

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

Here is an urgent item. *Anybody who can act on it and wants to will have to hurry.* It is this. The holders of 7 per cent. Cumulative Preference Shares in Drapery Trust Limited have been called to a "separate General Meeting" at Wigmore Hall, Wigmore-street, W.1, on Friday, May 22, 1931, at 12.30 in the afternoon. It is about a bother with Lloyds Bank. Lloyds Bank, for itself and other "Banks, Companies, firms and persons," recently gave the Drapery Trust notice of action to enforce claims in respect of £493,100 nominal value of *spurious documents of title* which had come into the hands of the claimants. The Bank subsequently offered to accept £123,275 in settlement. The Board accepted the offer, whereupon Lloyds Bank lent the Trust the £123,275 on the Trust's agreeing to repay this sum to the Bank by an issue of £123,275 worth of unsecured Notes carrying interest at 5½ per cent. and to be redeemable by annual drawings of £6,250 each extending over 20 years, or be purchased by the Trust in any amount at par at any time. The Board now seeks the sanction of the Preference Shareholders for this Note issue. If granted, the whole issue would be offered to the Preference Shareholders at par instead of issuing the Notes to Lloyds Bank. The Directors and principal shareholders have agreed that they will take up at par any Notes not applied for by the Preference Shareholders.

Here's a beautiful position. Without a doubt the "spurious documents of title" are some of Hatry's forged bonds, which have been acquired by the banks and other claimants concerned. No particulars identifying these documents appear in the Board's printed statement, nor does it explain on what ground the Bank demanded the money. For instance: did the Trust innocently come into possession of these, and use them as security for a loan? That seems to be ruled out by the statement that Lloyds Bank "lent" the money to the Trust at the time of the agreement to settle; whereas, if the documents had already been pledged for a loan Lloyds' procedure would have taken the form simply of extending the period of the existing loan until the Trust had sold

its new Notes. We are driven back on the guess that perhaps these spurious documents are *forgeries of the Drapery Trust's own share certificates*. If so, the Board's action in agreeing to pay anything at all needs explanation, especially as they say in their Statement:

"The Shareholders will be interested to know that Lloyds Bank Limited, through their Counsel, admitted that the precautions taken by the Directors to prevent fraud were exceptional and that the fraud in question was perpetrated by a device against which no precautions could have prevailed."

The need for further information is manifest. We divine in this affair the material for a test case, the cost to be guaranteed by other firms as well as the Drapery Trust who may be placed in a similar position.

On May 6 the Senate of the Australian Commonwealth set a new precedent by inviting Sir Robert Gibson, chairman of the Commonwealth Bank, to advise them on financial policy and to answer questions thereon. Fairly long reports of the proceedings were published in *The Times* and the *Financial News* of May 7. During his examination he said that the Bank Board disapproved of the suggested shipment of £5,000,000 worth of gold from Australia on the ground that it would adversely affect Australian confidence in the note issue. Later on he stated that the Bank Board were entirely opposed to the proposed issue of £18,000,000 worth of currency: Australia would be well advised to retain a monetary system similar to other countries: a continuance of the "pawning" of the national credit by inflation would destroy it. In reply to supplementary questions he said that (a) if the choice lay between shipping gold and defaulting he would prefer to ship the gold; or (b) if the choice lay between defaulting at home "I feel as an Australian citizen . . . that I would rather default to my own people than overseas."

At one part of the examination a scene took place. Major-General Sir Thomas Glasgow asked Sir

Robert if it was true that the only alternative to the shipment of gold was default. The *Financial News's* account says:

"The witness buried his face in his hands for a moment or two, then, lifting his head, said emphatically: 'There is an alternative.'"

The account proceeds:

"The answer created a sensation, and there was an uproar. Mr. Dunn (one of the New South Wales members) shouted: 'It's a frame-up against the Government. The Nationalists have brought in Gibson as a propagandist.' On Mr. Dunn refusing to apologise and continuing to shout, he was removed from the Chamber by the usher of the Black Rod."

Sir Robert was interrogated for three hours. He refused to discuss political remedies, saying, "I know the way out, but that is the Government's responsibility. If I told you, I should expose myself to further charges of exceeding my duty."

Readers will notice that Sir Robert was adopting the same attitude of correctitude as was assumed by Sir Otto Niemeyer during his visit when he said that his duty was fulfilled by giving advice, and that it would be beyond his duty to suggest how that advice should be administratively followed: it would be interference with Australia's domestic policy. There was an element of plausibility about Sir Otto's disclaimer which is entirely lacking in the case of Sir Robert: for whereas the former was an alien visitor, the latter is a native inhabitant—he is, as he claims, an Australian citizen. Very well: if he knows the way out, what impropriety is there in his disclosing it? Does it lie in the fact that his doing so would involve his taking sides in politics or otherwise disturbing the present balance of Party advantage one way or the other? If so, why does he not resign his position as chairman of the Bank and so free himself from the restriction placed upon his frankness? For, after all, this is not a tin-pot squabble that he is asked to compose, but by common admission, the most grave crisis that has confronted the Commonwealth in all its history. He would not claim, we suppose, that the stability of the Bank depends upon his chairmanship, and that the Board could not easily nominate a successor who would be as discreet and efficient as himself. Therefore, as an "All-For-Australia" patriot, it seems to us that it is his obvious and urgent course to communicate to the Australian people the alternative way out to which he so confidently referred. What is the Gibson Plan?

Whatever it is, one thing may be confidently said of it, namely, that it would be so unpopular when it came to be drafted in legislative form that no political party would alone dare to accept the responsibility or risk of standing for it. More than that, no combination of parties would dare to do so unless all parties were included. If only one party remained outside, and were able to run a sufficient number of candidates in opposition to it, that party would be very likely to upset the whole scheme at an election; and even if it failed, its minority of members in the House would have an overwhelming majority of electors behind it immediately the policy of the victorious coalition began to be administered. The new United Australian Party led by Mr. Lyons is not really out to defeat the Labour Party in an electoral fight, but to absorb it by negotiation. If the U.A.P. could contrive to get the "Lyons" share of existing Labour-Party funds merged with their own, they could probably make it financially impossible for more than a handful of candidates to compete for election against the U.A.P. coupon-candidates. ("Coupon-candidates" is an exceptionally appropriate designation for candidates representing the interests of coupon-snipping bondholders.) But, as we say, even a handful of elected opponents in the House would be

a potential menace to the stability of a U.A.P. Government—and, we might add, an imminent danger if they knew their Social Credit case and applied their knowledge to debating the economic developments in the country which would appear as soon as the cutting down of incomes and costs began to produce their inevitable consequences. A real touch of Niemeyer would make Australians kin—and might easily give certain anti-Australian leaders reason to shiver in their "Australian" skins. This possible contingency is not overlooked by the bankmen—as is evidenced by their surreptitious mobilisation and arming of gunmen. The continued firing of men out of jobs must lead eventually to the firing upon them as mobs. That is the logic of the economy crusade against already impoverished people.

With this as a background let us introduce the Church onto the stage. The Church leaders in Adelaide on May 10 issued a joint manifesto whose signatories included the Anglican Bishop and the Roman Catholic Archbishop. This manifesto appeals to citizens to help Australia in the "greatest crisis in her history" (*The Times*, May 12, p. 15). Mr. Hill, Premier of South Australia, welcomed it as a "challenging answer to the popular allegation that they [the Churches] give no lead in public affairs." The leader of the Opposition, Mr. Butler, described it as a "courageous document." We quote *The Times* Correspondent's summary of it in full so that our readers can estimate the "courage" required to give this "lead."

"The manifesto urges citizens to show their disapproval and detestation of the unworthy methods proposed to secure Australia's recovery, and especially asks clergy-men to unite on May 14 (Empire Day) to place moral and spiritual issues before the public. The manifesto also condemns repudiation, and the gross lowering of moral standards in Parliamentary and public life, and describes the recall of the Commonwealth Treasurer [Mr. Theodore] 'whether innocent or guilty,' as an affront to the moral sense of the community. 'If the Government are free to call black white,' the manifesto continues, 'citizens are directly encouraged by such leadership to do the same. If we think there is an easy road to recovery either by the creation of fictitious money or a mere change of Government we shall be disappointed.'" (Our italics.)

