

# THE NEW AGE

INCORPORATING "CREDIT POWER."  
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART  
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## NOTES OF THE WEEK.

We have left Australian affairs alone for a little while because they entered the stage of private political bargaining and could afford no basis for comment until some results were arrived at. There have been discussions between Loan Councillors, economists, insurance magnates and bankers, who between them have hammered out a more or less practical scheme for applying the Niemeyer policy of "sacrifices all round." This scheme we will designate the Niemeyer Plan, so reducing it to the same constitutional perspective as what we may refer to as the Theodore Plan and the Lang Plan. The Niemeyer Plan is now (at the time of writing, June 8) being considered by a conference of State and Commonwealth Premiers, plus co-opted Leaders of the Commonwealth Opposition Parties, Mr. Lyons, Mr. Latham and Sir George Pearce. Three of the State Governments represented are Nationalist and three Labour; and the Commonwealth Government is also Labour. *The Times*, in a leading article on June 8, remarks that the conference has taken on the character of a "National Council" and says that:

"Now that the Commonwealth Opposition is represented as well as the Commonwealth Government, there can be no doubt that it will be able to secure the support of the Australian Parliaments and the Australian people for any plan upon which it is able to reach unanimous agreement."

This is interesting. It assumes that a majority of the Australian electorate are ready to endorse any plan on which a small mixed body of Australian Statesmen agree, irrespective of what the plan is, but simply because the Statesmen are unanimous about it. We do not say that the assumption is unfounded: we know that the banks possess the power of stampeding the electorate in any direction and we know that if they were not certain of being able to impose the Niemeyer Plan on Australia by that method, they could get it imposed by an Emergency Decree without submitting it to the electorate at all. Apart from that, how could a

voting electorate defeat the Plan? They could only vote for candidates who opposed it; and if there were no such candidates then every vote given would count in support of the Plan. Candidatures cost money: and as a unanimous agreement between Statesmen on the Plan would lay party-leaders under the obligation to withhold financial support from critics of the Plan, the electorate would be helpless to defeat it however large a majority of them desired to. In theory, they might register the fact and the magnitude of their hostility by refraining from voting: but under Australian law they are compelled to vote under pain of financial penalties if they do not. When we hear the democratic system criticised as one under which majorities can coerce minorities we are inclined to wonder whether the critics have not got hold of the wrong end of the stick. In the practice of government to-day coercion is applied irrespective of the *quantity* of opinion but in respect of *quality*. Finance is the self-appointed arbiter of *quality*; it confers majority-rights and majority-powers on policies approved by itself, and denies them from policies disapproved by itself, no matter in what proportions the spontaneous wishes of public are divided between them.

The chief tussle in the Conference has been on the question whether the conversion of the internal loan should be voluntary or compulsory. The Niemeyer representatives held out strongly for the voluntary principle, but the Theodore and Lang representatives overbore them. "No," they said. "Equality of sacrifice all round, if applied in compulsory form to wage- and pension-reductions, must be applied to interest-reductions." According to *The Times*, in the article referred to:

"To that the Conference has agreed in principle. Though recognising that a compulsory reduction of interest was equivalent to a partial default, it was willing to incur that default sooner than risk complete insolvency. (Our italics.)"

What a pretty commentary on the consistency of the Niemeyer group. Hitherto they have been dining it into the ears of the Australian public that

default was repudiation, repudiation destroyed confidence, and the destruction of confidence inevitably caused insolvency. That was when New South Wales took the law into its own hands (with a popular mandate) as to defaulting. But now that the bankers have taken it into their own hands (without a popular mandate) default has become a *safeguard against* insolvency instead of the *cause of it*.

The Niemeyer group, when pressing for the voluntary principle, assured the Conference that holders of more than one half of the outstanding debt (the debt being about £500,000,000) had already "promised to do all they could to make a success of the conversion operation" and said that "there seemed good reason to hope that other holders would consent to make the sacrifice required of them if an appeal were made to their patriotism." (Quotations are from *The Times's* own paraphrase of the original argument.) We should mention that the average rate of interest at present is 5.4 per cent., and the proposed rate of interest on the new securities to be substituted is 4 per cent.—thus producing a collective saving to the Government of £6,500,000 per annum. Our readers will probably see that this saving on the conversion would be just the same whichever principle were applied to it. For if the yield fell short of the expected amount the principle of "equality of sacrifice" would have visibly broken down in practice, a situation in which Messrs. Scullin, Theodore and Lang would certainly refuse to proceed with wage- and pension-cuts, and would have the trade-unions and masses solidly behind them in support of the refusal.

No; what is profoundly agitating the bankers is that a compulsory conversion will infringe a basic financial axiom, namely, that *credit-policy must be independent of political control*. Directly a Government enacts a law compelling bond-holders to accept a modification of a credit-contract not provided for at the time when the contract was made, the principle of political interference becomes established. The fact that in the present case the compulsion would be exercised by the consent of all Parties makes no difference to the principle. They are all politicians. It would do so if the public were informed that the conversion was an agreed arrangement entered into between bankers on the one hand and statesmen on the other, because then is would be seen that fundamentally the conversion was voluntary after all—the coercive element in it being a mere formality designed to placate the wage- and salary-earners who were already subject to conversion. If a Government may interfere with credit-policy only with the assent of the professional credit-controllers, that accords with the principle that the Government has no right, as a Government, to interfere with credit-policy. But this is where the bankers are in a dilemma. They dare not say publicly that the Government's right of interference with their affairs depends on whether they assent to its exercise or not. They want it to appear that the policy of political non-interference has been voluntarily adopted by statesmen in the past (and continuously through all changes of Government) for the reason that they have all along realised the inability of even the highest statesmanship to deal with such a delicate thing as the established credit-mechanism. Hitherto the bankers have always had the power to keep this illusion alive in the public mind, for if any Government had interfered with them they could have exercised reprisals in secret, producing disturbing visible consequences which would have been construed as the "natural outcome" of the Govern-

ment's "bungling" interference. But at the present moment in Australia they cannot use this weapon. They want the conversion operation to succeed; so they cannot interfere with its success in order to discredit the Government's policy of using legal compulsion. Nor can they cause any other forms of disturbance considering that the general policy, of which conversion is only one factor, is their own. If the Niemeyer Plan, as a whole, is carried, then the financial and economic phenomena which follow must, on the whole, be made reassuring instead of disturbing, or the whole Plan will be in danger of discredit. So the Australian people may witness a Government using compulsion to break credit-contracts, and, moreover, doing so against the advice of orthodox financiers, without producing any of the disastrous consequences which, according to financial doctrine, ought to have happened?

The foregoing was written on June 8. What now follows was written on June 10 when news was published in *The Times* that the Premiers' Conference had agreed to recommend the voluntary principle of conversion after all. So the bankers have won another round. Messrs. Scullin and Theodore gave way reluctantly, and Mr. Lang bitterly—the last-named declaring that he would not impose any economies in the State of New South Wales until he had seen the voluntary conversion successfully—i.e. completely—carried through. But Mr. Lang has missed the point. He has assumed that the principle of "equality of sacrifice" will be fulfilled if the conversion is completed and the full calculated saving of £6,500,000 in interest is accomplished. Nothing of the sort. We cannot quote authentic figures, but we are going to suggest that of the total of £550,000,000 of loan now existing probably £500,000,000 is owned by banks and large financial institutions affiliated to them, and that the remaining £50,000,000 in nominally private ownership is practically all pledged with the banks. It is no use trying to verify these figures by reference to the published balance sheets of financial institutions, because the figures recorded of their investments are their own valuations, and not the nominal value or even the current market value. Nor is the difference trivial. We have reasons for saying that in many cases the proportions written off amount to three-quarters and even nine-tenths of the current market quotation. If anybody feels inclined to scoff at this he had better read up accountancy law or consult a practising accountant. He will then learn that, in the valuation of business assets—not only shares but every other kind of asset—the ideal basis is *scrap value*. The perfectly "sound" valuation of assets has no reference to their cost, and only an indirect reference to their earning power at any given time, but is a record of the price they would fetch if the business closed down and threw all these assets on the market. For example, we once saw in a newspaper the balance sheet of a Belgian bank in which it recorded the value of its "premises" at one franc! That was a ridiculous extreme, but it is one towards which accounting principles tend. They are sanctioned by law and encouraged by the banks. Accordingly, when, on May 27, Mr. Jones of Victoria, at the Premiers' Conference, stated that the "savings banks" held £90,000,000 of Government loan, and that insurance companies held £71,000,000, the figures could have been entirely fictitious and probably were.

