

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2035] NEW SERIES Vol. XLIX. No. 19. THURSDAY, SEPTEMBER 10, 1931. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	217	CURRENT SOCIOLOGY. By A. N.	223
The question of the National Government's term of office. Its connection with the Baruch-Butler plan for an "International Economic Conference." Ultimate plan of the bankers to transfer control of policy to an outside centre.		Mr. Harold Cox's presentation of the bankers' case.	
CURRENT POLITICS. By A. N.	221	THE COAL CRISIS	224
"Educating" the public in economics.		Reprinted editorial article from THE NEW AGE of May 6, 1926.	
DRAMA. By Paul Banks	222	ENCYCLICAL QUADRAGESIMO ANNO	225
Grand Hotel.		Extracts from the Papal Encyclical. Concluded.	
MONTY-RAT AND MICKY-MOUSE. By James Golder	223	NEWS NOTES	226
		CORRESPONDENCE	227
		From "Ronin."	
		THE LEISURE SOCIETY. (Announcement)	227

NOTES OF THE WEEK.

Tuesday, September 1. There seems to be some doubt about how long the National Government will remain in office before allowing an appeal to the electorate. The argument for a short tenure rests on the consideration that the Government is plainly an autocracy, and also that if it continues to legislate after passing measures directly reducing expenditure and increasing taxation, it can hardly hope to preserve unity among the three Party interests which have temporarily united for this purpose. Indeed there is no guarantee that even the economy-measures themselves will command an equal degree of support as between the three interests, especially when translated into monetary confiscation. But assuming that this difficulty is surmounted, it is a practical certainty that any further legislation will involve a handicap on some Party as against the others and will cause that Party to resume its independence before its handicap becomes so great as to put it out of the running when once an appeal is made to the electorate. For example, as a Conservative supporter wrote to *The Times* recently, the Conservative Party could properly join the National Government provided it reserved the right to resume its independence directly the economy-measures were passed. What he had in mind was the Protectionist versus the Free-Trade issue. On the other hand there is no knowing what the electorate are going to do upon the resumption of democratic procedure. As *The Observer* perceives, if the vote goes against the economy-measures, the situation will be worse than ever. Accordingly that journal by implication, and several Press correspondents by explicit statement, want the economy-policy to be a *fait accompli*—something which is so manifestly irrevocable that the electors will leave it alone and vote about something else. This desideratum must involve a long-delayed appeal to the country; for the proposed economies cannot be a *fait accompli* until the Budget is actually

balanced in terms of effectuated savings and levies. And how long is that going to take? It is one thing for Parliament to summon the spirit of sacrifice from the vasty deep. That can be done in a fortnight. And we will concede that the *spirit* may respond: but will it come *with the sacrifice*? The "weakness of the flesh" has to be taken into account—in other words the capacity to make the sacrifice. Allow that by some miracle the whole people supported the Government, the situation would be much the same as if a mountain of stones consented to allow blood to be squeezed out of them. The whole point is this: How long will the Administrators require before they are able to report that the £130,000,000 has actually been taken out of the pockets of the population? We leave the answer to the *fait-accomplis* optimists.

* * *

To discuss this matter any further is futile because the decision on when to appeal to the country will depend on the bankers and not on the politicians. The exigencies of Party-interests, though they may strain and even split the unity of the Emergency Cabinet, will not of themselves precipitate a dissolution. On the contrary the existence of divided counsels within the Cabinet would afford a strong reason, from the bankers' point of view, for postponing such an action. For Dictatorship which manifested the least irresolution would be encouraging the electorate not only to get rid of it but to reverse its accomplished legislation. The gentleman, mentioned previously, who talked airily about the Conservative Party's withdrawing from the Government when it thought fit, seemed to have taken it for granted that the resignation of Conservatives from the Cabinet would bring the Government down. Why? What is to prevent Mr. MacDonald from accepting the resignations and appointing to the vacated offices other persons from the bankers' panel of approved Ministers? It is surprising that any intelligent man can suppose that you can play ducks and drakes with the normal rules of democratic government and yet count upon normal procedure in the matter of appointing, re-

pairing, or renewing the personnel of any Government. We advise everybody to bear in mind the contingency—not a remote one either—that the present Bankers' Government is here to stay, notwithstanding Ministerial defections and notwithstanding even a general election—for if some unforeseen circumstance forced an involuntary appeal to the country it is a moral certainty that the voting would take place under emergency conditions framed by the bankers to secure their previous gains. An Emergency Government connotes emergency powers; and there is nothing to stop the present Government from resorting to the Emergency Powers Act and proclaiming, for instance, disfranchisement of the unemployed. Their doing so, moreover, would be joyfully acclaimed by some million or two fools who imagine that because the dole takes money out of their pockets (as they think) the cut in the dole will put money back in their pockets. As a matter of fact they have not yet paid for the dole—or else the insurance fund would be solvent—and they do not realise that the cut in the dole is designed to manœuvre them into paying up past deficits, and foot the whole bill in future. To a large extent the dole payments have been provided by bankers' credits—which means in effect that the whole community have been receiving a subsidy. There is no essential difference between the situation to-day and the situation in May, 1926. In the former case the bankers had been helping the taxpayer to nurse the employed miners; in the present case they have been helping him to nurse the unemployed in general. And now, as then, they have called a sudden halt—and precipitated a sudden emergency.

On the question of the Government's term of office it must be remembered that although it has been formed to carry out a specific task, it will necessarily deal with every sort of issue, domestic and foreign, that ordinarily calls for the attention of any normally constituted Government. For example, *The Times* is already suggesting that Lord Reading should intervene to prevent a proposed compact in Shanghai with regard to "extra-territoriality." And it is not difficult to imagine that even should the Budget be effectually and irrevocably balanced our relations with foreign Powers might have become so unbalanced as to require, or seem to require, the continuance of the Government in office. Or, on the other hand, it might be that our trade relations with other Powers would be in process of re-adjustment under some international conference of economic experts—in which case the advisability of postponing an election would be held out as self-evident. We refer to the Bernard-Baruch plan, which, we notice, Dr. Nicholas Murray Butler revived in London on July 3. This gentleman recommended that the International Chamber of Commerce should organize such a conference, and suggested the following names as suitable persons to "formulate a programme to free the world from economic depression"—W. H. Beveridge; J. M. Keynes; Gustav Cassel; Charles Gide; Moritz Bonn; Professors Edwin R. A. Seligman, Wesley T. Mitchell, and Robert Murray Haig; Montagu Norman; Sir Robert Horne; Sir Josiah Stamp; Silas Strawn; Albert W. Wiggin; and W. W. Atterbury. The conference would deal with the whole world except Russia, because Russia is "operating on a different system" which is "an economic key so far as they are concerned." South America's interests would be affected by the decisions of the conference, but the time required to choose representatives of that area "might be too long." The American journal which reports this recommendation proceeds:

"The American educator was greatly concerned that no Government should have any connection with the pro-

posal and that the meeting be kept away from the great capitals, such as London, Washington, and Paris.

Butler's nominees are categorised by him as follows:

Beveridge and Keynes	English economists.
Cassel	Swedish economist.
Gide	French economist.
Bonn	German economist.
Seligman, Mitchell, and Haig.....	"of the Columbia University."

Norman	Governor of the Bank of England.
Horne	ex-Chancellor of the Exchequer.
Stamp	British economist.
Strawn	American lawyer.
Wiggin	American banker.
Atterbury	American railway magnate.

The report makes no mention of the auspices under which Dr. Murray made his proposal, nor does *The Times* of July 3 announce any address by him in its list of "Arrangements" for that day; nor have we been able to find a report of an address by him in *The Times* of July 4.

It will be self-evident to our readers that the bankers' autocratic imposition of financial retrenchment on a hostile population must create the necessity for equally autocratic measures to deal with the economic consequences of that retrenchment. It would be suicidal for the bankers, having put over a financial ramp against the will of the present electorate, to allow the subsequent economic adjustments to be handled by a Government reflecting the will of the electorate. Such a Government's policy would be incompatible with, even if it did not completely frustrate, the financial policy under which it was required to function. A working model of this clash of incompatibilities was seen a few years ago in the case of the West Ham Board of Guardians. In order to secure "sound financial" administration in that area the bankers were obliged to dismiss the Board and supersede it by their own nominees. As we pointed out at the time, this was inevitable. Democracy will not appoint "sound financial" administrators, for the simple reason that it dislikes the consequences of "sound financial" administration. Therefore the bankers have to administer their own policy, much as they would prefer to leave administration in ostensibly democratic hands. It is important to notice what the bankers did subsequently. Recognising that their dictatorial intervention in local government could not continue permanently in this undisguised form, and calculating that as soon as they conceded control once more to the local electorate, the next Board elected would be a worse one than ever from their own point of view, they procured the abolition of all Boards of Guardians as such, and the merging of their functions with those of the Municipalities. Thus the question of the relief of the poor, instead of being one on which the electorate could cast a straight vote, was mixed in with all sorts of other questions affecting local government, so that the policy of relief now became a fractional and incidental part of a general policy. Voting was restored, but the mandatory significance of West Ham was destroyed. The whole electorate of the borough might to-day vote in intention for "extravagance in relief without affording any evidence that they were not intending "economy"! Such was the bankers' method of perpetuating their autocratic control of poor-law relief while appearing to relinquish it.