Since the Archbishop of Melbourne, Dr. Head, delivered his attack (reprinted in *THE NEW AGE* of February 26) on inflation, we have been expecting some such development as this. Churchmen in Australia who advocate Social-Credit principles will, we have no doubt, take what steps they can to fulfil the suggestion made by Major Douglas in his letter on Dr. Head's pronouncement (*THE NEW AGE*, February 19) that they should repudiate the hasty and ill-considered adoption by their leaders of what can be shown to be bankers' moral valuations of credit-policies. Major Douglas's suggestion was made impartially; for the effect of these unauthorised interventions will be to help rather than hinder the purposes of the Social Credit Movement; and we hope that some at least of the overseas Bishops to whom the "Lambeth Conference" issue of *THE NEW AGE* (July 3, 1930) was presented when they visited England will realise the danger to the prestige and authority of the Church inherent in its identifying itself with the policy of a secular interest whose financial postulates and economic objectives were impugned alike on spiritual, moral and scientific grounds by a group of sincere, responsible and instructed Christian writers in that number.

Only a day or two before the issue of this Manifesto was reported there came into our hands a copy of *The Clergy Review*,\* published under the

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patronage of Cardinal Bourne, Archbishop of Westminster, and under the chief editorship of the Most Rev. Richard Downey, Archbishop of Liverpool. It is the issue for March, and in it is an article by the Rev. P. Coffey, Ph.D., S.T.L., of Maynooth College, Ireland, entitled "Capital Ownership and Credit Control," an article whose conclusions are incompatible with the assumptions implicit in the Adelaide Manifesto. The article is a series of dispassionate and weighty reasons—as one would expect from a writer of Dr. Coffey's standing in the Church—why there should be

"a sincere attempt to study and understand" the present financial system "on the part of those whose duty it is to concern themselves with the ethical and economic character of prevailing arrangements for the production and distribution of the means of material well-being in human society." "Unfortunately, in the absence of an even elementary popular insight into the policy and working of the prevailing money system, mutual recrimination is the order of the day." (Our italics.)

And behold this truth made manifest in Adelaide where a group of well-meaning Churchmen are being stampeded into dividing the protagonists of conflicting credit-policies into sheep and goats without possessing an "even elementary popular insight" into the nature and implications of the controverted problem. We will quote the concluding passages of Dr. Coffey's article. He makes reference to the "rapidly increasing number of disinterested and open-minded students" who "are being drawn to the study of finance; which is certainly all to the good." "But," he proceeds:

"the investigators are progressively formulating and substantiating a very grave indictment of the whole capitalist financing system; an indictment which certainly appears to explain and fit in with the palpable facts of industrial and economic chaos and disorder of which all countries are having sad experience in our time: an indictment which tends to show that the inevitable economic consequences of the policy and working of this system on human society to be not only unchristian, but inhuman. The gravity of such an indictment, clearly, cannot be over-rated. Whether it can be sustained or not, whether it is well grounded or not, at all events it has not yet been disputed or questioned: so far it has been met by silence. If it be true, nothing can be gained by closing our eyes to it; especially as it is accompanied by constructive proposals for reform. If the indictment be on the other hand false, unjust, indefensible, and based on defective analysis, this too has got to be shown. But one thing is certain, that without an understanding of the money system which actually prevails it will be impossible to judge either the merits of the indictment of this system by the Credit Reformers, or the feasibility of the Social Credit alternative advocated by the Credit Reform Movement.

"On Catholics especially, who must be able to apply the fundamental principles of Social Justice to ever-varying economic conditions, an intelligent understanding of capitalist financing policy is peculiarly incumbent; for to any just conception of such problems as the *Just Price, the Living Wage, Unearned Income, Usury, Diffusion of Capital Ownership, Industrial Co-operation, Profiteering, Combines and Monopolies*, etc., an understanding of the money system, i.e., of the policy of banking, financing, and controlling the money supply, is obviously essential. It certainly calls for a more earnest, searching and comprehensive investigation than it has hitherto received." (Author's italics throughout.)

How timely this warning is we can leave our readers to appreciate. The signatories to the Adelaide Manifesto condemn as immoral (a) inflation, and (b) repudiation: they stigmatize as futile (a) the creation of fictitious money, and (b) a change of Government. And generally they are interposing a veil of "moral and spiritual issues" between the popular intelligence and the scientific analysis of the financial system, whereas the identification and valuation of those issues are impossible to establish without an antecedent investigation into the analysis. They have been stampeded into the arena of recrimination about an issue from which—more than any other issue—they should have held rigidly aloof because

of their complete ignorance of even its elements. It is dangerous for them—dangerous from the point of view both of external hostility and internal dissension later on. In times gone by there has been a good deal of uneasiness among Churchmen at the occasional spectacle of a Bishop blessing a battleship. Let us hope that the Adelaide Bishops will not find themselves manoeuvred into the position of blessing the bankers' gunmen who may yet go forth to war against their destitute kith and kin.

The credit problem is a technical problem and is referable to scientific principles. The issue that is being joined—or is in process of being joined—between established financiers and their critics, is essentially of the same nature as was that which was once joined between the engineers who resisted and those who advocated the adoption of Parsons's turbine, the development and outcome of which struggle has been so clearly described by Mr. Golder in his series of articles in these pages. Supposing that the Church had issued a manifesto at this time declaring herself to be "morally affronted" in her "conscience" at the attempt to "repudiate" the reciprocating engine! There would have been an outburst of derision from engineers of both schools: they would have said, at the very least: "Speak to us in the language of our own moral code." For engineers have their moral standards. To them the most "moral" machine is that which does most work in the achievement of a given objective with the least waste of energy. The Churchman's moral standard might be relevant to the objective; i.e., it could be open for him to argue that the kind of work to be done by a machine is "good" or "bad" for people; but once given common agreement about the desirability of the purpose the only moral that would apply to the machine would be its efficiency for that purpose. Now both the supporters and critics of Parsons were in no doubt about what was required of any engine—that was that it should get the maximum work done by steam with the minimum waste. The only issue remaining, in the case of Parsons, was: Will the turbine be superior in this respect?

Applied to the economic problem, the issue raised is briefly this: Whether it is possible to design a practical system which will reduce the waste-factor in the present system. The "waste" here is the loss incurred in the process of converting one form of energy into another. That such loss in conversion exists is proved by the objective fact of gluts all over the world—gluts not only of consumable articles, but more vitally, gluts of the mechanisms which can make them. Essentially the two forms of glut are the same, in the special sense that consumable articles are themselves vehicles of energy, and that therefore the non-consumption of them by populations who need, and are willing, to consume them is a waste of energy. It short-circuits the divine energy-cycle.

Man cannot stop when he has converted solar energy into mechanical energy, and then into useful things: he must go on and convert the energy stored in these things into finer and ascending forms of energy—physiological, intellectual, moral, and ultimately spiritual—whereupon he will have disengaged subtle forces which will infuse an element of the celestial into all terrestrial activities and relationships. (*They will be done on earth as it is in heaven.*) Every act of consumption is an act of production: it does not end, but continues, the ascending spiral of human impulse into the realm of creation.