It stands to common sense that the larger the holding of a particular asset the lower its selling price if it is all thrown on the market. For instance, if Tom Smith owns £100 Australian loan, he can value it at the market price, because if he got nerv-

ous and sold it the market could absorb it at that price. But imagine what would happen if the Australian trading banks suddenly got nervous and tipped £100,000,000 out on to the market. The price would slip away to nothing, for everybody would be afraid to buy. But even if these banks kept their nervousness a secret and unloaded the stock in instalments on the quiet, the price would start falling very soon and would gradually approach a mere fraction of the original market quotation. So there is nothing fantastic in the suggestion that Australian financial institutions collectively hold loan stock to an amount vastly larger than the amount that they own to. The Australian public, in considering the question of the conversion loan, will be well advised to accept the hypothesis that practically the whole Loan is owned (chiefly) and controlled (as regards the balance) by the banks.

In these conditions the deal now put over by the banks amounts to this. They say in effect to the Australian Government: "Under contract you ought to be paying us (say) £30 millions a year. We will knock off £6½ millions a year if you will extract £25 millions a year out of the public." The Government has accepted the offer without troubling to ascertain whether any of that £6½ millions is going to be renounced by any individual at all, whereas the £25 millions manifestly must come out of the personal incomes of the public. Look at the figures attached to the recommendations made by the Copland Economic Committee (the name now given to the committee of experts who met to work them out at the instance of the sub-committee of the Loan Council).

#### Compulsory Reductions in Disbursements.

Government and other public expenditure	£ 8.8
Pensions	4.2

#### Compulsory Additions to Taxation.

Sales tax	5.6
Primage (Customs)	2.4
Direct taxes	2.0
Income tax in Victoria and Western Australia	2.0

#### Voluntary Contributions.

Saving on Loan-Conversion	6.5
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Total ... .. £31.5 mills

Readers can draw their own conclusions as to how these figures square with the doctrine of "equality of sacrifice" even allowing the last item to represent deductions from personal incomes along with the rest. (For instance the pensioners alone are to put up a sum equal to two-thirds of what the banks are to contribute.) But our point is that the £6½ millions need not cost anybody a halfpenny. Capitalise it at, say, 4 per cent. and you get a sum of, say, £162 millions. It is not improbable that the banks' holding of bonds is already written down by a margin equal to this capitalised amount beneath current market values: in which case the banks could "pay" (i.e., appear to pay) the £6½ millions in perpetuity by the process of writing up their short-written assets by the necessary amount. Thus the means of payment would be created; and therefore no persons would need to be called upon to contribute. As students of Social Credit are aware, all such creations of Credit are fundamentally the property of the public. So what the banks are proposing to do is to disburse £6½ millions of public property on condition that the public yield up £25 millions of public property. Of course the latter amount would not come directly into the banks' revenues, but it would indirectly raise the value of their assets to the same degree as if it had so accrued to them.

Mr. Lang, when he surrendered, made some remark to the Niemeyer group in the Conference to this

effect: "If you gentlemen can assure me that a voluntary conversion-loan will be as successful as a compulsory one—"and so on; which meant that if he saw the £6½ millions turn up, he would be left without any objection to the voluntary principle of conversion, and without any reason for declining to impose the Niemeyer Plan on his own constituents in New South Wales. His one condition was that the conversion should be a success. *Of course* it will be a success if the bankers want it to be so; and can be made so by much the same process as that which made Mr. Lyons's Loan a success some months ago.

Consider the following alternative hypotheses. *First*: assume that the bankers hold the whole £550,000,000. Very well; they convert it—and that's that. *Second*: assume they hold none. Then their clients hold it all. The banks can directly induce or coerce these clients to convert to a degree commensurate with the amount to which they have borrowed loans from the banks on this security. The banks can advise them that loans and overdrafts on the old loan will be called in. Or they can advise them that in considering future applications for loans they will lend more generously on the new loan-security than on the old. Or they can swing their interest rates for the same end. They can say to the client who refuses to convert, and sticks to his right to receive (say) 5 per cent. on the old loan: "We will have to charge you (say) 8 per cent. for accommodation," and can say to the clients who have converted: "We shall charge you (say) 6 per cent." We could extend this analysis of possibilities further, but it is already sufficient to show that the power of compulsion resides in the hands of the banks.\* If they had been frank they could have pointed out and demonstrated this fact to the Australian Government weeks ago and saved all the chafing and quarrelling. They could have said: "Look here; don't you worry whether the bondholders will convert; you just propose to them that as patriotic Australians they ought to convert, and we will jolly soon dispose them to convert if they hang back." Naturally they did not; for their whole game is to conceal the fact of their power of compulsion and the means they command for exercising it; because a disclosure of these things would prove too much—it would prove that this private compulsion was exercisable not only over bondholders but over representative Governments.

Let us call attention to three items of information. On May 28 a report in *The Times* stated that the news of the proposed conversion was "causing some apprehension among investors," but that "Stock Exchange prices have been little affected." (Our italics.) Notice that in this case the impairment of "confidence" did not destroy "credit." In *The Times* of June 11, an official report issued on behalf of the Premiers' Conference is stated to say that sacrifices are asked of bondholders

"Whose interest will be reduced by 22½ per cent., but the capital value of their investment preserved." (Our italics.) So neither loss of confidence nor loss of income has had, or is apparently expected to have, any effect on

\* Banking authorities are always able to boycott a stock by getting the Stock Exchange not to give it a quotation. So it could easily happen that refractory holders of old Australian Loan Stock, even if they had not borrowed from the banks on it, might find themselves unable to sell, or even to negotiate a sale, except by advertising to prospective buyers. And even this way out to the would-be sellers could be closed up if the Press decided not to accept such advertising. It is almost certain that this decision would be taken, because since the Press as a united body is going to boom "voluntary conversion" as a great "patriotic duty," on which the restoration of Australian prosperity depends, how could it stultify its attitude by assisting people to evade their duty?

the value of the security. They ought to have depressed it—but then, a lot of things which ought to happen, and do happen when Statesmen publicly repudiate credit contracts, do not happen when bankers privately repudiate them. In *The Times* of June 9 Mr. Jones, of Victoria, is reported as having given the figure of £271,000,000 as the amount of loan "held by the banks and insurance companies," and to have argued that "voluntary conversion will produce" the interest-saving on that sum. He went on to remark that if the balance is not converted "taxation can easily raise the balance." The Premier's Conference, at the conclusion of its proceedings reported in *The Times* of June 10, notwithstanding their acceptance of the voluntary principle, allowed it to be understood that something of this sort would be done to prevent non-converters from getting any benefit out of their refusal to convert. This inconsistency is quite natural. The wirepullers of the Conference have no objection to the use of compulsion where necessary, but only to formal establishment of a Government's right to exercise it. Mr. Latham had previously summed up the general position in his remark in the Conference that: "The Government must give up their proposals for controlling currency and banking." (*The Times*, May 27.)

On April 17, when Sir Robert Gibson's letter of warning to the Commonwealth about the national overdraft was read in the House of Representatives, Mr. Theodore made a spirited reply in which he said that while the Government did not question the Bank's right to give advice, "it does seriously challenge the right of the bank to cut off money supplies to the Commonwealth Government, and to do this without consultation or prior discussion." According to the *Sydney Morning Herald* of April 20, the announcement that the bank had declined to finance Australian stocks both in London and New York. That paper published cablegrams from those centres reporting the declines dated April 17—the same day as the warning was issued in Canberra. The drop in the market was not caused by Sir Robert Gibson's public warning. It was pre-arranged. Mr. Theodore must have been privately warned beforehand, or he would assuredly have charged Sir Robert on April 17 with having wantonly caused a scare on the markets by publishing the warning "without consultation or prior discussion." The banks knew very well that Mr. Theodore, having resisted private pressure, would certainly not give way under public pressure. They could therefore count beforehand on his making the kind of reply to Sir Robert that he did, and were able to arrange that a slump in Australian stocks should synchronise with that reply. That it also synchronised with Sir Robert's public warning was incidental, although inevitable. The idea was to procure what looked like a spontaneous demonstration by investors against Mr. Theodore's defiant attitude, and, by implication, against his policy of political currency-control. Sir Robert said nothing on April 17 which the money-interests in London and New York were not fully aware of months previously, and if the continuing existence of the Government overdraft is to be accepted as the real cause of the slump, some explanation is wanting why it did not take place earlier. The notion that small independent investors could cause it is nonsense.

