provincial repertory theatre would be gratified to stumble upon so high a quality of acting. It is good all-round, and it would hardly be surprising if almost any member of the cast could make a workmanlike job of almost any part. But I should have been disappointed in any theatre to stumble on "Gone to Earth." It is a dramatisation of a Shropshire novel by Miss Mary Webb, and its main effect is a conviction of how easy it must be to make impossibilities credible in a novel compared with on the stage. If the clergyman married Hazel Woodus in real life, sources of motive which ought to have been revealed in the art are hidden. As that marriage is what the play hinges on it is totally incredible as a whole. In addition the producer seems to have lent aid to the incredibility. Jack Reddin, of Undern, the seducer of the amoral, instinctive, ignorant, fox-loving Hazel, after her marriage to the clergyman, is obviously played by a good actor. But the producer has made of him a caricature of Alec d'Urberville, the dog-whipping, fox-hunting, child-seducing squire. He has also made Miss Beatrix Lehmann, who is an excellent, intelligent actress, into a more ignorant hill-tribe rustic than it is at present possible for any child to be. Where had the clergyman been educated? The producer's types are all too much so, the gentry too gentry, the parson too clergy, the peasant too peasantry, and so with the lot. The Swanage Repertory Company ought to ban dramatised novels.

PAUL BANKS.

Socrates In Modern Dress.

"I translated Lysis," writes Mr. Matthews* in his preface, "because it moved me; and already it is less vivid to me than it was. I might read it still and enjoy it; I could never write it again. That is why I am not surprised if other and better men before me have failed. They have walked with Plato, the master and mystic, and Plato the aged metaphysician, and are not, perhaps, concerned to remember the youth and the lover. For Lysis belongs to one of the many swiftly passing phases of youth and shares a little of their fragility."

Complete success is denied to all translators, let alone the translators of Plato, but Mr. Matthews has contrived to catch more than a glint of the golden glow that makes this inconclusive discussion on friendship one of the loveliest of the Platonic dialogues. He has used a free, colloquial style which is never loose, as it might so easily have been, and which lifts Socrates out of Ancient Athens and sets him down in modern Cambridge. Mr. Matthews has wisely allowed himself to interpolate where necessary. Where, for instance, there is no English phrase to carry the shades of meaning in the Greek repartee, he has inserted a "stage-direction" which completes the sense.

Such a translation is particularly grateful to readers who find Socrates' dialectic tiresome, but who love the dialogues for their delicate blend, unique in literature, of irony and humanity. I myself can never reconcile Socrates the man, as Plato draws him, with Socrates the thinker; I admire Plato immensely as artist, much less as a philosopher. This may be due to a defective appreciation of the Greek mind, or to Plato's having been, in fact, torn between fidelity to the man and fidelity to his own ideas; but, whatever the reason, I fancy that a large proportion of English readers are with me in preferring the Socrates who drank the rest of them under the table and went about his business, or the Socrates whose mental honesty would not allow him to tender a sentimental forgiveness to his accusers, to the dialectician whose analogies were so often completely impertinent. And so, while I have no doubt that Mr. Matthews has done justice to the argument, it is his deft handling of the personalities that most appeals to me.

The Fulcrum Press have produced the work in perfect keeping. The printing, paper, and general arrangement are excellent, and Mr. Lynton Lamb's wood engravings have caught, in their light-hearted modern way, the freshness of the text. The design on the end-papers struck me as particularly happy.

MICHAEL JOYCE.

* "Lysis: A Dialogue of Plato." Translated by K. A. Matthews. (Fulcrum Press. Limited edition. 15s.)

"A study of the currency position in Soviet Russia indicates that the currency in circulation is nearly double that in circulation a year ago. . . . By all currency tests the economic controllers of Soviet Russia lost control last April and the economic régime is now speeding to a crisis. It is believed by many in Russia that by next spring the rouble will be worth only its weight in waste paper, and the country will again be on a permit and barter currency."—*The Times*, October 31.

"Riga, November 5.—Is the Soviet Government preparing to abolish money in Russia completely, through the introduction of a new card system giving holders certain amounts of credit according to their positions? This question is being discussed by the population in Moscow, and there are many rumours current that are not denied in the Soviet Press. The official *Isvestia* mentions that the new Commissar of Finance, Grinko, has been interviewed and has announced that since there is no hope of Russia obtaining either loans or credits she must use her own forces to overcome her financial difficulties, and the Commissariat of Finance will take new steps in this direction."—*Chicago Daily Tribune*, Paris Edition, November 6, 1930.

Reply to Sir Otto Niemeyer.

By W. M. Hughes.

(Ex-Premier of the Australian Commonwealth.)

II.