This history of the Boards of Guardians is being paralleled on all planes of politics. Directly the Bankers see a governing institution in danger of transgressing their laws they merge it into, or else transfer some of its powers to, a larger institution. In general, this is sufficient to eliminate the danger, because the larger a unit of government is the less

amenable it is to the control of the ballot-box and the more amenable to that of the money-box. The same rule holds in business life. For as the unit of production increases in size so also does the amount of credit required to finance its operations, and so, as a consequence, does its existence as a going concern depend to an increased degree on bankers' loan-accommodation. This is not apparent to the uninitiated, but it is a matter of experience to the directorates of large concerns, and it is a matter of antecedent mathematical inevitability to those who understand the Social-Credit analysis. Taking token figures, let us say that the aggregated costs of consumable goods throughout the country amount to £100 per unit of time, and that the aggregated incomes of consumers available to buy the goods amount to £60. Now, supposing that 100 firms share up this trade, and assuming that they share it equally, it is possible for as many as 60 of them to recover their costs in full without recourse to the bankers. The national insolvency-index would be 40 per cent. of the firms engaged. But now come to the other extreme and suppose that instead of 100 firms there is One Big Trust. Immediately, the national insolvency-index becomes 100 per cent. The Trust is bound to be £40 short, and its (i.e. the whole nation's) continued activity entirely depends on whether the bankers choose to put up the £40 or not. And at every intermediate stage between the 100 little units and the one big unit the possibility of maintaining self-determined solvency in industry progressively contracts until it finally reaches the point defined by Euclid as having no dimensions.

There are two views to be taken of this. Whereas, on the one hand the progressive extension of the bankers' control over industry is a sinister thing for the public, it can easily become an embarrassing thing for the bankers. For whereas the hypothetical 100 business proprietors might never realise the fact that there was this aggregate £40 deficit in revenue in the given credit area, the directorate of the One Big Trust would see it in two minutes. The bankers are alive to that, and in order to avert it they are appointing their own nominees to direct the enlarged units of industry whose formation they are encouraging. By this means they can postpone the disclosure to the public of the fact that industry is chronically bankrupt, and therefore chronically in the hands of the banks. And they could in theory do this indefinitely if they were able to train and appoint a sufficient number of expert nominees who could be trusted to obey orders and hold their tongues. This, however, is none too easy a task; and even supposing that it could be accomplished, there would still remain the fact of the deficit and the natural consequences of it. Though they might flout the laws of democracy, the laws of arithmetic would still remain to flout them.

The bankers, in spite of their doctrine that the large unit, whether in finance, government or business, is the most efficient, take care not to press it to its extreme limit in practice. Thus we see the principles both of competition and monopoly working side by side. We have, for instance, five banks competing for shares of the nation's business when one of them could do the work, and, according to the doctrine, do it more cheaply. And with the exception of the railways, electrical power, telegraphs and telephones, business is more or less competitively administered. Also, though the Boards of Guardians have gone, we still see a certain degree of self-determination allowed to municipal and county areas under the wider rule of Parliament, and we still have an ostensibly democratic House of Commons exercising its initiative in part independently

of the House of Lords, and in part subject to the revisionary prerogatives of that Chamber. The bankers preach the ideal of the One Big Co-ordinating Body—which logically should take the visible form of a national bank, a national industrial system and a national government all merged into one—but they are careful not to allow developments to proceed too far towards that end, indeed not so far as the public could be persuaded to approve the process. The reason is that if all initiative in all three directions were thus vested in a single centralised governing body that body would have to accept sole responsibility for the financial, economic and political anomalies and hardships which occurred. Now the last thing that bankers will do is to take responsibility for giving orders. Their policy is to give advice in public to the Government, and to "upset the fabric of government" by secret manoeuvres if their advice is ignored. It is easy enough at present for them to publish advice, because nobody can prove that it is not efficacious except those who understand the technique of credit. But face them with an all-comprehensive Government having power and the will to give effect to their advice, and they would be at their wits' end to formulate any advice. For instance to tell such a Government to balance its Budget would be virtually to tell British Industry as a whole to collect all its costs out of the incomes it distributes. The Government's "One Big Ledger" would prove this to be an impossibility. In fact at the present time there would be no better way for the industrialists of this country to call the bluff of the bankers than to offer to let the Exchequer buy all their goods at cost, sell them to the population at a fair price, and pay them (the industrialists) a dividend out of the Budget surplus (if any!) The poor old Budget would look a picture! Expenditure on goods £100: maximum taxable capacity of the population £60: deficit £40, enabling the Chancellor to declare an "Irishman's dividend"! Nevertheless, the experiment would open up some new issues, for since he would certainly not have sold goods at under cost to the population, but presumably at a profit, he would have, let us say, half the total quantity of goods still in hand. So, while he would have to report a deficit of money, he would be able to report a surplus of goods; in which case quite a number of people—not necessarily Social-Credit or other "cranks" either—would conceive the bright idea of balancing the Budget by distributing the goods. Administrative difficulties? Nonsense. Once let a Government have something to give instead of something to take, and the whole population would co-operate (if that were necessary) with the professional administrators in hammering out a scheme of distribution. Consumers would want the goods; and the industrialists would want the money; and since the two parties are essentially one, and represent the whole population, they would soon see how to do what they liked with their own without the assistance of the professional money-lender. Consumer-credit would be the obvious method of solving the "Surplus Disposals" problem.

Saturday, September 5. On this day the Press announced that under pressure from the Conservative Party there was a prospect of a General Election taking place in a few weeks' time. If this actually happens the event will contradict our statement earlier in these Notes that the present Government is here to stay. Nevertheless, we shall let what we have written on that assumption remain on record. One reason is that at any moment the Press may announce that the Election is "off." Another is that in any case the essence of our statement will remain untouched. Even if the present Government of Unconstitutional Dictators gives

place to a Government of Constitutional Ministers, the principle of dictatorship just resorted to will persist. To begin with, if an election takes place it will be fought on tariffs, not on economies. The necessity for economies has been conceded no less by the Labour Opposition than by the other parties. The only difference is on methods of achieving them. So a vote for any Party is a vote for economy, and will be so construed notwithstanding the motive for which the vote is cast. Now the Minister responsible for effecting economies is the Chancellor of the Exchequer. Whatever the result of the election the next Chancellor, in his capacity as "Minister for Economy," will represent the views of the whole House. That is antecedently certain, for the reason just given. On the other hand, he may be a Free Trade or a Protectionist Chancellor, according to the way the electors jump. In either case he will not represent the views of the whole House, but will have to face an intelligent, and influential, if not numerous, minority. The stage will now be set for another bankers' ramp. It will probably consist in a proposal to vest the responsibility for framing the Budget in a permanent advisory committee of independent experts. The sponsor could point out that since the whole House supported the principle of the balanced Budget, there was no constitutional impropriety, and much practical advantage, in remitting the task of deciding the methods to people specially trained for the task. He could further urge that, if this were done, the House could concentrate on debating matters on which it was divided, and that the Chancellor of the Exchequer, now free from the necessity of explaining and arguing about economy-methods, could give undivided attention to the diverse views which would be expressed on such important matters as for example the Tariff issue. Labour, whether as a minority or as a majority of the House, might be hostile, but it is almost certain that neither Mr. Henderson nor any of his followers, when it came to the pinch, would care to submit their own economy-methods to the criticism of the other side, much less (in the case of their being in a majority) incurring the responsibility of enacting them. It is reasonable to suppose that everybody in the House would be only too relieved to shuffle out of the duty of prescribing methods. By shoving the job on to the experts, all three Parties could then start fair at the next election, each being able to say to the electors: "We have not failed you: you accepted the urgency of the necessity for economy: you elected us on that understanding: and we did the only thing practicable to get the policy put through in time to save the country: the situation did not allow time for debating methods, so we left it to the experts."