Among the comments on this matter are some by Mr. C. H. Tranter, chairman of the Associated Banks of Australia. They appear in the *Sydney Morning Herald* of April 20. He said (answering one of Mr. Theodore's complaints about credit-restriction by

"The facts are these. *Credit has been expanded* by the trading banks to the extent of £6,785,840

in the last eighteen months, and in that time the resources of the trading banks have been decreased by £23,272,449 through *reduction of deposits*. (Our italics.)

Using round figures, if by credit-expansion he means expansion of loans and advances in all forms, then by lending £7 millions the banks expanded deposits by that sum. (*Vide* Rt. Hon. Reginald McKenna in *Post-War Banking Policy*. "Every bank loan creates a deposit.") If their deposits are down by £23 millions on the period, then a total sum of £30 millions has disappeared out of deposits. There are three ways in which deposits can disappear (a) by the repayment of loans to banks; (b) by the sale of securities by banks; (c) by the withdrawal of currency by a depositor who hoards it. Leaving the third alternative out of the question, Mr. Tranter must make his choice between the first two: either the banks have called in £30 millions of loans while lending only £7 millions or else they have unloaded securities on the market for £30 millions. Whichever they did, or in whatever proportions they did both, they contracted credit on balance by the stated amount, namely £23 millions. (Incidentally, we notice that Mr. Tranter calls deposits "resources." Bankers in this country treat deposits as liabilities. Do Australian banks enter deposits on the assets side of their accounts? We are not complaining at the practice if they do—in a fundamental sense there is an argument in support of it—we are only asking for information.) Reverting to the main question, we may remind Mr. Tranter that a collective reduction in deposits has deflationary consequences. If the Australian banks have, as his statement says, reduced deposits while expanding credit, then what becomes of the argument that Mr. Theodore's policy of expanding currency is "inflationary"? However, Mr. Tranter can easily dispose of the mystery by publishing the collective balance sheets at the beginning and the end of the period; for, since the total assets and liabilities must balance, the reduction in any items on one side must be answered by reductions in items on the other.

In *The Times* of June 11 and 12 Sir Josiah Stamp has two articles in which he refers to the discovery made by "that brilliant young French economist, M. Jacques Rueff" in 1925, and calls the serious attention of the public to an unsigned article in the *Revue d'Economie Politique* which develops M. Rueff's thesis.

Rueff's discovery was this: That if you plot out a curve consisting of a series of ratios arrived at by dividing wholesale prices into money wages, it will show an immediate and close correspondence with the curve of actual unemployment. Thus, suppose, over four consecutive periods, you have the following sequences of index-figures.

Money wages	20	15	10	10
Wholesale prices	10	5	2	1
Unemployment	2	3	5	10

And the ascertained unemployment figures are said to follow that curve with "amazing" closeness. Sir Josiah publishes a graph covering yearly periods from 1919 to 1930 to illustrate this "law," and says that on his own independent tests the agreement is 95 per cent. perfect.

We are not concerning ourselves now with the technical aspect of this "discovery," but with the political implications. It will be seen at once that "Rueff's Law" is jam for the bankers. It lends itself so easily to the suggestion that the cure for unemployment is lower wages. The circumstance that interests us is that this information is by an anonymous writer and comes in from abroad. If M. Rueff had written it he would have signed it. So the writer was somebody else who had taken the Rueff calculus and checked its accuracy on statistics of British prices and unemployment for the six years which have elapsed since Rueff's own investigation ended, and

now thought this an opportune time to tell the world about it. What is he so shy about? And why does Sir Josiah Stamp go out of his way to say that the translator of the article is Mr. H. H. Hemming? Who wants to know that? Of course there may be some people who see a clue to something in it. For Sir Josiah mentions that this Mr. Hemming was also the translator of Mr. Siegfried's *England's Crisis*. Now, *The Times* printed four long extracts from this book, running altogether to perhaps six or seven columns, in its issues of March 9, 10, 11, 12, and 13 last; and published a leading article about them on March 10, from which we extract the following:

"The standard of living of the masses measured by real wages is too high, he thinks, and the standard of work too low. By another measure it is not high enough. Mr. Siegfried warns us against supposing that the Frenchman with half the wages of an Englishman only lives half as well; he gets most out of his earnings. . . . nothing short of a completely changed attitude to work and leisure—and to our 'Byzantine' cult of sport—will remake the foundations of British prosperity . . ." (Our italics.)

There are also references to our "petty internal party dissensions" and to the need for a "whole change of heart"; and a suggestion that the country must come to a "clear mind on policy." The regular reader of these pages may reasonably ask why on earth *The Times* should import this familiar stuff from France instead of using the home-made product. The probable answer is that its foreign origin lends to it the quality of detachment and makes it seem more important—Mr. Siegfried being the "looker on" who sees most of the British game. Similarly with the present anonymous writer who sees most in the statistics of the game. If Sir Josiah Stamp would produce a graph showing the "curves" of these two writers' suggestions and sentiments there would be no mistaking the "amazing" closeness of their correspondence; which, to quote Sir Josiah's remark on the other curves he speaks of, would suggest that both of them were "common effects of a hidden cause." Our own suggestion is that the latter article is the product of some British banking intelligence-French and then back again by two different translators. And as Mr. Siegfried, like all well-known writers on economics, accepts banking-intelligence-propaganda as fixed truth by which all phenomena must be tested (otherwise he would not be known at all) the identity of his conclusions with those of his unknown contemporary is natural and inevitable. It is not improbable that the Bank of International Settlements is organising its own intelligence-service; and if so there will soon be a multi-national panel of commissioned writers prophesying sound financial views to everybody except to their own fellow-citizens. A prophet, it is said, is not without honour except in his own country: or, to parody a line of Omar—"Oh the true music of the distant lyre."

Whenever one reads economics in *The Times* one must bear in mind the composition of the Committee which exists to prevent shares in that paper from passing into "unworthy hands." (See announcement in *The Times* of August 7, 1924, or the reprint of it in *THE NEW AGE* of December 4, 1930.) The original announcement was referred to as: "Details of the Plan to ensure its [The Times] Continued Political independence in the National Interests." At the time of the announcement the shares were in the hands of Major the Hon. John Astor and Mr. John Walter—hands which we are bound to assume were considered to be "worthy" hands, whatever may be meant by the adjective. At any rate the Committee must be taken as understanding and approving the present policy of *The Times*; for how can it adjudge the "worthiness" of anybody aspiring to control

the paper except on the basis of the soundness or otherwise of his contemplated policy? According to the announcement the Committee "is not in any sense identified either with the management or with the editorial policy." Quite so. The Committee, as a Committee, is not. Nor is this the case in regard to four of its members, as individuals, i.e., The Lord Chief Justice; the Warden of All Souls' College, Oxford; the President of the Royal Society; and the President of the Institute of Chartered Accountants. *But there is a fifth member—the Governor of the Bank of England.*

The Committee, as a body, can only approve or disapprove a transfer of control: it cannot interfere with policy under the existing control. But Mr. Montagu Norman is in a position to influence the present policy of *The Times* as concerns the publication of instructional matter on the subject of finance and economics, because he is recognised as the great authority on it, and doubtless would be consulted by the editor before all else on such matters.

