

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The *Times* and the *Daily Telegraph* both publish accounts (May 26) of a crisis on the Japanese railways caused by the opposition of railway officials to salary-cuts proposed by the Government. These officials were prepared, not to "strike" but to "hand in their resignations." The significance of their action is commented on by one correspondent who points out that they are the very men on whom the Government had hitherto been able to rely to carry on the railway service in the event of a strike by the ordinary railwaymen. Their resignation would leave the railwaymen like an army without officers, and therefore it would make no difference whether the men went on strike or remained on duty. The men, so it appears, were solidly behind the officials, and were prepared to remain on duty but to stand to attention and await orders. Reports were current in Tokio that in the event of a "walk-out" by the railway officials other employees of the Ministry of Communications, including the postal servants, were preparing to throw in their lot with them. According to the *Times*, all departmental officials serving the Government are protesting against the retrenchment scheme, including even the Judges in the Tokio District Court. There is one exception to this general protestation—a significant exception: the *Treasury officials are behaving correctly and saying nothing.* This development is all the more interesting because, insofar as the scheme affects railway employees, not more than 20,000 out of 200,000 were to suffer reductions: so that for every one who might be charged with being motivated by personal interest in fighting the cuts there are nine who prepared to fight on a general principle.

According to the *Sunday Express* of May 24 rumours have been floating round in New York forecasting that the Macmillan Committee will recommend a further dose of retrenchment for this country in its Report. The rumour is antecedently credible; for the Macmillan Committee is capable of anything. But we are inclined to the hypothesis that, if

these rumours are not mere Press-manufactured stories for sales-purposes, but have been fed to the Press from outside, they are intended to be regarded here as a general hint that Wall Street expects every member of the Macmillan Committee to do his duty. For if the United States, as appears to be the case, is itself faced with the necessity of swallowing a dose of deflation, then it is necessary from the U.S.A.'s point of view that Great Britain also should do so as well: otherwise there would be a disturbance of U.S.A. trade-balances. "Deflation" and "inflation" are relative terms. There is no definite quantity of circulating credit, nor any definite price-level, which can be adduced by financial experts to prove that a country is in a state of deflation or inflation. If every country doubled its circulating credit and its prices, every country would be in a state of inflation measured against its state before the credit-expansion took place; but so far as international trade balances were concerned the consequences of all these "inflations" would be just the same as if every country had halved its circulating credit and prices, i.e., had gone in for deflation. It does not matter which policy these countries go in for so long as they go in the same direction at the same time and at the same rate of expansion or contraction: their export-opportunities remain what they were before: they all start from scratch just the same; the only difference being that they have marked the scratch-line further forward or backward along the circular track, and measure their endless race from a different point.

But when any country or countries expand or contract ahead of the rest, the race for markets becomes a handicap-race. Mr. McKenna has pointed out that in such circumstances the country that inflates its credit ahead of the rest tends to gain an advantage in the race for a favourable balance of trade, achieving a higher ratio of exports measured against imports. Granting this, then if the U.S.A. alone were obliged to deflate, the consequence to her export trade would be the same as if the rest of the world had inflated while she had not

altered her policy. There would be a tendency for her exports to decrease and her imports to increase. Such a result would be exactly contrary to the plans made public by Mr. Owen D. Young in his speech at San Francisco. Now, a good deal of evidence has been presented to the Macmillan Committee to support the contention that British industries are inadequately accommodated with credit: the Committee has been strongly pressed to recommend a reversal of the existing restrictive credit-policy of the Bank of England. Naturally Dr. Sprague, the U.S.A. "adviser" planted on Mr. Montagu Norman, has been fully advised of everything that has transpired on the Committee, and no doubt is assisting the Committee to arrive at "sound" conclusions. It is not impossible that some of the members are not quite so tractable as he could desire, and that he has thought it advisable to inspire the above New-York rumours in order to test whether British industrialists are awake and watching their own interests or have been lulled to sleep again by the unconscionably extended duration of this precious Inquiry. If nobody here makes a bother, the fact will tend to weaken the insistence of a hypothetical minority group in the Committee on some relatively heterodox point of view, and so strengthen the influences tending to bring about unanimous support of an orthodox majority view. All we can say is that if the rumours are accurate the Committee will stand convicted of having scrapped its original terms of reference in favour of an entirely different set of terms—unless, of course (an extreme improbability), it presents a reasoned case for retrenchment based on a scientific analysis of the credit-system and of its relation to industrial finance and activity.

Those industrialists and others who pressed for the Inquiry to be undertaken were moved by the desire to ascertain whether retrenchment was, after all, the only avenue to economic prosperity. They had been familiar with the retrenchment-doctrine since 1920; and they do not want to hear it again in 1931 unless it is accompanied by clear evidence that the critics of that doctrine are wrong in their facts or their reasoning. This would be necessary even if every member of the Committee were a man whose knowledge of the subject and impartiality concerning the issue were a matter of certainty: but since the opposite is the case—since of not one member can it be shown that he possesses the dual qualification of knowledge and impartiality the Report is antecedently suspect, and whatever it recommends must be subjected to rigorous scrutiny. Imagine an Inquiry into the Drink Traffic being conducted by a Committee containing a majority of brewers and tied-licensees; and you have a picture of the Macmillan Committee. And imagine this Drink Traffic Committee reporting that the only way in which the people could get more beer for their money was to accept weaker beer for their money; and you have a parallel to the Macmillan Committee's rumoured recommendation of "retrenchment." For every reduction of wages, salaries, profits, dividends, and other forms of personal income amounts to a subsidy paid into the banks' reserves.

The collective proceeds of this saving inevitably revert to the banks in the last analysis. And even if the banks subsequently let out fresh credit to the whole amount of the savings the population are no better off than before: in one sense they are worse off, because the more old circulating credit that is withdrawn from the pockets of the general public the greater the power of the bankers to dictate how, where, and for what purpose new issues of credit shall be borrowed and spent. Messrs. Foster and Catchings, in one of their books, pointed out and

emphasised the fact that money is voting power. If the British population hold one penny per head, each holder is able, to the extent of his penny, to stimulate any kind of production according to the product that he chooses to buy. "All trade starts with the giving of an order," remarked Mr. Baldwin on one occasion. So if we assume 48,000,000 pennies to be spent, industrial production-programmes of industry are initiated and conditioned by the will of the consumer, and you get a soundly-balanced distribution of £200,000 worth of goods reflecting the needs and tastes of the individual buyers. On the other hand, once let the banker collect all these pennies, and, though he immediately re-issues the £200,000, the population has lost all power of saying what the money should buy. It makes no difference whether the individual lends his penny to the banker or whether it is taken from him by the tax-collector: he has lost his vote for a production-programme. For the voting-power resident in money does not reside in ownership but in control. Nobody can control the money he lends, or the money which that money "earns"—as millions of shareholders will testify who have wistfully watched anything from twenty to fifty per cent. of earned profits withheld from distribution and diverted into company-reserves. It is hardly necessary to point out that the consequences of letting the banker spend your money for you are entirely different from those which follow your spending it by yourself. For whereas you yourself naturally incline to buy something for yourself, the banker naturally inclines to lend your money to enterprises whose products nobody can buy for himself. Your policy is to take products out of industry and use them. The banker's policy is to pile products up inside industry—these products taking the form of plant and equipment. The banker's policy, of course, prevails, because, at the "general meetings" of British Industry he holds proxies for the whole population—proxies obtained from them by coercion or cunning without the least guarantee as to how they will be used.

The average person, when he thinks of the matter at all, will say that this works out all right in the long run—that "bankers know best." They certainly know best what they want, and how to get it; but they have not yet solved the problem of dealing with the consequences of getting it. They are to-day reduced to the necessity of publicly exhorting people on moral grounds to put up with these consequences a little longer, while in private they are disputing between themselves about how to make the consequences more bearable without yielding up any fraction of their monopolistic powers and privileges. They are fighting a rearguard action, for there is an order of intelligence outside banking circles which is capable of understanding everything that "bankers know best," and which is becoming more and more alert every day that the economic muddle continues. They are poised on a knife-edge of destruction. A tilt in either direction will destroy them. If a community were to do exactly what the bankers told it to do, there would be an economic collapse at once, and they would be irretrievably discredited. If, on the contrary, a community refused to do anything at all that the bankers told them, there would be a financial collapse, which, when it happened would bankrupt the bankers as well as everybody else, and therefore open the way for the Government to resume its proper function as the nation's banker. The bankers are surviving because, whether by luck or their own contrivance, communities alternate from time to time between obedience and disobedience; or rather, continue to half-obey and half-disobey. But this is a precarious condition of survival, especially at this time when education in the credit question is spreading so rapidly.

