

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

A resolution on banking policy to be submitted by the National Executive of the Labour Party to the annual conference this week at Scarborough contains this passage: "It [the conference] would condemn either currency inflation or any fresh attempt at deflation in order to force sterling back to the old gold parity." This is a studiously slipshod piece of drafting. It *seems* to suggest that the Labour Executive's attitude is equally hostile to inflation and deflation. But if that is the case why not say straight out: "No inflation and no deflation: we'll stand pat where we are"? The resolution does not say this: its condemnation of inflation is absolute, but, as concerns deflation, is doubly qualified. It does not really condemn deflation at all; it condemns "fresh attempts at deflation"; and even then only condemns them if their object is to "force sterling back to gold parity." Take the words "fresh" and "attempts" separately. What is intended by "fresh"? The word is obviously put in to exempt from condemnation the attempts at deflation embodied in the present Economy Budget. Thus the Executive lets £130,000,000 worth of deflation through; and even then takes the equivocal attitude: "Thus far and no farther—unless . . .!" For this deceit much thanks. Next look at the word "attempts." Whose attempts at deflation? Presumably the Government's. And what attempts? Presumably further deliberate impositions of retrenchment and taxation by legislative action. Very good, so far: but how far does that protect the community? Hardly at all. The danger of further deflation will not arise out of a Government's attempts at deflation, but out of their *attempts to prevent inflation.*

Consider. Under the present economy-programme the community's prospective level of income is limited to a certain figure for, let us say, the next

twelve months. But even while the Government are enacting the limitation, prices have begun to rise—and threaten to go on rising. Now, unless the Government raise the limit on incomes proportionately to the rises in prices, the country will enter on a period of renewed deflation. But to raise the limit the Government would have either to lower the taxes now contemplated or else to permit an expansion of credit. The first device means unbalancing the Budget: the second means inflation. In such a situation, to what will the Labour Executive's resolution commit them? Certainly to resist inflation. That is explicit in the drafting. But what about the deflation brought about by the price-rises? The Government would not have "attempted" to bring it about: deflation would be there!—it would have "just growed," like Topsy! Hence the Labour Executive would have to cast round for some other victim than the Government on which to visit its "condemnation." Whom? If anybody, it must be the manufacturers and traders who have raised prices. But to a large extent their prices would be governed by the higher cost of imports. And even suppose not, they could hardly be charged with having "made attempts at" deflation, and most emphatically not with having done so "in order to force sterling back to the old gold parity." So the Labour Executive would not utter any condemnation, and would probably excuse themselves by pointing out that the new situation which had arisen had not been contemplated by them when they tabled their resolution. Not by *them*; no!—but obviously contemplated by the person or persons who inspired its ambiguous drafting.

In this connection we advise delegates who are going to Scarborough to read Sir Walter Layton's leading article in the News-Chronicle of September 30. He states that we must expect imports to rise in price and that "it is no part of the duty of the authorities responsible for our monetary policy to try to prevent it." But so far as possible we should try to "prevent a general increase in the cost of living." "And this means," he immediately continues, "that



we must not expect our salaries and wages to be increased because some prices are a little higher." If we do . . . "vicious circle . . . hopelessly unbalanced Budget and the disastrous results of inflation." Such is the dilemma. It is not the duty of bankers to stop prices rising—it is the duty of bankers to stop incomes rising—therefore it is "our" duty to help the bankers by deflating ourselves! And as "our" motive will not be that of "forcing sterling back to parity," the Labour Executive can consistently condone our "attempt at deflation"! "Our" duty is to make our food go farther—to get two bobs' worth of nourishment out of each bob's worth of grub. This is a policy that the bankers are willing to pass as "Sound Inflation."

When Mr. Montagu Norman, some weeks ago, warned the Bank of France that the world was in danger of a collapse of the capitalist system, the picture he had in his mind was the collapse of the investment system, which might take place by reason of investors losing confidence in the negotiability of their shares and bonds, and rushing to sell them all at the same time. In such an event, even supposing that everybody in the country who had money were able to apply the whole of it to the purchase of these securities, and were willing to buy them, the total valuation of the securities would immediately descend to about £2,000 millions—the amount of existing deposits in the banks. And even that figure would only hold on the supposition that the banks refrained from calling in loans, and that the panic selling was indulged in only by investors, and not by traders and private individuals. A minute's reflection on these unthinkable provisos will show that in practice all security values would be completely wiped out. Further reflection will show that panic selling of this sort is essentially a run on the banks at one remove. To change securities into credit-deposits is the beginning of a process which ends in changing credit-deposits into currency; and in the latter event the banks have either to let investment-securities slip away to zero or to hold them up by expanding currency—that is to say they would have to go in for "inflation," else nobody thenceforth would put his money into anything. In the hypothecated circumstances the amount of inflation would have to reach such majestic dimensions as to blow up the credit system as it is now worked; while the alternative would be complete industrial paralysis, which would produce the same result. This is the substance of Mr. Norman's warning to Mr. Moret—one Central Banker reminding the other: "If we fall out we shall be found out."

We may now set down what we regard as the three main stages by which the public have been approaching towards an appreciation of the Social-Credit objective and an understanding of the Social-Credit technique.

*Firstly.* For twenty or thirty years—to go no further back—doughty pioneers of financial reform, of whom Mr. Arthur Kitson stands out as the most active, have hammered away against the doctrine that credit must be automatically restricted by gold. Last month they registered their victory. Britain first, and now other countries, have abandoned gold; and the prospect of their ever coming back to it is becoming more and more remote. The public, before the event, were told by the bankers that if gold were abandoned inflation would be the automatic and therefore the inevitable consequence. After the event, the public were told that inflation must be avoided—i.e., it was not inevitable. The infallibility of the bankers has been seriously shaken.

*Secondly.* Since the year 1920 another aspect of criticism has been popularised by credit-reformers, notably Messrs. Foster and Catchings and Mr. P. W. Martin, who hold that, quite apart from the question of whether loan-credit is restricted, production and distribution are held up as an automatic consequence of the practice by persons and companies of investing portions of earned income and profits in industry. They say, and demonstrate, that this investment of bona-fide savings destroys the demand for goods coming onto the consumption-market. This analysis has been widely disseminated in the United States, and to a certain extent in Britain, by these writers. Now that the gold-standard controversy has been got out of the way, the prospect is that they and their followers will secure more attention for their views, as also will Mr. Kitson and his followers for theirs. And there will probably be an attempt made by both schools to present a united front to the bankers. So far as their respective analyses go there is no obstacle to unity. Mr. Kitson's contention that loan-credits should be expanded as and when beneficial work can be done with them is not incompatible with the second contention that such loan-credits should travel the long circuit through the retail shops, and that no portion of them should short-circuit back through the stock-exchange. But if the two analyses are combined in this way any emergent constructive proposals put before the public must proceed from them. In the case of Mr. Kitson this condition is fulfilled. Analysis:—Industry is held up for credits. Proposal:—Let more credits be issued. But, unless our information is out of date, the anti-reinvestment school do not propose any direct measure for regulating investments. They rely on a policy of expanding loan-credit when prices are falling and contracting it when prices are rising. Their reasoning is presumably that falling prices indicate a hold-up in consumer-demand, while rising prices indicate over-demand by consumers. But this takes no account of their central contention that the difficulty lies in the interception of loan-credit while out in circulation: it ignores the fact that the process of interception will go on whether a large or a small quantity of money is about, unless something is done to stop it. Intelligent outsiders can hardly fail to notice this gap in logical sequence when, as we have suggested, they turn their attention from the gold controversy, and apply it to new proposals for controlling credit. It seems that the propounders will then either have to stop criticising the practice of reinvestment or else produce a plan for stopping it—or, shall we suggest, one for rendering it innocuous?