It is therefore important to know whether Mr. Norman's is a British policy, or an American policy, or (shall we say?) a Bank-of-International-Settlements policy. For it is almost self-evident that, whatever are the relations of Britain's national bank with foreign banking powers, these must be reflected in the economic policy of Britain's national newspaper. If the Bank of England is party to any external high-financial policy, then *The Times* must be party to external high-political policy. In that case the "continued political independence" of *The Times* "in the national interests" might very well be, or become, *political aloofness from strictly national interests*, and even negation of those interests—and without either the editor or the four members of the Committee being aware of it.

It is significant to notice that the Committee was formally constituted, not of named individuals, but of office-holders. For example, it was the "Governor of the Bank of England," not Mr. Montagu Norman, who was appointed to sit on it in 1924. But Mr. Norman happened to be Governor at the time, and so got the seat. He has happened to be Governor ever since, and has retained the seat. As to who or what caused him to remain Governor of the Bank continuously since the United States started to deflate the world and get it back on the gold standard (or, as Mr. McKenna has called it, "the dollar standard") no explanation has as yet been forthcoming.

In the article we wrote in *THE NEW AGE* of June 24, 1926, entitled "The German-American Bank of England," we stated that the Court of Directors was made up of three groups representing the three countries indicated. It was a logical arrangement, because, so far as international debt-problems are concerned these are the three key countries interested. On balance the United States is creditor of the world; Germany debtor to the world; and Britain a self-proclaimed neutral who has renounced her claim to collect more from her debtors than she has become the clearing-house for American-European debt-adjustments; and the composite Court of Directors had to arrange what those adjustments should be, having regard to the three categories of interest represented by the groups; and they had to secure the assent and co-operation of France, Italy, and other countries not directly represented, but whose specific interests would fall into one or other of the said categories. It may be conceded that in the complex circumstances of the time this was the best practical arrangement, and justified the enlargement

of the Bank of England's function from that of a national to that of an international institution. But only as an emergency measure.

If a banking institution is to be permanently international it should be completely separate from any national banking institution, and should include representation on its Directorate from every country, not only of three. We do not agree that there is any basic necessity for an international bank—the present appearance of such necessity arises from the mismanagement of credit by every national central bank in its own territorial area. If you have ten or twenty doped national credit-systems they will naturally tend to fall on each other for mutual support: but take away the dope and each will walk erect on its own feet. But granting for the sake of argument that internationalism is necessary, then let the institution be separate from any national central bank, and representative of every national central bank. Now, the recently-formed Bank of International Settlements, ostensibly fulfils, or is in process of fulfilling, this principle. Moreover it has a separate identity: it assumes a general responsibility to the world at large, not a specific responsibility to any nation in particular; and it flies its colours for everyone to see. In these senses it is a great advance on the device of covertly grafting international functions into a national bank. That the B.I.S. may abuse its powers, and probably will, is another story: what concerns us here is the consistency between its defined structure and its declared policy.

We can now make the submission to which this argument has been leading. It is this: that, now we have the Bank of International Settlements, the Bank of England can and should revert to its proper function of exclusively looking after British interests. Mr. Montagu Norman, the pilot who has steered the B.I.S. safely out of harbour, can now be thanked for his services—and dropped. His duty henceforth is ashore on British soil, not afloat on cosmopolitan seas. For the B.I.S. is designed to be the international central bank of national central banks. Very well; let the design be strictly adhered to, and let every national central bank concern itself with the interests of the nation and restrict itself to the functions of a "Bank of Domestic Settlements." Now that there is a supreme banking tribunal at Basel there is no need for another tribunal of any sort or status in London or in any other Capital. United States interests and German interests can now be directly represented at Basel, so there is no reason why they should be allowed any longer to influence British domestic policy in Threadneedle Street. If the U.S. Federal Reserve Board continues to officially hold aloof from the B.I.S., that is its own business. But in that case let it mind its own business altogether and leave us to mind ours.

"Mr. Frank Hodges, erstwhile miners' leader and to-day expert adviser to the Bank of England on the financial situation of various national industries, called upon at short notice—in fact, without notice—thought that we might find a solution to our racing difficulties in rationalisation, i.e., by eliminating competition and running one good horse."—*Daily Telegraph*, June 3. The reference is to proceedings at a dinner on the eve of Derby Day.

"At present the banks have a fixed rule that they are prepared to advance overdrafts at 1 per cent. above Bank Rate, but with a fixed minimum of 5 per cent. In consequence of this, most business men are still paying the same Bank Rate stood at 4 per cent., although the rate has since then been reduced to 3½ per cent., then to 3 per cent., and now to 2½ per cent."—*Daily Herald*, May 15.

## Drama.

### Marry at Leisure: Haymarket.

For a very long time the Haymarket Theatre seemed to produce only successes. One expected there a certain standard of comedy, wit, or fantasy, and felt as confident of getting the standard expected as at, say, Waring and Gillows. The consistency of the theatre's success justified a belief that it had a lucky star, or, failing that, a management with a very sure eye for drama in typescript. Of late the productions have not come up to standard, and the theatre has suffered a succession of failures. "Marry at Leisure" is an improvement on some recent productions. But it is far from good enough; it might have been improved by extra labour, and its shortcomings ought to have been evident in the typescript. The theme itself is too geometrical. Nigel and Helen Forbes have lived in sin for twenty years. Their names are alike because she changed hers by poll-deed. All this time they had been noted for their obvious happiness. They were all things to each other, lovers, mothers, and nurses, while confidence and consideration shone through every word and deed. They had no social troubles, since only emancipated Bohemians wanted to know them. As the children grow up, however, and one of them falls in love with the scion of an old family, what was only sin becomes a social barrier, and a convenient death enabling them to marry, they become respectable. Thereafter the husband knows only the jargon of golf, and the wife the boredom of social calls and obligations. Frayed nerves and mutual nagging lead to divorce, by mutual accommodation no longer regarded as sinful, but as news.

The thesis is accordingly one which has already been in everybody's mind in half a dozen connections; and the black and white of free-union and married lovelessness respectively have an artificial distinctness appropriate to a magazine short-story, and totally inappropriate to the theatre. Naturally, such a frail platitude as the thesis requires a great deal of crinkled paper decoration to make the illustration of it fill an evening. The Forbes's house in the country must surely have been called "The Chestnuts," the gags, of which the dialogue was largely composed, including such old familiar faces as the housemaid's baby—the joke was fully explained—and references to ladies with moustaches. In the first act a young man wants to tell a young woman something serious. Everybody in the auditorium knows what it is. The young man reaches the crucial instant, but is interrupted by the entrance of a third person, who does not stay. The young man reaches the crucial instant again, and again he is interrupted. He is not, however, an entirely modern young man. He is Victorian enough to try, try, again, and a third time he reaches the crucial instant. Wearily, one speculates, as to whether this time he will say it, or whether the trick is to be a repetition of the story of the locusts fetching the corn. One has time to realise that no common conjuror would repeat a trick in the same performance. Anyway, the young man's pending faults should have been evident to a reader of the play, and could have been removed. A further fault arises also from, probably, the play having been deliberately written for Miss Marie Tempest and Mr. W. Graham Browne. Both are great exponents of the stage. Miss Tempest is an unique master of the whole technique of acting. The temptation to write special plays for such an actress is human and irresistible. But extra care for her

part need not diminish the care for others. Her glory is not heightened, but dimmed, by surrounding her with lay figures. Acting is not play; it is interplay. So fine an actor as Mr. Alan Napier, for example, is wasted when there is little for him to do but keep up a pose. The author, Mr. Frank Vosper, is a good actor, a good craftsman, a good observer, and a person of independent mind, with a wit of his own. He will do himself no good by producing less than his best. This play might have been made a Haymarket success, if the writing had been done as thoroughly as the production, shared by Mr. Graham Browne and the author. Two or three points in the acting call for special comment. Miss Mignon O'Doherty's performance as the masculine woman was very fine indeed. It is a lay-figure, of course, but Miss O'Doherty brought her Frankenstein to gay life. Mr. Lewis Shaw as one of the love-children of the Forbes, presumably about eighteen, gave a remarkably fine performance. He has a diction delightful without qualification to listen to. May he preserve its purity against all attacks. If he has not a great future, somebody will be seriously to blame. Miss Molly Lumley playing the booking-office girl at the hotel for accommodating divorce, gave a comical caricature of Kensington vowels which is any of them suppose. Miss Elvira Henderson, in this play, says *Ao, nao*, without apparently knowing better. What was most amazing, and interesting, about Miss Lumley, however, was that, while she could flatter the *quaites* and the *alraights*, her *o's* were as round as one may hear on the London stage. Is the round *o* a form of caricature? I think it was not.

