

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 1993] NEW SERIES Vol. XLVIII. No. 3. THURSDAY, NOVEMBER 20, 1930. Registered at the G.P.O. as a Newspaper SEVENPENCE

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NOTES OF THE WEEK.

The November number of the *Bank Officer* contains a good assortment of contributions. In the editorial section it is stated that on October 6 the Bank Officers' Guild circulated a protest among the banks against the system of "Secret Reports" under which superior officials are able to issue adverse reports on the behaviour or efficiency of bank officers without allowing the latter to peruse the documents. Mr. F. C. Clegg, who signs the letter as President, points out to the bankers that this procedure is unjust, since (a) it deprives officers of the right of defending themselves; and (b) in the case where the criticism in a report is just, the officer concerned is deprived of the privilege of having his attention directed to his weakness and is denied the opportunity of rectifying it. The replies of the banks amount to the statement that in practice no injustice is done to the bank officers. But "injustice is not a static term," comments the editor, adding that the bank clerk has an "uneasy feeling" that in many cases he does not get a fair deal.

This is an important matter. Take two examples. It is well known that a bank officer is held guilty of a serious demeanour if he discusses the business of the bank outside the office. But goodness alone knows where the dividing-line is, or may be, drawn between what is the business of the bank and what is the business of the public. It is clear enough that a bank officer must not go about saying that Mr. So-and-so has been refused an overdraft or called upon to reduce one; but not so clear whether he may or may not say that his bank is curtailing accommodation in general. Probably not. Or that some other bank is doing so? Again, probably not. Or that all the banks are pursuing such a policy in concert? Again, probably not. But why not? By this we mean that there ought to be some more or less recognisable principle—something that Lord Hewart might call the "Rule of the Law of Secrecy"—governing the discretion of bankmen. Without it there seems no limit to the scope of "Administrative Lawlessness" (to borrow from Lord

Hewart again) that could be resorted to by bank directors—no limit to the number of secret prohibitory and penal Orders which affect the security of the bank officer.

If it be pointed out that the risks which bankmen run are common to wage- and salary-earners in every other occupation ("victimization," the Trade Unions call it) our reply is that in the case of commercial undertakings there is practical justification for their secret-keeping policy, whereas there is not the same justification for the banks' policy in that direction. The discretion imposed on a commercial employé is intended to safeguard the assets and profits of the business in which he is employed; but the discretion imposed on the bank-officer is, at least ostensibly, intended to protect, not the banks, but the banks' customers. The bank is the repository of commercial secrets, and the need for those secrets to be preserved arises from the fact that commercial undertakings are carried on under a system of competition, success in which, for any particular business, depends as much on its keeping its own counsels about its plans and methods as it does on the technical efficiency of either.

The banks are in an entirely different position. They are not commercial institutions, and they do not compete with each other. They are interlocked at the top, so that the ebb and flow of deposits in the case of any one of them has no practical effect on their collective security or prosperity. It is probable that the share-control of each of the "Big Five" banks is in the hands of a single group of people. Such competition as appears to exist between these banks as banks is really a competition between subordinate officials—e.g., bank-managers and resident-clerks—and the only intelligible business reason why it is encouraged is that it enables the bank heads to measure the respective efficiencies of these competing functionaries. There is another reason which is that this ostensible competition helps the bankers to conceal from the public the fact of their essential unity. It enables them to pose as subject to the laws of competition when they want

to defend their technique against criticism, and to pose as above competition when they want to justify the privilege and power vested in them.

Banks are repositories for two kinds of secrets; business secrets and political secrets. Every intelligent bank officer can judge pretty well what "affairs of the bank" belong to the first category. They are secrets which, if disclosed, must clearly damage the credit of some bank-depositor or other. But he is in the dark as to whether the ban on him ends there or extends farther. May he, for example, make use of his knowledge, acquired as an official, when discussing the subject of credit and credit-policy in its public aspect? If so, within what limits? At what point between his functional duty as a servant of the banking system and his personal privilege as a citizen of his country does he begin to endanger his economic security? He can only find out by experiment, and even then only if the outcome of the experiment is made known to him by the powers who control his means of existence. Under a system of "Secret Reports" he dare not make any experiment at all. For all he knows, there may actually be in existence reports something like this:

"Mr. X—Inclined to dabble with so-called credit-reform. Was seen at the meeting addressed by C. H. Douglas in the district five weeks ago. Has since been associating with the followers of this theorist. Is understood to have arranged to deliver a lecture on the subject next week. An efficient, enterprising man. Suggest his promotion to a resident clerkship in another district. Is smart enough to take the hint. Further; is engaged, and will probably marry. Children—family responsibility—new surroundings, etc."

Or like this:

"Mr. Y—has not responded to the directors' invitation for officers at this branch to deliver public lectures locally on the desirability of increasing Savings. No reason offered, but no evidence as yet of unsound ideas. Suggest delay promotion as tentative measure."

Whether this kind of thing is likely to happen or not is a matter of opinion. That it *could* happen is a self-evident fact.

A bank clerk called Donald Fox, aged 20, was shot in Barclays Bank, Gracechurch Street, last week. He and other clerks were examining a revolver after returning from revolver practice, when it went off accidentally. It is significant that just when the Government has decided to block the Cadet movement we should get this reminder that the bankers' Cadet Corps is undergoing training in the use of firearms. Presumably the defence would be that the clerks ought to be enabled to protect their lives when held up by bank robbers. But we do not recall any case where a bank robber has shot at the staff without notice. His formula is "Hands up"—his intention being to snatch what he can and to get away safely. The staff therefore can preserve their safety by the democratic practice of a show of hands. But, someone will protest, that would mean letting the fellow commit a robbery unmolested. Very good, but whose duty is it to molest him? The money he steals is costless paper; it is not the property of the bank, nor that of any depositor; it is the property of the community. Not even the banks' shareholders need suffer by the loss, for the loss is replaceable by the banks by methods which the chiefs are well aware of. The community entrusts the defence of its property to the police, and it is they whose duty it is to stop or catch a money snatcher. Probably in every bank there are at least two or three members of the staff who would spontaneously resist a robbery at the risk of their lives whether armed or not. It is one thing for the bank

directors to trust to this voluntary co-operation in defence of their "property," but quite another to impose it as a functional duty—which they do, by implication, directly they distribute firearms. A clerk who accepts a revolver is like a civilian who takes the "King's shilling" upon enlistment in the army, and exchanges civil freedom for military discipline. It is possible that a bank-clerk's proficiency in revolver shooting may soon figure as an item in the "secret report" on which his promotion depends: who can tell? Again, from a practical point of view, the efficacy of arming these men would seem to depend on their working with the revolvers in their hands—otherwise how are they going to draw on the robber before he draws on them? Then, too, considering that the fatality to which we refer occurred in the absence of any crisis or excitement, it is permissible to wonder whether in a real emergency the clerks would not make more holes in each other than in the intruder. He would have chosen his time, while they would not. He would be grasping his weapon while they would have to grab for theirs. For all these reasons we submit that the practice of arming the staffs should be forbidden. Already, we believe, bank offices are fitted with electrical devices for signalling an alarm; and there is no difficulty in constructing them (if not already done) so that they can be operated by the foot while the hands are held up.