*Thirdly.* In 1918 the Social Credit analysis proposals were first published. Generally the analysis confirmed Mr. Kitson's policy of attacking arbitrary restrictions on loan-credits. It also confirmed and advanced the position of the anti-reinvestment school—in fact, it was from certain sections of the Social-Credit analysis that this school drew the inspiration of their special line of teaching. But the central emphasis of Social-Credit is not embodied in either of these analyses. Each usefully calls attention to an undoubtedly aggravating factor in the present economic disorder, but neither also useful ultimate seat of the disorder. Both are also useful because the aggravating factors to which they call attention are closely interrelated—so much so that of each it may be said that it is a function of the other in the existing financial mechanism. Scarce either in this interrelation traced out. But in neither case is this interrelation revolving round a nucleus. That nucleus consists of nothing more or less than a costing system which defies the laws of arithmetic. Major Douglas's basic affirmation as

concerns the mechanism of the credit-system is this: "The core of the problem is Cost."

It will be clear to our readers that serious inquirers into the existing system from the investment end would be much "warmer" in their search for the thimble than are inquirers from the bank-loans end. The latter inquirers are merely seeking to know why the supply of loan-credit by the banks is kept short of the demand for it by industry. The promoters of such an inquiry concentrate attention on the question of the quantity of new credit which shall pass from the banking system into the industrial system. Their implied assumption is that given the right quantity there is no need to inquire how it is used and how it is accounted in industrial costings—that somehow or other the larger loans will automatically result in a larger volume of consumption. But the other school are logically committed by their own analysis to the proposition that this expected larger volume of consumption is prevented by the operation of the process of reinvesting out of earnings. In other words, the investment problem is more nearly related to the consumption problem than is the bank-credit problem. Therefore, granted that increased consumption is the conscious and deliberate objective of the credit-reform, the investigation of the investment problem should take priority over the other. What is the use of agitating for more credits before you are sure that you know how to make them serve their purpose—the raising of the standard of living? To demand a tool that you can't use is senseless—unless of course your real object is not so much to use it as to get it away from the person who has it. In the case of a concrete tool it may be argued that you must get hold of it in order to learn how to use it. But in the case of credit, you have already learnt its use when you discover the nature of its present misuse.

But if there are any advocates of investment-regulation in this country there is certainly no reflection of their ideas in the programmes now being published by credit-reformers in view of the expected election. The investment aspect of the subject has been dropped or ignored by common consent; and all groups are uniting for the one general purpose of advocating Government control of the credit-system. We see that a "Financial Freedom Committee" has been formed (25, Iverna Gardens, W.8) in which we notice the names of Mr. Arthur Kitson, Mr. W. H. Wakinshaw, Mr. A. S. Leese (Sec. Gen. Imperial Fascist League), Mr. W. J. Brown, M.P., Mr. G. Buchanan, M.P., Miss M. Alexander, and Mr. H. J. D. Thompson. This Committee contemplates promoting the holding of mass meetings throughout the country to pass resolutions "demanding the use of the National Credit on behalf of trade and industry" and the withdrawal of the "Monopoly" granted to the Bank of England. The policy advocated for the use of the National Credit is indicated in the following passage from the manifesto: "The expansion and contraction of the currency must be based on the principle that with every increase of wealth by producers a corresponding amount of extra money or token must be distributed among consumers, and vice versa for every decrease of wealth." It is contemplated that: "A long preliminary period may be anticipated of more or less continuous expansion until a normal state of employment and production is first reached."

We do not know what the intention of the Committee is. If it is to enlighten the public as to the real nature of the power of the money-monopoly to govern them over the heads of the political Government, that will be useful work. And if it is incidentally to promote the candidatures of opponents of the National Government's economy-policy, that

may help certain of them who are capable of doing effective work in Parliament to gain or retain seats there. But if it is to get an electoral mandate for the credit-policy and method set out in the manifesto we think it waste of time. If the National Government is returned, it will adopt a credit policy of its own. If the Opposition is returned it will be in the same position as Mr. Lang in New South Wales when he got a mandate to run his own credit policy and to cancel the banks' charters if he found it necessary for his object. It is true that Mr. Lang did not submit to the electors any plan for expanding and contracting credit; but if he had, it would have made no difference to what happened to him. The only thing that an electorate can do is to empower a set of politicians to take office; and the only thing that the political Cabinet can do is to prescribe subjects of debate. The test of a Government's power is not its majority in the House of Commons, but its ability to get its legislation through subsequent stages, and afterwards to overcome all serious hindrances to its administration. Just as Mr. Lang was held up by the Legislative Council, by the New South Wales Judges, and by the Governor, Sir Philip Game, so would the legislation of a Credit Reform Government have to win its way past the House of Lords and (perhaps) the Judges, and would lastly have to secure the assent of the King. Obstacles also reside in Parliamentary procedure, as illustrated in the case of Mr. Maxton's Bill a year or so ago to nationalise the Bank of England—a Bill which was pronounced invalid by a Standing Committee on some technical rule concerning "private property." As we said when Mr. Lang got into trouble, he would probably have been frustrated just the same even if his policy and methods regarding credit had been perfectly sound—which is one reason why we place no reliance on the present political machine as an instrument for getting Social Credit considered and adopted. The bankers are secure against frontal attacks through the Houses of Parliament, but they are not secure against attacks in the rear which may proceed out of extra-political action arising from general conditions in the country.

If it is possible for the bankers to hold up a proposal that is sound in theory and technique it is easy for them to hold up one that they can show to be defective. And they can undoubtedly do this in the case of any major reform whose sponsors neglect to challenge any axiom of current financial theory. If Mr. Henderson, as Prime Minister, were to agree (which he would) with the bankers (a) there was nothing wrong with investing out of incomes; (b) nothing wrong with counting the accuator with the accepted method of counting production mulated costs paid out along a chain of products—or, as the minimum price of the ultimate products—or, comprehensively, that the rules for counting and recording credits, costs and prices were governed by a proved mathematical law: and then finished up by saying: "But I want to alter your estimates of what quantity of credit shall be lent," they would be able to demonstrate to him that he would be bound to arrive at the same estimates and restrict credit just as they had done; and that if he expanded credit he would produce a dangerous situation. And not only to Mr. Henderson, but to every influential person connected with public affairs—Journalists, Statesmen, Judges, Peers, and even the King himself—provided these took for granted the bankers' postulates (as, for all we know, the majority do) Convinced that expansion was intrinsically dangerous, they would all feel it their duty to impose in their respective ways obstructions, delays, or, in the last resort the veto, on the proposed legislation.

But, if anyone shall challenge an accepted financial axiom the case is different. The difference is



between attacking a *method of operating* the credit-mechanism and attacking the *design*. Bankers can convincingly use the argument: "We have operated this system for a century, and know its limitations better than anyone else." But it fails completely against a criticism of the design, supported by a proof that the limitations are caused by a defect in the design, and completed by the production of a new design. The driver of a reciprocating engine may well speak with authority on a proposal to alter his manner of driving it: but if the proposal is to substitute a turbine, his testimony is irrelevant to the discussion—and even suspect if he has designed his own engine. It cannot be too plainly emphasised that bankers, as such, are not authorities on the foundational laws of the credit system. The proper authorities are physicists; for fundamentally the credit system is a function of the economic system, and must be designed in accordance with the laws which govern the measurement and calculation of all conversions of natural energy. Boyle, Joules, Faraday and Parsons (among many others) represent the lineage of outlook, research and experience which should have gone to the making of an efficient credit-system—not the mentality of ticket-writers. The whole problem was, and is, how to transform energy and deliver it in the least time where it is required. The fact that in economic processes the psychology of human beings has to be taken into account in addition to the behaviour of force and matter, is fundamentally no obstacle; for the reason that the satisfaction of human desires is *the same thing* as the delivery of the energy. It is the psychological index of mechanical efficiency. By the great scientists we have named, if they had taken responsibility for economic affairs, any manifestation of dissatisfaction would be considered as prima-facie evidence of faulty designing on their part. Contrast this attitude with that of the bankers, as translated by Mr. Winston Churchill when Chancellor of the Exchequer: "The proof of the soundness of financial policy is its *unpleasantness*." That such a complete inversion of scientific philosophy can find authoritative expression should, in itself, predispose thoughtful people to expect a scientifically sound scheme to be uncommonly pleasant as to its objective and peculiarly novel in its technique—which it certainly is.