One other point needs special emphasis. The effect of the fall in wholesale prices upon debtor countries has been disastrous. A striking instance of this is afforded by the British War Debt to the United States. This debt, like our own to Britain, is paid in goods and services, and is expressed in terms of gold, and so varies with the purchasing power of the sovereign. When the British Debt was funded in 1923 it stood at £945,205,000; since then £35,000,000 have been repaid, and the debt ought therefore to be less by that amount—but adjusted to the changed value of sterling, it is actually £1,234,256,000, or £289,951,000 more than when it was funded! And the same thing applies to us. We pay our overseas loans in goods—wool, wheat, etc.—the prices of these have fallen, so we must now send more of our products to cover our obligations. For us reduced prices, but for the great Financial Interests represented by Sir Otto the old prices are to stand. The price of money has fallen, but the rates of interest we have to pay on our loans remains at the old levels.

The "Nigger in the Fence."

And this brings us to the real purpose of Sir Otto's Mission. Upon a fair review of the whole position, one can hardly escape coming to the conclusion that his talk about our debts was only a smoke screen. He did not come here to help us with our debts, but to induce us to make a radical change in our national policy. His impressive lecture upon our financial position was designed to stampede the people into the compound in which the interests he represents desire to intern them.

Compressed into a few words, Sir Otto wants us to scrap our policy of building up Australian industries and to confine ourselves to producing raw materials. And in order to do this—which he tells us is the only means of economic salvation—we must reduce our standard of living. Upon the need for this he dwells with great emphasis. Until this is done, he evidently feels that he can do nothing with us. The diet we live on, the sun and blue skies, and the wide expanse of our country, have bred in us a spirit of optimism and class-free independence which unfits us for that subservient rôle which he and his friends have decided we must fill. He regretfully realises he can do nothing with the sun and blue skies of Australia, but his faith in the chastening effects of a low diet is strong.

We are to be "hewers of wood and drawers of water"! We are to produce the raw materials for Britain's industry—and in order that Britain may be able to compete in the markets of the world, we must produce them cheaply—the cheaper the better. And this means, as Sir Otto very kindly pointed out to the heads of our Governments, that we must "reduce our standard of living" and work harder, so that we may produce more raw materials at lower prices and yet contrive to exist. This is Sir Otto's policy in a nutshell.

But let me quote his own words, so that there shall be no room for misunderstanding. After a comprehensive review of our financial and economic conditions, in which he forecasted a dismal future of low prices for our primary products, Sir Otto lifted the veil and disclosed the "nigger in the fence." He said: "There remains a more fundamental question on which I believe the above preliminary suggestions are ultimately conditioned. Australia cannot wish to remain for ever under a régime of emergency tariffs and rationed exchange. She has to emerge from that position and to show signs of progressing towards an emergence. To achieve this end she depends inevitably to a large extent upon the primary producer, and the power of the primary producer, selling in the world market, to assist, depends largely on the question of his costs, and those in turn depend very largely on general costs in Australia, which govern what he has to pay for his supplies and services. I assume that everybody is in agreement that costs must come down. There may be room for increased efficiency, but there seems to me little escape from concluding that Australian standards have been pushed too high relatively to Australian productivity and to general world conditions and tendencies. If Australia does not face that issue she will not be able to keep even those standards which she might hope to carry by taking timely action, and she will see an inevitable increase in unemployment."

In plain English, what Sir Otto says is this—Australia must emasculate her tariff, abandon her attempt to manufacture the goods she requires, and concentrate upon primary production. He says that prices have fallen, that

we must not expect them to rise appreciably, and so must adjust ourselves to the new levels. This means that we must produce greater quantities of raw materials at the lower prices, and to do this we must work harder and reduce our standard of living. And he warns us that if we do not do this we shall be forced to accept a still lower standard. And the lower standard which he urges us to adopt is not a temporary expedient to meet a passing emergency, but a permanent condition to which we must for ever submit.

This is Sir Otto's policy, and our acceptance of it is the condition upon which the Financial Interests he represents are prepared to help us.

Admittedly we are in sore trouble, but I most earnestly hope that the people of Australia will not accept it, for, in my opinion, it is a policy of stagnation and despair, incompatible with our circumstances and our ideals.

Why We Should Reject Sir Otto's Policy.

Let me give some reasons for my belief. We live in a wonderful age. Modern methods have greatly increased the productivity of labour. One man can do to-day what it took many men to do formerly. The wealth of the world has grown enormously. Improved means of communication, acting along with modern methods of production, have almost broken down national barriers; the industrial conditions of one country react upon all.