The bankers are at their last gasp when they can only retain their power by promoting resistance to their policy—resistance which must be stabilised at that elusive point where it will be not so *strong* as to be dangerous and not so *weak* as to be dangerous! Some navigators these guys sure are—can't steer a course unless the crew rock the boat! It's a wonder they have not been pushed overboard before this.

Reverting to the Macmillan Committee for a moment, we want to remark that, whatever the Report contains, it will be an out-of-date and decrepit document—a kind of three-legged hare which self-respecting hounds will leave the pups to course if they want to. Our feeling about it is very little more than one of mild curiosity to see if the Committee have faithfully recorded the evidence presented from the Social Credit point of view. As an indication of any action it is worth nothing. It will be considered by the Economic Advisory Council, and then passed over to Mr. Snowden (if he's there) and then Mr. Snowden will take action or not according to what the bankers tell the Treasury officials to advise him. And that's all about that.

It should stimulate our loyal supporters to reflect that in contrast with this Committee of "big noises," taking two years to let off one single faint report, they are maintaining a Committee of "small noises" who have been letting off a tremendous report every week for the last ten years. It is no exaggeration to say that in any copy of THE NEW AGE during that period there has been more analytical and constructive guidance for this country and the world than is comprehended in all the official reports that have been issued on the economic situation. Further, in spite of the fact that the existence of the *New-Age* "Committee," much less its "Reports" on the world-situation, has been rigorously excluded from every avenue of mass-contact with public intelligence, and has been thrown back on the slow and laborious system of personal contacts made by its small groups of supporters, nevertheless the signs of its influence have been multiplying in all directions, and recently at a pace which is astonishing even to the most optimistic of us. Major Douglas truly observed at the last Dinner since the progress made by the Social Credit idea since the time of its inception will one day be recognised as unique in the annals of propagandist achievement. The problem of the propagandist is analogous to the physical problem of moving a given mass over a given distance in a given time, having regard to the fact that the movement encounters greater atmospheric resistance as it is accelerated even when the air is still, and so much greater resistance if adverse air-currents are met. Now the "mass" of the Social Credit Theorem is enormous when measured by the difficulty of grasping its technical content, following its political implications, and seeing it in its own moral setting. Even in the still air of a neutral Press, Platform, Pulpit and Microphone the energy required to move it any given distance would be several times greater than in the case of other propagandist masses. How much more energy, then, is required when the mass has to be moved against a gale of secret opposition and has to be moved, moreover, in competition with other masses which have gales of free publicity behind them? Mass, distance and resistance: if any movement at all in any time at all would not have been a triumph. For Social Credit to have moved as it has moved would be something of a miracle, but for one vital fact, which is that we are dealing, not with an inert mass dependent on

external propulsion, but with a living organism throbbing with internal powers of self-propulsion. Its maximum speed at any instant is its minimum speed thereafter; and external propulsion serves now simply to increase its momentum and accelerate its progress; and is not a condition of the progress itself. Talking in terms of money, we and our contributors and readers originally got this great mass on the move under the pressure of pennies, and to-day we are keeping it on the move under the pressure of the same number of pennies, but at a pace which is bringing it out into the forefront of practical politics, while millions of pounds' worth of subsidised inert ideas are tumbling about in the rear. The purchasing-power of the money which comes into the Social Credit Movement is beyond computation; and we seriously hope that every one of our many remote, isolated, and, perhaps obscure, readers will always remember that every time he puts down his seven pennies he is himself, by that single act, perceptibly hastening the coming of the Social-Credit Epoch.

This assurance is not wholly a matter of faith; it is in part a matter of evidence. On April 16 the *Labour Daily* which is published in Sydney, N.S.W., and has a daily circulation in that State of 100,000, published, as a leading article, a transcript of the "Notes of the Week" in our issue of March 12, together with an introduction in which THE NEW AGE was mentioned in "complimentary terms." (We quote from the letter of a correspondent who has sent us this information.) For the benefit of those readers who have not kept the copy referred to we may say that the "Notes" in question were those in which we analysed and commented upon the secessionist intrigues by which the bankers are attempting to frustrate the policies of the N.S.W. and Commonwealth Governments. One swallow does not mean summer, and we must point out that the substance of what we had to say on that occasion lent itself to exploitation against Labour's opponents in Australia, whereas, of course, the typical tone of our Notes generally is neutral to party interests. All the same we don't mind the possible temporary confusion which this re-publication in a party organ may cause among the non-party elements of the population as to whether THE NEW AGE is "Labour" or not. If anything we said serves to raise the value of Labour Stock in Australia the oppositions have themselves to thank for it; and so long as they continue to swallow the bankers' *obiter dicta* as scientific truth, and to break established rules of civilised political warfare in the interests of bank policy, we shall do our best to spoil their game. We have repeatedly said that Labour has not taken its bearings correctly; but the other parties have not troubled to take any at all, and on that count alone, even if we were hostile to Labour as such, we should be bulls of Labour Stock against these bears without bearings. We should have no option. The All-out bearings. We should have no option. The All-out For-Australia Movement is composed of uncritical dupes of financial interests whose policy is rather "All From Australia." A good name for it would be the "Of-Course-Sir" Movement. I.T.S.—"Isn't That So?" glares the banker. O.C.S.—"Of Course, Sir," replies the cowardly politician. Alongside of them Mr. Lang and Mr. Theodore are, by comparison, great statesmen.

On May 21 we referred to the Drapery Trust's intention to issue £123,275 20-year Notes in order to raise the money to settle the claim of Lloyds Bank (for self and others) in respect of losses connected with "spurious documents of title." We have since received the official account of the proceedings at the meeting, which took place on May 22. According to the statement made by the Chairman, Sir

Frederick Richmond, the legal proceedings commenced by Lloyds Bank some time last year were "brought against the Company in connection with fraudulently certified Transfers and Transfer Receipts of the Company's Preference Shares." (Our italics.) This is a virtual confirmation of our guess on May 21, which was that the spurious documents were "forgeries of the Drapery Trust's own share certificates," in which event, we went on to suggest, the Bank's claim was one to be fought out as a test case in the public interest. It is a pity that the Company's shareholders were not given this information last year as soon as the Bank entered proceedings, for then it would have been possible for other companies as well as the Drapery Trust to have jointly guaranteed the costs of the action. The Chairman told the meeting that "fuller information could not at that time be given, as the matter was *sub judice*"; and he proceeded: "I do not think that any useful purpose would now be served by going into the details" of the transactions which gave rise to the claim. The first argument is curious, for the fuller information in question consisted purely of facts on which the Bank proposed to rely in its submissions to the Court. We have yet to learn how the communication of those facts to the shareholders, who were the people actually being proceeded against, could have been construed as "Contempt of Court." Arguments about the facts might have been another matter; but a straightforward recital of the facts—facts which were not disputed by the Company—could not possibly have prejudiced the issue. In our judgment the Company's Directorate committed a breach of their duty in withholding this information from their shareholders. Coming to Sir Frederick Richmond's second argument, this adds insult to injury. Having first said that to tell them anything beforehand was risky he now says that to tell them anything afterwards is futile. We may concede that it was proper for the Directorate to exercise the power of decision on whether to fight the case or not, but we refuse to recognise their right to deny their shareholders the opportunity of considering in retrospect the rightness or otherwise of the decision which they actually took. It is all very well to say: "The thing's settled now, so what's the use of arguing about it?" but the principles involved in and the precedent set by the compromise affect much wider interests than those of the Company.