It is on this plane of reflection that we are glad to see a report that the Macmillan Committee propose to publish shortly the evidence given at the inquiry. This will include, we presume, the formulation of the Social Credit Theorem prepared by Major Douglas for submission to the Committee, together with his examination on it by various members. We hope that some eminent men with the necessary scientific qualifications will investigate it, or, alternatively (or better, additionally) an effort is made in influential political quarters to bring Major Douglas and any witnesses nominated by him face to face with expert representatives of the banking profession before a tribunal of inquiry consisting of scientists and industrial engineers and administrators presided over by Lord Hewart or Lord Justice Scrutton. If, as is generally suggested, this country is dangerously near its last gasp, now is the time to examine first principles. The process sounds slow, but as a matter of fact it can yield a practical result in as short a time as any steps the Government can take. Before the right tribunal, assisted by appropriate Permanent Officials in the matter of supplying relevant data, the soundness of Major Douglas's analysis and proposals ought to be verifiable in a comparatively short time, and provisional steps taken immediately to administer his proposals for avoiding the threatened catastrophe.

## Current Political Economy.

Nobody succeeded in foreseeing exactly the day on which England would suspend the franc and dollar standard of exchange. It seemed to all as if the Bank of England's holding of gold, which had not fallen below £130 millions, would suffice to maintain the so-called "gold-exchange" for some months. Questioners have wanted to know since the suspension occurred why the gold standard was given up with so considerable a reserve for its rescue. The true answer is that there was and is no reserve at all. The addition of the French to the American credits, £25 and £40 millions from each country, gives a figure precisely equal to the Bank of England's gold reserve. In spite of any conditions attached to the credits in the way of interference with British internal government, when the combined credits granted by the two countries reached the amount of the gold reserve, neither country would lend more. In short, the French and American pawnbrokers lent precisely what the watch tendered would fetch. British "credit" was worth not a sou nor a cent.

It is quite evident that the Bank of England has no control over its reserve of gold, which it merely holds in warehouse under wharfingers' warrant for France and America. The Financial Secretary to the Treasury, Major Elliot, replying to Mr. Wise on another point last Wednesday, explained:

"We had perfectly good security to meet this debt (the French and American credits) and that security was increasing in value. It was a transaction of which we had no reason to be ashamed."

While the gold has only appreciated in relation to sterling and not in relation to the credits, the essence of the joke is that although "we" hold the security, its purpose is to secure France and America against our default. The gold remains in the Bank of England to support a bluff, namely, that the British bank-notes, and all currency in excess of the £275 millions of fiduciary currency notes, is still on a gold basis, whereas in fact it is on no basis whatever, none other having yet been adopted.

In the light of this the question of somebody's need to be ashamed re-opens itself. For the £130 millions French and American credits which were required to save the financial system only, and the advance of which was alleged to demonstrate the strength of British credit, Great Britain has agreed to at least the following:—

- (1) Overtly to submit its proposed legislation to the bankers of three countries before submitting it to the Commons, Lords, or King.
- (2) To pay interest on the credits at nearly twice the open market rates in the lending countries.
- (3) To earmark its total holding of the alleged basis of exchange against the possibility of the lenders having to realise the "collateral."

It is not easy to see which of these we ought to be proud of so as to arrive at a balance without shame. "We" could have let the gold go and not then have paid any interest for £130 millions of "credit." Probably France and America objected to receiving it. Both countries hold stocks of depotentiated gold, and prefer any addition to their stocks to be warehoused in England. Great Britain is actually paying an exorbitant rate of interest to France and America for the privilege of lending them the Bank of England's gold reserve, and finding a job for it to do.

For the purpose of trying to preserve London as an international banking centre, the National Government has intensified the application of the follies practised over the last eight years. In the

## The Films.

A Free Soul: Empire.

The outstanding difference between Hollywood and Elstree is that Hollywood often makes a really good film. "A Free Soul" is one of the most magnificent melodramas that the talking screen has yet given us. It is very much more than melodrama; it succeeds in crossing the frontier that separates melodrama from real life; is magnificently acted and swift-moving; and is edited in a fashion that again proves the extent to which Hollywood has learnt from the *montage* of the Soviet directors. Norma Shearer has never had a better or more convincing part, but it is in no way disparaging to Miss Shearer to say that the real star of the picture is Lionel Barrymore. It is possible that he has played a part more perfectly, but if so I have not seen it. Clark Gable is admirably contrasted with our own Leslie Howard; both are virile types, the one the brute of the underworld and the other the chivalrous gentleman. A perfect little impersonation is that of Lucy Beaumont, who is, I believe, an Englishwoman. Incidentally, with the exception of Mr. Gable, the accents of the players, including that of Miss Shearer, are far more English than American, which is another of the admirable features of a really outstanding picture. I cordially recommend this film as one of the very few that more than live up to the bouquets of the publicity agents.

The Happy Ending.

As English films go, this picture, which was privately shown last week, is not bad; but in contrast with "A Free Soul" it is slow, unreal, disjointed, characterised by mediocre dialogue, and in general rather ineffective. The theme is good enough, and no concession has been made to the box office in the shape of a happy ending, despite the title. But the whole production lacks shape and consistency. Benita Hume is good, and Anne Grey is better, but both these very talented actresses were handicapped by mediocre direction. When will Elstree realise the elementary fact that a director is the one person who really matters in the making of a film, and that since we are completely lacking in directors of genius, it would be desirable to import a few from America and the Continent? Since I do not wish to do an injustice to "Happy Ending," I should perhaps add that it is neither bad entertainment nor deficient in ideas; it merely has the British film characteristic of mediocrity, and fails to "come off." Interestingly, Alf Goddard's continual impersonations of himself have become more than a trifle wearisome; his humour belongs definitely to the pre-talkie era, and could now with advantage be placed in cold storage.

This Week's Films.

Rialto—English premiere of "End of the Rainbow." Made by the Emelka studios. Recommended to Tauber "fans"; the popular tenor has no fewer than a dozen well-assorted songs. Stoll—"City of Song." I strongly recommend this picture for the sake of Courant's superb photography. I do not recommend it for any other reason.

Academy—"Moscow that Laughs and Weeps" is accompanied by "City of Song." The first picture, originally known as "The Girl With the Hatbox," is propaganda with a light touch; it deals with an earlier phase of a Soviet housing problem.

DAVID OCKHAM.

## SOCIAL CREDIT ACTIVITIES AND EVENTS.

GLASGOW.—The DOUGLAS SOCIAL CREDIT MILITANT MOVEMENT (Scots Groups) will begin its winter campaign at the Christian Institute, Bothwell-street, Glasgow, with a PUBLIC MEETING on Tuesday, 13th October, at 7.45 p.m. Speaker:—Ex-Baillie P. McDevitt (Clydebank). Subject:—"The Douglas Social Credit Proposals." Questions. Collection.

A. N.

past the deflation policy forced upon the Government by the banks has been slightly less disastrous than it would have been because of the increased purchasing power of such incomes as consumers could obtain. Now deflation and the devaluation of money proceed together, and must very rapidly multiply the difficulties of every person and corporation, consumer, producer, and financier; unless plans are already made for inflation once the incomes of consumers have been sufficiently devalued. The suspension of the gold standard has already increased the cost at market of many commodities against a reduced purchasing power; tariffs, if adopted, will increase the same tendency. The difficulty of selling any commodity whatsoever has been increased. It will shortly be impossible for the unadjusted debts to be collected. Building Societies, Insurance Societies, instalment merchants, and shopkeepers, are seriously perturbed as to the ability of their debtors to pay, and as to the value of the "collateral" on forced realisation in a market rapidly being stripped of purchasing-power. The temper and desperation of the hitherto camel-like people is rising at a rate not seen in our lifetimes. Without the application of a policy not yet disclosed by any party, certainly not by the Opposition, the "liquidation" of England seems inevitable before the end of the coming winter. It is reported that well-to-do persons have withdrawn considerable sums in silver from the banks with a view to hoarding. If their mansions are big enough, the canning and refrigerating, and egg preserving industries give them a better hint as to what to hoard, if they must consider their personal safety first, and not the safety of the island on which they live.