If this took place the bankers would nominate their own agents as member of the "Exchequer Council" (so to call it) and this Council would stand in the same relation to the Government as did the experts whom they planted on the West Ham Board of Guardians. The parallel can be extended further in prospect. Just as the bankers arranged that the subordination of the functions of the Guardians to the policy of the local councils should take place coincidentally with the withdrawal of their nominated poor-law administrators, so they would be likely to arrange the same thing in respect of the "Exchequer Council." That is to say that before they relinquished control through this Council they would have arranged for subordinating the Government's policy in finance and economics to that of a wider body—to wit, the Baruch-Butler "International Conference of Economic Experts." The Council in the meantime, while ostensibly running the generators of British policy, would be scrapping them, and wiring Britain up to receive current through the

Baruch-Butler International Grille System. Baruch, it will be remembered, admitted before a United States Committee of Inquiry that during the war he was the "Napoleon of America." Not a single programme of production could be begun in the States without his consent. And since Dr. Page's prophecy in 1914 that "The British Empire has fallen into our hands" seems to be in process of fulfilment it is reasonable to suppose that in another world-crisis Baruch expects to be the Napoleon of the British Empire—as he probably would have become already but for the dilatoriness of Britain and other countries in accepting Hoover's Disarmament schemes.

Readers will see another parallel. As they know, the Bank of England (as well as the central banks of other countries) has been forestalling possible attempts on the part of a Government to assume control of its policy by creating, in association with other central banks, an international central bank—the Bank of International Settlements—to whose policy their own is subordinated, or at any rate is held out to be. The Baruch-Butler-Conference ramp is the economic parallel to the B.I.S. ramp; and their respective activities could be co-ordinated, and probably directed by the same group of financiers. In our article several years ago (reprinted as a pamphlet which is still available), "The Key To World Politics," we foreshadowed this development. We explicitly provided in our diagram accompanying the article for a "Bank of Europe" which would "ration credits" among nations; and we also provided for an international body which would "ration trade" among them, in this case being wrong only in the small detail of naming the League of Nations as the said body.

There is little doubt that the Baruch-Butler Conference is intended to ration trade. To do this will be impossible unless the Conference has power of supervising national tariff policies. Dr. Butler's recent speech in favour of its formation is doubtless connected with the Conservative Party's recent push for a Protectionist policy. Supposing that this Party were to come into power and adopt Lord Beaverbrook's "Empire Free Trade"—i.e., "Protected Empire"—Plan, it should, in theory, be a nasty smack for American trade. Yet not only has there been no note of alarm raised in America, but Mr. Macaulay, of the Sun Life Assurance Company of Canada, was made a fuss of and boomed in Wall Street on account of his concept of selected American business men engaging in a ten-year development plan for the British Empire—a plan which he stated could only be carried out "if some such plan of Empire trade co-operation as that recommended by Lord Beaverbrook were adopted." (See THE NEW AGE of February 12.) Lord Beaverbrook has never offered an explanation of this curious situation. In form he proposes to close the Empire against goods which can be made inside the Empire. Manufactures needed for Empire development can be made by Great Britain; so how does it come about that America can serenely contemplate exporting dollar-credits and dollar-equipment to the Empire? It is nonsense to suppose that British manufacturers who are backing him would support such an arrangement if they could help it; but we can see that they might consent if some authoritative international group of experts advised that it was necessary. The advice would, indeed, appear convincing if at that time the British bankers pleaded inability to finance Empire development, while the American bankers were willing to do so. The whole thing would then boil down to the question: Are we to commence development at once, or can we wait until we can afford to do it with our

own credit? If at once, then we should have to receive the goods, tariff or no tariff, besides mortgaging the Empire to America. In a year from now American and French banks who have bought (or are under contract to buy) £130 millions worth of sterling bills to provide a crutch for the Pound, will be free to sell them and so kick the crutch away again. If at that time our fiscal policy did not suit them, they could deliver an ultimatum. But would it not be more discreet, more friendly, more in keeping with the spirit of Dr. Butler's "happy Lotus Land," if the ultimatum came, not in the form of a threat by one nation to another, but in the form of friendly advice through his international conference of economic experts? Thus the British Government of the day could modify its policy as desired without suffering any stain on its precious *amour propre*.

We reprint elsewhere the first of some editorial articles published during May, 1926, on the coal crisis and General Strike. Our general reason will be apparent when readers refresh their memories of the events of that time. For the nature of the present emergency is essentially identical with that of five years ago. As we pointed out recently, whereas in 1926 the banks stopped the subsidy to the mining industry, they are now stopping a subsidy to the unemployed. Grave as were the consequences then, they assume a multiplied gravity now, not only on account of the sum of money in question but on account of the circumstances in which the banks propose to withdraw it. And readers of these articles will be struck by the emergent fact that the persons most prominently concerned with the precipitation, management, and winding-up of the General Strike have been appointed to the key posts in the present Dictatorship.

Current Politics.

Letter writers to *The Times* plead for the education of the proletariat in economics so that, in spite of their poverty, understanding will make them whole. Meanwhile, *The Times* first leader-writer continues to educate the educators. He is reassured by the strong hint given to the Stock Exchange that neither a tax on fixed-interest-bearing securities nor compulsory conversion of war-debt will be attempted; and he reports that this has been interpreted as a welcome sign that

"financial experiments of a dubious kind will be avoided . . . salutary tonic . . . stock-markets . . . restore confidence . . . severely shaken . . ." etc.

Later the leader-writer asks whether it is likely that the workers' most trusted leaders would be intimidated "by the dictation of a handful of frightened financiers," and states that "the real issue is between retrenchment and inflation." It is easy after that to point out the awful effects of inflation, which would reduce the standard of living of the working classes. From that it is equally easy for the leader-writer to prove that the only way for the workers to save their standard of living is for them to lose it, though he omits to quote the Biblical authority. "Inflation," he writes, "must ultimately mean the impoverishment of every one in the community except a few profiteers." We must, therefore, according to *The Times*, cut, retrench, and economise, "to be in a position once more to compete in the markets of the world." In short we must grab all the trade by the device of failing to create any.

It is a difficult position for anyone to have to be banker's advocate. It results in every statement being false. It necessitates obliviousness to all Christian maxims except the injunction not to let one's right hand know what one's left doeth. The improved stock-market does not refer to stock in

the farmer's sense, but only to stock in the banker's sense. Actually, of course, only stock capable of being improved even temporarily by the economy measures is that which represents existing debt. Economy is an assurance to the holders of debt that it shall not be worth any less in terms of money, that it shall be worth a little more in terms of goods, and that its payment shall be made impossible for the debtor. Social credit principles deny, of course, that inflation and retrenchment are the only possible policies, a fact which those who may one day have to form a Government ought to realise. This fact apart, however, *The Times* does not accurately describe the consequences of inflation, which cancels debts, and, up to a point, facilitates production and distribution, as during the war. Ask the people who bought property in 1913 and paid for it in the inflation years whether inflation impoverished them. Inflation is one of the devices which operate under the present system to cancel what the student of social credit calls the accumulated B payments; its fatal fault is that it rapidly creates new ones which cannot be paid.

The concern for debt, much of which is called gilt-edged, although in a real credit sense it is dead credit, and the neglect of real credit, which is not called gilt-edged, is the most foolish of all policies to advocate. The liquidation of debt depends absolutely on the care of real credit. To retrench in the manner suggested by the May Committee means the neglect of real credit for the sake of debt credit. If England is so secure that the fighting services can suffer cuts in pay, England is secure enough to abolish the fighting services. But if the fighting services are useful and necessary, that is, real credit, economy there is madness. Similarly, to reduce the pay of the police would entail having to employ again the old type of policeman, and would inevitably render the police both less honest and less efficient. As real credit, that is, their value must decline. To reduce the pay of teachers, and economise on education in the manner proposed, is to save the financial credit of the present by worsening the real credit of the future, since it must result in an inferior citizen and worker. If the roads under construction or being planned are real credit, and not simply a defacement of the country, to slow down the programme is also to bolster financial credit by preventing the increase of real credit. To extract sixty-six millions from the pockets of the employed and unemployed, without distributing it in some other way, is to prevent sixty-six millions of liquid purchasing-power from helping to fertilise the market which is already becoming as a desert because of the shortage of liquid purchasing-power.

It is reported that a large number of English business-men have placed permanent orders for every book published about Russia and the five-year plan. Presumably Mr. Shaw knew that they had done, or were going to do, so. Is there an intention somewhere to impose a Bank-controlled plan on England for the capture of world-markets? There can be little doubt that it is the aim of the London banking system to compel British industry so to compete, on the old basis, and on the gold standard. Hence the tongue-in-the-cheek explanation that we must pay for our imports. If the latter were the true explanation, the May Committee would not have recommended any saving by

"Reduction of (agricultural) education grants to 50 per cent. limitation of grants for research, expenditure on livestock improvements to be recovered or discontinued."