A man who gets away with a wad of notes valued at £1,000 has got an overdraft, but by force majeure instead of by persuasion. The difference to the bank is that in the case of the robbery it does not know whom to debit with the overdraft. That, of course, is the great point, someone will say. And so it is if you believe that the stability of the banking system depends on the full recovery of all overdrafts from all borrowers. But there are important exceptions to this. Not long after the war a cotton-firm was excused repayment of a £500,000 overdraft: and there is little doubt that if the Big Five could be made to show their private ledgers where the histories of super-overdrafts are recorded, the public would get a first-class shock at the dimensions of the discretionary generosity of these institutions in that direction. Anybody, with a little reflection, can see that the effect of the above remission of a £500,000 debt was exactly the same as if someone had walked into that bank and helped himself to the money. The fact that a robber would steal currency and not credit makes no difference to the principle; for the banks are bound to exchange credit for currency on demand. So in this instance we can say that the bank connived at a robbery of itself—and logically the directors ought to have been made targets for their clerks' revolver-practice.

Morally and economically, however, they did the right thing; and the only valid criticism of such action is that it was done furtively in one place to meet a special emergency when it could have been done publicly in all places to meet a national emergency. In the language of Social Credit, the banks should have offset the community's debts by issue of consumer-dividends, safeguarding the adoption of the Social-Credit principle and method of price-regulation. They would not do it then, and they still decline to do it now. As a consequence they are responsible for the persistence of bank-robberies. For if the consumer dividend were legally distributed to the population nobody would attempt to fix the amount for himself and draw it by illegal methods—which, in strict principle, is what your bank-robber is unwittingly attempting to do.

We record for reference last week's cables from Australia, which include the following items.

1. Mr. Lang gives notice that New South Wales will withdraw from affiliation to the Loan Council and will raise its own loans independently.
2. A national conference of wheat growers, millers, and merchants at Canberra calls for a subsidy, to be raised by a tax of £7 per ton on flour sold to Australian consumers—or, alternatively, for a guaranteed price of locally consumed wheat sufficient to return to the growers 3s. per bushel on all wheat grown. Mr. Forde, Assistant Minister for Customs, announces that the Commonwealth Bank refuses to advance more than 1s. 6d. per bushel even under a guarantee.
3. Some holders of Australian loan due for conversion are understood to have offered to let the Government cancel 25 per cent. of the amount. A free gift to the State.
4. Sir Otto Niemeyer leaves Australia by the s.s. Niagara, sailing to Vancouver, whence presumably, he will travel to London via New York.

Apropos of the Australian crisis, we are informed that on November 8 a group of London readers sent the following cablegram to Mr. Lang, the Premier of New South Wales.

"Permit us congratulate you stand against private bankers' veto on Australian prosperity. Hope you will continue determination maintain standard of living. Australian material wealth affords sound basis national credit any required amount so why borrow? Suggest Government should finance social services and capital development by issue new money interest free and prevent evils inflation by regulation internal prices on method described under Douglas social credit proposals. Refer text books Sydney University."

This was worth doing if only on the ground that any politician who has the courage to flout the advice of the banking interests deserves support and ought to be encouraged. The last sentence in the cable recalls the fact that Sydney was the first University, or one of the earliest, to adopt Major Douglas's Theorem as a subject for its Economic Honours course. It is a handicap to getting anything done that Mr. Lang is associated with the Labour Party, for whatever he proposes to do will be initially regarded with suspicion by other sections of the community as an attack on their interests, even supposing the proposals were as innocent of evidence to that effect as we know he could make them if he understood the fundamental nature of the financial problem—which, of course, he may for all we can tell. And even if the community trusted his good faith, they would be likely to mistrust his wisdom; for the average person, faced by any financial proposal, would say that the bankers' opinion on it ought to receive most weight, the business chiefs' next, and the employees' least. However, Labour is now in office, and enjoys the power of initiating legislation: hence advocates of Social Credit must perforce address themselves to Labour. It does not matter so much that Labour probably cannot put Social Credit through by its own power, so long as it is able to embody the essential principles in a Bill, thus lifting these from the plane of *propaganda* on to the plane of *news*. That would be an important step forward, whatever became of the Bill at its first presentation. We have no doubt at all that our supporters in New South Wales see the situation as we do and are dealing with it accordingly.

The Indian Government's despatch on Indian government reform dated September 20 was released for publication last week, and was summarised by *The Times* of November 14 to the length of five columns. *The Times* comments that the despatch is a dull, painstaking document, and is a running commentary on the Simon Report composed by, and reflecting the views of, British civil administrators in India. What it lacks, says *The Times*, is imagination—vision. Probably this is true. But in these days everything is *imagination* and nothing *method*.

Most of our readers will agree that the old saying: "Where there is no vision the people perish" has been rendered obsolete by the events of the last twelve years. It would better be written: "Where there are no visionaries the bankers perish." Where would they be if the imaginative faculties of the public were freed from the hypnosis of speculative idealisms put about by people like Hoover, MacDonald, Dawes, Young, Wells, and the rest; and were able to devote their five common senses to the problems that surround them? As things are we live in a world of loose talk and tight belts—and the looser the talk the tighter the belts—or is it the tighter the belts the looser the talk? Goodness knows which is cause and which is effect—but there is no disguising the fact that the more beautiful the sentiments we hear, the more ugly the situation we see.

An appropriate illustration of this irruption of poets into the counsels of technicians is afforded in Lord Meston's excellent review of the late Edwin Montagu's diary.* The review appeared in the *Sunday Times* of November 2. Readers will recall our discussion of Indian politics in the Samuel-Montagu-Isaacs-Schuster setting (*THE NEW AGE*, May 22 and July 24), and will be able to appreciate what Lord Meston says. It appears that when Edwin Montagu went out to India in the winter of 1917-18 to collaborate with Lord Chelmsford in formulating a scheme for a new constitution, the British administration there was understaffed and overworked, the officials labouring under the double strain of maintaining order in the land and providing more and more men and material for the Allied armies. "They had," says Lord Meston, "no leisure for constitution-making, and little patience with political agitation at such a time." He immediately continues:

"Into this scene burst the Secretary of State [E. S. Montagu]—an embarrassing potentate at the best—full of every sort of novel scheme for a self-governing India, and to all outward appearance interested in nothing else. (Our italics.)