If a general election comes about, there is no telling what will be the outcome. The cause of revolution, to quote Achille Loria, is the failure of the governing class to command and distribute revenue in such a way as to preserve the loyalty of the "parasitic" classes: army, navy, police, teachers, civil servants, and the whole petty bourgeoisie; in other words, the men who drove the engines and lorries in the general strike, and those who protected them. In spite of the reductions in the cuts on teachers, the promises of restoration to the police, the softening of difficulties in the navy, and other measures taken in full cognisance of Loria's principle, the discontent is not allayed. Every cut, every threat of higher prices, every addition to taxation adds to the number of persons no longer controllable by the Press, or by desire for social esteem, or by the desire to preserve such benefits as an imperfect system does at least ensure. The Government, if it were re-elected, would precipitate a crisis which would mean beginning afresh. The Opposition has merely a policy for administering the present financial system, without the technique for making a better job than its rivals for office. The Opposition is still thinking in terms of credit machinery instead of credit-power. In its present state of understanding, it would merely be at the best as the middle-class boy on the footplate left by the skilled engine-driver: in control of administration, without experience, without technique, and with the booking-office, which represents the consumer credit-system, closed. If it could be believed that the "doctor's mandate" meant a healer's mandate, the right to faith while doing all necessary for the prosperity of the patient, and not simply the right to prepare a death certificate without responsibility, it were better for the Government to come back than for the Labour Party to discredit itself again. In the circumstances which appear to be the true ones it would be better for the Labour Party to study credit-power than bank administration.



## Organism v. Organisation.

By M. B. Oxon.

The Centenary meeting of the British Association, which has just closed, although the matters dealt with have mostly been well circulated in book form, has not been without interest from the wider point of view. There has run through all the proceedings a note of dissatisfaction with the present state of knowledge.

However well satisfied each department may be with its own progress, they, each of them, recognise that the others have soared off on the wings of a venture, and are practically out of touch with any solid data. It is recognised that the conditions which are assumed to exist in stars, nebulae, and space are unapproachable in the laboratory, and further assumptions, which, apparently, are very little more than guesses, must be made as to the effect which these conditions will exert on the changes which are taking place. The accepted criterion in all things is the mathematical one, and—though to say so is at present a heresy—it has never been shown that mathematics can be trusted to serve as a true criterion of events.

Even assuming that the experiments which are now held to confirm the Einstein analysis are still held to do so in a few years time, the secondary deductions from them, as to the ultimate structure of matter and energy, must surely be questionable. It cannot really be an open question whether the universe is expanding or contracting, or whether entropy is or is not reversable. As Sir James Jeans said concerning the expansion theory: "This reduced the whole life of the universe to a matter of hundreds of thousands of millions of years at most, and in so doing brought almost complete chaos into the problem of stellar evolution."

General Smuts in his presidential address was, on the whole, on the side of the angels, for the Holism which he has been preaching for some years demands, essentially, that the universe which we are so busy constructing, shall be a real universe, in which place can be found for all things, whether they concern men or nebulae. But to the building he has nothing of real importance to contribute, since he is still content to regard Life as a "type of organisation." So long as the distinction between Life and the vital processes is ignored no real progress can be made. And yet he is very near the clue, for he can say, with the new biology, "the part in the whole is no longer the same as the part in isolation." But he is so intent on the space-time view of things that he seems to miss the next step in his argument, namely, that life in an organisation differs from Life in the Whole, and that Life is therefore not necessarily the outcome of the organisation.

In his address summing up the discussion on the "Evolution of the Universe," Sir Oliver Lodge touched this point very acutely. "Now, all these arguments concerning the fate of the universe," he said, "are advanced on the assumption that the physical universe is the result of itself—a physical and chemical process." And again, "I claim as a physicist that too much attention has been paid to the second law of thermodynamics, and that the declaration of the final and inevitable increase of entropy to a maximum is a bugbear, an idol, to which philosophers will not bow the knee." Sir Oliver would rely directly on God for the solution of the difficulty, which, in my opinion, is an unfortunate thing to do for many reasons. In the first place it is a solution which is, somehow, very unpalatable at the present time to many minds; in the second place, it is a very meaningless statement from the scientific side until we have reached some consensus of opinion, at least, as to what God shall mean; while, even if in ultimate analysis we must (as we

must) arrive at a Transcendental which actually transcends, and which must be merely accepted as beyond question or understanding, being in fact the same thing as the entity who accepts it, it is premature to forsake that great principle which has guided science so well for so many years, not to introduce unnecessary causes.

Until the space-time phantom has been dealt with, and it has been decided what, if anything, the words denote, all the thinking world is doing its work in shackles. If, as seems to me highly probable, the formulae are found to apply rightly to Substance and Life, we shall be able to advance a long way more before meeting the barrier of the Transcendent.

The discussions clearly showed that Space, Time, and the Thermodynamic frame of reference are none of them giving real satisfaction. Both Sir Oliver Lodge and Sir J. J. Thomson suggested that the second law of thermodynamics carried too much weight, though their reasons were probably different for thinking so.

As regards space-time, General Smuts felt that "at present the difficulties and perplexities of the new concepts were more impressive than the mathematical results. Space-time might well be no mere mathematical symbolism, but the basic structure of the world. Relativity led to this; yet the next moment the behaviour of the electron and the quantum presented phenomena in flagrant contradiction with the idea of space-time."

It is, in the nature of things, impossible that concrete objections to the conception of space should arise. The space of the present day is really a mathematical construct only. Since it is impossible to go and examine the conditions at the "edge" of our expanding or contracting universe and see what our verdict, and if mathematics were itself to contradict it, this would only condemn the efficiency of mathematics. This is true whether we regard space as the infinite space of our fathers, or the finite but boundless space which relativity considers—on the analogy of the finite but boundless surface of a sphere. If, on the strength of this new conception, we replace the word "universe" by "space," the conception is even more difficult. It removes, it is true, the (really meaningless) idea of an endless vacuum in a small part of which the stars moved, and permits of our (honestly) ignoring the "beyond the edge" which is only the outcome of here and now experience. But this new space is no longer empty, we have of late transferred our attention from the bodies in the universe to the intervals between them as containing the most interesting events. Hence this expanding (or contracting) thing is now definitely unconnected with anything beyond its borders, even if anything were describable in terms of itself. But this is the space-time continuum. So the space-time continuum must be dynamic. But, as is clear from Eddington's *Nature of the Physical World*, it is regarded as a mere nonentity in which "pointer readings" are distributed. In the case of Time the chance of meeting with contradictions is not thus removed from our ken. Not only were Sir James Jeans' calculations in stellar evolution disturbed by the Time element, but even in the case of the here-and-now earth it is giving trouble.

Dr. Poole suggested that: "The problem of the thermal history of the earth was less simple than it had formerly appeared. . . . The main difficulty then was to explain how the earth took such a long time to cool. Now, however, we were forced to make rather uncertain assumptions to explain how the earth ever cooled at all." Hence there is still some chance of a suggestion which I made many years ago, that, from a certain point of view, effects

attributable to heat or pressure would also result from prolonged passage along the time axis (quite apart from any question of radiation), turning out to be true.

From the philosophic point of view the concept which has to be introduced into our thinking is that of the Aristotelian Transcendent, of a driving force which is always in the centre of anything we may contemplate, however small or elementary it may be. This concept is ready waiting for use as soon as we have cleared away the misconceptions that have been introduced with Relativity, which has appropriated this Transcendent and degraded it to mere *phenomenal* Time.