If this be accepted, then every Churchman should at the very least preserve an attitude of sympathetic

suspended judgment respecting attempts, however misdirected they may appear, to investigate and overcome, if possible, this obstacle of *waste*. Nor should they reprobate too harshly those who, in their revolt against a condition of poverty, resort to acts which are technically unsound *in themselves* or are even morally indefensible *in themselves*. That technical experiments, such as Mr. Lang's policy of repudiation and Mr. Theodore's policy of currency-expansion, are unsound—or to be strictly accurate, are lacking in completeness—may be allowed. And the fact that both policies may be shown to involve injustice to some persons or other can also be allowed. But before the authoritative reprobation of the Church is called for one has to consider the circumstances which have impelled these Statesmen to break fresh ground. Those circumstances can be condensed into the single statement that the conditions of life at this moment on the old ground are intolerable. Canon Scott Holland wrote, years ago, some words which constitute a prophetic criticism of the present attitude of the Adelaide Bishops:—

"We live as shuttlecocks bandied about between our political economy and our Christian morality. We go a certain distance with the science, and when things get ugly and squeeze we suddenly introduce moral considerations and human kindness and charity. And then again this seems weak and we pull up short and go back to tough economic principle. So we live in miserable double-mindedness. Each counter-motive intervenes at purely arbitrary points. When our economy is caught in a tangle we fly off to our morality. When our morality lands us in a social problem we take refuge in some economic law. There is no consistency in our treatment of facts: no harmony in our inward convictions."

These words have, of course, a wider application than to leaders, but such leaders, above all others, must avoid manifestations of "double-mindedness," since they are witnesses of a Divine Will, which cannot be conceived of as other than a single-minded will. Members of the Anglican Church in Australia will do well to remember that in 1926, during the General Strike, the Archbishop of Canterbury issued a Manifesto in which one of his suggestions to the Government was a continuance of the subsidy to the mining industry, the withdrawal of which had precipitated the lock-out of the miners which in turn precipitated the national strike. As we pointed out at the time, since the subsidy would have had to be provided by the banks as new advances to the Government, the Archbishop's suggestion involved what the bankers would call an act of inflation—an act which, though different in form, embodied exactly the same principle as Mr. Theodore's present currency-expansion proposals. We thus see in this episode a vivid illustration of the truth of Canon Scott Holland's analysis. In 1926 the actual results of *deflation* (for that was what the withdrawal of the subsidy meant) affronted the conscience of the Church: in 1931 the theoretical results of *inflation* are affronting the conscience of the Church. In the face of this conflict in the realm of conscience Dr. Coffey's plea for investigation into the financial system becomes a matter of extreme urgency. If sincere Churchmen will undertake it they will not be long in realising that the "repudiation" and "inflation" which offend their consciences are being resorted to on a small scale for public ends as a means of escape from repudiation and confiscation on a wide scale practised by banking institutions for anti-public ends. The Church is right to condemn repudiation—the breaking of promises: but she is wrong to condemn repudiation in only one of its forms and dimensions while ignoring the existence of the others. Such discrimination clearly implies the absence of a governing principle, or ignorance of what that principle is. This spiritual dilemma of the Church is a sublimation of the secular dilemma of the Banks—and the root of both lies embedded in

the primary axioms from which established financial policy and procedure spring. The elusive problem of the banker is to determine and expound what is the happy mean between *too much* inflation and *too much* deflation. (Vide Mr. McKenna and others.) Until this mystery of the "Too" is resolved, and the true path of financial soundness drawn on the secular map, how can the Church possibly draw the true path of moral rectitude on the spiritual map? There is an intimate relationship between such widely separated and incongruous things as a *just assessment of Cost* and a *just criterion of Conduct*. If the first be wrong, or uncertain, so will be the other. The question is not whether this or that act here or there be "good" or "bad," it is whether the foundational axioms of the present financial system can be reconciled with the Christian criterion of righteousness.

Having quoted Christian writers for the edification of the Adelaide Bishops we shall now quote an Atheist writer for a warning. In the *Freethinker* of May 17, the opening sentences of Mr. Chapman Cohen's editorial notes are as follows:

"At first glance it does not seem a matter of great difficulty to find out what is God's will . . . There is nothing on which men have been more certain than on what is the will of God, and there is nothing about which they have quarrelled more heartily. God's will is a wonderful thing! It has enabled the fool to take rank as a philosopher, and the philosopher to stand on an equality with the fool. . . . Marie Corelli once wrote a book called *The Sorrows of Satan*. A very bulky volume might be written about the sorrows of God. Nothing that he does ever seems to turn out right. Anyone, from a Duke to a dustman appears to be able to get the better of him and to upset his plans."

The occasion of the notes was Mr. Snowden's declaration, when introducing the Land Tax proposals, that: "It [Land] was given by the Creator, not for the use of Dukes, but for the equal use of his children."

"With all humility I suggest to Mr. Snowden that it would be just as well to refrain from appealing to the intentions of the Creator as a basis for his land tax proposals. After all, the Bill, if it passes the Commons, must go before the House of Lords, and the Peers have a court of appeal greater—religiously—than anything the House of Commons has to show. They have a full bench of bishops—gentlemen who have been specially called by God to be what they are, and who may, therefore, be credited with knowing better than Mr. Snowden what it was their Creator intended when he made the land. And I am quite sure that they will not agree that the Lord meant to take the land away from Dukes, and princes, and private individuals and give it to ordinary people. They will agree that the Lord means everyone to enjoy the fruits of the land, but the enjoyment was to filter down to them through the medium of the Dukes and others, including the Church. After all the world is God's world. He made it, and ultimately the world must be as it was intended by him to be."

We have no wish to comment on these passages; we quote them to enable the Adelaide Bishops to realise how their intervention lends itself to this manner of exploitation against the authority and prestige of the Church. This they will assuredly realise if they will only take a little time to consider what will be the immediate economic and social consequences if their crusade for higher moral ideals succeeds in fastening the Niemeyer Plan on the Australian people. Let them examine carefully what that *thing* is which Mr. Lang and Mr. Theodore are resisting before they excommunicate them on the relatively trivial ground of their *manner* of resistance. The principle of the Niemeyer Plan may be put in the phrase: "Less Consumption: More Production." This, as we have already said sufficient to make clear, implies a deliberate policy of "Production for *Waste* instead of for *Use*," which involves, as the engineer would say, a lowering

the "efficiency ratio" of human energy on every plane of life.

In a report entitled "Communist Plans Against Britain," in the *Times*, of May 12 (p. 15), it is stated that the Communist International and the Red Trade Union International have worked out a plan for an immediate and resolute "intensification of offensive operations" against the British Empire. The two points of attack are to be the British Isles and India. Apparently the Communist leaders in this country are to be instructed to press forward with unconstitutional action, and reminded that they have "excellent material for defying the law" if they will make use of the unemployed for the purpose. It is to be pointed out to the Communist leaders that they have at present "only 20,000 unemployed organised for the new form of fighting," but must increase this number to 100,000 and take over the leadership of hunger-marches, demonstrations and "other forms of creating public disorder." [Quoted words from the *Times* Correspondent's synopsis.] Accepting this news as correct (and there is no antecedent improbability about a new push of this sort) its immediate interest lies in what will be its effect on the public attitude, not towards the Communists' organisations of unemployed but towards other organisations of unemployed, like the recently formed Legion of Unemployed, which in name and structure may appear to the superficial observer identical with them, and, as he may suspect, allied with them. A military form of organisation does not by any means imply a militant policy; but the public are likely to think so in an emergency—and are likely to be prompted to think so in any case by interests inimical to Social Credit. Plans to anticipate such a contingency will readily occur to the Legionaries, so these need not be discussed. But the following quotation from the *Times*'s report may be found useful to incorporate in any future statement of the Legion's position. The Correspondent says:—

"Lozovsky, the General Secretary of the Profintern, and a member of the Presidium of the Ikki, has published an explanation pointing out that the fullest advantage must be taken of the present favourable conditions [i.e., the large dimensions of the unemployment problem] and the bourgeoisie must be prevented from finding a way out from the present economic crisis."