If Britain thought in terms of real credit, and had any necessity to fear the stoppage of supplies from abroad from any cause whatsoever, agriculture

would be one of the industries to be secured and developed at any cost in both financial credit and manpower. A country with three-million man-power placed to reserve, and a decaying agriculture, has not taken the first step towards securing its food supplies. Assuming, however, that the world continued sufficiently peaceful for the overloaded wheat and "stock"-producing countries to consent to sell their surplus to us, there are at least two ways in which necessities could be paid for. British investors have, at the most conservative valuation, over three thousand millions of investments abroad. The income from these in 1930 is stated by the Board of Trade to have been at least £235 millions. By confining imports to necessities they could be paid for out of "debt-income." A second way is to offer to take the produce on a straightforward barter basis, by the exchange of two real credits, and without the intervention of financial credit. Every act of barter is in some degree, however small, a strike against the banking system. Barter would be an example of the people saving themselves. The banking system only wants to save the pound, to which end it is sacrificing the people.

A correspondent in one of the technical engineering journals asks a sensible question. Before he agrees to save waste, he would like to have it defined. Is it, he asks, waste to puff tobacco to smoke, to have more than one pair of boots, to have more than one room, to have theatres, hotels, boarding-houses, butlers, chauffeurs, gardeners, servants? In short he wants to know whether, if the country is to be saved by saving everything not "necessary" should logically be destroyed, including the workers who produce it, the salesmen who sell it, and the shopkeepers who retail it. The answer is simple. For all who live by the development of real credit, that is, the power to deliver as, when, and where they can be enjoyed such goods and services as conscience and one's neighbour allow, anything above the barest subsistence is, by bankers' decree, waste. This exempts all whose income is secured by the present financial system. To preserve that system these are, whether they realise it or not, impoverishing the rest of mankind. They are starving the camel on which they ride. They are responsible for bringing on the world a financial glacial age, in complete ignorance that soon they will be frozen with the rest.

A. N.

Drama.

Grand Hotel: Adelphi.

In the present circumstances the artists of the theatre, without knowing what they are doing, are rapidly elevating the novel to the status of the supreme art. The theatre becomes, as the cinema has long been, unable to trust its own judgment. In both mediums original work created for the medium has to take second place to work which has already succeeded in the medium of the novel. Theatre and cinema become merely magazine stories in picture instead of prose. The cause is, of course, commercial. So much is spent on a film that unless success is assured it were better never to have spent at all. There is so little purchasing-power in the pockets of theatre-goers that risk for art's sake has to be avoided at any cost. On a work, however, which has created a sensation as a novel, the public demand for which is thereby demonstrated, the theatre spends lavishly to make doubly sure. All the resources of acting, staging, and production, are flung into making a success in the theatre of what ought not to be there at all. One of the consequences is that the theatre kills its own geese. Dramatists that might have been writing novels as the only way of qualifying to write plays; where-

upon the theatre must dramatise novels inasmuch as there are no plays.

"Grand Hotel," the novel by Vicki Baum, is undisputedly a good novel, better than Arnold Bennett's "Imperial Palace." The author has had the advantage of collaboration, in adapting it for the theatre, by a man of the theatre who knows his job inside out, Edward Knoblock. The resulting dramatisation has had the advantage of being produced by a man of the theatre who also knows his job inside out, Raymond Massey. The producer has had the advantage of Max Hasait's revolving stage, which enables the Grand Hotel to be turned inside out or back again, or from one floor to another, in less time than it would take to go by lift. All the advantages of staging, lighting, and acting possible in the modern theatre are exploited with the utmost skill to transmute "Grand Hotel" from novel to theatre. It remains a novel. Its theme, that Life is like the Grand Hotel, "In and Out, In and Out," belongs to the novel eternally. The theatre is no place for criticisms of Life. It may criticise manners or institutions, but not Life. The moment the theatre begins to impose a limited scheme or interpretation on Life, the life goes out of it. The theatre can only reveal life, and its focus must be beauty, or truth, or character. Possibly the theatre began as an affirmation of Life. So it must go on, if it is to go on at all.

An essential distinction between the novel and the drama is the difference between an organism and a creator. In other words, the author lives inside the novel, and develops it from within, commenting on the development as it proceeds. The author of a drama lives outside it, having endowed his characters with free-will and separate existence. It was well said by Coleridge of Shakespeare that he made his characters completely individual creations, which offered no clue to the character of their creator. While it may be impossible for a creator to hide from any that have a right to knowledge, it remains in the creator is latent in drama, and patent in the novel. In "Grand Hotel" the interpreter of life is to be seen at work. The whole thing points a cynical, spectatorial, moral. Life is not justified, nor beautified, nor intensified. It is merely pictured, with a blank wall built at each end. That the audience is moved to eternal interest in two of the characters seems an accident that the author would rather have avoided. Little Kringelein and Flämmchen leaving the hotel for Paris take our hearts with them. We wonder whether the doctor they are to seek will be able to do anything for him. We remember a little also the worn-out chambermaid who would not desert the post she was free to leave lest she miss a possible tip. We remember no more of the rest than if they had been our fellow guests for a night at the hotel. From the actual hotel, however, we should have expected only comfort and service; we expected, from the hotel in the theatre, that human interest, which spectacle and naturalism cannot replace.

It is possible to carry off in a novel all sorts of things in which the limelight shows up the cracks. The theatre exacts a superlative degree of coherence. If we are offered a revelation of the soul of a hotel, it is fatal for us to be ceaselessly reminded of ourselves that if the thirty-six hours covered by the play were characteristic of hotel life nobody could be found to open or manage one. The dancer, Grusinskaja, going to the theatre without her pearls for the first time, and being hissed because she is not wearing them, does not ring true in the theatre. The penniless baron who cat-burgles her room for the pearls conveniently left there, who falls in love with her while hiding behind a chest, declares himself, hands her pearls back with a sort of conversation story, and possesses her that very night, ceases, on the stage, to be even novel; it becomes

Current Sociology.

It is not clear for what purpose *Lloyds Bank Review* is intended. The September issue contains forty-four pages, beautifully printed on expensive, thick paper. The matter does not seem of such importance as to require a separate magazine, in view of the bankers' case being presented by almost the whole Press, with its national circulation; and the magazine as a whole, like the building portrayed on the front, suggests that banks have never heard of the need for economy. However, as craftsmanship is so badly neglected nowadays, and modern churches and books are so poor in quality, let us not be dogs-in-the-manger, but congratulate Lloyds Bank heartily, in these days of poverty and acute depression, on both the building and the magazine. Without knowing precisely to whom the magazine is addressed, let us also congratulate the bank on securing a contribution from the egregious, ubiquitous Mr. Harold Cox. At first sight it seemed as if Mr. Cox's services had been called upon to cast humour among the statistics, but further reflection made it clear that Mr. Cox was in earnest. The Bank announces at the head of Mr. Cox's article that

"it proposes to publish from time to time signed articles by economists of standing . . . the Bank is not necessarily in agreement with the views expressed in such signed articles."

Mr. Cox, however, states the bankers' case perfectly. If we did not know him, we should suspect him of a subtle intention to destroy it, so completely does he state it, as Dostoevsky destroyed the Czar by ironical, excessive praise.

Mr. Harold Cox has the merit of being logical. Writing on "The Problem of Over-Production," he comes to the point at once. He has realised before his time, as we expect him to do, that

"machinery all over the world is playing an increasing part in production, and there is a corresponding decline in the demand for the human worker."

Good news, Mr. Cox. The human worker has been overworked and trodden on so long during the creation of the machine that you bring him good news. There is plenty of produce without his further slavery.

"Unemployment on a large scale is likely to be permanent unless we can secure some drastic readjustment of population to the powers of production."

That is good sense. As Mr. Cox proves by quotation and statistics, in every industry the world over the trouble is caused because we produce more than we can consume. As an American writer (quoted by Mr. Cox) put it in an address to a big business association (American writers are so vivid).

"Consumption cannot be materially increased. Their figures require not more wheat, but less. Short skirts require not more textiles, but less."

Congratulations to both Mr. Cox and Lloyds Bank, the one for seeing and the other for printing the fact that in such a situation "a drastic readjustment of population to the powers of production must be secured." In a similar situation the Lord Himself spoke in no less certain terms, "Go forth and multiply, and replenish the earth."

In Mr. Cox's logical self-application to the over-production problem, he considers everything. He knocks the bottom out of the popular Socialist remedy in his own trenchant way. He is quite right that if the wages of the Canadian or Middle-West labourers were increased the employers could not compete in the world-market; that high wages would destroy Lancashire by preventing the sale of the product. And then, alas! Mr. Cox seems to

novelette, not less so when his love revives the dancer's genius. The novel-writer has access to ways and means of developing changes from within the minds of the characters which the conventions of the theatre do not permit. Without them the movement of the novel is completely unconvincing.