## Drama.

### Elizabeth of England: Cambridge.

This "Legend in Twelve Scenes," as the author, Ferdinand Bruckner, agrees that the adapter, Ashley Dukes, may call it, is an example of the modern historical play, the first, though not the archetype, of which was possibly Shaw's "Saint Joan." Shaw's was not the archetype for the reason that "Saint Joan" was only objectively historical to the extent of the skeleton. For the rest, the flesh, the quips, and the beard, the play was just Shaw, the personal expression of an individualist-feminist, carrying over all the ideas he had expressed over and again before. Almost the same method had been applied in "Androcles and the Lion," or in "Caesar and Cleopatra," modified merely by the fact that Shaw, now an old woman, looked longingly on the sanctified and immortalised Joan as the keeper of his lost youth. "Elizabeth of England" differs fundamentally. The author neither identifies himself with his subject nor flings himself to the critical antithesis of it. Precisely as Shakespeare's histories result from the re-founding of Plutarch and many others in an Elizabethan mind, and their appropriate re-casting, Bruckner's "Elizabeth" results from the re-founding of Lytton Strachey and others in a modern mind, and the appropriate re-casting.

That a person may be too much bound by his own age—and who is not too much bound by it—to enter into the histories of Shakespeare, apart from the poetry, does not justify failing to see "Elizabeth of England." In the absence of that hindrance to the modern mind, Shakespeare's verse-form, and with the assistance given by the modern outlook, the actors enjoy a vigorous freedom. They and the audience behave as if at home in their own familiar theatre. The unseen commentator, fitting Elizabeth's affairs into a historical pattern, is the present-day disillusioned pessimist. That he satirises and pities the present world, through Elizabeth, is not less true in that he does not divert interest from Elizabeth. This human-all-too-human history, indeed, becomes more dramatic because it is not Bruckner's face that we see in the mirror of the play, as it was Shaw's in "Saint Joan," but all our faces; all we who read our own particular complexities and conflicts into every personage of history, as Aldous Huxley his into Pascal and James Branch Cabell his into the whole pageant. Eternity as to the unceasing recurrence of our own psychic conflicts and division of wills; Elizabeth with little sex-appeal fretting to exploit it by technique and fearing to be found out; Elizabeth in doubt whether to marry Philip or to go to war with him; Philip going to war as much from anger aroused by Elizabeth's contempt as to destroy heresy; Elizabeth perplexed because she prays to the same God as Philip; Elizabeth longing to drain her fens and create a prosperous country while driven by forces outside her control to spend her revenues and people on war; Elizabeth sentencing

Essex to death while wanting to caress him and coquet him, as a combination of child and lover. An Elizabeth, in short, re-created in the image of modern man, an Elizabeth who could cut neither her losses nor her gains, for the reason that modern man can solve none of his problems. For such a mood, nevertheless, Elizabeth is a good dramatic subject. In spite of all the complexity and indecision read into her, and some of her decisiveness left out of her, she remains a decisive woman; and because of what is read into her she becomes human for the *moderns*. She is not just one advocate in an academic "nationalism versus the Church" controversy, nor a figure in a cartoon, nor a sentimental, pompous up-lifter, such as Drinkwater's Lincoln, just living up to his legend.

"Elizabeth of England," then, is well done, well-staged, and well acted. The magnificent effects obtained from the simple settings, and the staging of English and Spanish scenes together, are worthy of praise and attendance. Two of the parts, Elizabeth by Phyllis Neilson-Terry and Cecil by A. Bromley Davenport, are magnificently acted. Phyllis Neilson-Terry's is a triumph. Mr. Frank Vosper played Bacon rather as if he might have written Shakespeare, which he could not have done for three reasons, first, his ambition; second, that Mr. Vosper made him pronounce "law or policy" as if law were spelt lore and there were no *r* in *or*; and third, quite extraneous to the play that, as A. E. R. once said, the man who wrote Bacon's Essay on "Gardens" did not write Shakespeare. Matheson Lang needs to be careful about the articulation of Philip's lines or he will become inaudible.

Good as "Elizabeth of England" is as plays go, it is not by any means the summit of modern historical drama, not merely because of its impregnation with temporary—let us hope—pessimistic conceptions with temporary—let us hope—pessimistic conceptions. Elizabeth reigned for forty-five years, and to create a conception of her that will endure as the dramatist's Elizabeth, unchanged by temporary moods, must be the dramatist's ultimate difficult object. He will have to sacrifice everything to that object. Bruckner has done much to exploit the resources of the theatre; and something to expand them. But he has sought to a large degree for the Elizabeth who would allow him to exploit the existing theatre, with its existing actors and actresses, instead of creating a theatre that would express the essence of Elizabeth. Modern drama, since Zola's rebellion against the French classicists, has rapidly developed into an art world of all souls: through the democratic drama of Ibsen, the theatre gave off-shoots in many directions. In Strindberg's later, so-called unintelligible plays, he almost created the universal theatre, in which character was judged by universal law, independent of social rank or function. O'Casey and O'Neill created a new drama, in which society was put into the dock for its failure to apply either understanding to its people or any universal law to its growth; O'Casey unconsciously, O'Neill somewhat more consciously. That all this work has been done is not sufficiently evident on examination of "Elizabeth of England," which might have been much less the expression of the modernism otherwise. Apart from the modernity of the mood the play is still feudal. The people are still a misty background, and such of them as appear merely wax-figures with lines to repeat that have to be pushed in somehow, such as the messenger who brings the news of the Armada. There were other conflicts in Elizabeth's mind besides the sexual, individual, political, national and imperial. The relations between her, her court, and her country, cannot be disposed of merely by voting funds for the war and crying about undrained fens. Elizabeth knew financial problems in many respects akin to those of the present day. In 1581 a pamphlet by



William Stafford, at one time supposed to be by William Shakespeare, published a dialogue among a husbandman, a manufacturer, a merchant, a knight, and a doctor. The husbandman complains that arable has been enclosed and turned into pasture, that rents are raised and labour unemployed. The manufacturer cries that labour is dear and labourers worse off, towns decaying, and customers scarce. The Knight says that his rents have not kept up with prices, and that cattle and sheep are the only farming he can afford; and the doctor does not see why when commodities are acknowledged to plentiful, prices should be high, complaints general, and employment scarce. In 1564 a labourer had to work forty weeks for as much as fifteen weeks would earn in 1495; in 1593 he could not, by working fifty-two weeks, earn as much as in the fifteen weeks of 1495. Elizabeth restored a debased currency at the expense of impoverishing a people. She brought about the beginning of that conspiracy to enslave the English people which has not yet been rooted out. She was the founder of the Work-State. What was her feeling, her mood, and her temper, and the state of her understanding, in face of the background which the nation of merchants, artizans, labourers, farmers, their wives and families, found? Who were the advisers of her advisers? Enough, the entire absence from Elizabeth of England of the drama implied by these two or three statements imposes on somebody a duty to write "Elizabeth of England"; which shall reflect not the modern mood, but the modern objectivity.

PAUL BANKS.

## Music.

### The Promenades.

The past week has been remarkable for three or four fine performances and interesting events. The first was the really exquisite, beautifully dignified, yet deeply moving and sincere interpretation of that most threadbare and hackneyed vocal concert piece, the "Air de Lia," by that brilliant artist Miss Maggie Teyte. This singer is always surprising and delighting her critical hearers by some new development in singing or interpretation: her voice continues to gain in fullness and body and her use of it becomes ever more flexible and subtle. Of the fine imagination, the sensitive and refined musical intelligence at the back of all her work, it is, or ought to be, unnecessary to speak, while her French enunciation and diction are things of beauty and joy—every syllable was enunciated and audible (*via wireless, too!*) with distinct and articulate purity, but with none of that forced exaggeration cultivated by so many of those who have been Miss Teyte's French colleagues at the Opéra Comique in Paris. Many a French singer could take a lesson in how to sing their own language from Miss Teyte, as from that other glorious English artist, Kirkby Lunn, to say nothing of that delightful and distinguished singer, Bertram Binyon, and the recently deceased Theodore Byard, a singer of European reputation. There never has, nor, I suppose, never will be any French singer to sing English as all these sang or actually do sing French.