If authentic, the italicised sentence in this passage is valuable material for the Legion to use. The attitude of any organisation—no matter of whom—which understands the Social Credit analysis and approves the object of Major Douglas and the Social Credit Movement must necessarily be one of tentative sympathy with all sincere efforts to find a way out from the economic crisis, but one of sustained hostility to any efforts which are not *effective* ways out and *permanent* ways out. Of all practical ways out that of Major Douglas holds the field because there is no other alternative scheme before the public which covers the problem of getting out *in all its aspects*. An equally complete plan with greater practical possibilities about it might conceivably appear—in which case Major Douglas would be the first to congratulate the authors and support their efforts to get it adopted—no matter whether they belonged to the "bourgeois" or any other social caste. But until that time should come, the only way out is the Social Credit way out. The true Social Credit leader manifests a parallel sagacity to that of a cat, who will not attempt to pass through an opening which is not wide enough to clear her whisker-tips, and, by that token, her body. Such a leader is not going to be stuck in a "way out," nor, if he can help it, will he allow his men to be, or anybody whom he can influence. On the other hand, in an economic crisis, his principle is to choose the first available way out that *is* a way out, however narrow the clear-

ance of the passage; and not to hang round in case somebody finds a wider one. ("If you can find a better 'ole, go and find it, but don't ask me to come with you or wait for you: I've found one that will do me, and I'm off through it.") The Social Credit way to the New Economic era is a tunnel of small diameter which can be bored by comparatively little effort by means of loan-credit and timbered with price-regulation. The opening may not be conspicuous to the eye; but once you enter you're through. The Communists' way out involves an enormous mass of effort in boring a huge un-timbered tunnel which will collapse on them before they can get through. In the post-war crisis in Italy the Communists successfully occupied the Fiat factory, but found their administration of it paralysed by a banker's refusal to honour their signatures to cheques on the firm's account. From that moment the rise of the Blackshirts was prepared. For a successful revolt to endure, the leaders must have a plan of consolidation ready, and be able to hold off counter attacks long enough to carry it out in its essentials. The world is still waiting to see a Revolution which doesn't pass its dividends. Well; it is going to see one that will not only pay them, but whose initial act will be the payment of one. The world would gape to be told that cashing out is an up-to-date method of capitalisation.

It is interesting to speculate upon what Mr. Lozovsky has in mind when urging the necessity for Communists to prevent the bourgeoisie from finding a way out from the economic crisis. We presume that he does not contemplate our rulers resorting to Social Credit as the answer to the Communist attack. It is possible, of course; and he must know more of what is going on behind the scenes than we do. But ruling that out, we do not see what conceivable alternative to Social Credit is going to put Capitalism in a stronger position, relatively to Communism, than it is at the present time. We see no signs of a disposition on the part of the Government or the Capitalists to alleviate the destitution and discontent now prevalent among the masses; and since the Communists characterise these evils as excellent material for their purpose—which they are—how do they imagine that they can be deprived of it? There is no hint of an explanation in *The Times* report. Perhaps one will appear in another quarter.

The Communist policy in India is indicated by the following passage which the Correspondent quotes apparently from an authentic document, after an introductory statement that "the following watch-words have been officially sanctioned":—

- "Complete independence for India by the violent destruction of British authority.
- "Abolition of all debts.
- "Nationalisation of all British enterprises, banks, etc.
- "Destruction of *Native Principalities*.
- "Confiscation without compensation of all lands belonging to the landlords, *Native Princes*, Churches, the British Government and officials.
- "Cancellation of all contracts and *peasants' debts* to banks." (Our italics.)

Let us note one point of detail. The only debts to be abolished that are specifically mentioned as *debts to banks* are peasants' debts. It is not clear whether the "abolition of all debts" means that everybody high and low who owes money will be excused, nor whether the abolition covers debts to bankers as well as debts owing otherwise. Presumably the extinguishment of debt will be internal debt—or is it intended to extinguish—i.e., "repudiate"—debts owing to "capitalist" countries?

Whatever the answers may be, it will be clear that the banking monopoly—whether the world-monopoly or the purely Indian branch of it—

would be unaffected by "debt-abolition." For the banking-monopolists in any credit area owe exactly as much money as is owed to them. A bank's assets are exactly equal to its liabilities—in fact, the "assets" side of its balance-sheet is an aspect of the "liabilities" side. Bank-loans and bank-purchases cause deposits to appear to their exact amount, and the deposits are the bank's liabilities. Abolish the lot, and the banker remains just as solvent as he was before. The pinch of debt-abolition would only be felt outside banking circles, among business concerns and private individuals. And as, in their cases, the flow of lending would in general have been from the stronger to the weaker institution or person, the tendency of abolition would be to lower the richer sections of the community down to the position of the poorer. Whatever the picture of absolute financial and economic equality between all the people in a State may signify in the Communist's philosophy, it is music to the financier: it provides the most sure foundation for the exercise of a financial tyranny that he could wish for. So the Communist debt-policy is harmless to the banking interests in one aspect and plays their game in the other.

"Ah," some Communist may remind us, "but you overlook the policy of bank-nationalisation." We don't: we ignore it: for the policy of nationalising any institution may mean anything or nothing according to what is intended to be the policy of the institution after the nationalisation. Communists may expropriate a given set of bank-directors, but before we clap our hands we want to know how the "national" directors are going to run the bank. The significance of the change depends entirely on whether there is to be an alteration of policy, and if so, in what particulars. Until this is clear we can imagine the bankers themselves being supporters of nationalisation. So long as they approve what is done they are not particularly concerned who does it or who gets the credit for doing it. As a matter of fact the persons who wield the weightiest influence over financial policy in the world are persons whose names are least familiar to the world even when known at all.

Let us turn to another policy indicated by the references to the *destruction of Native Principalities* and the *confiscation without compensation of lands belonging to Native Princes*. We can hear Sir George Schuster chuckling at the prospect. He is the Financial Member of the Indian Government: he is a banker and has affiliations with influential bankers in most countries of the world, not to speak of his intimate contact with the Indian banks. That is why we name him as the chuckler, although many other bankers could be echoing him. But what about? Well, you know, the world is very short of gold. You have heard Lord d'Abernon comment on it, Mr. Lambert, M.P., ask about it, and many other public personages—bankers and otherwise—talk about it. You have also heard two countries named as responsible for the shortage, namely the United States of America and France. But nobody has breathed a word about the fact that a store of gold probably equal to France's total holding (or to one-fifth of the world's bullion-store) is hoarded up in the territories governed by the Indian Princes and is their property by purchase.

Now the Communist "watchword" does not mention anything about the confiscation of the Native Princes' gold. But if their land is confiscated, and their power of rule over that land destroyed, they will be reduced to the necessity of living on their hoards. To do that they must inevitably part with their gold to the banks at various speeds according to the respective costs of their

modes of living. It is an inversion of the policy of Mr. Lloyd George and Mr. Snowden. Their policy was the confiscation by taxation of money held by British landowners, which broke up their real-estates and forced the pieces on the market; whereas the Communist policy is the confiscation of the land held by Indian rulers, which must break up their gold-estates and force the ingots on the market. Can you not imagine George Schuster pawing and purring over those bright little ten-ounce bars as they come in across the Indian bank-counters—£40 worth each for a penn'orth of paper? Now that we have raised this issue we hope that all British Communists who wish to preserve Communism from the reproach of being the ally, the partner, the agent or—worst of all—the dupe of the capitalist-financier, will consider whether Moscow's policy in India is deserving of their support. We understand their outlook sufficiently to know that the dispossession of native rulers would not in itself be repugnant to them; but what ought to be most repugnant to them is the thought that innocent workers for the Communist ideal in India might be used as catspaws to fish chestnuts for the bankers. To be *bad*—well, that's what a militant Communist means to be; "the Capitalists have asked for it." But to be *had*! Unthinkable! Isn't that so?