So "Grand Hotel" adds nothing to drama. It is an occasion exploited to exhibit the technique of the modern theatre. It is the producer's, not the dramatist's, triumph. The audience rightly applauds the stage settings and the actors, since it is not absorbed by the author's characters. In the absence of a drama the acting, production, and settings are magnificent and worth seeing. Ursula Jeans's performance as Flämmchen is acting of great insight and beauty. Both at the table where she accepted the post as Preysing's secretary, and in the bedroom where she proceeded to fulfil her duties, she realised such depth of character that the magnificent staging was for the time being happily obliterated. Elena Miramova as Grusinskaja justified her being brought from New York specially to play the part by the lightness of touch with which, at least part of the time, she overcame the incredibilities of the play, and affirmed the existence of Grusinskaja. Ernest Milton, with a part reminiscent of messengers and narrators, was sentenced to wander about interpreting the Grand Hotel in terms of Life, and Life in terms of the Grand Hotel; he did his job as well as it could be done, that is as nearly as possible without being caught doing it. Lyn Harding, as Director Preysing, came nearest to awakening the soul of the Grand Hotel. In his business dealings, conferences, and dictations, the hotel almost began to throb in my blood, and Betty Lynne, as the weary chambermaid, did all possible for humanity's sake. I congratulate Mr. Raymond Massey on a great exhibition of theatre technique.

PAUL BANKS.

Monty-Rat and Micky-Mouse.

SCENE.—On the departure pontoon of a West of England port. R.M.S. "Golgothic" alongside about to sail.

M.-R., running to board the vessel, is surprised and interrupted by Micky Mouse cutting across his course.

M.-M.: Hullo, Monty. Quo vadis?

M.-R.: Canada, Micky, Canada.

M.-M.: Why so sad and speedy, Monty? I'm lucky to see you.

M.-R.: Virus.

M.-M.: What, Liverpool.

M.-R.: No. Douglas.

M.-M.: I never heard of him, or it. What d'ye mean?

M.-R.: Well, you know my record. No traps get me. No dogs, ferrets, nor mongoose, but . . .

M.-M.: Yes, nor sticky boards, neither. For I recollect your escaping one of those by leaving your skin behind.

M.-R.: Yes, Micky. That was touch-and-go. But you know what serpents can do, and what men say, "Wise as serpents, cunning as rats?"

M.-M.: Thought it was "Harmless as doves"?

M.-R.: No, that's the old story. But stop, I'm losing lots of friends by this virus business. It spreads so, and I'm not feeling very gay; so excuse me, the gangway's going up.

M.-M.: It's already gone up, Monty, and the portholes are closed. You'll have to go by the ropes.

M.-R.: That's all right. I know the ropes.

M.-M.: But what about the guards?

M.-R.: O.K.! The guards know me!

M.-M.: Hi! Monty, before you go, what a queer name for a ship!

M.-R. (pausing on rope): Oh, haven't you heard? That's the new religion. The sign of the three crosses.

M.-M.: Oh! What does it mean, Monty?

M.-R.: "Equality of Sacrifice," but I'm off. It's me for the Golden Shore. Cheerio!

M.-M. (feebly): By-by. (Departs along the pontoon ruminating thus: "Let me see, was it Barabbas or Bar-rattus that escaped in the old story? I forget.")

JAMES GOLDER.

The Coal Crisis.

[Reprinted from THE NEW AGE of May 6, 1926.]

ROYAL PROCLAMATION.

Whereas by the Emergency Powers Act, 1920, it is enacted that, if it appears to us that any action has been taken or is immediately threatened by any persons or body of persons of such a nature, and on so extensive a scale, as to be calculated by interfering with the supply and distribution of food, water, fuel, or light, or with the means of locomotion, to deprive the community, or any substantial portion of the community, of the essentials of life, we may, by proclamation, declare that a state of emergency exists;

And whereas the present immediate threat of cessation of work in coal mines does, in our opinion, constitute a state of emergency within the meaning of the said Act.

Now, therefore, in pursuance of the Act, we do, by and with the advice of our Privy Council, hereby declare that a state of emergency exists.

Given at our Court at Buckingham Palace this 30th day of April, in the year of our Lord one thousand nine hundred and twenty-six, and in the sixteenth year of our reign.

God Save the King.

No doubt everyone has read the above Proclamation. Our reason for reproducing it is to facilitate consideration of two amendments, which are as follows:

- 1. Par. 4, l. 3. To delete the words "twenty-six" and "sixteenth"; and to substitute the words "twenty" and "tenth."
- 2. Par. 2, ll. 1 and 2. To delete the words "cessation of work in coal mines"; and to substitute the words "restriction of credit by the banking system."

Our speech in support of these amendments (which we take the liberty of moving in the name of every credit reformer in the country) need not extend beyond two or three sentences. The moment that the banks decided, six years ago, to impose Deflation on this country, they had decreed the precipitation of the industrial conflict which, as we write, seems about to descend upon us. That they were aware of this is not a matter of any doubt—in fact, it will be noticed that the Emergency Powers Act, under which the present Proclamation is announced, was passed practically simultaneously with the above decision to call in credits. As Professor Gustav Cassel warned the Financial Committee of the League of Nations in 1920—while theoretically it is possible to deflate prices to any extent desired—

"unfortunately the process is attended by some rather disagreeable effects . . . indeed we have to take care that we do not get into a position in which we have to admit that though the cure was a success the patient succumbed."

So it is not surprising that when the bankers decided to cure the capitalist and worker they took care to preserve themselves constitutional powers to "larn 'em to succumb" if they languished under the treatment.

That the question of "Subsidy or No Subsidy" is the crux of the trouble, we have insisted on every occasion when we have referred to the coal situation. We do not now propose to repeat our several arguments on it; they are familiar enough by now; but we will repeat our conclusion that for the Government to accept the subsidy without allowing a final pronouncement against the subsidy, is, in view of the effect of its cessation, a gross violation of its duty as custodian of the community's interests. Is it not as clear as daylight that while the threat of cessation of work in the mines may constitute the emergency, it is the threat of cessation of the subsidy that is the immediate cause of the trouble? Work will not cease if the subsidy does not. The picture of a million miners will keep time with the scratches of the banker's pen—now, and always. Let those who are gibbering in panic at the idea of silence in the colliery call round and break silence in the bank parlours if they really want to do anything about it.

And if they want to know what to say, here they are. They call attention to the fact that at this very moment in America there is a subsidy amounting, not merely to a few millions, but to £20,000,000, but to £1,000,000,000, being circulated to the benefit of the community. It is not called a subsidy, but it is one in fact. It is a loan to consumers as consumers for the express purpose of enabling them to buy American production. Over here, it is an advance of credit to enable them to buy British production—the general body of taxpayers. American citizens are not being told to produce more before they can buy more; they are invited to assist to buy more—and the production system is supported

contradict himself. An increasing population to consume the surplus product, he says, is an ill-thought-out argument. So, perhaps, it is; it requires a little technique of distribution, as well as of production and procreation. But the self-contradiction was only superficial.

"The mere multiplication of mouths and backs does not increase the commercial demand for food and clothing."

Precisely, Mr. Cox, precisely. Is there no balm in Gilead? Is there no physician here?

"Unless by some miracle the masses of the population are all endowed at birth with comfortable incomes they can only acquire the power to pay for what they require by earning money."

and earning money, as Mr. Cox has shown, is limited to an overcrowded labour-market, in which the machine does the work, and entails further trouble by increasing the already excessive product. Nevertheless, we must be patient. Every technique was a miracle the first time. Listen, then, for the voice of the Lord,

"The essence of the world's present trouble is that there are too many poor people seeking employment, and relatively too few sufficiently rich to provide employment for the many. . . . A family with £1,000 a year is ten times as good a customer as a family with £2 a week."

After so unerring a statement of the facts of the present lack of adjustment between the financial system and the productive system, between the power of producers and the merely latent power of consumers (the possession of mouths and backs), Mr. Harold Cox, the economist of standing, the trusted old man of the tribe, gives us (or to Lloyds Bank and their customers) the results of his mature consideration and prolonged contemplation of the affairs of this world.

"Many people are to-day criticising Malthus because the shortage of food which he prophesied would occur, if population continued to increase without control, now seems far out of sight."

Good, Mr. Cox, and expressed with moderation. The shortage of food seems so far out of sight that you and mankind might be excused for wondering whether the control of population in a downward direction has not already been an example of the use of the economy-axe in the wrong place. No matter, with fruitfulness and a miracle, twins to order and an income for all at birth, we will together weep for Malthus, and ask the Lord to forgive him for the reason that his intentions were doubtless good, and his concern quite genuine for the comfort and happiness of Mankind, Limited. Let the oracle resume:

"But this does not mean that Malthus was wrong in insisting on the need for the prudential control of the population."