Lord Meston says that in what little time they could spare from their heavy and immediate duties the small group of senior British officials did their best to help him, but rarely "got abreast of him," and seldom understood him. So he, on his side, fell into the strain of humorous contempt of them when recording his day-to-day experiences. But—

"He himself was the most elusive of beings. To work with him was, if the simile may be varied, like playing a game of chess, in which each move was the occasion for a new gambit. If you left the board overnight you found next morning that his pawns had been converted into castles, and his Queen had changed places with a Bishop."

Lord Meston proceeds:

"Never was there such an outpouring and recasting and scrapping and resurrecting of constitutional devices, tried and untried. In my bath a new inspiration reached me," he writes on January 11; and they were always reaching him—in his bath, in the howdah on his elephant, when he was playing tennis or missing crocodiles. . . . The obstruction and stupidity over which he weeps in his diary were not obstruction or stupidity at all, but a reluctance to swallow some political nostrum without a clear idea of how it would affect the well-being of the millions on whom it might react."

If this comment seems to over-estimate the humanity of the British officials, it is at least true that, as Lord Meston remarks, "With them, constitutional devices translated themselves inexorably into terms of human life." This was necessarily so, whether the officials' attitude was based on selfish or unselfish considerations. For though an inspiration may come in a flash, its administrative technique does not; and though a political objective may

*"An Indian Diary." By the Late Hon. E. S. Montagu. (Heinemann, 21s.)

April 21, 1930, and carried amidst scenes of great enthusiasm, 50,000 Indian Moslems attending:

"The Moslems of India cannot tolerate Jewish Monopolies being created, which would before long make the proposed Jewish Home a purely Jewish State as the Zionists clearly desire to establish in Palestine."

There is one statement in Mr. Angell's diatribe against British policy which is worth quoting in this context.

"Had it been necessary, in order to carry out the task entrusted to us, to provide by biggish schemes of land purchase for the Arab outlet and settlement east of the Jordan, in order to permit a Jewish inlet from the west, the wealth of Jewry would have been forthcoming for such a project.

We can easily believe it. But Mr. Angell does not reflect on what the Arabs might have thought about this idea of their deportation or what Britain ought to have done if they had refused to move. The scheme might work if he could get them to share in his vision of Jewry and Christendom burying the hatchet in the Dead Sea and smoking the pipe-lines of Peace in Haifa Harbour.

Reverting to the Indian Government's Dispatch, readers of this journal will regard the financial recommendations as the most important section of it. These are conveniently summarised and discussed under the "City Notes" in *The Times* of November 14, and we can promise instructed students a great deal of entertainment out of them. Sir George Schuster is one of the signatories of the Dispatch, and we may reasonably suppose that the recommendations reflect his views, and may even be his work. The "transfer of finance to popular control would be fraught with grave danger" to the credit of India, says the writer of the Notes in his introductory paragraph. He follows this up with a paragraph headed "Financial Failure of Democracy," not only "uninformed" democracy, such as might be the case in India, but "informed" democracy.

"No fact stands out more vividly in world finance to-day than the failure of democracy in the realm of economics and finance."

The whole of the Notes are devoted to recommending the safeguards which represent "the minima of what would be necessary to prevent a deterioration of India's credit under self-government." The writer declares that financial administration is "enormously" more difficult "under an uninformed democracy than under an informed autocracy." He alludes to "talk about repudiation," and makes this a reason for the policy of maintaining a rigid non-Indian control over Indian finance. At least, India must go through a process of preparation for financial self-determination. The process is sketched out—"reserve bank" and other actions, most of which are familiar, but one of which has not hitherto found explicit expression outside THE NEW AGE.

"The mobilisation of the private resources of Indians for the buttressing of the financial position,"

which means inducing the Indian princes and other potentates into giving up their enormous gold-hoards in exchange for paper securities. We hope that they will remember Aesop's fable of the dog and the bone, or they and their subjects will find that the whips of Whitehall have become the scorpions of Lombard Street and Wall Street. This applies particularly to those of them who have come over for the Round Table Conference. Their danger will come, not from the people who bargain with them there, but from the people who will provide them with entertainment in their spare time. Let them remember what happened to Sir Hari Singh.

The proposed cut in railwaymen's wages sharpens the necessity for the leaders of the men

to negotiate on key figures and calculations. In a whole column on this proposal in *The Times* of November 14 there is no mention of other costs than wage costs. The figures given of these are useless as they stand. Rates of pay, we are told, are up by 100 per cent. over 1913, while the cost-of-living is up by 56 per cent. The total wage-bill was £47 millions in 1913, and is now £115 millions. Traffic receipts are not given for these years, and the only figure mentioned is £8 millions, said to be the amount of the decline this year as against last. The companies are said to estimate a decline of £10,000,000 in the full year, and to have framed their proposals to reduce wage and salary costs by this amount.

This is a very poor food for the intelligent public to get from *The Times*. It may be that the companies have given more data to the Union leaders. If so we should like to know what the totals are of (a) other direct costs than labour, (b) overhead charges. The present capitalised value of the railways, we gather from another source, is about £1,100 millions—a slight increase on the pre-war value due to issues of new stock.

For the moment we suggest that the cut does not concern the railwaymen alone. An annual saving of £10 millions to the railways means an annual loss of £10 millions of revenue to the rest of industry—chiefly the shopkeepers. This concerns in turn Chambers of Commerce and Municipal Rating and Housing Authorities, and these have as much right to take part in the negotiations as the immediate victims of the wage-cuts. If we were the railway-men's leaders we should call for a round-table conference to discuss, not the justice of the proposals, but their economic and financial effects. We will defer any further comments until we receive further information.

AMERICA AND ABYSSINIA.

The following are extracts from articles in the *Chicago Daily Tribune* (Paris), October 29 and November 5:

"A delegation from the Ethiopian Government visited Washington about six weeks ago, requesting the State Department to recommend a financial expert who would supervise the reorganisation of the Empire's financial system. Mr. Colson, then serving in Haiti, was recommended, and accepted the invitation extended him by the delegation.

"I have no diplomatic status," he told *The Tribune*. "I am going in a purely unofficial capacity. I wish you would stress that. I understand that there is a hotbed of international intrigue down there, and it is important that there be no misunderstanding on this matter."