The sprightly vivacity, delicate-touched skill, and musicianly quality of Lord Berners's ballet suite, *Luna Park*, caused one to marvel afresh at the comparative neglect of this very accomplished musician's work by his own countrymen in favour of various pretentious bunglers—manufacturers of spurious solar systems—celanese-Stravinsky purveyors and what not, and to go on wondering why, for instance, his delicious little opera, "L'e carrosse du Saint Sacrement," still remains unproduced here by, let us say, Covent Garden, during the International season. The evening of the 25th brought a whole mouthful of plums, a remarkable mezzo, who has hitherto

only been known to me by name, Miss Marion Anderson, Monsieur Marcel Dupré, the great French organist, and Sibelius's Sixth Symphony. Miss Anderson, in addition to possessing a voice of extraordinary beauty, is a born singer with an evenness, a homogeneity of scale and a steadiness of tone, that in these days of gobbling shuddering wobblers are as rare as they are welcome. An air from *Samson et Dalila*, battered and weatherbeaten production of that astonishing charlatan, Saint Saëns—most sinister and portentous phenomenon probably in the history of music, of a composer who succeeded in composing for sixty or more years totally devoid of musical imagination—served very well to show Miss Anderson's technical powers, since it was written at a time when composers still took the trouble to study the exigencies and limitations of the singing voice, and aroused a keen desire in one to hear her in a piece of genuine music instead of this glucose.

And if most of our critics and musicians realised what organ playing and the organ can be in the hands of artists such as Dupré, Straube, or Mr. Cunningham they would not any more continue to write and speak of the instrument in terms of patronising contempt as though it were the nursery cottage piano. The work was a glorious Handel organ concerto, gloriously played by all concerned, with some magnificent brass chorus work: but such cleanness, such crispness, such springy vivacity of rhythm, such superb brio as in the organist's playing on this occasion, how often do we not sigh for them, listening to the lame, flabby, slack sloppiness that is the concert giver's usual portion? The B.B.C. orchestra continues its progress, and its precision and cleanness of attack in the accompaniment to the Handel concerto were admirable. Here, in passing, one may join with Mr. Newman in expressing amazement and astonishment at the attacks made on the B.B.C. for building up this fine body, potentially one of the great orchestras of Europe, instead of bolstering up the fourth rate organisations we have had to suffer hitherto until the advent of the B.B.C. Symphony Orchestra. That the B.B.C., by its activities (no matter what some of us may think of them) has given employment to musicians on a scale never before heard of in any time, does not occur to these people, nor does it occur to them that it is making London once again a great musical centre, a position it had in the years before the war but which seemed irretrievably lost until the B.B.C. came upon the scene. As for the "unfair" competition of which other organisations complain they have only (i.) to join forces with it, (ii.) to raise the standards of their orchestral performances to the level of those of the B.B.C. Symphony Orchestra, and (iii.) to make their programmes as interesting as those of the B.B.C. But why the intelligent and discriminating music lover should be bullied or cajoled by cries of "unfair competition" into accepting gratefully the tenth-rate performances that have been the generality of our orchestral fare since the war, when a big, powerful and enormously wealthy body—wealthy with the concert goer's own money in the last resort, into the bargain—can give him what the B.B.C. has shown it can and does, it is difficult for either reason, logic, sentiment, or sense to see. The Sibelius Sixth Symphony, a remarkable addition to the splendid series of masterpieces this great master has given us, is also one of the most "difficult." Pithy, laconic, as never before reading in Sibelius' work, yet intricate, it requires a full and re-reading, hearing and re-hearing, for a full grasp and understanding of its intensely concentrated compact language. Like a Patangali Sutra, of which a first reading reveals but the merest syntactical relationship between its component words and which must be fully grasped in all its ellusive and elusive epigrammaticism of structure

before the sense significance can begin to filter through, so this Symphony of Sibelius requires meditation and meditation yet again after repeated hearings before all its subtle quality comes to the surface. It is music such as this which makes the productions of Hindemith, Honnegger, Bartok, de Falla and other specifically labelled "moderns" seem like the most childish of nursery rhymes beside the transcendental poetry of *Jami* or the opening and closing choruses of *Faust*, and it was an unlucky chance for Hindemith's trifling and silly "Neues vom Tage" overture that it had a place in a programme side by side with the Handel Concerto, already spoken of, and Sibelius' Sixth Symphony. The spiritual, musical, and intellectual emptiness of Hindemith's music become more painfully apparent at every hearing—this grinning, chattering, pattering mountebank buffoonery vividly recalls a couplet of Pope aimed against a near spiritual kinsman of this composer—

"Eternal smiles his emptiness betray,  
As shallow streams run dimpling all the way."  
KAIKHOSRU SORABJI.

## Rhymes of Hindustan.

By Morgan Tud.

### I.—THE ANT HEAP.

A Fakir  
Sat and dreamed:  
As still as stone,  
For ages long.

A world  
Within him teemed  
And sudden burst—  
An urgent throng!

He watched them  
Bustling come  
From sinew, bone,  
Through thorax, tum . . .  
And sighed.

A Fakir  
Sat and dreamed . . .  
Without a moan  
He died.

### II.—MONSOON.

Bengali,  
Cingali:  
What do you see?  
*The River rising, rising—  
A vast and serried host!*

Sirdar-ji,  
Sunyassi:  
Where will you flee?  
*The River rising, rising—  
Along the whole damned coast!*

### III.—BANDAR-LOG.

Bandar-log,  
Bandar-log:  
Where did ye fare?  
*Ai! Up to London,  
To Parliament Square!*

Bandar-log,  
Bandar-log:  
What did ye gain?  
*A bag of rice  
To ward off the rain!*

### IV.—HEY DIDDLE DIDDLE.

Hey diddle diddle,  
Who pays the fiddle  
When pundits come  
Sailing home?

The Gandhi-ites scream,  
The Cooliemans dream,  
And Romans still waddle  
At Rome!

## The Crisis.

### Foretold and Solved.

"The whole trend of progress is to displace labour."  
—C. H. Douglas. At Ottawa, 1923.

### THE ECONOMIC DILEMMA. A PROPHECY.

"You have at the present time no alternative between an almost unmanageable employment problem, and a policy of modified inflation which . . . results in a fairly rapid rise in prices. If you follow the first line and restrict your credits . . . and try to get back to the gold standard . . . you are absolutely bound to have a most formidable political problem arising out of unemployment. If you take the other line you get an equally formidable problem arising out of the rise in prices and the general kick of everybody against those prices. So that you have no alternative either way."—C. H. Douglas. At Ottawa, 1923. (*Canada's Bankers*, p. 155.)

### THE WAY OUT.

(1) The Government shall take power to command the creation of new credit for the purpose of financing consumption.

(2) On the basis of this power the Government shall enter into a National Contract with Retail Organisations.

(3) The Contract shall require these Retail Organisations to mark down their existing prices by a certain discount.

(4) The Contract shall engage the Government to make good the amount of this discount to the Retail Organisations. It will provide that they will not be entitled to draw on the new credit until after they have passed on the benefit to the consumers—they may only draw on it in respect of goods actually delivered to the consumers at the discounted price. The new credit will be paid to them gratuitously.