### A Knight Passed By: Ambassadors.

In a programme note on Jan Fabricius, Mr. W. A. Darlington claims a universal appeal for "A Knight Passed By" on the ground that it has a universal theme, whereas the other play by Fabricius produced in London, "Insult," which treated of mixed marriage in the Dutch East Indies, was foreign to us. "Insult" had, however, a remarkably fine last act, dramatic enough to be universal, and far more original than anything in the theme of "A Knight Passed By," which is, all said and done, the triangle. The two plays have in common the delay of dramatic awakening until the last act, in which both concentrate their suspense. In "Insult," however, the development was more orderly, more confident, and more convincing. The strolling player who enters the house, smokes the owner's cigars, and kisses the maid, while the owner and his wife are at a fancy-dress ball, has symbolic reference, of course; but so weak and unnecessary that he need not be in the play at all unless he be forced in deeper. The husband is an actor masquerading at a ball as a holiday. While there a stranger named Robin Hood makes a bet with him that he can make life as dramatic as the stage, as concentratedly dramatic, for the same length of time. After the husband's retirement for the night the stranger enters by the window, and first behaving as Robber Hood, then turns Don Juan Hood, come to satisfy the romantic longings of the actor's wife, who yearns for real, not professional actor's and husband's, emotion. For two acts, however, one is never more than disinterested spectator, watching as the crowd watches the new road-mending machinery, the author's manoeuvring of his three characters into the situation required for the suspense of the lady's decision in the third act. The first two acts differ from drama as a chess problem from a game of chess. In the last one forgets the problem and imagines it as a genuine game.

The commingling of theatre and life represented together has led to the comment that the play owes something to Pirandello. Actually, though possibly unconsciously, it is related much more closely to

Evreinov. The distinction is not absolute, but Pirandello, pretending to search for reality, strips life to a metaphysical nothing, like skinning an onion. He twists his own mind until he grants a reality to the imaginary creations of authors which he denies to the authors, which is, of course, perfect modern metaphysic. But Evreinov says that life would be better for being better theatre, that all our actions would be more pleasing, better in every way, if we had more technique, if we knew how to act. So not life comes to the theatre, but the theatre comes to life. Fabricius has been called by the Dutch critics the romantic realist. In "A Knight Passed By" he seems to have deliberately tried to live up to this description. The harlequinade appears to have been deliberately added to the human situation as flavouring to a dish: but the flavouring still floats on top. Fabricius is not a romantic realist, he is a humanitarian-humanist, whole and not divided, and to be respected as such.

The acting of the principals is beautiful, Peggy Ashcroft as the wife, David Horne as the husband, and Nicholas Hannen as the lover, being all magnificent. The actors who played the two minor parts might have lost themselves in their work with advantage. Strolling players who talk about gait, and maid-servants who daont know, are incongruities. I have read that Fabricius wrote the play in English, and that Mr. Darlington colloquialised it. Alas, he did so far too conscientiously. One could hear the places where he did so. It would have been quite enough to have vernacularised; to colloquialise was too much. The fancifulness of the harlequinade is no background for colloquialisms.

PAUL BANKS.

## Music.

### Turandot.

It was a great delight to hear again, and in a performance of remarkable all-round excellence, this brilliant masterpiece of Puccini, an opera as far beyond the rest of his work in technical subtlety, fineness of style, and musical thought as Verdi's "Falstaff" is beyond the rest of his. The utter mastery of the thing is a never ending delight, from the splendid and most original chorus-writing to the delicious trios and concerted movements of the three *Maschere*, Ping, Pang, and Pong. But on closer acquaintance and hearings the sudden drop in resource, style and invention in the last act, where Alfano took up the work that was left incomplete by Puccini's lamentable early death, becomes more and more noticeable, and especially is this true of the orchestral treatment, for this, where Puccini himself is responsible, that is throughout the greater part of the work, the orchestral handling has a richness, a colour, an inventiveness that mark it as one of the most remarkable scores of our time. And yet not one of the least interesting things about it is that it is all absolutely and essentially Puccini, as absolutely as *Butterfly* or *Tosca*; but the whole musical thought, or rather the musical personality doing the thinking, has undergone a refining, a subtilising, while adding enormously to its vocabulary of expression by a process of assimilation, like Whitman—"absorbing, trans-lating"—of all the harmonic developments that have gone on with such intensity in Europe during the past three decades. In fact, one hardly knows a case in which such an immense, yet entirely natural and spontaneous, development has taken place, so delightfully free from the preposterous contortions, the writhings and strivings ending in nothing with which certain lesser people endeavour to produce a fictitious appearance of change-over, a depressing sameness of substance, or rather lack of it, like Stravinsky and de Falla, for instance, of

whom no truer word was ever spoken than "plus ça change plus c'est la même chose."

Maria Nemetti, the *Turandot*, has the impossible task of following on and emulating the supreme interpretrass of the part, Eva Turner, and how impossible the task is we were made many times rather painfully aware. It is especially as a singer that Mme. Nemetti is disappointing. Lacking the incisive brilliance and firmness of tone for the part she frequently forces her tone almost to a strident scream, without thereby conveying anything of the implacable icy coldness and cruelty of the character which were so wonderfully realised by Miss Turner. In the middle register Mme. Nemetti is definitely weak to the point of inaudibility, the voice being toneless and deficient in carrying power and the production too much the sort of thing cultivated by soprani from Central Europe. Quite an effective and pleasing study of *Lui*, the slave girl, was given by Eide Norena, with, on the whole, good singing marred by an occasional tendency to a quite unnecessary forcing, the voice being well placed and of excellent carrying power.

The new Calaf of Antonio Cortis was a delightful surprise, and he is without question the best tenor we have heard in years. The voice is admirable, excellently poised, and produced with delightful freedom, while the singer's natural and unaffected bearing, coupled with an easy, graceful manner and a very personable stage presence, made of him by far and away the best interpreter of the part I have so far heard. If this delightful young singer (whom, by the way, one would eagerly welcome the opportunity of hearing in concert work) continues as he has begun, and does not allow that horrible Latin mania for vocal stunt-mongering to entice him into ruinous singing habits he should in a few years become easily a brilliant artist and the best tenor of the day.

The original and incomparable trio, Baracchi, Cilla, and Nessi, delighted us again with their superb ensemble work, both in singing and acting, as Ping, Pang, and Pong, and they have slightly modified their reading of the parts, infusing all sorts of fine little nuances into what were already as consummate studies of the parts as one had thought possible. Autori, admirable as ever, as *Timur*—this fine and sincere artist—together with his three compatriots mentioned above, is of a type that is becoming rarer and rarer from Italy, unhappily. Octave Dua repeated his remarkable study of the aged Emperor, a brilliant piece of work, remarkable alike in diction (as always in this respect, positively phenomenal in clarity and precision), acting and singing.

But Mr. John Barbirolli is not a good nor, indeed, any sort of substitute for the brilliant and nervous Bellezza as conductor. His reading of the score was, to me, colourless and lifeless, and he evidently shares the prevalent delusion of conductors that the one infallible recipe in conducting opera is to drown the singers—and that vivacity or brilliance are the same thing as uproar. They aren't. Scores of delicious little touches of orchestration that one hears clearly and plainly under Bellezza's direction were inaudible under Mr. Barbirolli. The chorus was lifeless, wooden, and inept, in movement as in singing, and their Italian pronunciation was even more abominable this year than formerly, while the stage management of the crowd in the first scene was ludicrous and lamentably slovenly, large numbers not being in their places at a required moment, but scurrying in at the last second like people after a bus. Covent Garden has always been laughed at for its chorus, but nowadays the impulse is not so much to laugh as tear one's hair. Such clumsiness and gaucherie cease any more to be amusing, and are merely disgusting and infuriating.

KAIKHOSRU SORABJI.