"In its invitation to Mr. Colson, Ethiopia, which is literally a key region of Africa, holding untold wealth in raw material and undeveloped resources, is following in the footsteps of Poland, Persia, Ecuador, and other countries which have called in American financial advisers to help reorganise their finances.

"My plans for reorganisation of the country's finances will be formulated when I know what the conditions are," Mr. Colson said. "The letter I received from the delegation informing me of my selection for the task said that the Government had purchased the Bank of Abyssinia, which was affiliated with the Bank of Egypt, and that it intends to create from it a National or Imperial Bank.

"After that it is intended to introduce a new currency based on the gold standard, instead of the silver system now in use there."

"The coronation ceremonies were practically financed by big commercial concerns in Europe and America. One oil combine, for example, paid \$1,000,000 for a concession."

Gold and Prices.

By C. H. Douglas.

To those, of whom I am not one, who believe that the natural tendency of human beings is towards error, the progress of monetary, and indeed all social reform, must afford confirmation of their views.

The unerring accuracy with which the most well-meaning people seem to be drawn to the support of methods calculated to defeat the ends which they have in view, is no doubt capable of a fairly simple explanation, but is none the less a factor of importance, and perhaps major importance, in the consideration of the slow progress made by mankind in achieving desires which in themselves seem to have been fairly constant throughout the historic period. I refer, of course, to such matters as freedom, economic security, social opportunity, and matters of this character.

I believe that the simple explanation of this obvious fact is that while almost any man or woman is capable of expressing desires, defective education, interested propaganda, and other similar causes, make it a matter of the rarest occurrence that these desires shall be voiced in a form which does not contain an admixture, frequently quite unconscious, of an opinion as to how these desires can best be achieved. In consequence, they get what they ask for, but not what they desire.

Now there is no doubt that a desire, and the means of attaining that desire, belong to two separate functions of the human organism. If I desire to knock a man down, that is an emotion requiring no technique. But the employment of the best boxing methods is technical, and therefore intellectual, and as a matter of fact the introduction of emotion into it is to the highest degree detrimental; the boxer who loses his temper is already beaten.

For reasons which are not especially relevant to the present discussion, it must be obvious that the subject of monetary reform is now becoming "news," and it is equally obvious that it is about to be handicapped by all the phenomena common to social movements, with the added complication that, being at one and the same time a matter affecting everybody, yet operating through a technique and dependent upon forms familiar to very few, the margin between the number of people who can be emotionalised by it and the number of people in a position to provide the emotion with a suitable mechanism, is perhaps larger than on any previous occasion. At the moment there is a growing clamour against the Gold Standard, sound enough in itself, and so far as it goes, but of doubtful assistance when buttressed by the arguments with which it is commonly associated; the fall of prices, for instance.

Now if there is one definite fact on which the so-called Gold Standard adherents are legitimately entitled to congratulate themselves, it is on such fall of prices as has been achieved. This seems to me to be indisputable. Every rise of prices reduces, by just that much, the effective demand in the pockets of the public and increases, by just that much, the power of those who are in a position to create fresh purchasing power to set against that which is destroyed by the rise. If there is one thing more certain than any other in this subject, it is that the steady rise of prices which has been (with, of course, fluctuations) the feature of the past few hundred years, has been the major factor in the transfer of real power from the agriculturist, the land-owner, and more latterly, the manufacturer, into the hands of the financiers, until at the present time it is on the whole true to say that no one can carry on any business over a long period of time without access to the pool of fresh credit with which the financial

system is continually diluting purchasing power. So far from a fall of price being *in itself* undesirable, what is required is a much greater fall of prices than anything we have so far experienced, and a steady fall of prices is the one sure, safe, and certain method by which everyone without exception can become automatically richer day by day.

Having said so much it is, of course, necessary to proceed a little further. The clamour against the fall of prices proceeds almost without exception from producing interests, and no doubt seems, and under existing circumstances is, from their point of view, wholly justified. To the producer, a fall of prices does not mean a fall of costs. Since the producer's remuneration is the margin between prices and costs, a fall of prices is the short and simple explanation, to him, of first, a fall in remuneration, and ultimately, bankruptcy and dispossession. What he fails to appreciate is that there is no necessary relationship between a fall of prices, and the margin between prices and costs.

The agitation which is proceeding for the abolition of the Gold Standard, which in any case bears little relation to the pre-war Gold Standard, but which does undoubtedly strengthen the grip of international finance in every country with which it is associated, is in my opinion quite likely to meet with some measure of success, and it will have the practical value of clearing up the important question as to whether the Bank of England is the resident ruler of this country, or whether in the last event that institution can be disregarded by determined political action. By itself it would not, of course, mean very much, but it would, no doubt, be accompanied by an expansion both of currency and credit, which would result first in a stimulation of production, assisted by a fall in the value of the £ as compared with the dollar, and at no great interval, by a rise in prices. In the interval between the stimulation of production and the rise of prices, it is clear enough that a fall in the value of the £ would be an effective tariff against imports, and a bounty on exports, and this state of affairs, as is common during periods of inflation, would continue so long as the inflation continued. Not only is this sequence of events normal, but it is essential to the process of inflation, since the expansion of markets can in the last event only be achieved by lowering prices as compared with those obtained elsewhere. To put the matter another way, given similar quality of manufactures, we can get any desired proportion of the world's export trade by sufficiently reducing our prices in the markets in which we wish to sell, and this reduction of prices is automatically accomplished if the value of the £ falls in terms of the currency of the market concerned, just as it is accomplished by a fall in sterling prices with a fixed exchange.

All this appears at first sight desirable, but it is accompanied by a corresponding rise in home prices and a consequent filching of purchasing power from the British public. It is the most powerful irritant to international relationships of which it is possible to conceive, and so far as I am aware it is ultimately uncontrollable without a succeeding period of commercial and industrial catastrophe.

The readers of this review are familiar with an alternative, both to inflation and deflation, which results in lower prices and a larger margin between costs and prices, to the advantage both of the consumer and the producer. The range of prices produced by the correct application of these principles is not stable any more than the ratio between production and consumption is stable, and any attempt to obtain stabilisation of prices based on a financial system which does not reflect the facts of production and consumption is about as sensible as to endeavour to peg a barometer in an attempt to produce fine weather. For reasons which

it is not necessary to discuss at the moment, orthodox financial technique, particularly in the United States, has largely been concerned with the endeavour to produce stable prices during the past ten years. "Si monumentum requiris, circumspice."

(Copyright by C. H. Douglas.)

Music.

British Women's Symphony Orchestra.