With regard to the third step, the method stated above is not the only one possible. The principle would be fulfilled just the same if the Retail Organisations, instead of marking down their prices by the amount of the discount, charged the consumers in full but handed them discount-vouchers bearing the amount of the cut in price. In that case the Government would decree that these vouchers should rank equally with actual money and be accepted at their face value by the Post Office Savings Bank or any other institution in which the holders liked to pay them in as deposits. They could withdraw money against them, or they could leave them as savings according to their circumstances. The "savings" aspect of the use of the vouchers can be outlined as follows. They have become funds in the hands of the public available for investment—funds not saved out of personal earnings, but additional to them. These funds can now be exchanged for bonds representing a general holding by the people in the capital resources of the country, and therefore a general community-control on the real capital of the country, i.e., its materials, factories, machines, and all else.

This outline is based on Major Douglas's concluding remarks before the Select Standing Committee on Banking and Commerce of the Canadian Government in Ottawa on April 26, 1923. His final words were:

"And that is the way in which, by the interest on that capital, you can provide a purchasing power for the people who, as the progress of science marches on, will inevitably be displaced from the ordinary economic processes of production. The whole trend of progress is to displace labour, and you have got to find some method by which these people are provided with purchasing power without going through the process of production. . . . That is all I have to say."



## News Notes.

"WHY THIS CRISIS."—This is the title of a waistcoat-pocket-sized booklet of 16 pp. issued by the League of Industry, St. Stephen's House, Westminster, S.W.1. (We notice that it is printed by Messrs. Waterlow and Sons, Ltd.) Its sub-title is: "A Question For All Citizens Answered By the League of Industry." This League has Headquarters in nine "Areas" of the British Isles. Its President is Sir William Morris, Bt. We understand that the booklet is being distributed to the staffs of large business concerns, and that the distribution is followed by a meeting of the managers and hands addressed by someone connected with the League. This, of course, is in line with the bankers' policy of not coming out into the open with their explanations—a policy which now seems to extend to their amateur apologists. However, since the booklet is presumably the text on which the addresses are delivered, we may usefully review it. It begins by saying that: "there would have been no crisis if every voter in the country knew exactly what 'sterling' is or does." Who, then, is responsible for their ignorance on a vital matter like this? Press?—Platform?—Pulpit?—or the Bankers? Next, an explanation is given of how sterling exchange-documents are made out—claims by foreign exporters on their British importers payable always at fixed dates "generally not very far ahead." Also the reader is told that foreign banks and other institutions deposit "certain sums of 'pounds sterling'" with British banks—always at short notice. The total of these two categories of British debt is stated (on the authority of the Macmillan Report, p. 112) to be at least £254 millions, and possibly £325 millions. All of this can be "demanded back" by the "foreigners"—"much of it at once, and all of it within a short time." They are able to draw on Britain to this extent because they send us more goods than we send them—last year £1,045 millions as against £658 millions. "True, there are our 'invisible exports' to be taken into account, but so far as goods are concerned there is this big difference." (Notice the implicit suggestion that Britain's sales of services—insurance, freights, etc.—to the foreigner do not come into the account as debits against the foreigner!) Of course, the booklet goes on, Britain has great investments, overseas, estimated at £4,000 millions, but "the point is that it is invested" (author's emphasis) "so that we cannot get it back the day we want it." In July and August . . . some foreigners began to think their money was not safe. It is true of course that the Report of the May Committee must have startled them. It startled most of us for that matter. How it happened matters nothing at all. That it happened may ruin us." For if "we" cannot pay up enough "ready cash or gold" when wanted we should be "forced off the gold standard." (Author's italics.) What then? An up-sweep of prices and a decline in the purchasing power of the savings of "small investors" (given as £2,470 millions) part of them being the "wage-earners." National Savings Certificates (given as £240 millions). No one knows where it would stop. Then, in conclusion, the booklet ends up lamely with an injunction to buy "British goods" and reduce the "demand for sterling."

JUVENILE HERO-WORSHIP.—We extract the following from the *Daily Express* of September 15. "Of the thousands of juniors who entered postcards for the 'Who Is Your Hero?' competition, the majority have chosen Mr. Montagu Norman, Governor of the Bank of England." We are also told that: "Many brilliant postcards were sent in, and juniors, while not disparaging the careers of the footballer and airman, showed their appreciation of the importance of a business career." We congratulate the youngsters, who were in the majority on their astuteness. There were five prizes of half-a-guinea to be angled for, and with marvellous sagacity they all chose the right worm. "England yet shall stand," declaimed Mr. Snowden recently. We should say so, with a young generation of this quality coming along. Oh Yewth—Yewth!

THE MACMILLAN COMMITTEE—EVIDENCE.—The *Times* of September 30 reports that Mr. Snowden, in answer to a question by Lieut.-Com. Kenworthy in the House, stated that the evidence given before the Macmillan Committee was in the press, and would be published "very shortly."

THE DROP IN DIVIDEND INCOME.—Under this heading the Financial Editor of the *Manchester Guardian* of September 30 quotes statistics showing a drop of nearly 15 per cent. in the aggregate net earnings of 2,000 industrial undertakings for the year ending June 30. The decline has been met, he says, by appreciable reductions in reserve

allocations, but even so, dividends on ordinary and preference capital fell in the aggregate by £21,000,000, or nearly 12 per cent. The decline was, moreover, rapidly increasing from month to month during the closing period of the year. He concludes: "In the absence of an early trade recovery, wrote the *Economist* in July, the process of paying dividends at the expense of reserve appropriations cannot with prudence be continued very long. The same consideration carries more weight now than then."

ANGLO-FRENCH RIVALRY AS SEEN BY AN AMERICAN.—In *Outlook and Independent* (presumably a United States journal: only two leaves have been sent) dated August 26, p. 529, Hiram Motherwell writes a long article giving a circumstantial version of what appears to have been a struggle between London and Paris since the War. He alludes to Gough's memoirs in support of the British that even during the war the French regarded the British as invaders; and framed their military policy to prevent England from retaining control of the Channel ports. Versailles England retained control of the sea; France controlled the land. England's policy has been to prevent any one power becoming supreme on the Continent, while France's has been to prevent England from interfering on the Continent. France occupied the Ruhr, but England forced her out. France then turned from military-economic pressure to financial pressure. She "bided her time" while foreign loans (chiefly American) went into Austria. Then came the Credit-Anstalt failure in Austria. France offered to rescue it on condition that Austria agreed not to form a customs union with Germany. English bankers stepped in and saved the Credit Anstalt without political conditions. France now turns on the Reichsbank's position, there is "no documentary proof" that she engineered the withdrawals which weakened the Reichsbank's position, "all persons familiar with the Poincaré technique take it for granted." One day in June President Hoover received word that the Reichsbank was within forty-eight hours of suspending gold payment. The United States had now to intervene, against her traditional policy, in European affairs. Hoover proposed his moratorium. England accepted it, but France delayed doing so; for she was waiting for Germany to renounce the Customs union, stop building the second pocket-cruiser and accept the Polish corridor to Danzig. Germany, "openly encouraged by England," refused to give in, and France was obliged to sign Hoover's moratorium. England, "smiling again on another victorious round," invited all parties concerned to meet in London. France invites Chancellor Brüning to Paris first. Premier Laval and the representatives of other nations including, for the first time, Americans, now come to London to talk matters out with representatives of the Bank of England, for the first time, Americans, now committed to intervention in Europe. "A point for the banks. But all that happened was recommendations to the banks concerned to extend short loans to Germany and gradually convert them into long-term loans. But the banks could not do this, for Poincaré was keeping up "so good" political pressure on Germany. He was, "in effect, playing ball with Hitler," knowing that he could "so good" Germany that a Hitler-Fascist government would turn all investments in Germany "into gambles." France, turning now on England, began to sell her "huge sterling holdings" with the result that the Bank of England's ability to meet its obligations came in question. "It is the very rock on which the British Empire is based," or more fundamental than her commercial supremacy, "or even her 'naval supremacy'—both of which are being challenged. It was to 'preserve this legend of financial stability' that, 'in spite of an increasingly adverse trade balance, Britain had agreed to fund her War debt in America. Last year she paid Washington \$160,000,000 in order to keep her financial position supreme. And now Poincaré with his French stocking asks if she can actually meet her debts in gold." Then soon came "what may be set down as one of those Famous Dates in History." It is Robert Kindersley, a governor (sic) of the Bank of England, who went to Paris to ask a loan. The French papers gloated delicately suggesting that "when England wishes to borrow in Continental politics, she must make sure that her finances permit. But France will always help her—at a price." The Bank of England sought financial help in Germany, and Germany the Bank was so heavily committed in America, and Germany's ability to pay depended so much on French political policy, that New York bankers would not put up any dollars in support of the Bank's anti-French political intrigues, though they were willing to do so in support of the gold-sterling on condition that France agreed to go fifty-fifty in the deal. Thus, concludes the writer, "American money

for the first time since the War, is becoming directly interested in the success of French policy." And that policy, he says, is "to complete the political domination of the Continent" while keeping England quiet under the threat of a "golden pistol pointed at the City of London."