## The Films.

### The Front Page: Astoria.

Here is magnificent entertainment, perhaps the high-water mark of talkie entertainment to date. Lewis Milestone, the director, has employed a most admirable technique; with most of the story unfolding itself in the Press room of an American prison (the "mythical kingdom" in which the scene is laid is, of course, Chicago) it would have been easy to produce just a brilliant photoplay. But the most adroit use of the moving camera makes "The Front Page" definitely cinematic. Action and dialogue are as rapid as machine-gun fire, and neither the casting nor the acting could have been bettered. But Milestone must be judged as an artist, and although the maker of "All Quiet on the Western Front" has here demonstrated both his versatility and his virtuosity, he has not made a work of art. Merely superb melodrama.

To English spectators at least, most of the characters appear frankly incredible. One may have the lowest opinion of American Yellow Journalism and yet find it difficult to believe that so many individual reporters—apparently a representative selection—should be so callous, so entirely devoid of all decency or common humanity, especially as the American, unless Hollywood has completely misrepresented him for years, turns so easily from brutality to rather sticky, if only superficial, sentimentality. As for the editor, perfectly played by Adolphe Menjou, his indifference to the suicide of a woman whose death means that no other paper will share his "scoop" struck me as so inhuman as to be unconvincing. Possibly the authors were aiming at satire. If so, they laid on the trowel rather too thickly.

Adolphe Menjou has in this film been given not only his best part since "A Woman of Paris," but the only one worthy of his gifts. As he has now shown himself capable of the most hard-boiled roles, we shall possibly see less of him in future as a philandering trifler. And possibly not.

Incidentally, the only sympathetic characters in "The Front Page," apart from the star reporter's fiancée (Mary Brian), who has very little to do, are an anarchist and a street walker. Possibly I am mistaken in finding the dramatis personæ unconvincing, and maybe this is Chicago.

### The Birth of a Nation.

Here is a criticism from Mr. J. Evans, of *Carshalton Beeches*, who has written to the Editor of *THE NEW AGE* after failing to enjoy "The Birth of a Nation."

"As one who does not see many films I bear in mind your critic's recommendations when patronising the cinema. Recently he advised us to see the 'classic' film, 'Birth of a Nation,' adding as a reason, it is true, 'if only for the opportunity of travelling backwards in time.' Nevertheless, I was astonished to find this film an incredibly bad one. What possible justification can there be for some of the negro parts, including one of the principals (the 'renegade') being played by whites with blackened faces of the seaside minstrel type. Among other ridiculous points was the rough and tumble in a 'pub,' where the one white floors half a dozen black blacks in a twinkling. The besieging of an armed black cabin whose door resisted the battering of an armed white mob for an incredible time, presumably that we might dwell on the spectacle of the aged father inside with knife poised above his daughter's body ready, as a last resource, to kill her. The galloping Ku Klux Klan would have rivalled a racing car in speed.

"However, I admit, that in company with others, I managed to derive some amusement by regarding this absurd production as a burlesque."

This is fair criticism, and demands an answer. I warned my readers that "The Birth of a Nation" had been given a sound accompaniment ("Vibrant With Glorious Sound" is the official description) and made it clear that its interest to-day was largely

historic, for which reason it deserved to be seen by those interested in the technique of the screen. Nothing dates so quickly as a film, and the dating process has been accentuated since the talkie—I wonder what Mr. Evans would say if he were tomorrow to see "The Terror" or "The Jazz Singer" for the first time. Possibly Mr. Evans's screen memory does not go back very far, and in that event the lighting in "The Birth of a Nation," the acting methods, and the employment of the close-up may easily appear so archaic as to be ridiculous. But that does not prevent it from continuing to rank as one of the classics of the screen, just as the inventiveness of perspective, while accentuating the artlessness of the Primitives did not lessen their right to rank as artists. (I am willing to concede that this analogy is far from being perfect, but analogies never are perfect.) Incidentally, the anachronisms to which Mr. Evans draws attention were until recently characteristic of the screen as a whole, and are still to be found in the most recent productions. I trust, however, that Mr. Evans will accept my unqualified expression of regret that any recommendation of mine should have made him feel that he had wasted his evening and his money.

### The Malvern Film Festival.

Concurrently with this year's Festival of Five Centuries of English Drama, Malvern is to have its first Film Festival, from August 3 to August 22. The pictures selected are "The Skin Game," "Dreyfus," "Glamour," "Uneasy Virtue," "Keepers of Youth," and "Tell England," all British International films. I am delighted to see that "Almost a Honeymoon" is not included in the programme.

DAVID OCKHAM.

## Starred by the Press.

### SIR ARTHUR KEITH ON WAR.

"Sir Arthur Keith, in a recent address, held that war was a nature's pruning hook." Prejudice was essential to progress. You must have antagonisms. To achieve the ideal of world-brotherhood and universal peace it would be necessary not only to pool ideas, but to pool bloods—to go in for indiscriminate inter-breeding of Arabs, Niggers, Jews, and so on until you got a single omniblooded race. What he is trying to say is that development is a matter of purposive resistance; that without resistance there can be no resistance expenditure of energy, no progress. But why the assumption that the energy and need not necessarily meet each other on one plane? War can be knocking nonsense out of people's brains. War can be shown to have been a natural necessity in a pre-machine age when fighting and looting were conditions of survival. But why in this machine age when all nations are exhibiting the evidence of concrete achievements should we be looking at the evidence of concrete achievements when practically everybody is under the illusion that there is not enough to go round, the incentive to fight and loot is exactly as strong as if there really were not enough to go round. It is the belief that counts, not the fact. But to say that war must always remain a natural necessity is to assume that the mistaken belief will persist indefinitely. That assumption is untenable when once somebody has discovered the truth. From that moment the elimination of war has begun. Resistance?—there will always be plenty of that, given the energy. For resistance increases with velocity; and velocity with energy. So long as the world can apply energy to doing anything at all it can cause absent and, therefore, resistance. To say that in the absence of opposition there can be no progress is no more true than to say that in the absence of progress there can be no opposition. The power of overcoming is the power to create the resistance to be overcome. The two powers are one, and are indissolubly united.

MR. BEVERLEY NICHOLLS ON "WORK."

Mr. Beverley Nicholls occupies ninety square inches of the *Daily Mail* of June 4 telling the world how empty our lives would be if we were all rich enough not to have to

work. This young man, like young Churchill and young Melchett, has been taken up and made a fuss of for some reason or other; and it will be interesting to watch and compare the public careers of all three of them. They have taken on the role of crusaders for the Youth movement. Churchill made himself conspicuous a little while ago by pronouncing Youth's judgment on the elders of the Church. Melchett, more recently, has pronounced Youth's judgment on the elders of the State. Nicholls appears to be shaping up as an exponent of Youth's judgments on popular aspirations and habits of thought. We shall see. Churchill indicated how the Church should be managed, Melchett indicated how the Empire should be managed, and Nicholls is indicating how people's lives should be managed. He is one of those persons who are said to "feel deeply about things." The trouble is that they feel too deeply about them to define them. Nicholls does not define "work." There are implications scattered about his article of what "work" is, and when you add them together you arrive at the conclusion that "work" consists in doing something, and non-work in doing nothing. "The world is full," he says, "of people who think that it would be wonderful to do 'nothing,' and it is time they disillusioned themselves." Full, mark you! How clear Youth's sight is. He quotes a friend of his (probably the husband of Mrs. Harris) who said to him: "If I won £30,000 [the reference is to the Irish Sweep] I should not have to work any more. The idea terrifies me. . . . The lack of pattern in life." (Author's italics.) At the end of a long dissertation justifying his friend's attitude, Nicholls winds up by declaring that he does not want to visit that land of people who do not have to work; for "I have seen its shadow across the faces of the unemployed." (Handkerchiefs and soft violins.) He sees no difference, it will be observed, between *not being obliged to work* and *being obliged not to work!* One sensible remark appears in the article. It is this: "The trouble with most writers is that they are always so busy pouring things out of their heads that they have precious little time to put things in." Never mind; there are compensations: for it is just such writers whom our Press Magnates keep plentifully supplied with work.