That Dr. Malcolm Sargent, this Orchestra's permanent conductor, should have turned them from the execrable into the merely indifferent body that they are (and what immense progress that represents can only be realised by anyone who heard them as I did in their terrible beginnings a few years ago) must be accounted to him, unimpressive and rather commonplace though his performances be, for great merit. One even half-saw a glimpse of a potentially quite acceptable body of instrumentalists. The "Froissart" Overture of Elgar was pleasingly played with not too many flagrant derelictions from pitch or attack, and had the rest of the concert been on even this level one would have been more sanguine of this orchestra's future than one actually is. The accompaniment to the tedious and sentimentalistic second Rachmaninoff piano Concerto, so vastly inferior in structure, musical substance, and resource, and ambiguity of piano writing to the great third, and therefore inevitably rated far above it, which received at the hands of Mr. Frank Laffitte the dullest, most colourless, characterless, and unimaginative performance that I have heard for a long time, declined rather badly in accuracy from the opening number of the programme. But worse was to follow. The splendid Sibelius First Symphony was little more than rags and tatters. Here the subtle exact skill of the orchestral writing, the recondite seeming (only seeming, though) simplicity of the expression. The dangerous laconic transitions so typical of this great master found the orchestra at sixes and sevens, and they always seemed to be caught napping. Slapdash will not pass muster in those reserved and reticent but wonderfully finely and highly wrought scores of Sibelius—they must be so known that every note of them permeates blood, bone, nerves, heart, and brain of the players, else they were better left alone. It will be many, many years before the Women's Symphony Orchestra will be capable of trying conclusions with these works, and it is quite certain that Dr. Malcolm Sargent never will; he is obviously quite out of his intellectual and emotional depth in music like this. I say music like this—there is no other music like this except itself.

Wireless. Hindemith Works.

Two works of Hindemith, the overture to *Neues vom Tage* and a Viola Concerto, with the composer as soloist, were broadcast on Sunday evening last. It is a source of never-ending astonishment to me that so distinguished a musical scholar and pedagogue as Professor Tovey can speak in the high terms he does of this singularly footling, childish, and intellectually empty work that is Hindemith's. The particular sort of stuff this composer produces streams out of him just like water out of a tap—the tap is turned on, the water flows, it is turned off and the water stops. There is no inner compulsion in the music shaping it nor urging it inevitably to a certain end, and underneath its neologistic spice of language. The ideas are trivial and commonplace to an extent that is shocking. I have not yet heard a viola produce the dry unpleasant sawdust and woodchips quality that the composer as violist cultivates. It was remarkable, if highly unpleasant.

KAIKHOSRU SORABJI.

Drama.

The Unknown Warrior: Little.

It will soon be said of the English that, just as they used to remember God on the Sabbath Day, they now remember the war during the two minutes' silence. It may not be good for folk in general, as it was not good for Lot's wife, to look back too much. "Let not your boast be whence ye came," but Nietzsche wrote of the new aristocracy, "but whither ye go." Thus a reason for looking backward emerges: it is that Europe is moving backward, back again into the last war, under the illusion that it is moving forward, away from all war. The Armistice Day thanksgiving at the Cenotaph, for example, is not a demonstration of peace on earth and goodwill to men. Ceremony and ignorant ones delivered by the bishops, signify that war is glorious and ennobling, and all that Armistice Day fraternisation of ex-enemies, where it takes place, celebrates, is the pretence that it is worth while to have so many millions killed to bring about the present European chaos. In the observance of their honour, we excuse the breach of their trust.

The ceremony of reviving the "Unknown Warrior," although few bring flowers, surpasses, as an Armistice Day event, all others. It would be difficult to dispute a claim that the number of people who are absorbed by a performance of the "Unknown Warrior" is equivalent to a barometer of the chances of peace. It is not merely a psychic coincidence that the critic of the *Daily Mail*, for example, dislikes the play to the degree of hoping he has seen it for the last time. That is to be expected from a person closely associated with the *Daily Mail*. Several critics, including that of the *Daily Mail*, say that the play is turgid. "Othello," "Hamlet," and "Romeo and Juliet," "Night's candles are burnt out and jocund day stands tip-toe on the misty mountain tops," might be expressed less turgidly by "The sun has risen, or, for pedants, 'The earth has turned on its axis to such a point,' etc. To some the later Greek drama appears turgid. But for the sort of turgidity I object to, give me the *Daily Mail*, especially if there is prospect of a war.

Out of many war plays and war-books I can say of one only, "The Unknown Warrior," that its tragedy is grand enough for a series of cockney "pense" left the impression of a series of cockney war-stories. "Journey's End" lingers in memory as an everlasting bottle-party. The film of "All Quiet on the Western Front" was a magnificent piece of work, but it was more an expression of war-tator of the actual war than an expression of war in human consciousness. That also, like the others, exploited largely the things that made war bearable, or soporified the mind to the unbearable. Most of the war literature, therefore, romanticises the war. "The Unknown Warrior" recreates the consciousness in which the war was unbearable and yet borne, without ever falling below individual human consciousness to group or animal consciousness. In five hundred years a few war books may be referred to by the scholarly curious for the manners and customs of the European war. "The Unknown Warrior," in the absence of a greater unwritten, will tell the discerning how the highest consciousness of Europe, although sucked into the war, knew it, and fought to renew itself. For three hundred years Europe had been denying the lessons of Christ that consciousness is absolute, and had been degrading mankind to the status of worms on a tiny, revolving dung-ball. The war was that particular science applied; and the Unknown Warrior is the drama of intuitive revolt against that Satanic philosophy. We can think of no occasion when the Church rose nearer

to the theatre at its best than when "The Unknown Warrior" was performed in St. Paul's, Covent Garden. That event made Shaw's association of this church with "Pygmalion" prophetic. There surely cannot be a man alive who was of military age between 1914 and 1918 who does not sometimes ask Heaven why he was preserved; and if he has grown indifferent "The Unknown Warrior" recalls him to himself.

Mr. Maurice Browne's soldier establishes the growing conviction that the part requires more than the ordinary skill of an actor. He succeeds in communicating every nuance of pathos and passion in the part because he is deeply in love with the work as a whole, and sensitive to the implications of its latent philosophy. He and Miss Rosalinde Fuller revive the original grandeur of the second act. Miss Fuller has been accused again of over-acting. Some of her gestures might be more temperate. Nevertheless, her presence does add to the audience's conviction of the unpleasantness of being wiped out even when death is common, and her rendering is therefore far better as it is than as a *fiancée* whose presence at home would provoke the question as to whether the *Daily Mail* might not be right after all. Aude symbolises the beauty, intelligence and, passion of France—has come, indeed, to symbolise those of Europe. Nietzsche succeeds in communicating every nuance of mood and passion in the part because he is deeply in love with the play as a whole, and sensitive to all that is implied by its latent philosophy. Nietzsche remarked that in Carmen was what he missed in Wagner—the touch of the African sun! It is in Miss Fuller's voice, to which her beautiful enunciation is appropriate. Mr. Laurence Hanray played the Father a little too pathetically, too obviously, in the first act, as if afraid that the audience would be unable to follow the last act without prompting.