We are not suggesting that the Directorate acted against the immediate financial interests of the shareholders by accepting the compromise. What we are saying is that if they had been frank about the matter in the first place something might have been done—and probably would have been—to alter in a vital sense the nature of the considerations which governed their decision. Sir Frederick Richmond is quite frank as to what the considerations were. The main one was that the Company could not afford to gamble against the risk of an adverse judgment. Our readers will see the force of this. On the one side you have a Company whose monetary resources are limited, and on the other a Bank whose monetary resources are unlimited. Sir Frederick estimated that if the Company had fought and lost, the damages and costs might easily have totalled £600,000, or more than ten per cent. of its nominal capital. "You will readily understand," he told the shareholders, "that the prospect was viewed by your Directors with the gravest concern." On the other hand, if the Bank had lost, it would have been able to create the £600,000 out of thin air and pay it away without drawing on any of its existing monetary funds. The book-keeping process in that case would be much the same as when a bank lends somebody £600,000, except that the Bank would have credited the Drapery Trust's cur-

rent or deposit account, but, in the given circumstances, could not have debited the Trust in a loan account. The Bank would have improvised a debtor to take the place of the Trust's place, and as it could not plant the debt on any person it would have to plant it on its own investment securities or premises—in other words it would write these up by £600,000, thus off-setting on the assets side of its accounts the newly-created deposit which figured on the liabilities side. It's as easy as pie when you manufacture the dough. Generalising from the hypothetical example, it will be seen that banks are able to create and lend themselves credit in perpetuity, and interest free. They need not depart from the accepted code of financial rectitude in the sense of borrowing out of relation to securities, or of allowing loans to run on indefinitely. For the collective security-value of bankers' investments, premises and sites, if expressed in terms of current market valuations, would disclose a margin of legitimate borrowing-power of perhaps two or three times the collective figure at which these assets are valued in the banks' balance sheets. This margin represents what we are accustomed to describe as the bankers' "hidden reserves"—the financial equivalent of which is public property, and ought to be created and distributed as national dividends over the whole community. These invisible and inert sub-monetary reserves, so to call them, are the source to which the banks run and dip out visible and active monetary resources whenever they want them. Of course, it is a point of honour with them to put the money back: as persons there is not a breath of suspicion that they use their power for their private advantage: their over-riding loyalty is to their system; and their supreme objective is to preserve its stability and prestige. The only thing is that they will persist in treating us all as children, and lock up our sweets in case we make ourselves sick.

Reflection on the foregoing will explain the apparent generosity of Lloyds Bank in offering to accept only £125,000 in satisfaction of a claim for £493,000. Let us quote from Sir Frederick Richmond's speech:

"When the full facts were disclosed it transpired that there were no fewer than thirty-three parties—banks, stockbrokers, and others—having claims against the Company in consequence of their having advanced money on the security of documents—Certified Transfers, Transfer Receipts and Balance Tickets—purporting to represent Preference Shares; and the total nominal amount of the shares involved was £493,100."

Assuming (against probability) that the money so advanced was equal to the nominal value of the documents, then Lloyds Bank, for self and others, is standing a loss of £368,100. This is a fleabite to a banker: it causes just a little itch which he scratches out with a pen. We know of a case where a bank excused repayment of a £500,000 overdraft to a cotton spinner in the early days of the deflation-slump: this huge sum—approaching in dimensions the repudiated New South Wales interest-debt of £700,000 which has thrown the whole of Australia into turmoil—was written off without causing the slightest ripple on the surface of that bank's next, or any subsequent, balance-sheet or profit-and-loss account. A miracle, isn't it—until you know how it's done?

Sir Frederick further told the meeting that:

"Although the Company's legal advisers were all alone of the opinion that there was an excellent chance of successfully defending the action, it was nevertheless impossible to shut one's eyes to the fact that, however strong the case of the Company might appear to be, there was undoubtedly an element of uncertainty as to the issue. The whole matter was highly involved and technical . . .

the litigation would have been protracted and expensive . . ."

We agree that there was an element of uncertainty: there always is, for the other side, when a bank is party to a suit. But we dissent from Sir Frederick's suggestion that the uncertainty arose from the technical details of the transactions, however involved they might have been; because these details could only show *how the fraudulent documents were planted on the banks and brokers*; they would have been entirely irrelevant to the question, *why the Drapery Trust should make good the Bank's losses*—and especially so in view of the Bank's admission that it was impossible for the Drapery Trust to have prevented the fraud. No; the uncertainty resided in the confusion which exists regarding the legal principles on which the question of responsibility would have been decided. There are three alternative frames of reference in which a judgment could have been arrived at, namely, (a) *Statute Law* (including Departmental orders of the sort that Lord Hewart condemned as exercises in "administrative lawlessness"), (b) *Common Law* (embodying the general consensus of opinion on what is just and unjust in civil and commercial relationships), and (c) *The "Law of Expedience"* (embodying the unknown and obscure reasoning by which anonymous "Elders of the State" decide what is good or bad "Public Policy"). These three frameworks of reference stand in a sequential order of diminishing definiteness; which is to say that along the line of their progression the discretion of the Courts is widened, and, because of that, the judgments of the Courts become less predictable. This is so even when all the facts are known, understood, and undisputed. It is more so when they are unknown, or not understood, or disputed.

For example: (a) if the facts of an act of theft are known, the fate of the thief is predictable with certainty, because he has infringed a statute; (b) if the facts of a commercial transaction are known, and such transaction is not referable to any statute, the success of either party in subsequent litigation is, for that reason, a matter of less certainty. In the Waterlow case the question which arose as to whether Messrs. Waterlow had taken sufficient precautions against fraud *having regard to the rare and peculiar nature of the transaction proposed by Marang*, had to be decided within a Common-Law—or shall we say "common-sense"—frame of reference; for the Legislature had not anticipated Marang's novel and ingenious form of enterprise; (c) if the facts of some other kind of transaction are known, and are not covered by "(a)" and therefore next fall under "(b)" but there is a chance that some Authority or other may consider it "not in the public interest" to have it adjudicated under "(b)," then the outcome of any proceedings is antecedently unpredictable. Of course, in the last-named category of cases the facts would as a rule not be known to the public, or wholly known, because when the doctrine of "public interest" is invoked it is usually with the object of preventing the public from knowing the facts. Nothing would have interested the public more than to have heard Miss Louise Owen's action against Lord Rothermere in respect of his right to the controlling balance of shares in the *Daily Mail* argued out fully under the "(a)" or "(b)" frames of reference; but the case was settled out of Court in its early stages—and a probable reason was that the high-political and financial powers—that be considered it against the public interest to let the public know too much about such affairs, and the way in which the press-magnate moons draw the tides of public opinion after them. Whether Miss Owen or Lord Rothermere would have gained the judgment is quite irrelevant: the whole point is that when legal trials are fought out to a conclusion dirty linen must

be washed—when there is any to wash: and if, for "reasons of State" the public must not see the dirty linen then there must not be a legal trial.

By the term "dirty linen" we do not mean to suggest transactions reflecting on the character of any persons or parties—we mean transactions of any sort which are concealed from public knowledge but which in our judgment would yield healthy enlightenment to the public if they were revealed. Our complaint regarding the Drapery-Trust episode is that the directors were scared out of testing their legal rights. We have already said that we do not blame them, but we object strongly to a situation in which it is possible for a banking institution to use its long purse to coerce people with short purses into an admission of legal liability over the heads of His Majesty's Judges. There are some issues—and this is one—of such import to the public generally that the Law ought to be able to compel their public trial at the expense of the State for the costs of the hearing. This compulsion could logically be limited to suits in which the banks were parties, because the only chance the public have of knowing anything about bank-policy, or of the reasons on which the banks justify their rules and practices, is when the banker comes into Court; whereas everybody knows in general how other professions and enterprises conduct their business. Moreover, by virtue of the dominating position which the banks hold in the national economy, the importance of public enlightenment about them transcends beyond computation the importance of enlightenment on the affairs of other undertakings.

As bearing, from another angle, on the legal situation, let us refer to the action brought against the Westminster Bank on May 13 by Mr. Leon Franklin, of Blomfield Road, Maida Vale. Mr. Franklin, on September 27, 1923, bought a draft from the Bank for 9,000 million German marks. He paid £15 1s. for it. He now sought for a ruling that he was entitled to recover from the Bank the sterling equivalent on the existing exchange, namely, £450,000,000. The case was laughed out of Court by the Judge himself, Mr. Justice Mackinnon. His very first observation on Mr. Franklin's statement of claim was this:

"I happen to be a customer of this bank. If you succeed in this, there may be some difficulty for me. (Laughter.) Do you object to my trying the case?"