Lack of discrimination is the great characteristic of youth. So long as leaders of the Youth Movement restrict themselves to voicing the impatience of the youngsters with the limitations imposed on their impulses and aspirations by their elders, they can contribute something to the progress of civilisation. But they must realise that whereas destructive criticism may be indiscriminate, constructive proposals must not. Further, these leaders of Youth must make sure that even when simply criticising they are really and truly expressing the feelings of the youngsters whom they profess to speak for. That the first of these two warnings is called for is evident when we see young Churchill agitating for a revolution in the Church's attitude to marriage and divorce, and young Melchett agitating for the Russian Five-Year Plan to be adopted for reconstructing the Empire. That the second is called for is obvious in face of the spectacle of young Nicholls assuming the rôle of the wise and prudent father to his fellow-youngsters—or rather, the rôle of the banker. What a curious paradox that this apostle of Youth should be voicing the obsolete sentiments of the most age-stricken (although the least aged) institution in the world—the credit-monopoly.

It is true that the Church and the Empire are out of tune with human impulses; but there is a Church, and there is an Empire, to be tuned in. If Youth wants to abolish both (which seems to be indicated in a good deal of the speaking and writing of its sponsors) it is entitled to say so. But if Youth wants attunement, the job must be undertaken by its elders. At least that is the only possible conclusion in the face of the incompetence to do anything practical manifested by the young prophets of the Youth Movement.

Young Churchill are heading for. Young Churchill fidgeting the Bishops to start on a line of reform whose logical end would be the pronouncing of the Benediction on sexual promiscuity—young Melchett glorifying work for work's sake—and young Nicholls preaching the futility of leisure. They are three Rip Van Winkles stumbling over their own beards, and in danger of stumbling up them into their own teeth. They are preaching the disintegration of the family and the dispersion of wealth just when discoveries in economic and engineering science have completed the foundation for the re-integration of the family on the basis of the leisured enjoyment of wealth.

### PRINCIPAL JACKS ON "HAPPINESS."

By a convenient coincidence the *Evening News* presented the venerable Principal Jacks to the world within a few hours of the *Daily Mail's* presentation of the juvenile Mr.

Beverly Nicholls. Either might easily have composed the other's thesis. For Principal Jacks's article consisted of a declaration that the "pursuit of happiness" was one of the most futile purposes of existence. Thus Youth and Age speak with the same voice. Just as Mr. Nicholls omitted to define "work," so Principal Jacks omitted to define "happiness." He did not say whether one should pursue unhappiness, or should pursue anything at all: but he did say that man's function in life was "to get on with the job." He did not explicitly say that the job to be got on with ought to be an unpleasant one, but that is the implication—unless he means that one should do jobs without feeling anything at all about them, or better still, without accepting any remuneration for doing them. For, as Mr. Nicholls suggests, the acceptance of money tends to destroy the "pattern" in life—this pattern taking the form, in Principal Jacks's view, of an enforced plan of routine-work.

JOHN GRIMM.

## Doubts on Contraception.

When one is presented with a book\* about Birth-Control by an author named Lindsay, one naturally expects it to be the work of the famous Judge Lindsay who favours "Companionate Marriages." It was therefore a considerable relief to find that not only is the author in this case not the Judge, but also that her attitude has very little in common with his.

This book is an attempt to think out some of the issues raised by a former work, "Birth-Control and Integrity," written by Mrs. E. V. Lindsay and her husband, Professor A. D. Lindsay. It takes the form of a discussion of criticisms brought against their views by a somewhat vague personage evidently keenly and actively interested in Birth-Control clinics. There is no attempt to "score points," or to effect any of the "tours de force" of the debating society. The author's defence is temperate, critical, and tentative, always ready to give and take, but she has an unshakable conviction that the problems of marriage are not to be satisfactorily solved by contraceptives—a conviction which is heartily shared by the present reviewer.

Few people will deny that contraceptives have their uses, nor that they are indicated in certain cases. The same thing may be said of wigs and false teeth, but a sociologist who should tend to exalt wigs and false teeth above the natural products would certainly be open to suspicion. Indeed, there is something suspicious in the very ease with which the contraceptionist can make out a case from the sociological point of view, by pointing out, for instance, that few people can afford to have more than one or two children if they wish to give those children anything more than an elementary education. Readers of this journal are well aware of the answer to this specious argument, but I should hazard a guess that it is unknown to Mrs. Lindsay, and I think she might be glad to hear of it.

But that is by the way. Even as things are, there are grave objections to contraception as a Crusade. Mrs. Lindsay's chief dread is the very natural one that to bring a mass-produced article like a contraceptive into the most delicate intimacies of sexual life is to cut the sexual act brutally in two, separating the mere physical pleasure from the creation aspect. Why should we assume that this "continual tricking of the body," to use Mrs. Lindsay's phrase, will not have harmful effects? It tends to replace quality of sexual relationship by quantity of sexual intercourse. A curious paradox this, that the contraceptionists, who are always loudest in their claim that sexual intercourse has other functions besides procreation, should be the very people who base their claims on quality of reproduction while tending to neglect quality in those other functions.

Mrs. Lindsay sees very clearly that this "quality" is as essential in marriage as it is elsewhere, but she is content to leave it as a generalisation without going into particulars. Perhaps this was necessary for her immediate purpose, to keep the discussion within bounds. But obviously the matter cannot be allowed to rest there. If it is quality alone which can confer direction and humanness upon sexual relationships, we must get as clear an idea as possible of its nature. I should therefore like to offer some tentative suggestions.

The first thing is to see the problem against a much wider background than that of sexual relationships. The loss of a sense of direction, of value, and of quality, is a phenomenon which, I am strongly inclined to think, is much more

widely spread in the modern world than at any former period in the history of civilisation. In every sphere of life there is to be found superficial levity, and fundamental scepticism and despair. We no longer take our religions seriously, and we are beginning to realise that the systems of morality, which emanated from them, are meaningless without them. How, then, is it surprising if we should turn in desperation to the philosophy of "Carpe diem." Like certain modern psychologists (we are all modern psychologists, anyway), we are left with nothing but the "pleasure-pain principle." And this naturally emerges most clearly in sexual life, since this is the medium of one of the keenest pleasures we know.

To blame us or to lecture us for all this is beside the point. If I have described our plight correctly it is a fact which must be dealt with as such. It would be much better to explore its possibilities to see if there is any future for the "pleasure-pain" principle.

"Morality," says Denis Saurat, "is the art of making pleasure last. The error of vice is that it kills pleasure too quickly." This is a typically modern view (in the best sense). It is also a typically French view, for the French are more "modern" than we. But morality is also a coherent system of selection and rejection. How can one choose, amongst pleasures, those which are worth being "made to last"? The obvious answer is by means of taste. Taste is a standard of selection and therefore a sort of morality, though it has very little to do with traditional morality. Precisely the kind of thing we are looking for, then.

Mrs. Lindsay mentions the remark of some of her friends that while contraceptives are not essentially evil, they are yet "rather horrid." Even if they could be shown to be evil, this might be no intelligible objection to our hypothetical modern morality of taste, but the objection that they are "rather horrid," would be an absolute clincher. It is the objection made by Matthew Arnold (I think) to marrying one's deceased wife's sister—not that it is impious, or immoral, but simply that it is indelicate. No doubt a very flimsy and unstable basis on which to erect a moral code, and no doubt one which has often been tried and which has failed as often, but we are looking for possibilities of development.

The problems which would have to be solved are mainly three. How is an aristocracy of taste to be formed?; how is it to "leaven the lump"?; and what are the dangers which it would have to face? Let us deal with the last, since it is with this one that Mrs. Lindsay is most pre-occupied. Her fear is that in a community governed by "Contraception, safety first, the greatest good for the greatest number," and all the other catchwords of that plebeianism so frequently mistaken for democracy, those to whom quality, in love as in all things, is precious, would perish of disgust and despair, unable to find a social outlet for their energies. It seems to me that the danger is much more insidious than that. It is that the salt itself may lose its savour, rather than that the popular taste for salt (never very great) should decline. Creation is fundamentally the same process, whether it be physical, intellectual, or artistic.