At Number Fifteen: Players'.

"At Number Fifteen," by Alma Brosnan, presents the class of society in which a whole house, let at twenty-two and sixpence a week, is so subtle that nobody has more than one room except the tenant; and in which the tenant's son of twenty or so, and daughter of eighteen, sleep, along with their grandfather, in the same attic. The son and daughter aspire to escape from their "commonness," poverty, and miserable social status; but their environment defeats them. The author spares the audience very little. Yet her work does not rise to the creative. It compares with that, say, of O'Casey, as the survey of the poor by the London School of Economics compares with "A Poor Man's House" by Stephen Reynolds. "At Number Fifteen" has rather a thesis than a theme, and most of the characters are clay-modelled to fit the theme. Feminists used to ask why the Creator should be pronominally referred to as He. There is an answer. All drama by women shows that feminine would-be creators distribute their love and hate arbitrarily among their creatures, instead of loving all infinitely. In male drama even a villain or a cad is labour of love. Some of Alma Brosnan's women characters are drawn in contempt, and the male in contempt not without a splash of hate.

The play is the second West End production of the Swanage Repertory Company, and was vastly better worth doing than the first. Ethel Hope Johnstone's performance as the overworked mother and Christine Lindsay's as the overwhelmed daughter, are both good. Joyce Moore as Nell Titler, a lodger, can also be commended. But some of the actors could not come down to the slum level. John Woodiwiss spoiled an otherwise excellent performance by a nervous deportment not at home in the lowest class, a fault emphatically in evidence in Cecil Trouncer's Albert Titler.

PAUL BANKS.

Type-Consciousness.

The October-December number of "Purpose" is a good one. Two articles strike us as useful: Mr. W. T. Symons's "The Just Price" and M.B., Oxon.'s "The Call of the Ambient." Mr. Symons's sub-title is "The Rallying Ground Between Religion and Economic Science." It presents in a brief form some of the view-points that have been covered at greater length in *The Just Price*—a book edited by the Rev. V. A. Demant—which we have not yet found an opportunity to review at the length which its quality requires. By the way, both Mr. Symons and Mr. Demant will be interested to know that the bankers are showing signs of interest in the subject. For we notice that Mr. Roy Hopkins, a frequent writer on finance, in an article in the November number of *The Bank Officer*, refers to it in the following terms:—

"At the same time trade was hampered by the curious theory of the 'just price.' The 'just price' was actually an invention of the Church, and is quite unknown to the civil law of the time. But in essence it dates back to Aristotle. The great philosopher had characterised interest as unnatural on the ground that money does not breed." [Like sheep.] "What Aristotle . . . overlooked was, of course, the fact that money is merely a symbol by which a flock of sheep may conveniently be represented."

This criticism is more "curious" than the curiosity it examines. Can anybody see what Mr. Hopkins has proved by it? However, the meaning of his allusion to the hampering of trade by the "just price" is quite plain.

M.B., Oxon.'s article chiefly attracts our notice by reason of a statement in it which is as follows: "Now, I hold that at the present time the day of Class is ending and that of Type is dawning." The antithesis is between "knowing with the head" and "knowing with the heart." The new Type will eschew fiddling with details and making elaborate plans, but will practise the "Art of Guessing Right," and acting on the "Spur of the Moment." These ideas are illuminating. For example, what ordinary person would recognise identity of type between, say, Sir Otto Niemeyer as a banker and Sir G. B. Hunter as an advocate of phonetic spelling? But we will guarantee that a large number of our readers will smell the banker in the following example which Sir G. B. Hunter gives to show his method:—

"Deerli biludev brethren, the skriptiur mooveth us in sundri plaisez tu aknolej and konfes ovr menifeld sinz and wikednes; and that wi shuud not disembl nor kleek them bifor the fais ov awlmyti God ovr hevenli fathder. . . . Wherfor, I prai and biseech yoo, az meni az ar heer prezent, tu akumpani mi wiffti a piur hart and humbl vois untu the throen ov the hevenli grais, saing after mi. . . ."

We are not surprised to learn that Bishop Welldon, the Dean of Durham, is among the sponsors of this brand of rationalisation. When those miners attempted to throw him into the river a year or two ago they were partly moved by class-consciousness, but who shall say that there was not also an element of unrealised type-consciousness in their animosity? The sponsors of this reform, who include Mr. Harold Cox,

offer two main arguments in its favour: firstly, it will enable the child to save a year in learning to spell; secondly, it will remove the one obstacle to the world's adoption of English as the most popular international language. The first argument is really amusing, coming as it does just as the Government has decided to keep children at school for an extra year. The second argument speaks its own parentage, and if we made a single comment to support this statement we should be paying a poor compliment to our readers' art of guessing right.

*Published by the Christian Student Movement, 32, Russell-square. 150 pp. Price 4s. 6d. net.

†Simplified English Spelling. (Simplified Spelling Society, Station-road, Wallsend-on-Tyne. Price 6d.)

"Bogota, Colombia, October 29.—The Kemmerer Mission, composed of six American financial experts who were appointed by Dr. Olaya Herrera, the new President of the Colombian Republic, to make a detailed examination of the financial and monetary situation of the country, to-day submitted its first technical conclusions in the form of projected laws."—*Chicago Daily Tribune* (Paris), October 29.

Reply to Sir Otto Niemeyer.

By W. M. Hughes.

(Ex-Premier of the Australian Commonwealth.)

III.

The rate of wages in any country determines values—everything adjusts itself to wage levels. One effect of a reduction of wages would be an immediate fall in property values, which would spell disaster to hundreds of thousands of people—the most thrifty and deserving in the community—who are now attempting to buy homes for themselves. The margin upon which mortgages have been lent would shrink, and it would be impossible to renew at the old terms, or in many cases to renew at all. Those who are buying their homes by instalments, the amounts of which were fixed at present wage levels, would be unable, owing to the shrinkage in wages, to meet their obligations. And the effect upon those who have invested their savings in house property would be equally disastrous. This would react upon all sections of the community, causing panic and chaos. The effects of a reduction of wages upon prices would vary. In some cases prices would fall in others they would not—generally the reduction in the cost of living would not be proportionate to the reduction in wages. Certain vitally important industries could not reduce prices materially. For example—the sugar industry, with its 8,000 farms, which employs 39,000 people, and in which £50,000,000 is invested, depends so completely upon the maintenance of present standards of consumption and values that a substantial disturbance of these would mean ruin. It can only sell its surplus at world prices as long as it has a monopoly of the Australian market at prices approximating to the present. The ruin of the sugar industry would mean the depopulation of North Queensland by the white races; and the beginning of the end of our White Australia Policy.