We are led by association of thought to refer to the Jewish Question. We have lately been wondering how far the facts might fit the following hypothesis, namely not that there is a Jewish plot to conquer the world but that there has been a secret Gentile-Jewish financial compact to divide the world into two spheres of influence—Gentile in the Western, and Jewish in the Eastern Hemisphere. It would not make a bad game to play—a sort of competition to see whether the Jew or the Gentile could produce the better results in running his show, the Jew banker appropriately working on Oriental non-Christian material and the Gentile banker with Occidental Christian material. It would be just as good fun as a struggle between Jew and Gentile for the monopoly of power, and much better fun for either than would be the exclusive exercise of a monopoly of power. We imagine that ruling must lose its attraction when the ruler has nothing to measure his efficiency against. He would be like a golf-player without an opponent, and left with the depressing alternative of trying to beat his own figures in solitude. Under this hypothesis it would be a natural thing for Jews to have collared the mandate to administer Russia at the time of the Revolution, and for the Gentiles to yield up by gradual steps the function of administering India; and it would give a meaning to Lord Balfour's Palestine Declaration, and to his cousin Cecil's assurance in New York soon after the war that: "We will never let the Jews down"—also to the late Lord Melchett's keen survey of Palestine's native resources and glowing report of them to Zionists in America and his disparagement of those resources to the members of the Christian House of Lords—as much as to hint: "Don't you bother about the value of Palestine's resources." We will leave the subject for the present. It is not of immediate real importance, but is an interesting background to try certain kinds of events against.

The Director-General [of the B.B.C.] leaves for America next week. Has the Board of Governors extracted a promise from Sir John Reith that he will return to Savoy Hill? I happen to know that Mr. Owen Young, the American economist, and Mr. Hoover have plans that may interest their British guest. We have not so many big executives that we can afford to lose one who has made good.—Press cutting recently received without authentication or date.

## Current Political Economy.

Mr. Bernard Shaw, giving the London District of the Institute of Journalists a show the other day, dressed some old ideas in the Shavian Georgette. It was no use, he said, pretending that certain events had not happened. It was no use pretending, as many journalists did, that the Russian Revolution had not happened, that the Soviet Union did not exist, or that the Austro-German union, for customs and even for political government, could be prevented. He described the type of mind which denies events as suffering from a time-lag. All this, of course, is perfectly true, with that obviousness which would not have excused it from any speaker of less reputation than Shaw. Wherever he may have listened in to hear the word, "time-lag," there are few people in the world who can be suffering from the defect in as chronic and severe a form, with as little excuse as Shaw. How ridiculous it is of this nineteenth-century moralist to enter the sphere of twentieth-century politics, economics, or history at all until he has brushed up his knowledge of events. There is no worse symptom of time-lag than addressing journalists in the belief that they are, as journalists, a power in the land. Lord Beaverbrook, whom any schoolboy knows to possess far more power than the whole of his staff, is not a power in the land. That is to say, he is not a person it would be worth while to approach to secure any change in the national policy. For evidence, witness his "reconciliation" with Mr. Baldwin the minute the latter began to "split" on him, by divulging that this Empire Crusader, in red-cross and silken white smock, was touting the United States to obtain advertisements which, in his papers, he said, were a sure key to the great English market. Journalists as such do their jobs, which are to tickle the readers into swallowing the goods advertised. As men, very many of them are better informed about the present-day political and economic situation than Shaw ever will be. On the essential questions of the time, the relationship between an enormous productive capacity on the one hand and on the other widespread poverty, wholesale bankruptcy, debt, and a financial system that operates independently of its malignant effects, Shaw is either an ignorant baby, or, as many others, his mouth is sealed by membership of the orthodox financial conspiracy.

While Shaw flatters the journalists into the belief that they wield power, Dr. C. E. Jarvis, the Chaplain of the Forces, consoles soldiers and sailors by reminding them that they are in no way responsible for the policy they carry into effect.

"Soldiers and sailors do not make war."

Let us give this candidate for a certificate of freedom from time-lag—since he speaks in public—ten marks out of ten for that.

"War is made by politicians."

So Dr. Jarvis, after so good a start, joins the failures. Henceforth, like Mr. Shaw, Dr. Jarvis should go about bearing a badge, "Suffering badly from time-lag." Dr. Jarvis might heal himself by enquiring into the gramophonic phrase which he has learned from his inferiors to repeat. Which of the politicians in England or America, France or Germany or Italy, wants to risk his reputation by starting and being responsible for the conduct of a war? Let us agree that the politicians tell the bureaucrats to tell the generals to tell the officers to tell the men to embark at Southampton. Who provides the ships, the money, the equipment? Who could stop these things being provided? Mussolini speaks in quite a bloodthirsty fashion now and again. But how much war could he afford without financial backing? A

few months ago Hitler was singing of decapitated heads rolling in the sand. Last week he told the judge that no forces whatever would divert him from the strict path of law and order. Find the person who told Herr Hitler to sing a little less on the high note now, and another link is manifest in the search for the man, or body of men, who could cause war, civil war, if they considered the time ripe from the point of view solely of their own financial interests.

Alas, for the healing of Dr. Jarvis and Bernard Shaw. To suffer from time-lag is the hall-mark not only of intellectual respectability, but of qualification for the highest posts in the realm. It may even come on as a consequence of holding the highest posts in the realm. Mr. Philip Snowden, first adviser to His Majesty the King of England, Rex Emperor of a great proportion of the planet, has got time-lag badly, just about as badly as Bernard Shaw. The other night Mr. Snowden, in the aural presence of as many of the fifteen million listeners as considered him a sufficient draw, congratulated himself on the magnificent way he had overcome the greatest difficulties that ever confronted a Chancellor of the Exchequer. Mr. Snowden, it is admitted, did not boast—or is it boost—without bringing witnesses.

"Commercial opinion is on the whole favourable, and many persons eminent in business have expressed the view that the Budget will give hope and encouragement to trade, and its reception in financial circles may be judged from the fact that Government stocks have already made a considerable rise."

From which it may be inferred that the Budget is a balance-sheet of the British Realm designed to maintain the value of the financiers' holdings, and not in any way to secure the happiness, prosperity, and contentment of the people. What is the commercial opinion Mr. Snowden refers to worth? Could he name a single person whose opinion is of the slightest value in the present distributive impasse? There is not an economist or business man of independent and observant mind who would tell Mr. Snowden that a revival of trade is possible as long as the financial tenets on which his Budget is based prevail. As if to confirm the impossibility, while the Budget is still under consideration, all round reductions are notified in the wages of the lowest paid workers, with the only possible effect of still further impoverishing the people and "overstocking" the market.

Towards the beginning of his speech, Mr. Snowden, in justification of his self-laudation, said:

"In war-time a Chancellor has no difficulties. People, in their patriotic fervour, clamour for more and more expenditure, and combine patriotism and profit by lending the Government all the money it needs on a long date 5 per cent. security."

If this is true, wars, far from being made by politicians or by soldiers and sailors, are clamoured for by the people. The people who pay the piper call the tune. But Mr. Snowden is not so naïf as he professes to be as to whether the people even possessed the money they are alleged to have possessed for the Government to borrow. The clamoured for the Government with terminals people who provided the financiers with terminals so as to create a credit circuit were merely puppets bribed by a little for nothing into sanctioning the receipt by bankers of thousands of millions for nothing. Mr. Snowden's whole policy tends to increase the proportion of the bankers' debt holdings against the total actualised income of the country, and to strip all else but debt-holders of the ability to pay while leaving the full obligation.

Mr. Snowden's Budget contains, of course, a novelty; a revival, in modified form, of the land-values tax. Many sincere students of political economy fear the flow of an unfair proportion of the

"common-inheritance" into rent under any system in which rent was exempt from regulation. The argument is familiar from the work of Henry George. Granting that the argument may be true, it is not established that any system of taxing land-values to the degree of a proportion of the possible or realised income would be a remedy. Few students are probably aware of Flürsheim's reply to Henry George in which he claimed that no land tax of less than a hundred per cent. of the income could have any ultimate effect, since land, if a monopoly, as the Georgites claimed, could not be taxed without the proportion being passed on. We had experience of a comparable tax in the Excess Profits duties, according to which an eighty per cent. tax was treated in practice as a licence from the State to make the total profit possible on condition of paying the State 20 per cent. commission for the licence. Ultimately, if the Land-Taxers' case be true, Mr. Snowden's tax on site-values, if passed into law, must be collected from the community which creates the values by the particular persons called on to pay it, and before they pay it. In any event the only justification for considering rent as the bottomless pit for communally-created values at the present juncture is as part of the total problem of realising and distributing the potential communally creatable values to all the members of the community. Mr. Snowden is a time-lagging tinker.