How if genius itself should become tainted with contraceptionist ethics? This is no mere insubstantial nightmare. It is an observable happening. There are, as it were, two distinct strands in the contraceptionist attitude. First there is the ignoble commonplace desire to have all the fun of sexuality with none of the responsibility. It is an inarticulate desire which does not find much voice in contraceptionist literature, but which is probably the strongest appeal which movement possesses. And secondly, there is the desire which animates the sincere propagandist. It is a desire not without a certain admirable nobility and greatness of conception. It aims at controlling human creation by human will. Now these strands are to be found one in Marcel Proust and the other in M. Paul Valéry, both men of genius, both typically French, and both typically modern.

Proust is the more decadent and represents the first strand. He admits no responsibility except to procure for himself the divine titillation—the physical sensation—of genius. In his best moments, he does recognise some sort of responsibility towards these sensations, but certainly none towards the instruments which procure them for him. And it is very much to the point, that these instruments are frequently women.

"J'incline même à croire que dans ces amours. Sous l'apparence de la femme, c'est à ces forces invisibles dont elle est accessoirement accompagnée que nous nous adressons comme à d'invisibles divinités. Or, est ce pour la femme elle-même, si elle n'était pas complétée de ces formes occultes, que nous prendrions tant de peine, alors que quand elle est partie nous ne saurions

dire comment elle était habillée, et que nous nous apercevons que nous ne l'avons même pas regardée?"

(Sodome, II.)

But the artist who neglects his instruments like this commits a fault (I do not say in morality) but in taste.

On the other hand we have M. Paul Valéry. Here is the will to command even the creations of genius—Contraception applied to Ideas:—

"Ces faveurs surabondantes et mystérieuses, loin de les accueillir telles quelles, uniquement déduites du grand désir, il faut que je les arrête, et qu'elles attendent mon signal . . . et que je tempère et que j'interrompe la naissance même des idées."

(Eupalinos.)

I say nothing against this as an isolated experiment on M. Valéry's part. This kind of psychological vivisection may prove of the greatest service to future creators. But imagine such an attitude becoming general among them!

The sense of direction, and of quality, in all things comes primarily from genius. If such men lose their bearings then man is lost. He is cut off from the gods and without hope. And in the question of marriage genius has yet to show the normal healthy marriage in a work of art? Not one that he halted on the threshold. And it is significant that he is one of the writers who are most out of favour to-day. In *Diana of the Crossways* Meredith described with final delicacy the nature, quality, and direction of true marriage:

"A new start in our existence, a finer shoot of the tree stoutly planted in good gross earth, the senses running their live sap and the minds companioned and the spirits made one by the whole-natured conjunction . . . ; the speeding of us, compact of what we are, between the ascetic rocks and the sensual whirlpools, to the creation of certain nobler races, now very dimly imagined."

NEIL MONTGOMERY.

## LETTERS TO THE EDITOR.

### THE LEGION OF UNEMPLOYED.

The following letter has been sent by the Legion to the Bank of England.

Head Office: Legion of Unemployed,  
54, Poole Road,  
Coventry. June 13th, 1931.

To  
The Rt. Hon. Montagu Collet Norman, P.C., D.S.O.,  
The Governor,  
Bank of England.  
Dear Sir,

On behalf of the organised unemployed of Coventry, I take the liberty of again addressing a letter direct to you. We are greatly disappointed and distressed by a letter received from the Comptroller of the Bank of England, dated June 5th, in which we are told that "the Bank of England are not prepared to receive the suggested deputation."

We have seen it reported in the Press that you and Dr. Sprague have, on various occasions, had interviews with Members of Parliament. No Member of Parliament can claim to represent more than a tiny fraction of the electorate. We claim to represent some 2,500,000 fellow victims of the present financial system, or more than ten per cent. of the total electorate of the country.

We again most respectfully beg of you to reconsider the decision communicated to us in the Deputy Governor's letter of 14th May, and to allow a deputation to wait upon you.

I am, Sir,

Yours faithfully,

G. HICKLING, Organiser,  
Legion of Unemployed.

### THE PAPAL ENCYCLICAL.

Sir.—In your editorial notes for May 28, writing of the New Papal Encyclical on Social Questions, you dwell on its bearings on the Labour Party. May I indicate that it will be a mistake for any politicians or social students to think that the Encyclical is important only for its criticisms of Socialism and other "advanced" theories? People as a rule do not study those Papal documents in full, but are content with newspaper summaries. A perusal of the actual document, however, shows that its very second paragraph is

"By that noble evidence of his pastoral solicitude, Our predecessor [Leo XIII.] had, so to speak, prepared the ways by other Letters on the family and the venerable Sacrament of Marriage, these foundations of human society, and on the origin of the civil power and the order

of the relations which united it to the Church, on the principal duties of Christian citizens against the errors of Socialism and false theories of human liberty, and by others still in which he fully revealed his thought."

By these words, the present Pope solemnly endorses the condemnations uttered by Leo XIII. against liberty of the Press, liberty of opinion, religious toleration (except "to achieve some great good or avoid some greater evil"), and his declaration that a properly-constituted State should establish Roman Catholicism and refuse equal rights to other cults; also that the independence of the State is conditional on its agreeing with, or deferring to, the Roman Church.

Clearly, the Encyclical is a document needing careful examination.—Yours faithfully,  
J. W. POYNTER.

[These matters lie outside our terms of reference. We are advocating a *secular* policy which can be consistently adopted by people of any religious persuasion or none. If the Vatican were to force the whole world inside the Catholic Church, that would not necessarily prevent or even delay the establishment of a Social-Credit economy. Whether it did or not would depend on the Church's secular policy. And this would be true of any other religious organisation which gained the power to suppress opinion. The whole point is: *what opinion?*—Ed.]

## The Economic Problem.

1. A man on an island all by himself.
2. He does not use money, but is going to do so.
3. He proposes to pick two cocoanuts off a tree.
4. He must issue money for the proceeding to go ahead.
5. He creates it, and lends it to himself.
6. He values the cocoanuts at £2, £200, £2,000—anything.
7. He lends himself £2,000, and writes a cheque payable to himself.
8. He picks two cocoanuts.
9. He buys them for £2,000.
10. Having sold them to himself for £2,000, he pays it back to the lender, who tears it up, and cancels it.
11. He eats one cocoanut and saves the other.
12. Having inaugurated a money system, if he wants to eat the other, he must buy it.
13. But he has no money, and the lender will not issue any.

If all the money is cancelled when only part of the produce has gone out of existence, there is no money left with which to buy the rest of the produce.  
H. W.

[This exercise in epitomy is the product of a new student of Social Credit. He wrote it down, not as suggested propaganda, but to clear his own mind. We print it chiefly for the interest of students generally, but partly in the mischievous expectation that some of them will get involved in heated arguments about Point 12.—Ed.]

## BERMONDSEY UNEMPLOYED. WRONG TACTICS.

"A body of local unemployed men entered Bermondsey Town Hall yesterday and, making their way to the office of Mr. W. Baker, the works manager, demanded that work should be found for them. Although Mr. Baker told them he could do nothing in the matter, the men refused to leave until they received a definite promise of work. Mr. Baker telephoned to the police, and on the arrival of a number of constables the men left quietly."—*The Times*, May 27.

Leaders of unemployed workers should note that this sort of action is quite wrong tactics—a sheer waste of energy. The men should have entered the nearest Bank and, "making their way" to the Bank Manager, demanded that purchasing-power is "found" for them.

The conclusion of such a "visit" would, no doubt, have been the same—"on the arrival of a number of constables" (or a squad of bank clerks back from revolver practice!) the men would have left quietly. But the demand would have been the right demand—*Money*, not *Work*—and it would have been made in the right direction—the Bank Manager, not the Works Manager.  
R.

## MEETING NOTICE.

A Douglas Social Credit Study Circle has been formed in Edinburgh. Secretary, Mr. Jones, 73, Brunstane-road, Joppa.

The next meeting will be held at 76, Great King-street, Edinburgh, on Friday, June 19, 1931, at 7.30 p.m. All interested are invited.

\* "Those Obstinate Questionings." An Essay on Birth-Control. By E. V. Lindsay. (Independent Press, Ltd. 1s.)

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W.C.1.

**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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