The butter industry is able to sell its surplus oversea at world prices only because Australian consumers pay 4d. per lb. more for their butter than the world price. The dried fruits industry is in a similar position—it sells 80 per cent. of its production in the markets of the world because Australian consumers pay 11d. per lb. for sultanas which sell at 6d. in Britain. Cheaper wheat does not mean cheaper bread. When flour was £18 10s. a ton bread was 5½d. a loaf; to-day, when flour is £9 10s., the price of bread is just as high.

Wages Increased Only 7½d. in 18 Years.

Are wages too high? In some cases they may be; generally they are not. To hear some people talk, one would imagine that, as a result of the fixation of wages by Courts and Boards, wages in Australia had been monstrously inflated. This is quite untrue. Money wages have increased, but real wages have remained almost stationary. During the last eighteen years the real basic wage has advanced only 7½d. a day. In some cases wages have actually decreased, e.g., shearers are now receiving lower wages—expressed in 1914 price levels—than they were fifteen years ago.

Reduced to 1914 price levels, the worker is only 7½d. a day better off than he was eighteen years ago! When one considers that these eighteen years have been the most wonderful the world has ever seen, that during this period science and mechanical invention have very greatly increased the productivity of labour, it can hardly be contended that the workers' share of the wealth produced is excessive. Wages in Australia are not too high, and they have not risen during the past eighteen years as much as in some other countries. For eighteen years Arbitration Courts have in nearly every instance done no more than adjust existing money wages to new price levels. If wages are too high in any industry, the Arbitration Court is always ready to reduce them—as it did recently in the pastoral industry. The Development and Migration Commission, in its Report on Unemployment and Business Stability, issued in June, 1928, said: "The assumption frequently made that high wages is a major cause of fluctuations in employment in Australia is not borne out by the results so far obtained in this investigation, whatever effect it may or may not have on the average amount of employment over a period of years."

The attack on Arbitration is quite unjustified, although admittedly the present system of dual control, with its evils of conflicting jurisdictions, is in sad need of drastic reform. What is wanted is a uniform basic wage and standard hours throughout the Commonwealth, with tribunals on which the parties are equally represented, with an impartial chairman, to deal with all matters in dispute in each industry.

Sir Otto tells us that the only way to deal with trade depression and unemployment is to reduce wages. Why,

then, are there two millions of unemployed in Britain? Certainly not because their standard of living is too high. Not because Arbitration Courts fix what is termed an artificial wage. Their wages are low, yet two millions are idle.

Low wages do not mean cheap production. American industry pays the highest wages in the world, but it produces the lowest priced goods. In modern industry, efficient methods are the dominant factor in determining the costs of production, and efficient methods demand large amounts of capital. In America, where the price of labour is high, the price of money is low. Sir Otto tells us that the way to economic salvation is to reduce wages, but he is silent about the rate of interest. What Australia wants very badly is cheaper money. An improved, a rationalised, system of credit is essential. The pooling of credits in a Central Reserve Bank would materially increase the amount of credit available for industrial enterprise, and, by making more capital available, reduce the costs of production and thus widen the avenues for employment.

Sir Otto is a Banker who believes that the cure of unemployment and trade depression is to reduce wages. Let me quote another eminent English Banker who holds very different opinions from Sir Otto. Mr. Beaumont Pease, President of Lloyds Bank, one of the greatest banks in the world, in his address to the shareholders at the annual meeting last February, said: "As leaders of unemployment ought to be regarded as a political or party one, perhaps it may be permissible for me to point out the sharp contrast which seems to exist between our methods and those of other countries on this very difficult and complex question. In America, whither we are so often bidden to turn for guidance in these matters, we find a strict adherence to the principle that prosperity is closely allied to a high level of purchasing power. In conformity with this belief, leaders of major industries in the United States, when confronted with a probable fall in the general capacity for consumption, in consequence of the recent Stock Exchange crisis, have agreed together to avoid any fall in the level of wages; indeed, in some cases, there has been an actual increase."

(To be continued.)

Review.

The Real Stanley Baldwin. By Wickham Steed. (Nisbet and Co. 7s. 6d.)

Mr. Wickham Steed is a first-rate journalist who, of course, knows how to interest even indifferent readers (and most readers are such) on any subject he chooses to write about. So we will take it as said that his book on Mr. Baldwin is not dull. It is, indeed, a skilful sketch of the personal character and extensive political history of the present Leader of the Opposition. But although the author sets out by saying that to many people "Mr. Baldwin is an enigma," he does not pretend to do more than clarify the opposing opinion and give without bias the evidence available. He is content to leave in the air the question whether or not this sphinx of politics has a secret worth discovering. And, of course, though Mr. Steed has many good political tales to tell to those who are not too well informed, he does not go so far as to tear any important veils which hide the machinery working the works in Downing Street. We learn, for example, that it was Mr. J. C. Davidson who was mainly responsible for pushing Mr. Baldwin up the Parliamentary ladder; but when it became a question of giving Mr. Baldwin the Financial Secretaryship, Mr. Steed can tell us only that "Bonar Law demurred, but Treasury (once again on Mr. Davidson's recommendation) yielded once more to persuasion." Whose persuasion was it that made Mr. Davidson's persuasiveness so persuasive? Why could it so easily "force" Mr. Baldwin on a reluctant Prime Minister? Why was it anxious to get Mr. Baldwin to the top? These are questions not to be asked, for certainly they are not answered.

LETTERS TO THE EDITOR.

PALESTINE.
Sir,—While agreeing with almost every view expressed in your esteemed journal, I, at the same time, fail to find any consistency in your attitude on the question of Palestine. If, as you frequently maintain, far in excess to the Jewish people is, in proportion, far in excess to the numbers, then, the Balfour Declaration was a bona-fide transaction between the British Government (representing the Allies) and the Jewish people; that is, the Declaration was given in return for that weighty influence being thrown on to the side of the Allies. It thus helped, in no small degree, to win the War. In that case, the Government

White Paper on Palestine is a complete breach of contract entered into between the two contracting parties.