BEN WILSON.

## Drama.

### The Hairy Ape: Ambassadors.

The presentation of O'Neill's "The Hairy Ape" in a West End theatre required as much faith as the act of walking on the sea. It is unquestionably one of the major modern dramas, but that is not, of course, enough to ensure its success. Most of the folk interested in Yank Smith to the degree of wishing to experience his pride and fall, indeed, most of the folk who could experience it, are too poor to allow the idea of going to a theatre to enter their heads, and are, besides, in accordance with the economic law that invention impoverishes, growing poorer. So faith in O'Neill's play fell a little short, and buttresses of spectacular production and a theatrical star of the first magnitude were employed to support it. Paul Robeson was secured to play the hairy ape, and James Light to produce to the degree of provoking the audience into interrupting the play to applaud his scenic effects.

"The Hairy Ape" takes a spiritual experience which is episodic and repeated in every human being's experience, and intensifies it as the totality of the experience of Yank Smith. It is one of the many proofs that O'Neill, although he strove so hard to portray his characters under the red lamp of Freud in "Strange Interlude," can see quite clearly for himself with the simple white light of Adler, Nietzsche, and all the rest of the intuitive poets. Nobody yet appears to have fathomed the significance of the temptation of Christ in the desert, in which only the love of displaying or wielding power was played upon by the devil, and sex was not so much as mentioned. In the firemen's fore-castle of the ocean-liner Yank Smith feels, with the excessive insistence that betrays his weakness, that he "belongs." He is the physically strongest of the lot; at firing he sets the pace and feels least fatigue. He exults in his belief that the ship cleaves the water at twenty-five knots an hour because of him. Speed is his god, steel his temple, and all botched and outworn things such as weariness of stokeholes, envy of saloon passengers, political

resentment, and sentimental memories of sailing-ships, feed his contempt. But the appearance of the white georgette-clad figure of a welfare student in the stokehole unnerves him. She looked at him, he is told, as if he were a hairy ape. Life becomes for him the pursuit of revenge for his humiliation. At first he would be satisfied to spit in the face which had degraded him, but he cannot do so. His resentment and malice grow until he would slay her whole class, and dynamite every steel construction in the world. Nobody wants anything to do with him. The "subversive elements of society" throw him into the street as a clumsy agent-provocateur. The lonely, depressed, outcast drifts to the zoo, and talks to the ape. "You and me's members of the same club." He "belongs" at last, offers to shake hands, and is crushed to death. The play is thus the realistic dramatisation of a true abstraction, intense, overpowering, but like nearly all O'Neill's work, devoid of humour, so much so that the audience laughs for relief at the bitterest moments.

The play was produced a few years ago at the Gate Theatre, with a little light, less setting, much imagination, and no star actors. For various reasons the simpler production was to me preferable. Production to the extent of threatening to overwhelm the play or distract the audiences' attention from its meaning is not justified. In the co-operative theatre of author, producer, actor, scenic designer, and all there must be respect for hierarchy, as surely as in a cricket-team, and if the work to be produced is of human importance for its meaning, all else must be subordinate to that. Certain people nowadays believe that no theatre-piece is complete without a ballet; so they hold up even Othello to have a ballet, instead of presenting one of the works of Shakespeare in which they could have dancing to their heart's content. The producer of "The Hairy Ape" does not introduce a ballet. But he does overproduce. His first scene in the fore-castle is so overdone that it fails to effect the primary object of the raising of the curtain, namely, to stop the audience's private conversation. Paul Robeson's opening as Yank Smith had to be loud-pedalled in proportion to the loud-pedalling of the fore-castle "chorus," with the effect that half the audience felt excusable for continuing its after-dinner stories, and the other half caught between two medleys was unable to defend itself. Part of the impressiveness which should have been gained when the stokers marched out to the stoke-hole in time with the rhythm of the engines at the end of the scene was therefore lost. The occasion on which the audience interrupted the play to applaud a setting was the rise of the curtain on the stokehole. The fireboxes were set with their doors to the auditorium, so that when the doors were opened the theatre was swept by red light. Such a diversion is never good. It may be that the British public is so theatrically uneducated that it cannot see a stage setting until it is assaulted by one as by a Piccadilly "scintillating" advertisement. Whether or not, the beginning of a scene is no occasion for shock tactics in the development of scenic-consciousness. If, also, this degree of realism is to be encouraged—it implies never suggesting an earthquake on the stage without shaking the audience on to the floor—the red glow should be changed to yellow as the fires are fed. The method of producing the stokehole with the doors of the fireboxes toward the backcloth is better. The red glow is thrown on to the actors, a more impressive effect obtained at a fraction of the cost in light, and without submitting the audience to what the motorists call dazzle. The other scenes, the promenade deck, church parade in Fifth Avenue—done by a prancing crowd in masks with wooden expressions—the prison-island—an excellent set-

ting—the office of the I.W.W., and the zoo, were quieter, better, and in harmony with the play.

Possibly the inclusion of Paul Robeson as "The Hairy Ape" will do much to make the production a box-office draw. But his inclusion seems to me inappropriate. I have no colour prejudice. Mr. Robeson's speaking of Othello's part thrilled me by its music and articulation. A negress as the Sleeping Beauty would not offend me. Nevertheless, Mr. Robeson's being cast as Yank Smith converts the theme of the play from social, to racial degradation and impotent revolt. O'Neill has written enough dramas on the racial issue for one of these to be chosen if Mr. Robeson is to act. In "The Hairy Ape" his presence grafts a meaning which the play does not contain into the very roots of it. Only one comment is necessary on his performance as such. As long as he is on the stage alone his acting is temperate or violent as required for the creation of the part. His beautiful voice moves over a great range of pitch, tone, emotion, and passion. His soliloquies are magnificent. But whenever Mr. Robeson is not alone on the stage his performance is too extreme. His violence is too great. He is not a member of the team. He is a soloist for whom the team is merely muted accompaniment. In spite of excellent acting by others—especially the beautiful speech on the windjammer by Sidney Morgan and the Socialist stoker by Lawrence Hanray—one is left after the end of the play with unsatisfying sensations. All that one feels is that one has seen and heard Paul Robeson and a producer dominate a stage. One has neither seen a cast of actors perform a play nor experienced the spiritual tragedy of "The Hairy Ape."

PAUL BANKS.

## The Films.

### The Birth of a Nation.

This classic film, which represented the birth of the art of the screen, is being shown at the Palace, owing to the enterprise of Mr. James Bryson, to whom London also owes the presentation of "Le Million" and the opportunity to see both "Sous Les Toits de Paris" and "The White Hell of Pitz Palu" for an extended season. No one's knowledge of film history and technique is complete if he has not seen Griffith's masterpiece, although I warn my readers that they may not consider the super-imposed sound accompaniment an improvement. But they should see it all the same, even if only for the fact that it will afford them the opportunity of travelling backwards in time and being present at the birth of the close-up.

### Turbulent Timber.

Although the title might suggest an American cowboy film, this picture is, in fact, one of the first of a series of Ufatone "shorts," which, if the promise of "Turbulent Timber" be maintained, promise to be of unusual interest and merit. This particular film is an admirably photographed and edited record illustrating the Rumanian timber industry, in which the floating of logs to the sawmills plays an important part. The subject sounds prosaic enough, but the result is a picture of very great kinematic excellence and beauty, in the making of which the camera was handled by an artist. It is regrettable that the producers should have considered it necessary to make a "descriptive talkie," since the barest minimum of titles would have sufficed, while much of the dialogue accompaniment is frankly banal. "Turbulent Timber" has still to be shown to the public; discriminating film-goers should keep a look out for it.