## LETTERS TO THE EDITOR.

## FINANCE AND POLITICS.

Sir,—On September 11 the Chancellor of the Exchequer, Mr. Philip Snowden, in a radio broadcast address, assured his listeners that the £ would not go the way of the Mark.

The only power capable of giving effect to this assurance is the International Money Combine. If Mr. Snowden was speaking as a politician his assurance is valueless. If he was speaking as the mouthpiece of International Finance, then a clear statement should be made of the precise nature of the *quid pro quo* given to it in exchange for that assurance. W.

## "COOKING HISTORY."

Sir,—With reference to the correspondence which took place in THE NEW AGE early this year regarding the alleged exhumation of the bodies of the American dead and their reburial in America, I find a reference to this in Upton Sinclair's recent work, "The Wet Parade." (T. Werner Laurie, 7s. 6d.)

"In due course his wife would receive a letter of sympathy from his commanding officer, telling that he had died. . . . There was a wooden cross marking his grave, and after the war his remains would be dug out of the ground, sealed in an air-tight coffin, and brought back to be interred with military honours in the family burial-ground. Such was the story of 'Colonel Ted.'" I. O. EVANS.

## TO MANCHESTER READERS.

Sir,—Will all readers of THE NEW AGE in the Manchester and district area please communicate with me with a view to concerted action at the present juncture?—Yours, etc., A. H. BLACKMAN.

"Laragh," Horderns-road, Chapel-en-le-Frith.

## PROVING THE BOYCOTT.

Sir,—I have found an effective way of convincing others that the policy pursued by the banks is at the root of our present trouble. I write a letter for a paper, criticising the financial policy, and favouring Social Credit; taking care that the letter is mildly worded. Before posting I show it to those whom I am trying to "convert," and offer them a box of cigarettes if they can produce a copy of the paper with my letter published. This rouses their interest, and when they find (as they do) that they can't claim the cigarettes, they become more receptive to Social Credit propaganda. I recommend this method or some variation of it to the Boys of the New Brigade. H. C. MUNRO.

[Mr. Munro should bet, not "offer," boxes of cigarettes. Why not make something out of the boycott?—ED.]

## ANSWERS TO CORRESPONDENTS.

## "THE 'DEATH' OF DOUGLAS"—SEZ YOU!

W. H. R.—Thank you for your interesting letter. As you say, there is plenty of useful work opening up in the most unlikely places for those with a quick eye for an opportunity. The remarks and comments that you have extracted from local public men apropos of finance in general, and Major Douglas in particular, are most valuable clues to what is going on. The new version of the circumstances thereof will amuse him. We shall have to get him to sign some certificates of reincarnation when he has a little time.

## SOCIAL CREDIT—INTERNATIONAL RELATIONS.

G. T.—Assuming the situation, posed by your friend, that every country in the world adopts Social Credit, there is no reason why he should expect the smaller nations to be "at the mercy" of other nations. If he agrees that production is indefinitely expandable, while consumption is not, the world as a whole can make a surplus of wealth, and with a negligible amount of human effort. Well, in the case of the great nations could make it a present of what its people required. Why not? They are virtually giving away exports to-day—or trying to. His second question, as to how Britain might get on as a Social Credit island in an Old Financial sea, can best be answered by stating that a foreign boycott of Britain would hurt the countries trying it on as much as it might Britain. Even so, the success of

the boycott would depend on secrecy; and we cannot imagine foreign financiers preventing the news of Britain's new policy and its nature spreading throughout the world.

## SOCIAL CREDIT AND THE ELECTION.

T. L.—No. The present Opposition leaders are not having anything to do with Social Credit. Mr. Henderson has recently said so to a correspondent, alluding to the Labour Party's inquiry and adverse findings as the reason. Mr. Citrine, of the T.U.C., has given the same answer to another correspondent. Moreover, it would injure Social Credit more than help it if it were run by any Party, as a Party, in the coming Election.

## WHO'LL DO THE DIRTY JOBS?

A. W.—Thank you for your letter. We are glad to hear from you again, and are gratified at your appreciation of the work being done by THE NEW AGE. The question you raise about who would do the most disagreeable jobs in a Social Credit State has been discussed frequently. No doubt, as you suggest by your allusion to button-pressing, many of these jobs could be done by machines. But it is surprising how differently various people assess the pleasantness of a particular job. Mr. C. M. Hattersley tells a good story apropos of this in his book. Someone dies in a poor neighbourhood. A woman living next door is called in; and she offers to lay out the corpse. When she's done it, she's asked what her charge is. She replies: "No, my dear; I don't want any money for doing that: it's my hobby." We rather fancy that the phrenologist would do a great deal to elucidate this speculative question—somewhat along this line:—that whatever job wants doing there's a head shaped to like doing it.

## GOLD AND INFLATION.

R. I. and C. H. B.—You will probably pick up some hints bearing on your questions elsewhere in the current issue. You will already have seen that the trend of commodity prices is upwards. If they continue, incomes must rise to meet them, and inflation must be the method of raising them. What is going to happen depends on what other countries do in regard to retaining or abolishing the gold standard. Fundamentally, there are two alternatives before us: unemployment or inflation. Sir Walter Layton's daily articles in the *News-Chronicle* will supply you with information as to the direction and pace of the change that is taking place. Since countries off the gold standard tend to increase their exports at the expense of countries on it, the prospect is that all of them will come off. In that event no Central Bank will be liable to deliver gold, and no check will remain on inflation in any country. The problem of the international bankers at this moment is to improvise another check, because, unless they do, every country will be tempted to "out-inflate" others in order to retain or increase its overseas trade. Hiram Motherwell, referred to in the "News Notes," dropped a highly-significant remark about the French gold withdrawals, namely that the French bankers called upon the Bank of England to ship the gold in order to satisfy themselves that the Bank had the gold. This conveys the easily credible suggestion that the Central Banks, when on the gold standard, did not trust each other's figures. It will not be forgotten that a year or two ago the Bank of France was found to possess £20,000,000 worth less of gold than had been recorded in the official statements. It is obvious that if a Central Bank can conceal the facts about its gold-holdings it can adopt a policy of concealed inflation, i.e., it can write up its gold-holding and issue extra currency accordingly. We suggest that this is the reason why the Bank of International Settlements is now being regarded as the future custodian of all the gold-bullion—a Bank of Europe charged with the duty of seeing that all the European banks play fair.

## Diary of the Crisis.

- May 12.—Credit Anstalt's losses announced
- June 22.—Hoover Plan announced.
- July 13.—Danat Bank failure.
- July 13.—Macmillan Report issued.
- " 13.—May Report issued.
- " 31.—£50,000,000 credit.
- August 24.—Labour Cabinet resigns.
- " 25.—New Cabinet formed.
- " 28.—£80,000,000 credit.
- September 21.—Government suspend gold standard.
- October 1.—Bill to punish profiteers.
- " 1.—Glasgow looting—50,000 people out.
- " 2.—Incendiarism in Sussex. Hayricks fired over a wide area.



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