His reference to himself was, of course, a joke. But the nature of this joke was revelatory of what was passing in his mind, namely, that a judgment for Mr. Franklin for this huge sum would not only cause "difficulty" to the Bank's shareholders and depositors but would smash up the Bank, and, by extension, the whole banking and economic system. Having once adopted this unfounded assumption (as we can show it to be) as an axiomatic truth, the Judge was bound to do what he did, namely, to withdraw the case from the test of either statute or common law and decide it by reference to the "public interest." It cannot be just to ruin a whole country for one individual. It is true that Mr. Franklin did not claim the whole sum—he offered to accept one quarter per cent. of one per cent., which works out at £25 for each £1,000,000, or £11,250 altogether—but a judgment in his favour would have made valid identical claims by probably thousands of other people who had gone in for the same kind of speculation, and would have rendered the British banks liable for sums running into thousands of millions.

The Judge called it a "ridiculous and absurd claim" and said that he "regretted that a whole day of the Court's time had been wasted" on it. (*Evening News*, May 13.) The claim was not ridiculous or absurd as a claim: it was the amount involved in the claim which made it appear so. If

Mr. Franklin had asked for his £15 back nothing would have been said about "absurdity." Sir Patrick Hastings, who appeared for the Bank, submitted that there was no case to answer.

"Sir Patrick Hastings said the claim was so outstandingly absurd that he was at once going to submit that there was no case to answer. Even a suggestion that anybody had a claim against the Bank for £450,000,000 might have, and in fact had had, a prejudicial effect on the minds of people whose grasp of facts was not perhaps equal to that of the ordinary person. In the circumstances it was essential that it should be realised that it should not be considered as arguable that such a ridiculous claim should be seriously put forward in a court of justice.

"Sir Patrick said there were innumerable defences that he could raise.
"His case is that a mark is always a mark, and always has been a mark," commented the judge. "No doubt you can show that it is not so." (Our italics.)

Look at the italicised passages. Sir Patrick was suggesting that it was against the public interest not simply for the claim to succeed, but even for it to be heard. Probably we shall have a law soon forbidding anybody bringing any action at all against a bank. The Judge's comment to Mr. Hastings amounted to saying that the Court was prepared to rely on the Bank's evidence without hearing it. "You could give judgment," Sir Patrick concluded, "for only an infinitesimal portion of a farthing." The Court dismissed the case with costs.

At one juncture during the hearing Mr. Franklin remarked that "The Bank tried to go round the mulberry bush—they denied everything." "That's not surprising," commented the Judge. "Their very existence was at stake." Quite so; but precisely because of that, the Court ought to have been so much the more insistent on making the Bank produce proofs justifying its denials. Mr. Franklin had stated, when reducing the amount of his claim, that his object was "to get justice and to establish the sanctity of a contract." Well; he has got the only kind of justice that a Court of Law can dispense under existing circumstances. It would have taken a Royal Commission some months to survey all the relevant facts and arguments in this case.

Talking of absurdities, if Mr. Franklin had been awarded the "infinitesimal fraction of a farthing" mentioned by Mr. Hastings, and had received, let us say, one two-thousandth of a farthing, this sum is one thirty-millionth of the £15 he paid for the marks. The £450 millions that he claimed was legally due to him is thirty million times the £15 he paid for the marks. Is the one fact any more absurd than the other? And is either more absurd than that the Bank sold marks to Mr. Franklin at the rate of 600 million to the £1 or 625,000 to the farthing?

The chief flaw in Mr. Franklin's case was not that he brought a claim of these dimensions, but that he brought it against the wrong party. The right party cannot be identified, but it can be referred to as the "international group of executive financiers," and its headquarters identified for convenience as the Bank of International Settlements. Mr. Franklin's transaction was with an official of the Westminster Bank, which Bank was an agent of the Bank of England, which Bank in its turn was an agent of the international group just referred to. Essentially his purchase was from, let us say, the Bank of International Settlements, and logically his claim lies against that Bank. The real absurdity was that there exists no legal machinery by which the B.I.S. can be proceeded against. Imagine, however, that the B.I.S. could have been brought before an International Legal Tribunal, then Mr. Franklin's claim could have been argued reasonably, and based on well-recognised legal principles. If we had been

briefed to appear for him we should have framed the same indictment against this hypothetical Bank as is to-day brought against share-pushers. We should have submitted and proved that the gang (to give the principals in the affair their appropriate description) got £15 out of Mr. Franklin by false pretences—that they sold him German currency foreknowing that they were going to make it worthless. We should have brushed aside all the irrelevant prattle in which Mr. Hastings indulged before Mr. Justice Mackinnon about the Westminster Bank's not being responsible for the German Government's act in scrapping the marks subsequently to the sale. It was true, but it did not matter. We should have proved that what was true and did matter was that what the German Government did, and what every other Government had done, in respect of monetary policy, had been done at the instance of the gang, and under *force majeure* (whenever necessary) deliberately exercised by it. The gang knew as certainly at that time what was going to happen as everybody knows now that it did happen. They confiscated the good money of investors in marks, and at the same time rigged the Law against their despoiled victims. We would have gone further back and shown that the inflation of the mark which preceded the transaction was within their power to prevent.

Having regard to the ignorance of judges generally concerning the inner truth about the technique and manipulation of credit; and also allowing for the limitations subtly imposed through financial legislation on the scope of the Courts' discretionary powers of admitting evidence; there was nothing improper, and something quite natural, in Mr. Justice Mackinnon's reaction to this strange and startling claim. Nevertheless, he was administering a code of law which is loaded, like dice, against non-banking litigants. And so injustice is done, though justly pronounced. In Court, as administrators, judges cannot help this, but outside, as intelligent citizens, they can learn something about it, when they will proceed, we hope, to do something to alter it.

For the convenience of readers interested in the Social-Credit analysis of the legal situation generally we give hereunder the issues of THE NEW AGE in which the subject has been discussed at length:

October 31 and November 7, 1929. Review of Lord Hewart's book, *The New Despotism*.

November 6, 1930. Critique of Mr. Harold J. Laski's attack on lawyers.

January 1, 1931. Analysis of Mr. Justice Wright's judgment in the action of the Bank of Portugal against Messrs. Waterlow and Sons.

April 2, 1931. Comment on the conflict of judgments between Lord Justice Scrutton and Lord Justices Greer and Slesser in the Waterlow Appeal.

April 9 and April 23, 1931. Bankers' intrigues in Australia to twist and to alter constitutional law for their own ends.

[The Waterlow action and appeal are reported in *The Times Law Reports* of January 30 and May 1, 1931, respectively.]

While we are thus digressing let us mention that in a little monograph entitled *An Outline of the Rules of Evidence*,* there is a reference on p. 6 to the "Banker's Books Evidence Act, 1879," which provides among other things that "an examined copy of an entry in a banker's book shall be received as *prima facie* evidence of entries therein." (Perhaps one of our readers will look up this Act and report any other "finds" he comes across.) On p. 15 is this:

"A witness is not permitted to answer any questions which involve a disclosure of official communications which are such as it would be contrary to public policy

* By L. V. Holt. Stevens & Sons., Ltd., 119, Chancery Lane, W.C.2. Second edition, 20 pp., paper, 2s. net.

to disclose them. (R. v. Hardy (1794), 24 St. Tr., pp. 818, 820.)"

This, or if not, some parallel enactment would excuse, let us say, Mr. Montagu Norman from disclosing whether the controlling balance of Bank-of-England stock had been pledged or sold in Wall Street. The author, generalising in the last paragraph, says that in all cases "the judge deals with Relevancy, the jury with Cogency." What judges need to realise is that in all cases of bank-litigation the criterion of relevancy now applied to them will have to be profoundly modified before any sound and abiding judgments can be arrived at.