### Down River.

Special interest attaches to this film, made by the Gaumont Company, and also not yet publicly

shown, as it is the first to be directed by Peter Godfrey, of the Gate Theatre Salon. That Mr. Godfrey has not yet quite found his feet, or was handicapped by the theme—based on a "Seamark" story—perhaps accounts for the fact that the production lacks uniformity, and is a blend of excellent cinema and thriller on more or less stereotyped lines. But the cinema is very good indeed, and suggests that Mr. Godfrey may go far in the direction of pure film if he is given a suitable subject. The photography of the Thames-side scenes, for which the credit belongs to Percy Strong, is excellent. Charles Laugh-ton, complete with all his accustomed mannerisms, Jane Baxter, Frederick Leister, Kenneth Kove, Humberston Wright, Harold Huth, and Cyril McLaglen, are among the members of a strong cast, whose playing was on the whole inclined to be rather too stagey. "Down River" is not a great film, but I shall look forward to Mr. Godfrey's future screen work with the liveliest interest.

### Let's Love and Laugh.

The third film on my list this week, a British International production, also awaits its public presentation. "Let's Love and Laugh" is quite good entertainment, although not to be recommended to those who do not care for musical comedy, and is characterised by two noteworthy features; it is much faster both in action and dialogue than many recent films that have been marred by slowness. I trust it has established a precedent that will be widely followed. Gene Gerrard, who largely carries the picture, is, I believe, a newcomer to the screen, to which he should be an acquisition if his sympathetic impersonation of the young man who has just married one wife and should just marry another, is to be regarded as a criterion. Muriel Angelus, Margaret Yarde, Dennis Wyndham, Henry Wenman, Rita Page, and George Gee are among the cast, in which the men are better than the women. Rita Page, in particular, should be made to grasp the difference between stage and screen technique. "Let's Love and Laugh" will not set the Thames on fire, but it should cause an agreeable flow of silver into the box office.

DAVID OCKHAM.

## Economics and Education.

### By Hilderic Cousens.

The text of this sermon is to be found in *The Times Educational Supplement* for April 26, 1931, page 150, whereon we read that, after discussion with the local teachers, the City of Manchester Education Committee has adopted the following scale of allowances for books (and, it seems, equipment):

For infant departments, up to an average attendance of 250 children, 3s. per head per annum; for an average above 250, 2s. 9d. per head. Infant departments, having Standard I., or Standards I. and II., 3s. 3d. per head. Boys', girls', and mixed schools, up to an average attendance of 300, are to have an allowance of 5s. 6d. per head; for an average ranging from 300 to 500, 5s. 3d. per head; and for an average exceeding 500, 5s. per head. For central, senior, and junior schools the grants are 13s. 4d., 8s., and 4s. respectively.

It is not my purpose to pillory the Mancunian powers-that-seem-to-be as more niggardly or sillier than any other local education authorities. Although the price of three ounces of reading, writing, calculation, drawing, handwork and miscellaneous material for use by children of five for a five hours a day, five days a week, forty-three weeks a year school education, yet, when all allowance has been made for the saving on mass buying, I expect there are plenty of L.E.A.s who are no better. Nor will I comment on the dubious notion that Central School pupils are going to be educated satisfactorily on a system by which a class of forty will face £26 worth of material

and a £300 (or more) teacher. Mr. Mencken has observed that the educational aim of ratepayers is to make more ratepayers like themselves. Nor that I would alter the ratio by reducing the salary.

Let us consider the affair from that Cash basis which is alleged to be so dear to Manchester folk.

A chief concern of Manchester is cotton. By the selling of cotton many of its worthiest citizens get an income. Managers, clerks, warehousemen, shareholders, railwaymen, printers, factory workers of innumerable sorts, advertisers, and insurance brokers, together with sundry swarms of innkeepers, cinema staffs, scavengers, butchers, fruiterers, house painters, and others also innumerable, get their livings, directly or indirectly, in whole or in part, from the fluffy stuff.

To the schools and scholars of Manchester there is a standing offer, enforced by advertisements, samples, and commercial travellers, from dozens of firms in Great Britain, of books, paper, ink, pens, pencils, rubbers, leather, paint, string, wool, pictures, pianos, footballs, compasses, and so on. By the successful parting of these things to the embryo ratepayers, a living is provided, at least in part, to a small army of printers, pulp makers, ink manufacturers, authors, and leather merchants, together with their auxiliary battalions of office boys, miners, charwomen, electricians, stokers, and other functionaries so various that in writing their titles I should get as tired as you would in reading them.

The vicious interaction is now staged. Manchester says that the rates must be kept down. So, in readiness to pay their own rates, the suppliers decide to economise also. They make their sheets and handkerchiefs last longer, and Manchester laments. And if we take any other two sets of related buyers and sellers, both being at the same time producers and consumers, a similar antithesis of folly will be found.

Not that I suggest that Mancunians should immediately vote an increase in their rates. What benefit, apart from particular benefit to school teachers and pupils in Manchester, would result? If you transfer the amount you would spend on clothes or concerts to a purchase of school books, the net effect on the industrial system and the incomes of all-but-you will be negligible within any period that matters. It is true that the Trades Union Congress seems to think otherwise, and it is true that some crowds of sentimentalists believe that John Citizen ought to be prevented by taxation from having his house painted, so that his money can be paid to agricultural labourers for road-widenings that nobody wants. But unless they conceal some esoteric wisdom not revealed to mere reason and experience, their convictions are superstitious.

A steady course of reading in professional journals of education, especially if supplemented by conversation with teachers of all or any grades, will engender a conviction of two things; one, that, whatever end education in England is meant to attain, it doesn't succeed to any respectable degree; and the other, that lack of money is a leading obstacle to its doing so. So far, however, the rank and file of teachers, including most of those who are the keenest and most competent at their jobs, remain all too complacent with the current output of politicians' bunkum. Next year they will face a cut in their salary scales. Will they merely urge their own particular merits, while accepting all the "fundamental" premises of the scale-fixers? Or will they, adopting for the time Mr. Laski's definition of education as training for intellectual scepticism, turn a critical attention, in their own and their pupils' interests, to those whose fundamentals are figures in ledgers, not capacity to produce goods as required?

## Pastiche.

By A. O. B.

I.

[On a friend, ill acquainted with the City of London, assuring me that Throgmorton Street and Threadneedle Street "met in a point."]

Throgmorton and Threadneedle Street  
With stone and steel between them!  
Death is the point in which they meet,  
Threadneedle and Throgmorton Street,  
Hunger and tears and failing feet,  
Oh Norman, we have seen them!  
Throgmorton and Threadneedle Street  
With stone and steel between them!

II.

[Upon reading a report in "The Daily Telegraph" of H.R.H. The Prince of Wales's address, delivered in the Free Trade Hall, Manchester, on Tuesday, May 12, 1931.]

Whilom, as English histories teach,  
A King, with fulsome drivel sated,  
Planted his throne upon the beach  
'Fore all his courtiers congregated,  
And there the sea he soundly rated  
Bidding the waves no further creep  
And—but this tale is antiquated:  
Goods must be modern, bright, and cheap.

He jested, but the jest was sense;  
But what if one in like high station  
Should strive with serious eloquence  
To stem a vaster inundation—  
A world in spate—a drowning nation—  
Serious? 'Twere safer, Sire, to keep  
To saxophones and aviation:  
Goods must be modern, bright, and cheap.

Your father's subjects ask for bread:  
You give the stone of Competition  
And bid them gnaw their chains instead!  
The people perish with no vision!  
Your Royal Touch! Divine Physician!  
Shepherd of England's wandering sheep,  
What answer to our mute petition?  
"Goods must be modern, bright, and cheap!"

ENVOI.

Prince, when the time comes to seek entry  
Where Boadicea and Alfred sleep,  
Fear nothing: tell a dubious sentry:  
"Goods must be modern, bright, and cheap!"

## SHARE-SLUMPS AND INVESTORS.

This extract is from the City article in the *News of the World* of May 3 (or possibly May 10: we are not sure which): "It is most disheartening for the genuine holder of British securities other than the Funds to find prices sliding day after day. The fall in prices has had little or no connection with the standing or importance of the companies whose shares are so depressed. The fact is that shares have been unloaded by those in urgent need of ready money, and no account is taken of actual merits or worth. A word of advice to all those who hold good class British stocks and shares. Do not get pannicky. Conditions at the moment are abnormal. The paper losses to be faced to-day will be made good in ninety-nine cases out of a hundred." (Our italics.)