Certainly not. Prudential control of the population, first-class lives, by all means, as well as quantity. It is perfectly reasonable for a mother to be given time completely to recover between one lot and another.

"All it means is that whereas Malthus laid stress on the danger of starvation as the ultimate result of over-population, what we now find is that over-population means widespread unemployment. . . ."

In short, there is not over-production but over-population:

"If the work-seekers would abstain from producing more work-seekers the problem would begin to solve itself."

It is disappointing, but it is, of course, a hard world. Who is Mr. Cox to give us a miracle? Malthus was right. We have to cut down the population to the number required to produce more goods than they can consume, and the number left must cut themselves down to the number required to produce more goods than they can consume, and the number left . . . Malthus simply gave the wrong reason.

A. N.

The Encyclical Quadragesimo Anno.

III.

[*Extracts from "The Social Order: Its Reconstruction and Perfection," by His Holiness Pope Pius XI. Given at Rome, May 15, 1931. (Published by Catholic Truth Society, 38/40, Eccleston-square, London, S.W.1. Price Twopence.)]

THE RESTORATION OF THE TRUE GUIDING PRINCIPLE OF ECONOMICS.—. . . Just as the unity of human society cannot be built upon class-warfare, so the proper ordering of economic affairs cannot be left to free competition alone. From this source have proceeded in the past all the errors of the "individualistic" school. This school, ignorant or forgetful of the social and moral aspect of economic matters, teaches that the State should refrain in theory and practice from interfering therein, because these possess in free competition and open markets a principle of self-direction better able to control them than any created intellect. Free competition, however, though within certain limits just and productive of good results, cannot be the ruling principle of the economic world; this has been abundantly proved by the consequences that have followed from the free rein given to these dangerous individualistic ideals. It is, therefore, very necessary that economic affairs be once more subjected to, and governed by, a true and effective guiding principle. Still less can this function be exercised by the economic supremacy which within recent times has taken the place of free competition; for this is a headstrong and vehement power, which, if it is to prove beneficial to mankind, needs to be curbed strongly and ruled with prudence. It cannot, however, be curbed and governed by itself. More lofty and noble principles must, therefore, be sought in order to control this supremacy sternly and uncompromisingly; to wit, social justice and social charity. To that end all the institutions of public and social life must be imbued with the spirit of justice; and this justice must above all be truly operative, must build up a juridical and social order able to pervade all economic activity. Social charity should be, as it were, the soul of this order and the duty of the State will be to protect and defend it effectively" (p. 41).

THE CHANGE IN ECONOMIC CONDITIONS.—Since the time of Leo XIII. important changes have taken place both in economic conditions and in regard to Socialism. In the first place it is obvious to all that the entire economic scene has greatly changed. . . . Leo XIII.'s whole demeanour was to adjust this economic régime to the standards of true order; whence it follows that the system itself is not to be condemned. And surely it is not vicious of its very nature; but it violates right order whenever Capital so employs the working or wage-earning classes, as to divert business and economic activity entirely to its own arbitrary will and advantage, without any regard to the human dignity of the workers, the social character of economic life, social justice, and the common good. . . .

But it is the capitalistic economic régime that, with the world-wide diffusion of industry, has penetrated everywhere, particularly since the publication of Leo XIII.'s Encyclical. It has invaded and pervaded the economic and social sphere even of those who live outside its ambit, influencing them, and, as it were, intimately affecting them by its advantages, inconveniences, and vices" (p. 46).

DOMINION HAS FOLLOWED FROM FREE COMPETITION.—"In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination is concentrated in the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.

This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying, so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will.

This accumulation of power, the characteristic note of the modern economic order, is a natural result of limitless competition, which permits the survival of those only who are the strongest, which often means those who fight most

ing them with so little trouble that the only pre-occupation of Capital there is lest the people stop asking for goods.

Now then, for what earthly reason is it held necessary to stop short with the supply of our little £20,000,000 (i.e., say 10s. per head of the population) when across the Atlantic the people are getting £1,000,000,000 (something like £8 per head)—and probably more to follow? On what theory is it pretended that Uncle Sam's meat is John Bull's poison? And, apart from theories, who is inspiring this incredible tale? In our Notes in this issue we examine the question of the American instalment system, and we direct attention to what is quoted and said thereon. In view of all the facts we see no possibility of avoiding the conclusion that our own political rulers know the subsidy "danger" to be a chimera, but are under external pressure to pretend that the danger is real.

Assuming that Sir Herbert Samuel voiced the policy of the Bank of England in pronouncing judgment on the subsidy without calling evidence, whose policy was the Bank of England voicing? Let us put it more definitely. Is the Bank of England the legal property of British citizens and institutions, or is it true that a controlling proportion of its stock was long ago sold outright to America as part consideration for her financial assistance during the war? And was Mr. Maxton's Bill to nationalise the Bank remitted so promptly to the Examiners for the reason assigned, namely, that it affected private property rights, or for the reason that it affected foreign private property rights? Has the rotation principle of selecting the Governor of the Bank been altered in the case of Mr. Montagu Norman because of British opinion on the desirability of his becoming a permanency, or is he the nominee of Wall Street? In raising this question we have not the slightest animus against Mr. Norman. We think, on the contrary, that his efficiency and integrity are unquestionable. Physiognomists who have seen that photograph of him in the *Banker* will be certain to endorse this opinion. But unless the British public are prepared to renounce the last pretence of enjoying democratic privileges they must, in some way or other, at least get authentic knowledge of the forces which actuate their rulers, whether they are openly elected or privately nominated. There are no broad questions of national policy which cannot be intelligently weighed by at least the more responsible sections of the industrial community—where they are unsuitable for indiscriminate broadcasting. Even so, the lowliest individual in this country has the right to know whether his allegiance is asked for the King or for Calvin Coolidge. We should be the last to press for the disclosure of rulers' reasons for policy if that policy "delivered the goods," for then there would be no *prima facie* grounds for urging consideration of an alternative policy.

The occasion of the present threatened strike is a test, not only for the Cabinet but for every statesman privy to the secrets of high politics. Let them put purchasing power in all consumers' purses, and they can shut all their secrets up in their portfolios. How they do it must be their affair. But somehow the people must be got on to a consumption basis relatively equivalent to that of America. If it is easiest to follow America's lead and enable the British population to buy some 1927 coal in the year 1926, let us begin that way. But let us begin. And if any really experienced statesman comes pretending that the strike is inevitable (or if it occurs, was inevitable) we shall write him down a traitor. The Announcer of the British Broadcasting Company put this "grave crisis" in its proper environment on Saturday night. After solemnly reciting a night bulletin to the effect that the Trade Union Congress would suspend the strike on Monday night, if there were still prospects of an immediate renewal of negotiations (which of course comes to the same thing as saying that the strike would not occur during negotiations—whoever thought it would?) he switched his listeners over to resume their enjoyment of the Savoy Orpheans band, playing a foxtrot entitled the Bam, Bam, Bam, Bam.

[Note.—Next week we shall publish the comments we made in our issue of THE NEW AGE dated May 20, 1926, which was the first issue after the settlement of the Great Strike. At the time, Sir William Joynson-Hicks was the Home Secretary, Sir L. W. Evans, Foreign Secretary, and Mr. Winston Churchill, Chancellor of the Exchequer. These positions are now filled, in order, by Samuel, Reading, and Snowden. Thomas is Secretary for the Dominions and Colonies. Samuel, Reading and Thomas it was who were connected with the precipitation and settlement of the Strike, while Joynson-Hicks was the commander of the police and other forces of law and order. To-day Samuel has Jix's job, and may be relied on to deal as heartily with any impoverished disturbers of the peace as he would have done had he had his way with the Arabs in Palestine.

*Note.—Quotations from "Rerum Novarum: The Condition of the Working Classes," Encyclical Letter by Pope Leo XIII., given May 15, 1891, and to which the present Encyclical is an addition and commentary, are given thus "" Quotations from the present Encyclical are given thus ""

relentlessly, who pay least heed to the dictates of conscience.

This concentration of power has led to a three-fold struggle for domination. First, there is the struggle for dictatorship in the economic sphere itself; then the fierce battle to acquire control of the State, so that its resources and authority may be abused in the economic struggles; finally, the clash between States themselves. This latter arises from two causes: because the nations apply their power and political influence, regardless of circumstances, to promote the economic advantages of their citizens; and because, vice versa, economic forces and economic domination are used to decide political controversies between peoples.