Reverting now to the Drapery Trust; we feel sure that, if the directors had stuck out, Lloyds Bank would have waived the whole claim; because we do not believe that the high-financial hierarchy would have considered it good "public policy" to have the case thrashed out in Court. There may be some snags that escape our imagination, but on a careful review of the issue in its broad outlines we cannot see how the Bank could have succeeded. Its most plausible plea might have been that since a banker, in cases where he pays out money on a cheque bearing a forged signature (no matter how clever the forgery and how difficult to detect it), has to make good the loss to the innocent depositor, therefore a company whose stock is forged and planted on an innocent banker for a loan which is subsequently irrecoverable, ought to make good the banker's loss. But this won't hold; for the banker is under a contractual obligation to pay out money against a depositor's authentic signature, and not to pay it out upon a forged signature. This double obligation is just, because his professed sole function is to mind people's money, and to pay it out as they direct him. Moreover, just or not, the banker has to fulfil this responsibility to the depositor on prudential grounds, for if he did not there would be an end of the cheque-system: people would insist on having currency, and would mind it themselves at home or in a safe-deposit vault. But there is no law compelling a banker to lend money to anybody at all, or on any security at all, however sound it may be. In fact one of the main planks in several sets of credit-reform proposals now before the public is that of legally compelling bankers to lend on certain classes of security, and, we believe, to some proportion of their market value. All bank loans are granted *ex gratia*. So, on the facts as we understand them, some third-party forged Transfers of Drapery-Trust shares, took these to Lloyds Bank, who decided, of their own unfettered volition, to advance credit on them. On the admission of the Bank's counsel the Drapery Trust, with all the will and the wit in the world, would have been unable to prevent the deception. On what does the Bank's claim on the Company rest? Clearly, since the Company neither could help the forgery nor could warn the Bank that a forgery had been carried out, the claim cannot rest on the element of forgery at all, but must rest on the mere fact that the Bank lost money on a transaction in which the Drapery Trust's name and credit were involved. But by what reasoning? Let us put a hypothetical case, leaving forgery out of the question. Supposing a third party had pledged, let us say, £100 of authentic stock—say, Royal Mail Steam Packet Company's stock—with a bank for a loan a year or so ago. Supposing that subsequently this stock slumped in value down to 10s. and that the borrower wouldn't or couldn't repay the loan? Would the bank have a claim on the Royal Mail Co.?

We will leave the answer to the lawyers and look at the matter from another point of view. Let us put this case. A third party forges a Bank of England Currency Note, brings it to John Smith, and buys £1 worth of goods from him. It is a perfect forgery, and John Smith cannot possibly detect it. Has John

got a claim against the Bank? He has not. But why not? It is true that he was not legally bound to sell his goods, but he was under the economic necessity of selling them for the Note, not only to make his profit but to discharge debts resting on the goods. Apparently the sole reason why John Smith must stand the loss is because he failed to detect the forgery. Why, then, should not an identical failure on the part of a bank carry an identical penalty. That again is a question which we will leave to the lawyers.

The Banker's Cloak-Room.

"Where did you get that hat?
Where did you get that tile?"

—Old song.

Our correspondent, "G," sends a few cuttings from the *Times Trade and Engineering Supplement* to illustrate the remarks in his letter appearing elsewhere. There is a sweet, leading article on January 10, on the subject of "More Credit Fallacies." The banker, if you please, is presented as the superintendent of a cloak-room, who is taking care of hats, and whose duty it is to see that each hat is restored to its "rightful owner" on the presentation of the "appropriate tickets." The hats, it seems, represent "property," and the tickets, money, or "credit." Is this not a just too perfectly bungled "exposure" of the "fallacies" of "advocates of inflation and consumer credit"?

Walk into any bank, and you will not see any hats hanging on pegs, although you might see hatters dangling on ropes if your eyesight were good. A curious fate haunts all apologists for the banker whenever they try to give a coherent picture of what he is and does; for, inevitably, their picture represents with more or less fidelity something that the banker manifestly is not, and does not do. As Lord Hewart said of the apologists for bureaucratic Government—"To be intelligible is to be found out."

Let us apply this "hat" analogy to the Bank of England. Your £1 note is a claim for a hat. But take the Note to the Bank. Can you get a hat there? You can not. Look what it says on the Note: "I promise to pay the Bearer on Demand the sum of One Pound." Well, the Note you hold is "the sum of One Pound." So all you can get for your cloak-room ticket is another cloak-room ticket. The same with credit (cheque-tender). All you can get for your cheques is cloak-room tickets. The stock of "property" in the banker's cloak-room consists of duplicates of outstanding tickets.

This alone is sufficient to wipe the picture out. But let us grant for the sake of argument that the banker does mind hats. That must mean that in his cloak-room is all the concrete property of the population—fixed capital, materials and consumable goods combined. But we'll stick to the designation: "hats." Very good. Shall we assume 1,000,000 hats? According to the writer's argument: (a) every one of these hats is the property of some person or other; and therefore (b) the cloak-room superintendent cannot go giving out tickets to other people just because they happen to be hatless. ("Making gifts to people because they happen to lack resources.") Quite true on one condition, namely that there are sufficient tickets already out to claim the million hats. But that is the whole point. Are there? If there are, then the existing ticket-holders are able to clear the issue of further tickets would be both silly and unjust. But, supposing that of this 1,000,000 hats the total tickets outstanding could only claim 750,000 hats. What about the 250,000 surplus hats? If it be said that these are the property of the ticket-holders, why have they not had the corresponding tickets? If they are not their property, whose property are they? Certainly not the cloak-room superintendent's, for the writer has clearly laid it down that this gentleman is only the minder of other people's property. So the rightful owners of the 250,000 hats are unknown; and the cloak-room is now partly a lost-property office! In that case what is the snag in clearing the property? It is doing no good inside, but will do good outside wherever it goes. Extra tickets could be given to ticket-holders alone, or to non-ticket-holders alone, or shared between both classes in some proportion or other. If none of these alternatives is possible, what other is? There is one we can think of: it was put into operation by the late Lord Melchett, whose bright idea was to destroy hats, in order to save cloak-room tickets, and to clear more pegs to hold more hats.

Drama.

Salomé: Gate.

The Gate Theatre Salon holds its place as the theatre in which the plays that one most wants to see are produced. At every recollection of Wilde's "Salomé" since I read it twenty years ago, I have wanted to see it. Although written in French—surely a sufficient protection against its being seen by too weak eyes—the play has been continuously banned, and I never expected to see it. It serves the whole principle of censorship right that when the play is at last on the stage it is in a translation into the audience's native English. My gratitude for production is not lessened by the fact that my esteem of the play has thereby been reduced. If the censor had given as the reason for his ban that the play properly belonged to literature, not drama, my esteem of the censor would have been increased. For Wilde's "Salomé" is more dramatic in the literary form than any stage-production could make it. The faults of the stage-version are Wilde's, not the producer's. Indeed, where Wilde's version of the story is truly dramatic so is the stage version.

While reading the play one's criticism of Wilde's variations from the story as told by Mark remain passive; that Salomé should be in love with John the Baptist, and take a frightful, because her only possible, means of access to the ascetic's lips dawns on one without seeming unnatural. It is not told by Mark either that Herod was incestuously inclined towards Salomé, or that she herself was passionately desirous of John. Mark's story is less nineteenth *fin de siècle*. Herod respected and feared John, but his wife hated, and would have killed him, for the good reason that the prophet had denounced Herod's marriage with his brother's wife. Both versions agree in that, although the gospel story is the clearer. According to Mark, when Salomé had pleased Herod by dancing for him, and she had been promised whatever she might ask, she asked her mother what she should choose, and was advised, "the head of John the Baptist." Nothing is said of Salomé wanting the head for herself. It is precisely the variations which Wilde does not justify. When one hears Salomé pour forth her sexual passion to the ascetic in his camel's hair, one demands to know how the passion came into being, and one is not enlightened. The substitution of the complex sexual motives of the play for the simple, intelligible, *ego* motives of the story required the most careful dramatic craftsmanship. Wilde, however, expended his literary force on the provision of imagery to fill the gaps of the story instead of on justifying the changes. It seems to me regrettable that Wilde did not write originally in English. It would at least have been Wilde's English, and might well have been in Wilde's economical English. For Wilde could, of course, be as economical as any writer. His satirical exposures of Victorian mentality and morality scintillated because of the genuine wit in them. But when Wilde went in for fine writing, and tried to give examples of the æsthetic "useless" beauty which he affected to defend against Victorian utilitarianism, he sometimes lost the meaning through the net of words, and produced only a kind of literary musical padding. "Take care of the sense," said Lewis Carroll, "and the sounds will take care of themselves." This is not more true, of course, than the proverb of which it is a parody; but it contains a truth, and whenever Wilde respected it he was a great, one of the greatest, writers. His "Salomé" falls short inasmuch as he bestowed too much care on the sounds, and too little on his new meanings.