On the other hand, if this Declaration was a gesture of Justice on the part of England arising out of the War Cry "The Liberation of Small Nations," when it was thought that the time had come for the Jewish people to share in that dispensation of national justice also, then it must be said that the idea of justice that prevailed during 1917, as expressed by the late Lord Balfour in his Declaration, differs fundamentally from that of Lord Passfield, as announced in his White Paper on Palestine.

There is, however, another important factor that made the issue of the Balfour Declaration possible. Apart from the Jews, the whole cultural and literary life of the English people has been deeply influenced by the Bible more than any other nation in the world. It is more than probable that this last factor made the two reasons mentioned above possible of consideration and resulted in the issue of the Balfour Declaration.

Altogether, it seems strange that the author of such closely reasoned and logical "Notes of the Week," as those of THE NEW AGE should also be the author of the Note dealing with Palestine.

Please permit me to conclude with the same question as you use in your summary of the Notes—"What is the Game?"—Yours faithfully,

H. HOOBERMANN.

[We refer to this subject in the Notes.—Ed.]

"JOHN BULL" AND "THE NEW AGE."

Sir,—In your review of November 6 of Professor Laski's booklet, "Justice and the Law," you have a reference to *John Bull* which might lead some of your readers to imagine that there was some connection between an article on "Justice with Weighted Scales," in our issue of October 25, and Professor Laski's lecture on October 22 before the Ethical Union.

I would point out that our issue went to press on October 18, and that the article was actually written more than a month earlier by a well-known journalist, who is also a member of the Bar.—Yours faithfully,

J. R. JARVIE, Editor.

"ON CLEANING ONE'S OWN BOOTS."

Sir,—Far be it from me to defend Flunkeyism. But as a Middle Class father of three young children, I fear I cannot read Mr. F. Le Gros Clark's article with the sympathy he seems to expect.

Let it be granted that we must open the flood gates of modern wealth to all and every, if we do not wish to be swamped in the deluge. But do not let us be hypocrites to pretend that a Douglas society, in which personal service will probably be exceedingly difficult to come by, will be a better land for our wives and sisters which it will undoubtedly be for their husbands and brothers.

I speak as one who has just gone through the last three months without any such despised personal service. At last we have found a maid. What joy and gladness in the home! Nor can I see that even improved labour-saving devices will be of much help to the young mother.

No. Do not let us run down Personal Service. Rather let us make it as attractive and honourable as we can, so that when the age of plenty does come along, there may be young girls to whom the human life of the nursery is preferable to the inhuman life of the factory. We to-day are indeed suffering for the sins of Victorian mistresses.

T. V. H.

Sir,—Your contributor, Mr. Le Gros Clark, appears to be as mixed in his chronological reasoning as the dear old lady who asks at Social Credit meetings, "But who will clean my windows if Social Credit comes?" The answer is that if the dear old lady is really a dear, there will be no lack of voluntary cleaners. The "man upstairs" who dislikes to polish his own floors probably enjoys the far more arduous work of running his factory, and if the pathway to his goods be across the polished parquet there will be enough cleaners as long as there are enough goods.

It is obvious that the existing system could, without the aid of a bloody revolution, but with the potential buying power from the source discovered by Major Douglas, absorb all unemployed men and machines until equilibrium between demand and the supply of goods and services was reached.

From about this period both your contributor, and the dear old lady, appear to have jumped to the era of social dividends, and Mr. Le Gros Clark carelessly applies the conventional evils of existing custom to the coming Utopia. Who will then clean my boots is about as useful a query as asking the railway guard at Victoria who will carry one's

bag at the Gare du Nord, and to formulate propaganda proposals on this basis is illogical.

A speculative survey of the splendour of the Social Credit State is certainly fascinating, and the psychological reaction to the vision provides a measure of one's individual communal value. But the subject is hardly suitable for those not yet out of the Social Credit nursery, nor for party politicians and our captains of industry. For these, it would seem, a Social Credit slogan of "Bigger and Better Business" should, for the present, supplant that of cultural advance.

A. McGLASHAN.

Sir,—There is so much commonsense assertion in Mr. F. le Gros Clark's article entitled "On Cleaning One's Own Boots" that I am moved to compile a special arrangement of some of his remarks, as follows:—

"Catastrophe . . . 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.

"The minds of such men must be plastic and without pre-judgment. . . .

"Where shall we find such men? Shall we trust that catastrophe will itself create them? That is absurd.

"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.

"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."

S. R.

THE NECESSITY FOR DOGMATISM.

Sir,—"Monetary Reform" of one sort or another is engaging the attention of people of varying views and philosophical outlook. Those who believe in effective financial reform should therefore be able to detect the spurious article and reject it.

A mere change in the "basis" on which financial credit (money) can be created (e.g., the abolition of the so-called gold standard) would not in itself provide a remedy for the prevalent situation. The financial policy of the U.S.A. during the past ten years is a relevant commentary on this aspect. Even bankers are advocating "Monetary Reform"—of a sort. Financing production does not automatically finance consumption—e.g., the resort to hire-purchase credits (miscalled "consumer credits") in the "prosperous" U.S.A., and the growth of hire-purchase credit trading in Great Britain and Ireland. This method enables the populace to absorb (if only temporarily) a larger proportion of current production by mortgaging incomes in advance, for which purpose the banks create financial credit. The question is sometimes asked must Great Britain free itself from international financial control before the remedy can be applied? Fortunately, the application of the remedy would free Great Britain from such control. There is evidence in existence indicating the probability that international finance—or at least a portion of its contending elements—has determined to rid itself of the "Gold Standard." Why, then, support agitation in favour of abolishing the "Gold Standard"?

All sorts of issues labelled "Monetary Reform" or something similar are likely to appeal for public support in the near future; such, for instance, as the producer versus creditor interests, but the only one worth a moment's consideration is that of the people versus international finance.

The one remedy is the equation of consumption to production. Only faith in this very necessary dogma can light the way through a growing fog of side-tracking. The issue will be fogged and fogged again before we can win through. Then, considering the means of achievement, one is amazed at the absence of logical thinking on the subject. Hopes that are mostly pious inspirations. For instance, the hope—that can never amount to a conviction—that you can somehow control the powers of international finance by the instrument which they themselves control—i.e., Parliament.

The fact is that every instrument of "government" which at present exists in the world from parliaments through dictatorships to sovietism, is in itself the instrument of international finance. Those who see the issue clearly have before them the task of creating a new instrument which cannot be played upon by international finance. Those who are not for this objective are against it. There cannot be any neutrality.

JOSEPH O'NEILL.

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The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

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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