DISASTROUS CONSEQUENCES.—“You assuredly know, Venerable Brethren and Beloved Children, and you lament the ultimate consequences of this individualistic spirit in economic affairs. Free competition is dead; economic dictatorship has taken its place. Unbridled ambition for domination has succeeded the desire for gain; the whole economic life has become hard, cruel, and relentless in a ghastly measure. Furthermore, the intermingling and scandalous confusion of the duties and offices of civil authority and of economics have produced crying evils and have gone so far as to degrade the majesty of the State. The State which should be the supreme arbiter, ruling in kingly fashion far above all party contention, intent only upon justice and the common good, has become instead a slave, bound over to the service of human passion and greed. As regards the relations of peoples among themselves, a double stream has issued forth from this one fountain-head: on the one hand, economic Nationalism or even economic Imperialism; on the other, a not less noxious and detestable Internationalism or international Imperialism in financial affairs, which holds that where a man's fortune is, there is his country.” (pp. 46, 47, 48).

REMEDIES.—“... The mutual relations between Capital and Labour must be determined according to the laws of the strictest justice, called commutative justice, supported, however, by Christian charity. Free competition and still more economic domination must be kept within just and definite limits, and must be brought under the effective control of the public authority, in matters appertaining to this latter's competence. The public institutions of the nations must be such as to make the whole of human society conform to the common good, i.e., to the standard of social justice. If this is done, the economic system, that most important branch of social life, will necessarily be restored to sanity and right order.” (p. 49).

COMMUNISM.—“... Even more severely must be condemned the foolhardiness of those who neglect to remove or modify such conditions as exasperate the minds of the people, and so prepare the way for the overthrow and ruin of the social order.” (p. 50).

SOCIALISM.—“... The war declared against private ownership has also abated more and more in such a way that nowadays it is not really the possession of the means of production which is attacked, but that type of social rulership, which, in violation of all justice has been seized and usurped by the owners of wealth. This rulership in fact belongs, not to the individual owners, but to the State.” (p. 51.) “... Whether Socialism be considered as a doctrine, or as a historical fact, or as a movement, if it really remain Socialism it cannot be brought into harmony with the dogmas of the Catholic Church, even after it has yielded to truth and justice in the points we have mentioned; the reason being that it conceives human society in a way alien to Christian truth.” (p. 53).

SOCIALISM CONCEIVES A SOCIETY AND A SOCIAL CHARACTER OF MEN UTTERLY FOREIGN TO CHRISTIAN TRUTH.—“... Goods are produced more efficiently by a suitable distribution of labour than by the scattered efforts of individuals. Hence the Socialists argue that economic production, of which they see only the material side, must of this necessity be carried on collectively, and that because of this necessity men must surrender and submit themselves wholly to society with a view to the production of wealth. Indeed, the possession of the greatest possible amount of temporal goods is esteemed so highly that man's higher goods, not excepting liberty, must, they claim, be subordinated, and even sacrificed to the exigencies of efficient production. They affirm that the loss of human dignity, which results from these socialized methods of production, will be easily compensated for by the abundance of goods produced in common and accruing to the individual, who can turn them at his will to the comforts and culture of life. Society, therefore, as the Socialist conceives it, is on the one hand impossible and unthinkable without the use of compulsion of the most excessive kind; on the other it fosters a false liberty, since in such a scheme no place

is found for true social authority, which is not based on temporal and material advantages, but descends from God alone, the Creator and last end of all things.” (pp. 53, 54).

THE CAUSE OF THIS LOSS OF SOULS.—“... but the condition of the economic world to-day lays more snares than ever for human frailty. For the uncertainty of economic conditions and of the whole economic régime demands the keenest and most unceasing straining of energy on the part of those engaged therein; and as a result some have become so hardened against the stings of conscience as to hold all means good which enable them to increase their profits, and to safeguard against sudden changes of fortune the wealth amassed by unremitting toil. Easy returns, which an open market offers to anyone, lead many to interest themselves in trade and exchange, their one aim being to make clear profits with the least labour. By their unchecked speculations prices are raised and lowered out of mere greed for gain, making void all the most prudent calculations of manufacturers. The regulations legally enacted for corporations, with their divided responsibility and limited liability, have given occasion to abominable abuses. The greatly weakened accountability makes little impression, as is evident, upon the conscience. The worst injustices and frauds take place beneath the obscurity of the common name of a corporative firm. Boards of directors proceed in their unconscionable methods even to the violation of their trust in regard to those whose savings they administer.—In the last place must still be mentioned the unscrupulous, but well-calculated speculation of men who, without seeking to answer real needs, appeal to the lowest human passions. These are aroused in order to turn their satisfaction into gain. A stern insistence on the moral law, enforced with vigour by civil authority, could have dispelled or perhaps averted these enormous evils. This, however, was too often lamentably wanting. For at the time when the new social order was beginning, the doctrines of rationalism had already taken firm hold of large numbers, and an economic science alien to the true moral law had soon risen, whence it followed that free rein was given to human avarice.” (pp. 60, 61.)

(THE END.)

News Notes.

AUSTRALIAN CONVERSION LOAN.—We have been waiting for several weeks to see the following message come from Australia. It is this: “Melbourne, September 4. The Premiers' Conference decided to-day that those bond-holders who shall have refused to convert their holdings by Monday, shall be compelled to convert on the same terms as those who have voluntarily done so.” (Times, September 5.) On August 13 the Times published a leading article on the Australian Conversion Loan in which the writer recalled the divided views of the Premiers' Conference some months ago on whether the Conversion should be voluntary or compulsory. He referred to the “courage” of the first holders of the Loan—a “courage” which he held justified for a start by the quick conversion of £150,000,000 out of the total of £550,000,000. But he omitted to recall something that we remembered about the Conference (he will find it in the Times of the day following the decision) which was this: that some of the members who supported the voluntary principle assured would not object that holders who did not convert would not be allowed to benefit from their refusal to do so. That assurance, which became public knowledge at once, so far as the ordinary holders were affected. The only volunteers were the banks and their partners, the insurance and other financial houses, who in the end stood to gain by the conversion. The reason why the banks insisted on the voluntary principle was nothing more than the desire to prevent the precedent being set of a political Government assuming the right of enacting a measure of “partial repudiation” of interest. The total conversions up to last Saturday were about £487 millions, leaving a balance of £18 millions unconverted, the dissentient holders numbering 25,000 of an alleged total of 400,000.

THE MEANING OF THE CRISIS.—There was an amusing letter in the Times recently in which some clergyman, after thanking that paper for its lucid explanations, went on to say that as a result of conversations with people in the walks of life on the subject he felt that a more significant statement should be issued under the auspices of the Government. Others have made similar requests through the

Times. Poor gentlemen all. Impressed by the “of-course” cocksureness of the Times' pompous pronouncements, they have gone out on their missions of education, thinking that they have only to recite the official formulae: “because of mumbo therefore jumbo,” and their anxious enquirers will come to the penitent form under the conviction of economic sin and the desire to bring forth fruits of sacrifice meet for repentance. They did not allow for the fact that they are flesh and blood creatures, while the Times is a bloodless corporation, and that people who really want to know about the English crisis want to be told in the English language. The Times is now doing its best, and we advise readers to get last Saturday's issue in which they will see (p. 11) that Sir John Marriott has been called upon to simplify the subject. His article must be regarded as the best that can be done in this direction; and no doubt the aforesaid clergyman and the others will be making use of it, so that Social-Credit propagandists might as well acquaint themselves with its contents.

FINANCE AS SHE WORKS.—In the News-Chronicle of September 5 a correspondent, Mr. W. Smith, of Ivy Lodge, Oakhill-road, Sutton, Surrey, asks a very sensible question. He is puzzled, he says, to account for the fact that while France is faced with a Budgetary deficit of £40,000,000 and America with one of £180,000,000, each has been able to lend £40,000,000 to the Bank of England. Would some expert tell him “how it works”? The expert obliges in a footnote. He says (a) that the French and American deficits are “due in the main to a falling off of receipts from taxes owing to the trade slump.”

We hope Mr. Smith will appreciate the tremendous distinction between a Government's spending more than it receives and receiving less than it spends. We hope also that he realises that a deficit due to a “trade slump” is a much less serious matter than a deficit due to unemployment caused by a “trade slump.”

The expert continues: “The fact that these countries are in a position to advance credits to Britain has no connection with their Budgetary positions.”

Quite true, but why not be more explicit and point out that it is the banks who advance credits, and that their ability to do so has no connection with the Government's budgetary position.

The expert says that France and America “have not locked up their resources (as Britain has done) in advancing long-term credits to other countries.”

Again he makes “Britain” the scapegoat for the banks. No Government in existence has the slightest control over credit-policy; nor does it even know what credit-transactions are taking place. For example; why are we not told how much “Britain” has “locked up”? The Government ought to know, if “Britain” did the lending. But it does not know; or if it has been enlightened by the banks, it is holding its tongue to shield them. The expert concludes: “The connection between the French and American credits is this: that the Bank of England was borrowing sterling to avert ‘a flight from the pound,’ and the assurance of a balanced Budget was a condition of the loans.”