It would have been possible to produce "Salomé" on the Drury Lane revolving stage with all the

luxurious trappings and hangings of an oriental, barbaric, court. It may be that Wilde's imagery would have appeared more appropriate in such surroundings. Nevertheless, I preferred the simple, suggestive lighting and setting of the Gate Theatre. Mr. Godfrey is a producer, but he respects instinctively the hierarchy of which the author is the head. The hypnotic scene in which Margaret Rawlings, terribly and sullenly relentless, demands and obtains the head of John, could only have been weakened by the presence of a more expensive background. Miss Rawlings gave altogether a fine performance, her struggle to hide Wilde's shortcomings in the love-scene being heroic. Her dance, in which Mr. Godfrey gave the impression of nudity very delicately, was hardly barbaric however, and did not convince one as expressing the movements which Wilde's incestuous Herod offered up to half a kingdom to see. If the dance was right, Robert Speight's Herod was not right. In fact, it was a red-nosed comedian Herod speaking Wilde's jeweller's shop imagery at least half as burlesque. With the rest of the acting there could be no serious complaint, except at a fault which Mr. Godfrey can hardly help in these days in view of the material available. Nevertheless a barbarian King's court is not a place where common soldiers would speak with the best Oxford accent.

Tiger Cats: Royalty.

It is a wise rule that hats must be removed in the theatre. In the theatre of Utopia the audience will be quite naked, their hands empty, and their mouths sewn up. Then we shall enjoy in the theatre a silence which would do credit to either a theatre or a church. At one time—the practice may continue for all I know—there used to be in places of worship tall men carrying long rods with which to tap the shoulders of any young persons so profane as to disturb the congregation's slumber by rustling hymn books noisily, or laughing at improper notes passed along behind the pews. In default of anything better I wish those tall men would keep in practice during the week by being theatre-wardens. I excuse, of course, the lady who, after the first performance of "Tiger Cats," stood in the theatre and told the world that "not all women are like that." I accuse the noisy chatters and rustlers during Sara Allgood's delicate and beautiful songs which preceded the second performance of the play. The lady who protested after the first had probably been quieter than the church-mouse throughout, and possibly her protest at a time when everybody was free to enjoy it did her good. But as Madame Bramson, the author, says, men do not rise after a gunman play to protest that not all men are like that, so why should women after the presentation of a solitary pair who are like that? Madame Bromson's tiger-cats had probably had what one might call a Strindberg education; indeed, whether they are the "Father's" daughters or not, they certainly exhibit traits of the Father's wife, and we have Madame Bramson's assurance that they were sisters. Strictly, of course, it was the men in the audience who ought to have protested that not all men are quite so easily scratched, or brought down by fawning and purring, or eaten, as those in the play. Perhaps the men in the auditorium were too busy sympathising with their stage images to realise how much more violence they would have used in life. Why should André Chaumont have allowed his wife ceaselessly to disturb his important neurological messages to mankind when he could have locked her outside the room?

Madame Bramson is one of the most powerful and theatrical of women dramatists. But her characters are not rounded human beings with their qualities and defects. Instead of "Tiger Cats" being either a slice, or the distilled essence, of life, it is only an

aspect chosen for the theatre's sake. Some women, and many men, "are like that" some of the time, a few are like that much of the time. But it would be impossible for all women to be man-eating parasites and all men obliging "hosts" all the time. The proof of the mixture is in the acting. Edith Evans dressed herself, prowled, crouched, and rested in a manner which the tigers from the Zoo, if taken to the theatre, would have clapped. Yet the actress for ever wanted to be more than cat, more even than the archetypal cat from which the whole cat-tribe were modelled. Always she sought to use that intelligence of which she has large measure, and which divides the cat from the woman who is not only cat but coquette and courtesan and a thousand things besides. Without succeeding, the actress, in short, strove to convert the abstraction into a full, living soul. Both she and Margaret Hood also failed in that neither gave the impression of being anything like so aristocratic as the text required. But it is good to hear both Edith Evans's and Robert Loraine's beautiful elocution on any stage in almost anything, although Loraine jumped to melodramatic intensity—he was never "loud"—a little too early in the play. When all the enjoyment of the cat-fight has been had, however, the play remains only theatre; only an abstraction from life with no significance outside the theatre; and when dramatists make abstractions they have no right to grumble if audiences suppose them to be intended as generalisations.

PAUL BANKS.

The Films.

The Academy Theatre.

Filmgoers in search of an unusual programme should sample the entertainment that is being provided at the Academy, Oxford-street. The present policy of the management is to specialise in French talkies, and although the pictures so far shown vary in quality and interest, they are worth seeing as examples of technique. If Mr. Hakim, who is responsible for the choice of programmes, were to revive that superb picture, "En Rade," he would place every intelligent filmgoer in London in his debt.

Uneasy Virtue: London Pavilion.

When Hollywood describes a picture as sophisticated, the experienced filmgoer knows that, unless the dialogue has been written by an Englishman, it is really a case of the mixture as before, plus a few lines or a situation or two that may conceivably shock a Fundamentalist or the members of a women's uplift society in a small Western town. "Uneasy Virtue," which was made by British International, is really sophisticated, is a polished and amusing entertainment, and again shows how successfully our producers can compete with Hollywood if they will take the trouble. This is not a very good film, being too much on photo-play lines, but it does Elstree great credit all the same. From a very competent cast, which includes our British blondes, Margot Grahame and Dodo Watts, I single out Fay Compton and Edmund Breon for special mention. Miss Compton has been much better directed than in some of her other pictures.

Kiki: Regal.

That admirers of Mary Pickford, among whom the present writer has at no time felt any inclination to enrol himself, will like her latest picture is abundantly proved by the fact that during its first few days at the Regal some five thousand people signed the star's "own visitors' book." According to the publicity matter, "Kiki" is "the gayest, maddest, most captivating love story ever told," which is, frankly, the most complete bunk. But a screen version of a hackneyed French farce, completely unreal

characters, situation and plot, and the attraction of seeing Miss Pickford bite the legs of butlers, undoubtedly represents a good box-office draw. I cannot resist quoting my witty opposite number on the *New Yorker*.

"For some reason, most unwise, I feel, Mary Pickford has chosen to appear in 'Kiki.' Her exact prettiness, brittle and fair, remains and she cavorts tirelessly in the silly part of the little French *gamine*. I think there are amusing items in the film, at least before your strength gives way; which it does, though, soon."

Sez you.

Sez me.

Ben-Hur: Tivoli.

When it was first shown in England "Ben-Hur" broke all records by staying for nearly a year at the Tivoli, where it was seen by well over a million people. It will be interesting to see the measure of popularity attendant on its revival. True, it has been fitted with a synchronised musical accompaniment, which could easily have been much better, and with a sound accompaniment, which is quite good, although much more successful use could have been made of "effects." But the picture remains silent, for which many thanks to Metro-Goldwyn-Mayer (Romans and Jews with American accents in the time of Christ would have been too unspeakable), and there is the pleasant thrill of seeing a picture complete with all the familiar titles of the pre-Jolson epoch. "Ben-Hur" wears extraordinarily well, and I may place it on record that while it caused me the most acute and active dislike when I first saw it, I enjoyed the revival. But it should be cut; two hours and seven minutes is too long even for a masterpiece, which "Ben-Hur" is not.

This film has been licensed for exhibition to adults only. Possibly our inane Censorship thinks the doctrines of the founder of the Christian religion too subversive to be brought to the notice of "persons under, or apparently under, the age of sixteen." Incidentally, the scenes in which Christ appears are handled with the greatest tact and reverence.

DAVID OCKHAM.

Verse.

By Andrew Bonella.

Mr. William Soutar's volume, "Conflict,"* has some good stuff in it. There is real thought in much of his work, and here and there in his expression is a happy reminiscence of Donne and the metaphysical poets.

There was a time when I found joy
In thy near presence. My estate
Nor intellectual was nor sate
With lustiness: I was a boy.
There was no need for touch or speech;
Silence was our interpreter:
Aught that we did seemed but to stir
The mind's clear image, each in each.