This underlines our recent observation that the long-distance stability of the Gilt-edged Market depends on the continuous confiscation of money invested in utility-making concerns. The writer ascribes the slump he speaks of to the failure of several big American firms whose investment-securities came on the market when they were sold up. "The shares of British companies having a quotation in New York have been particularly affected." (Readers will remember what a great favour our Press said it was when Mr. Norman got the American financiers to admit British shares to the New York Stock Exchange.) The writer's advice to British investors not to be nervous, but hold on for recovery, is worth nothing at all. The investor of average means is bound to be nervous—in fact, it is his duty to be nervous—in these circumstances. Further, his holding or selling is, in a vast number of cases, not a question of his own decision, but that of his banker (or broker, who in his turn has to conform to his banker's decisions). In such cases—i.e., where bank loans are out on the security of shares—it is the banker who gets nervous. Our advice to any investor whose banker asks him to reduce his overdraft because the security has fallen in value, is to recite to him the formula: "Do not get pannicky. Conditions at the

moment are abnormal. The paper losses to be faced to-day will be made good in ninety-nine cases out of a hundred." And to this assurance the investor may add the following: "Probably the losses will be more than made good—much more; so my security will provide cover for a further overdraft. And, by the way, now I am here, you may as well lend me another £20 on the prospect. What about it?" The truth of the matter is that the recovery in the value of these shares depends upon their sale at a loss by nervous holders. No panic, no recovery.

## Social Credit in Australia.

### ACTIVITIES OF SOCIETIES.

Sydney.—The Secretary of the N.S.W. Douglas Social Credit Association reports (March 31) a successful monthly meeting at the Savoy Theatre Hall, Sydney, about 150 people being present. Three addresses were given, each lasting fifteen minutes, the rest of the time being given to questions and discussion. The two weekly meetings of the Association are "exceptionally well attended," although beginning at 5.30 and lasting until 7 p.m. Some of the lady members address drawing-room meetings, at which they "explain the Douglas Theorem well." The Association is contacting "clubs, politicians, Cabinets, manufacturers' associations, the public services, etc." "Douglas is a name"; and people are now anxious to be told about his system. The report mentions a huge open-air Labour demonstration on the previous Sunday afternoon, when speakers were listened to by 80,000 people, standing or sitting on the grass or under the trees, while large amplifiers transmitted the speeches. "The only subject talked was *Banks and Finance*." From the N.S.W. State Labour Party's platform Mr. Lazzarini gave a "wonderful address" on finance. "We are adding to our numbers" and are remaining "strictly non-Party," notwithstanding that Mr. Lang is "doing good service in our direction." The writer mentions that Mr. Rhys's pamphlet [reviewed in the "Notes" in THE NEW AGE of January 22] reached its third edition in three months from date of first issue. [A few copies are on sale at the Credit Research Library, 70, High Holborn, W.C.1, at 11d., post free.]

Perth, Western Australia.—We print the following extracts from a letter from the Secretary of the Douglas Credit Movement of Western Australia, dated April 8, 1931.

"We have, until recently, been unable to attract any notice from the Press even of letters, much less articles, but this has changed quite suddenly and definitely. An editorial in the 'Daily News,' Perth's only evening daily, encouraged us to approach the editor concerning the Douglas theorem. The outcome was more than satisfactory. After reading a pamphlet and several articles left with him, the editor asked us to come and have a talk on the matter. He was very impressed with the ideas, and wished to study it further, so a copy of 'This Age of Plenty' was left with him. We were then invited to come before the public through their columns with a challenge to the Government in the form of, they suggested, a concrete and detailed proposal for the practical application of the scheme.

"This did not suit us, and we finally submitted an article on the System, which was published in a column and a half. Before, however, we had had time to do this a freeman, our only morning paper, succeeded in getting an article on Social Credit accepted. On the strength of this publicity we advertised our next meeting, and the 'West' further surprised us by sending a reporter along, and gave us a very good write-up. Several letters followed, and the correspondence is still continuing.

"To return to the 'Daily News.' Shortly after publishing our article they openly advocated the investigation of the Scheme in their editorial column, with the result that they received over 100 letters of approval, many of which they are publishing from day to day.

"The effect on public opinion is that we are now endowed with a respectability, and there is every possibility that public opinion will converge upon us if the situation is handled carefully. Strangely enough, we have had quite a lot of publicity from articles in other periodicals round about the same time, so that our entry into the public arena has not been without its dramatic touch.

"We have now sufficient work in hand to keep us more than occupied. A body of city business men, who meet to-day to study efficiency methods, recently invited our president, Mr. Bow, to address them. Two of them have recently joined the University Economic Class to fire pointed questions at the lecturer.

"A good friend in the Labour Movement is offering us every opportunity to contact branches of the Labour Move-

ment. He has also offered to send a letter of recommendation to Mr. Scullin and Mr. Theodore when advised that we have sent a copy to each of 'This Age of Plenty.' Being a man well respected in the Movement throughout Australia, his words will not be without weight.

"At a recent meeting of the West Perth Unemployed, a body of 400, our speakers were listened to with enthusiasm, and there is a move afoot to officially adopt the proposals and to give their action the fullest publicity.

"The Australian Natives Association, a well-known organisation throughout Australia, has formed a committee from the directors of the Perth branch of the movement, and, if satisfied, they intend to stand behind the Scheme and spend money on publicity.

"We have been invited to lecture before their members by half a dozen organisations in the city during this month, and have just had a request for a lecturer to go down to Collie, the centre of the State's coalfields, 150 miles south of Perth."

## LETTERS TO THE EDITOR.

### NEW STUDY CIRCLE.

Sir,—A Study Circle on the Douglas Credit Proposals is being started at 76, Great King-street, Edinburgh, on May 29, at 7.30 p.m. "H.M.M." is giving the opening address. All interested will be welcomed.

G. ROBERTSON.

### PARADOX AS USUAL.

Sir,—Subjoined is a letter lately received from my brother in Vancouver, B.C.

A. E. P.

I am trying to sell my house, but in these days it is very difficult to sell anything. . . . Nothing here to keep me except house. Business isn't and won't be for a long time.

U.S.A. have made fools of themselves, and are only just beginning to realise it.

Something is very much wrong with the world, but I don't know when or how it is going to be changed. It is more profitable for a farmer to buy wheat and keep it than to grow it. Sugar is cheaper than sawdust. Boards or finished lumber is selling at the same price as firewood. Rubber is selling at less than the cost for labour only. We have much too much food, and millions are starving. The banks are worried because they have too much money, and cannot afford to pay interest on it, because it is idle, yet everybody you meet is broke.

You cannot sell a house, yet lots of people are building because lumber, etc., is so cheap. Europe is short of gold, and in consequence is suffering from depression. U.S.A. has too much gold, and in consequence is suffering from depression. If there was an earthquake in New York, destroying half the buildings, and half a billion bushels of wheat were dumped in the sea, we should have prosperity immediately. U.S.A. has all essentials for Worldly Paradise—plenty of labour, cheap commodities, including food. Unlimited money and credit, yet everything is Haywire (*sic*; is this an Americanism?). U.S.A. used to run the country on money obtained from drink taxes. Now drink costs twice as much with no tax. But it costs the American Government twelve billion dollars a year to keep people sober by law, and there is ten times more drunkenness than ever before.

I may be a damned fool and not clever, but I would never be responsible for getting things into this mess. I still have the price of a meal away ahead of immediate requirements and don't owe a cent in the world, so they can turn the damned thing upside down some more for all I care.

People who *have* to sell can only get nominal value for shares, etc., but it seems dangerous to buy until the air clears. The white man did a dirty trick to the yellow by knocking silver down to 28 cents per ounce; but I think the yellow man will finish by knocking gold down. No good except for false teeth any way.

## AUSTRALIAN SOCIAL CREDIT DIRECTORY.

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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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