Notice that the “bank” is here presented as doing something to avert a danger created by the Government, the truth being that it was the banks who created the danger without the Government's knowledge. The second part of the statement is an unequivocal admission that French and American bankers are in a position to dictate what our domestic policy shall be, and that they are actually dictating it. Very good. And now if Mr. Smith will glance across the same page where this admission is made, and look at the first four sentences of the leading article he will read the following: “Shall the free-born British citizen submit to the dictation of foreign financiers; shall he be the innocent victim of a bankers' conspiracy. These and similar high-spiced rhetorical questions seem likely to be a large part of the stock-in-trade not merely of the Communist orator but of the regular Opposition.” We offer our condolences to Mr. Smith. But it's dogged as it does it; so we hope he will now write and ask for a definition of the word “dictation.” In the meantime we congratulate him on the unintended irony embodied in the opening of his letter to the News-Chronicle. He says: “The illuminating articles on the problems raised by the financial crisis by your special correspondents bring home how very ignorant we laymen are on the complicated subject of finance.” Excellent. And the more it is explained is precisely the result that the bankers wish to see produced.

LETTERS TO THE EDITOR.

NOBODY LOVES ME.

Sir.—With reference to the account, in a recent New AGE, of the cavalier manner in which a deputation of managers was received by the American adviser to the Bank of England, an anecdote in the “Radio Times” for August 28 regarding President Coolidge seems relevant:—

“A committee of bankers some years ago, so the story goes, called at the White House to plead with the President for a cancellation of foreign debts. They had most eloquent spokesmen. For an hour they surrounded Coolidge's desk, and all that time their heartfelt and stirring arguments poured forth. They finished.

“Coolidge said nothing. The silence became awkward. Then, still silent, he rose, and courteously offered the leader of the delegation his hand. The leader of the delegation mustered his courage.

“‘Haven't you anything to say, Mr. President?’ he asked, ‘in view of what we have told you?’

“‘Finally Coolidge spoke. Out of the depth of his inscrutability he brought forth six words, and laid them carefully down.

“‘They hired the money, didn't they?’ he asked, and that was all.”

And in Upton Sinclair's *Letters to Judd* I see an account of a still more emphatic reply made by some American banker to a deputation of ruined farmers who went to appeal against the policy of calling in their loans:—

“Go home and slop the hogs!”

In view of their tact, courtesy, and sympathy, it is distressing to see how the bankers are saddened by the revelation, arising out of the present position, that they are regarded with general suspicion, and that nobody really loves them.

RONIN.

The Leisure Society.

By Roland Berrill.

Once more unto the breach, dear friends, once more!—
Henry V., Act III., Scene 1.

The Leisure Society constitutes yet another attempt to start a Social Credit organisation that shall hold at least the promise of nation-wide membership and prestige.

The founders intend, as the name indicates, to attack the hitherto baffling problem of recruiting, in an entirely new way—that is to say, by putting the cart before the horse. They intend to describe to people *firstly* the leisure and other attractions of the Social Credit Utopia, and only secondly to put before them the economic legislation whereby that Utopia may be achieved.

Other Social Credit organisations have invariably started off with the economic issue, leaving the moral and social implications to trail along behind as if they did not really matter, and so as to be quite invisible to prospective recruits. It may be that this policy has been a mistake.

Certainly, none of them have ever succeeded in solving their recruiting problem, and some fresh approach is therefore worth trying.

The objects of the Leisure Society have therefore been stated as follows:—

- (1) To proclaim that leisure is a good and moral thing.
- (2) To urge the community to aim for the maximum of leisure consistent with a high standard of plain living.
- (3) To preach a wider and richer use of leisure; and to this end to encourage all art, research, scholarship, travel, crafts and sport.
- (4) To study currency and costing problems—with a view to discovering some means whereby our complicated and wasteful form of “civilisation” may be exchanged for the simpler and more leisured way of life that the invention of labour-saving machinery has so obviously made possible.

The obligations of membership are light, but not light that if the Society can muster sufficient numbers, we may not be able to wield political influence.

The Society is organised in Messes, which meet once a month to consume together a cheap evening meal. This meal is followed by business and discussion of policy. A small head-tax is collected from those present to pay for general propaganda. Attendance at these meals is the only obligation of membership. All particulars may be had from the Secretary, Leslie W. Southcombe, 6, Meadow Way, Colindale, N.W.9.

PROPAGANDA LEAFLETS

1. The Lie of Poverty 2. This Next War!
3. This Economy!

Copies of these single-page Leaflets (specimens of which are enclosed with this week's "New Age" to all subscribers) can be obtained in quantity from The Credit Study Group, 46, Bernard Street, London, W.C.1., at 1/- for 50, 1/6 for 100, 2/- for 250, 5/- for 500. Larger quantities at 1/- per 100. Post free.

ACADEMY CINEMA, OXFORD STREET

(Opposite Waring & Gillow). Phone: Ger. 2981.

SUNDAY, SEPTEMBER 6th, for One Week.

First Presentation in England of a new Polish Synchronised Film,
"WARSAW"

Special Music and Folk Songs.

TUBERCULOSIS

ITS TREATMENT AND CURE
by Dr. ADRIEN SECHEHAYE.

(Translated from the French.)

No one interested in T.B. can afford to miss reading this book.
Price, 5/- from Booksellers or Post Free from the Publishers,
B. FRASER & Co., 62, Pepys Road, S.W.20.

THE "NEW AGE" CIGARETTE

Premier grade Virginian tobacco filled by hand in cases made of the thinnest and purest paper, according to the specification described in this journal on January 23, 1930.

Large size (18 to the ounce). Non-smouldering.

Prices: 100's 7/6 (postage 3d.); 20's 1/6 (postage 2d.)

Price for Export ex English duty quoted on minimum quantity of 1,000.

FIELDCOVITCH & Co., 72, Chancery Lane, W.C.2
(Almost on the corner of Holborn and Chancery Lane).

A consecutive introductory reading course in Social Credit is provided by the following sets of pamphlets:—

SET A.

Comprising:—

- Social Credit in Summary (1d.).
The Key to World Politics (1d.).
Through Consumption to Prosperity (2d.).
Great Britain's Debt to America.
Post free, 6d. the set.

SET B.

Comprising:—

- Set "A" above.
The Veil of Finance (6d.).
Post free, 1s. the set.

CREDIT RESEARCH LIBRARY, 70, High Holborn,
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.

CREDIT RESEARCH LIBRARY.**Books and Pamphlets on Social Credit.**

BRENTON, ARTHUR.

- Social Credit in Summary. 1d.
The Key to World Politics. 1d.
Through Consumption to Prosperity. 2d.
The Veil of Finance. 6d.

COLBOURNE, M.

- Unemployment or War. 12s. 6d. (Procured from New York to order.)

DOUGLAS, C. H.

- Economic Democracy. 6s.
Credit Power and Democracy. 7s. 6d.
The Breakdown of the Employment System. 1d.
The Control and Distribution of Production. 7s. 6d.
The Engineering of Distribution. 6d.
Social Credit. 7s. 6d.
These Present Discontents: The Labour Party and Social Credit. 1s.
The World After Washington. 6d.
A + B. 1d.
Social Credit Principles. 1d.

DUNN, E. M.

- The New Economics. 4d.
Social Credit Chart. 1d.

H. M. M.

- An Outline of Social Credit. 6d.

HATTERSLEY, C. MARSHALL.

- This Age of Plenty. 3s. 6d. and 6s.

POWELL, A. E.

- The Deadlock in Finance. 5s.
The Flow Theory of Economics. 5s.

SHORT, N. DUDLEY.

- It's Like This. 6d.

TUKE, J. E.

- Outside Eldorado. 3d.

**Critical and Constructive Works on
Finance, Economics, and Politics.**

DARLING, J. F.

- Economic Unity of the Empire: Gold and Credit. 1s.
The "Rex"—A New Money to Unify the Empire.
2s.

HARGRAVE, JOHN.

- The Great Pyramid—An Analysis of the Political
Economic Structure of Society. (With diagram.)
1d.

HEWART (LORD).

- The New Despotism. 21s.

HORRABIN, J. F.

- The Plebs Atlas. 1s.
An Outline of Economic Geography. 2s. 6d.

MARTIN, P. W.

- The Flaw in the Price System. 4s. 6d.
The Limited Market. 4s. 6d.

SYMONS, W. T., and TAIT, F.

- The Just Price. 2d.

**Instructional Works on Finance and
Economics.**

BARKER, D. A.

- Cash and Credit. 3s.

Address: 70, High Holborn, London, W.C.1.

Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C.1. (Telephone: Chancery 8470), and printed for him by THE ARGENT PRESS LIMITED, Temple-avenue and Tudor-street, London, E.C.4.