One of the great outstanding features of modern life is the trend to the cities. Some people deplore this, believing it to be a sign of degeneracy, whereas it is the inevitable effect of modern methods of production. For thousands of years the bulk of the world's population were engaged in producing raw materials, principally food. Under primitive conditions it took 75 per cent. of the population of a country to produce food for the community. To-day, the position is entirely changed, and the policy Sir Otto recommends cuts across the grain of the age in which we live. In almost every country in the world the rural population is dwindling; yet everywhere the quantity of food and raw material this lesser number produce is growing greater. Sir Otto tells us to produce more food and more raw materials, but unless other countries produce less, the extra quantity we produce will make things worse for us rather than better.

The Causes of Trade Depression and Unemployment.

Let us examine the position closely. The first thing to be observed is that we are not the only people who are in trouble. Trade depression and unemployment are world-wide phenomena. They exist under all forms of government—under every kind of policy—where wages are high where wages are low. The number of unemployed in Britain in April of this year was 40 per cent. higher than in April, 1929; British exports are still falling off. In the face of these facts, it is evident that the causes of unemployment are deep rooted in the system under which we live, and that the remedies which the people of Australia have been urged to adopt are worse than useless.

Sir Otto seems to imagine that all that is necessary is to produce more wool, more wheat, etc. But that is not the position at all. The trouble from which the world is suffering now is not under-production, but over-production. The reason why wool and wheat prices have fallen is because there is too much wool and wheat in the world—not too much for the world's wants, perhaps, but for the wool and wheat to purchase. And this applies not only to goods generally, but to most other raw materials, and to almost catastrophically. In some cases the fall in prices has been almost catastrophic. Rubber—produced by coloured labour—was 2s. 11d. in 1925; is to-day quoted at little over 6d. The prices of base metals have fallen heavily. Tin—in the main produced by coloured labour—has fallen from £203 to £154 in eight months. The principal tin companies are closing down for two months out of the next three because the market is glutted with tin. And this policy is being adopted by all the primary industries where control of output is practicable.

More Wool Means Lower Prices.

Sir Otto tells us to produce more raw materials. If to this advice he had added a guarantee that Britain would buy all we produced—as she easily could do—that would have been a business proposition worthy of our consideration. It is Sir Otto's advice has nothing of substance about it. It is literally "cheap" advice. Britain buys less and less of our produce. In 1901 she took 63.6 per cent. of our wool; in 1926 she took only 31 per cent. Common sense would suggest that Britain should buy from Australia, who owes her money and buys British goods. But while the orators are splitting the air about a self-contained Empire, and Sir Otto

tells us to produce more wool, wheat, meat, etc., Britain is buying the greater part of its beef supplies from Argentina, canned fruits from America, and sultanas and currants from Greece and Turkey. Yet Australia buys more goods from Britain than all these countries combined. The price of wool has fallen 40 per cent., and, so Sir Otto says, may fall even further. Yet we are to produce more! The adoption of this policy would be fatal to our great pastoral industry. Why have wool prices fallen? The principal reason is that production has overtaken consumption. The output of wool by our competitors has increased considerably during the last decade, while the increased demand which would have followed from the growth of the world's population has been more than set off by the competition of artificial silk and other substitutes. But, quite apart from this, the Australian output has increased considerably. In 1911 our production of wool was 768,000,000 lbs.—last year it was 968,000,000 lbs., an increase of 26 per cent. If in 1929 Australia had produced the same quantity as in 1911, or if her competitors had not increased their output, the price of wool would have fallen very little if at all. To increase our output of wool—to double it as some foolish people suggest—would be to ruin the industry.

Problems of Wheat Farmer.

Wheat is in a class by itself. But, with certain reservations, the same argument holds good. Last year, although Australia had a light crop, there was a glut in the wheat markets of the world, and prices which had averaged 5s. 7d. during the years 1922-1929 fell to below 4s. There was too much wheat in the world. What the price will be for the present crop is a matter for speculation. The industry suffers from two evils. Prices are unduly low—this may be but a passing phase; but a chronic phase in the present unorganised condition of the industry is that prices are completely unstable. Wheatgrowing, therefore, is a gamble in which the farmer risks much and can hope to gain very little. To show how wildly wheat prices fluctuate, I quote a few figures for No. 3 Manitoban wheat 1929-30 (per quarter, London, ex ship), December 24th, 51s.; January 1st, 54s.; March, 40s.—here we have a rise of 6 per cent. in one week and a drop of 26 per cent. in ten weeks; if the price of wheat could be stabilised—and it can only be stabilised in world markets by international agreements—the wheat industry in Australia might be capable of almost indefinite expansion. As things are, its possibilities are limited.

A Saddening Paradox.