Mr. Soutar is not always quite so happy in his expression:

Thus cosmos, upon cosmos, wheels
From bodied thought to thought again;
And Time must give back what he steals:
Ceaseless the world's calm music peals
Within the cathedral of God's brain.

Here the hurried extra syllable in the last line spoils the swing of the key word, rhythmically speaking, "cathedral." Substitute "in," or better, "through," for "within," and the line is improved. But Mr. Soutar does not make many slips of this kind, and much of his verse is on the level of the following lines:

He who weeps for beauty gone
Hangs upon his neck a stone.

* Chapman and Hall. 4s. 6d.

He who mourns for his lost youth
Daily digs a grave for truth.
He who prays for happy hours
Tramples upon earthy flowers.
He who asks an oath from love
Doth thereby his folly prove.
Mourn not overmuch nor stress
After love or happiness.
He who weeps for beauty gone
Stoops to pick a flower of stone.

In my article "America Bids for the Critic" (THE NEW AGE, February 12, 1931), I quoted a letter from the Cornhill Publishing Company, of Boston, as an example of the methods applied by Americans to the sale of literature. My readers may remember that I was to receive a volume of poetry, gotten out in beautiful style, each copy worth about one pound sterling, in consideration of "liking," that is giving a boost to, the works of Mr. Brookes More. I replied that I was in a position to reject the offer, and that, in any case, the price would not have been high enough to tempt me.

I have had a reply from these people which only makes the case against them the more damning. In their first letter, when they felt that there was a chance of enlisting my critical services, they wrote: "We hand you a bouquet for your intelligence." "You plainly show that you do know what you are talking about," and again, "We will give you credit for a logical mind and knowledge of your subject." But now the case is altered. My name is mud. Yet I am still the same critic, for better or worse; nor, since they wrote their first letter, have I written one word for or against their Mr. Brookes More.

Enclosed with their last letter to myself is a copy of a long letter to a gentleman in Dunoon who seems to have mentioned my name to them in some connection or other; and here I am coupled in obloquy with Walt Whitman and Amy Lowell. It is rather hard to be thrust into such company. I cannot stand Walt Whitman at any price, and have never said a good word for him in my life; while my acquaintance with the works of Amy Lowell is so small that I am not even in a position to abuse them. The letter is on the whole obscure—perhaps the Gentleman in Dunoon can help us—but the reason for its inclusion is apparently to be found in the following passage:

"In your preceding letter you wrote to us that you were sending . . . to us an account of what you had read in THE NEW AGE, and which was written by Mr. Bonella; so far as Mr. Bonella's ability as a critic is concerned, we do not value it very much; other people may value his criticism; that is their business. Just for the fun of it, we enclose a copy of a letter written to him . . ."

I need hardly point out how completely this change of front confirms my suspicion that their original compliments were not written in good faith.

I remember doubting when I wrote the offending article whether it was possible to pierce hides as thick as theirs must be who could draft such a letter to a critic. Still, I turned my phrases with care, and carefully sent a marked copy across the Atlantic. It seems that I did them an injustice; their hides were not impervious; they had at least enough sensibility to lose their temper:

"Dear Mr. Bonella,

"We received from our clipping bureau your article which appeared in THE NEW AGE on February 12, and we are impressed by your incorruptibility and with your remarkable and unusual grand knowledge and your refined, aesthetic taste.

"In one of your paragraphs you express a terrible fear that we may have tried to corrupt you into giving a fine review by bribery; well, that is interesting. Perhaps you have a political mind and are trying to become one of the leading politicians of Great Britain. We have heard that politicians sometimes really get large bribes; unfor-

tunately we are not in a position to offer nice, fat, juicy bribes to you. The only bribe we can offer is a torn postage stamp [N.B.—This is actually enclosed], with the hope that when you get that postage stamp, you will reciprocate and say something nice about all our authors, and especially about Brookes More, because if you say something nice about him, you will be just as smart as some of the finest literary men in the world.

"Good luck to you, Mr. Andrew Bonehedda (sic.).

"In the extremity of sincerity, yours

"THE CORNHILL PUBLISHING COMPANY."

The finest literary men in the world are, one must suppose, the professors of English literature and heads of colleges in Ga., Va., Pa., Ill., and Mass. to whom I referred before.

One might take the whole thing as a joke were it not that these letters come from Boston, a city whose name has been associated—before the days of Saccho and Vanzetti—with so much that was civilised and charming. Alas, if Boston has come to this, what of the Middle West? Suppose I had offended a firm of publishers in, shall we say, Pittsburg; what kind of letters should I have received from them? Probably none at all: I should have been simply *taken for a ride*, and next morning the headlines would have read:

**BONEHEDDA BUMPED OFF.
DID BRITISH CRITIC SQUEAK?**

In conclusion, I should advise the Cornhill Publishing Company's publicity department to take a correspondence course in Polemics; or failing that, they might consult Schopenhauer on *Controversy* or their compatriot Whistler on *The Gentle Art of Making Enemies*. The present correspondence, however, is now closed.

LETTERS TO THE EDITOR.

FORERUNNERS OF SOCIAL CREDIT.

Sir,—At this distance I have been following with interest the discussion in your columns, initiated by Mr. W. T. Symons, under this heading. Various names have been mentioned in the above connexion. I trust you will permit me to add, as a tribute from the living present to the past, the name of J. B. Crozier, the author of that masterly reconstruction of Political Economy (published in 1906), *The Wheel of Wealth*.

In my judgment, this great pre-war thinker was not only the precursor, but the actual philosophic father of "Social Credit."

So far as my knowledge extends, Crozier was the first economist of philosophic rank, to clearly see and demonstrate the overwhelming importance of "consumption."

F. J. SEWARD.

East London, South Africa.

[The discovery of the importance of "consumption" dates back a very long time, but the discovery of how to effect an equilibrium between production and consumption dates back to Major Douglas's announcement in 1919. The fact that writers before that time have voiced ideals which coincide with our own does not make them "precursors of Social Credit" except in the sense that they had right instincts and were potentially capable of accepting the Social Credit Proposals if they had known of them.

No writer that we know of has said anything which could have helped Major Douglas to track down the flaw in the price-system. On the contrary, all of them that we have read would have hindered him if he had read them, which, thank goodness, he hadn't.—Ed.]

POLICY OF "THE AGE OF PLENTY."

Sir,—I am attaching you a copy of a letter which I have written to the Editor of "The Age of Plenty," which will be self-explanatory.

The subtle nature of the argument which is now being exploited by, for instance, Sir Henry Strakosch in connection with the necessity for a stable monetary unit, will be familiar to your readers.

It is, perhaps, hardly necessary to state that such a unit must be from its nature an abstraction of variable content, derived from the expression $\frac{\text{production}}{\text{consumption}} \times \text{man-hours}$.

Gold has no more to do with it than wheat or any other article, and to say that it can be represented by 113 or any other number of grains of gold is as about as sensible as to say that the speed of the "Empress of Britain" depends

at any moment on the market price at the same moment of the turbines which drive her.

C. H. DOUGLAS.

COPY.

Editor, "Age of Plenty," 12, Grantham-street, Coventry,
May 29, 1931.

Dear Sir,—I have read the article, signed with the pen-name of "Junius Junior," in your current issue, on the use and abuse of gold. I should not in general feel obliged to comment on this article, which is similar in its general implications to views put forward by Sir Oswald Stoll, but for the fact that your valuable paper is commonly supposed to be in general agreement with my own views and policy.

This article, of course, does not in any way represent them, and (at any rate in my opinion) is both unsound theoretically, and would, if an attempt were made to translate it into practical action, produce results in direct opposition to those which the writer, no doubt, in common with myself, desires.

In view of this possibility of misapprehension, I should be much obliged by the publication of this letter.—Yours faithfully,

C. H. DOUGLAS.

["The issue of *Credit for Production* gives *Expansion without Inflation* . . . The issue of *Money for Production* gives *Expansion Accompanied by Inflation*." Thus a prominent paragraph in the article mentioned (p. 8). Also: "Neither money nor currency can be made more plentiful without making things dearer" (p. 6). "The Cheque, in effecting Exchange without the employment of money (that is by barter) cannot cause inflation unless used for purely speculative purposes" (p. 7). There are five pages of assertions like this without a single proof being offered, and without a single fact being adduced, in support. The article reads like the last chapter of a book which the author has been too excited to write. Quite apart from its cutting right across the Social-Credit analysis, it is of no educative value. What the editor of *The Age of Plenty* features and praises it for is beyond our understanding.—Ed.]