Nothing better exemplifies the baffling complexity of modern production than the present position in Australia. Trade is depressed; our unemployed are numbered by tens of thousands, who walk the streets in our great cities and tramp the country roads downcast and in many cases dependent for food upon charity—while their country is a veritable Garden of Eden in which blooms in luxuriant profusion almost everything that man could desire. We have a population of a little over six millions of people—many now in sad trouble—yet we shall produce this year enough wheat to feed thirty millions, enough wool to clothe 100 millions, and meat, butter, dried fruits, sugar, and other kinds of food and raw materials, including minerals and metals, sufficient for double or treble our present population. And yet they say Australia is in a bad way because we produce too little. Wealth in abundance meets the eye on every hand, yet men are unemployed and trade is depressed. Surely the trouble does not arise because we produce too little. Yet Sir Otto says we ought to produce more.

Why We Must Encourage Australian Industries.

But let us look at the question from another angle. We are advised to confine ourselves—more or less completely—to the primary industries. Let me show why this should be a policy of stagnation and despair. If Australia is to progress, if we are to hold it and keep it white and free, we must have a policy that will provide avenues of employment, which will expand as population grows by natural increase, supplemented by suitable migrants from overseas. And this applies no matter what standard of living be adopted.

Sir Otto says that the only way to ensure this is to concentrate on primary production and abandon our attempts to build up our industries in order to make Australia as far as possible a self-contained nation.

My answer is that, under his policy, barely one-half of the present population could find employment, even if their standard of living were reduced to the level of, say, Britain. Growth of population would be impossible.

In 1911 the population of Australia was 4,550,000; in 1928 it had increased to 6,360,000—a gain of 39 per cent. How have these 1,775,000 people been absorbed? Certainly

not in the primary industries. In 1911, 472,000 persons were engaged in the pastoral, dairying, and farming industries; in 1928 the number had fallen to 423,000! That is to say that, while the population had increased by 39 per cent., the number of persons engaged in primary industries had decreased by 10½ per cent.! Yet this lesser number of persons produced 55,000,000 more bushels of wheat, 14,000,000 more gallons of wine, 200,000,000 lbs. more wool, 77,000,000 lbs. more butter, and 312,000 tons more sugar—and they cultivated 9,000,000 acres more land—an increase of 75 per cent. over the acreage in 1911. And, as we have seen, the trouble in the world to-day arises through over-production, it is evident that it is not possible to find employment for a much greater proportion of our population in the primary industries. Even as things are, if it were not for the home market, hardly any of these industries, except wool, could produce goods for sale overseas. The only hope for the primary producer lies in the increasing consumption capacity of Australia through growth of population and higher consuming per capita. For the primary industries generally, what is wanted is not cheaper labour, but cheaper land, cheaper money, more efficient methods, and an ever-widening home market. The only way to get more people on the land, and to keep them there, is to get more people into the country and so increase the consuming powers of the home market—and this can only be done if avenues of employment are available to willing workers. The manufacturing industries of Australia find employment for more people than the pastoral, dairying, and agricultural industries combined. The number of persons employed in manufactures has steadily increased, while the numbers engaged in primary industries has just as steadily declined. The manufacturing industries alone have made it possible for the population of Australia to increase by nearly 2½ millions in the last twenty-five years. Owing to the employment they provide and the wealth they create, the consumption powers of the home market have so increased that, out of the total wealth production in 1928 of £447,000,000, £350,000,000 were consumed in Australia, leaving only £97,000,000 for the depressed markets of the outside world. The welfare and progress of Australia are dependent upon the maintenance of a policy of encouragement of Australian industries. Instead of producing more of those things which have to be sold in the glutted markets of the world, we should concentrate on the production of those goods we want ourselves.

The Standard of Living.

As sensible, level-headed people, we must face facts. Wild talk about repudiation will not help us—but most certainly make that which is bad very much worse. We may pay our debts and somehow contrive to overcome our difficulties. Will a reduction in the standard of living help us to do this? Let us examine the position. The true test of any policy is its effect upon the great masses of the people—governments exist for the benefit of the governed. A healthy, well-nourished, well-clad, well-housed people is a nation's greatest asset. That policy which ensures the people abundant food, good clothes, and decent houses to live in, opportunities for leisure, for recreation, for culture, for a fair share of the luxuries—so called—of modern life; which encourages the right kind of people by creating conditions favourable to their welfare, is the best policy. The true test of a nation's greatness and prosperity is its manhood. Tried by this standard, Australia's policy will bear very favourable comparison with that of other countries. Its fruits are to be seen in the fine physique of the people and the conditions in which they live. If the price that we are to pay for selling our surplus products in the world's markets means that we must abandon this policy for one which will breed a C3 class of people, every Australian worth his salt will say that the game is not worth the candle—better a thousand times that we should maintain existing standards and concentrate upon making ourselves a self-contained nation.

(To be continued.)

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