LONDON TALKS: MOSCOW ACTS.

Dear Sir,—I often wonder whether you ever have an opportunity of perusing the *Times Trade and Engineering Supplement*? For my sins I have to wade through that periodical every week in search of news, reports, and so on, in connection with my employers' business, and I occasionally meet with articles in which mention is made of "Consumer Credit," "theoretical economists," "currency cranks," and the like, the object of the articles obviously being to discredit the views and policy of Credit Reformers generally.

In the current week's issue of the publication referred to the usual little tit-bit about the blamelessness of the banks is wrapped up in a leader, "The Prince and Export Trade"; it runs: "Banks, as banks, have no money to lend; the capital at their disposal belongs to their depositors." This variety of humour now appears so consistently in the "Supplement" that I, together with a number of my colleagues, always watch for it each week; it is most gratifying to the Social Credit mentor of the latter that they rarely fail to dig out the little gems from this weekly mine of information and advice!

I know of no other journal in which the subject of Credit is so often referred to, with the apparent purpose of having a tilt at those who would interfere with the existing banking and accounting system.

I was interested to read recently that, in the opinion of Major Douglas, a new and tremendously important factor had made its appearance in the world economic war arena, and that this, possibly more than anything else, would precipitate the breakdown of the existing financial hegemony; he referred, of course, to the Russian Five-Year Plan. It is just possible, of course, that Russia may stumble on an economic system which bears some resemblance to that advocated by Social Credit protagonists; at any rate, she is carrying on experiments, and is, in that respect, to be congratulated. She appears to have learnt that a "ticket" system, backed by, though not as yet scientifically adjusted to, the real wealth of the country, will function well enough so far as the production and distribution of goods are concerned; exports are being "given away" merely to obtain foreign currency with which to buy from abroad the further means of production—until such time as Russia can dispense with further assistance of that nature from outside sources. Judging from recent issues of the *Five-Day Economic Bulletin*, it will not be long before Russia is actually independent of other countries for the great bulk of her necessities. One can well understand the almost universal torrent of condemnation directed against the country by our "kept" Press if Russia has indeed hit upon an economic system, which, by trial and

error, will be modified or moulded to the Douglas pattern. But perhaps that is too much to hope for!

G.

"ECONOMICS AND EDUCATION."

Sir,—I wish to express to Mr. Couzens my appreciation of his recent article, "Economics and Education."

May I ask him to produce a few specimen pages of the ledgers to which he would direct our attention?

All the people of the British Empire may be divided into (a) prospective workers, (b) workers, (c) retired workers. The workers may be sub-divided into (1) those who produce the goods, and (2) those who look after the people who produce the goods.

Under the present system the prospective workers and those not actually engaged in industry are parasites on industry—any money they receive must come from industry.

It is possible to form an estimate of an adequate amount of credit to be loaned for a given period. Part of this should be lent to industry as is customary at present, but a reasonable amount should be issued directly to those millions, whose services have no monetary value. Money for food, clothing, and shelter should be issued to individuals. The Government should pay for all its "Services" without imposing rates and taxes.

"Parish" or "national" schools started as charitable organisations. It is interesting to speculate what would have been the result if elementary schools had been founded and developed by commercial institutions.

We are striving to train our children to be successful in business, and happy in their leisure, by methods approved of by our Inspectors—men of University education, on an amount of money equal to a charitable dole.

Until every person has an assured income, education will not be the ideal it should be.

Our children are our greatest asset, and when we cast our bread upon the waters it will return unto us.

S. M. W.

Points From Correspondence.

BRITISH FASCISTS' CREDIT-POLICY.

I enclose a copy of the May number of the *Fascist*. . . . It comes as a surprise to me to find the germs of the Social Credit idea already penetrating the outlook of English Fascists.

M. H. G.

[The expression of what may be called Social Credit sentiments should not be taken as evidence of sympathy with the Social Credit Proposals. The editor of the *Fascist* has been in contact with members of the Social Credit Movement, and has read some of our literature, but he has got a credit-scheme of his own which ignores the costing element in the present system. The Fascist credit proposals are therefore an application of previous producer-credit ideas.—Ed.]

THE LEGION AND THE BANK.

[Below is a copy of a supplementary letter sent by the Legion of Unemployed to the Bank of England.]

Legion of Unemployed,
Head Office,
54, Poole Road,
Coventry, Warwicks.
May 22nd, 1931.

To
The Deputy Governor,
The Bank of England,
London.

Sir,
On behalf of the organised unemployed of Coventry, I thank you for your letter of the 14th of May.

We realise and fully appreciate the urgency of affairs claiming the time and attention of the Governor of the Bank of England.

Nevertheless, our economic condition, in common with that of some 2,500,000 fellow victims of the present financial system, is of equal urgency.

In view of this fact, we feel impelled to ask the Governor of the Bank of England to reconsider his decision and to grant our request to receive a deputation from the Legion of Unemployed.

We hope that you will be good enough to put this matter before the Governor on his return from the Continent.

I am, Sir,

Yours faithfully,

G. HICKLING,

Organiser,
Legion of Unemployed.

PUBLICATIONS RECEIVED.

The New Economics for Australia. (Victoria, Australia. Price 2d.) April 1 issue. The editorial notes are an acute, balanced, and lucid analysis of the policies of Mr. Lang and Mr. Theodore, and should be read by all Australian advocates of Social Credit.

Newspaper Finance Annual, prospectus of second edition: edited by Roy Hopkins; published by London General Press, 8, Bouverie Street, E.C.4, in March last at 5s. (Postage 6d.). Recognised by the *Economist* and *Stock Exchange Gazette* as the most authoritative manual on the ownership and ramifications of British newspapers.

Unemployment. Published by the Christian Social Council, 32, Gordon Square, W.C.1: 4 pp., 1d. Postage ½d. "A Message to the Churches." Contains two sections: (a) Why the Churches should investigate the problem. (b) How they should approach it. The Research Committee of the Council, who have prepared this message, urge (in paragraph 11, Sec. 2) that the Churches should not rest content with any proposed solution of the problem that does not take into account the inability to market the output of industry under the present price-and-cost system.

The Swan Express. (Perth, Western Australia. Weekly. 2d.). Issues for Feb. 19 and 26. Front-page article by H. Worth, entitled "The Douglas Credit Proposals," extending to ten columns, spread over the two issues.

NOTICE OF MEETING.

On Friday, June 5, at 8 p.m., at the National Trade Union Club, 24, New Oxford-street, W., J. P. Walton Newbold, M.A., ex-M.P. (a member of the Macmillan Committee on Banking and Finance), will speak on "The International Gold Standard."

AUSTRALIAN SOCIAL CREDIT DIRECTORY.

Powell, Robert, King's Cross Mansions, 239, William-street, King's Cross, Sydney, N.S.W.

Morrison, G. M., Room 215, Adyar House, Bligh-street, Sydney, N.S.W. Hon. Sec., Douglas Soc. Cr. Assn.

Wilkinson, J. R., 1, Museum-street, Perth, W.A. Hon. Sec., The Douglas Credit Movement of Western Australia.

McKellar, 6, Ormsby-grove, Toorak, S.E.2, Victoria, Australia. Editor, *The New Economics for Australia*.

Ireland, P.M. 103, Hawdon Street, Heidelberg, N. 22 Melbourne. Secretary, Melbourne Social Credit Group.

Da Costa, C. B., architect, Deagon Street, Sandgate, Brisbane. Secretary, Brisbane Social Credit Group.

FINANCIAL DIRECTORY.

Norman, Rt. Hon. Montagu Collet, P.C., D.S.O., Thorpe Lodge, Campden Hill, W.8. Telephone: Park 3751. Club: Athenæum.

Niemeyer, Sir Otto E., K.C.B., 8, Addison Crescent, W.14. Telephone: Western 5369.

Strakosch, Sir Henry, 45, Chester Square, S.W.1. Telephone: Sloane 7394. Also: Heatherside, Walton-on-the-Hill. Telephone: Burgh Heath 350.

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THE
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No. 5

1931

No 5

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