

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

Saturday, October 24. The extent to which all classes of Civil Servants are disturbed by the new economy policy has been indicated by the tone of Mr. W. J. Brown's election speeches. One of them was reported in the *Daily Express* last week, and it was an elaboration of the warning he addressed to the Government on the occasion of the first Civil Service Demonstration at the Albert Hall some years ago. His warning at that time was that as and when financial burdens were laid on Civil Servants there would be loss of initiative and enthusiasm, which would result in actual financial loss to the Government; and he added some general remarks indicating how that loss could take place and what could be its dimensions. Last week's speech was an elaboration of the same thesis, this time broadcast to the public instead of to a semi-private gathering, and accompanied by undisguised hints to various grades of the Service to "go slow" in the performance of their official duties. Alluding to the disaffection of the sailors at Invergordon as pointing the moral of his warning, he said that what had happened at the bottom in naval circles could easily happen next time at the top. Then turning to the civil branches of Public Service he hinted that Post Office sorters might become less careful, that postmen might hurry a little less in collecting and delivering letters, and that officials concerned with handing work might be a little more generous in handing out money to claimants than their duties strictly demanded.

It is not our business to discuss the morality of this policy of direct counter-action to the economy-ramp, but it is our business to emphasise the significance of the fact that Mr. Brown, as a responsible leader of the Civil Service, felt constrained to

talk in this fashion—and in the course of his electoral campaign when his return to Parliament depended on the votes of people the great majority of whom are not Civil Servants and are normally hostile to anything suggestive of direct-action. Mr. Brown's responsibility to his own organisation would not allow him to incur unnecessary risks of losing his seat without previous consultation, and therefore the meaning of his attitude is that his advisers either felt strongly enough to assent to it, knowing the risks, or calculated that at the present moment he would attract at least as many votes as he repelled by it.

The late Lord Balfour, in 1899, when the Radical followers of Mr. Lloyd George were being mobbed by the crowds for speaking against Chamberlain's war on the Dutch Republics, condoned this violence in the remark: "There are limits to human endurance." Considering that the limits to which he referred applied simply to the "patriot's" ability to listen to "unpatriotic" views; with how much more force does the dictum not apply to the ability of masses of the population to support life under the wage-cuts that Finance is seeking to impose on them? To invoke the "Constitution" is to talk nonsense when this Constitution is framed and worked on the assumption that the people's power to endure poverty is illimitable. To say this will seem like frothy rhetoric to contemporary politicians (whose presence in a representative Parliament amounts to trespass), but all who have grasped Major Douglas's A + B Theorem will know that if the Constitution, which embodies the axioms of banking doctrine, persists in its present form, and commands strict obedience, nothing can prevent the descent of all incomes—wages, salaries, and dividends alike—down to nothing. It is a demonstrable corollary of the A + B Theorem that the highest efficiency of the financial system is reached when the amount of income spent by the individual on the means of life reaches zero! The Constitution is designed to punish human interference with this otherwise automatic process; and only disobedience can impede it. It is in this mathematical frame of refer-

ence that Mr. Brown's gesture must be evaluated. The principle underlying it is that of reversing the suicidal process referred to—that of arresting the general declension of purchasing-power. The moral question of how to do it is irrelevant until someone can show that there is a moral way to do it.

In the meantime there is every indication that symptoms of resistance to financial pressure will appear in increasing number irrespective of public incitation. And they are bound to take on a more ingenious, unexpected and effective form by reason of the increasing standard of intelligence among those for whose idle hands Satan is left to provide work. And what will next happen is that disaffected genius in employment will actively connive with desperate genius out of employment to create some startling embarrassments for our Gadarene Government. There is passive connivance—that is, slackness—among employees already; and that is how recent clever thefts of mail-bags have been made possible. There is slackness among Post-Office sorters; and it is an interesting speculation whether in certain circumstances the sorters and the public might not actively co-operate to restore the penny letter post, by just doing it, without waiting for the Postmaster-General to consult the Bank of England. There is a near precedent for such a move: we forget where it happened, but there was a stay-in strike on the tramways somewhere, and the way it was worked was that the men took the trams out and carried passengers as usual, but told them they need not pay any fares—nor collected any. Needless to say, this strike was much enjoyed by the public; and needless to add, their enjoyment was cut short promptly—the men's demands being conceded.

Sunday, October 25. The *Daily Express* of yesterday and the *Sunday Express* of to-day are firing broadsides into Admiral Dewar's election-broadsheet in North Portsmouth. The occasion is the appearance in it of a composite picture showing the ex-Kaiser on the left-hand side and Mr. Montagu Norman on the right-hand side. Forming a background to these two figures is a picture of the sea, a battleship, guns and other things symbolic of naval power. Surmounting the whole is the title: "Leaders of Lost Causes"; and accompanying is the legend: "The British Navy at Jutland in 1916 beat the ex-Kaiser; and at Invergordon in 1931 it beat Mr. Montagu Norman." Whoever the artist was he has selected for these figures photographs which show the (now-bearded) face of the ex-Kaiser to be strikingly like that of Mr. Norman. Whether or not they do actually resemble each other so closely in regard to their faces, it is unquestionable that they do in regard to their psychology. Each is a type of the megalomaniac—the one an incarnation of the lust for military domination, and the other an incarnation of the lust for financial domination. The one depended on the conscription of persons: the other depends on the conscription of money. Of the two the ex-Kaiser was by far the less dangerous, for he was blatant and open, whereas Mr. Norman has been suave and secret. Moreover, behind the Kaiser stood the Junkers, a body who, however blameworthy in other respects, did represent a German interest with a German habitation. Deutschland Uber Alles—Germany First. Behind Mr. Norman stand the Bankers, a body who not only represent no national interest at all, but seek the supersession of all distinctive "nationalisms" by a single internationalism. "My Country Last" is the sentiment they are disseminating among the people. This identical sentiment is being enjoined on the electorate at this moment. "Myself Last." The process which begins with a citizen's vote of personal subservience to "national interests," leads to a govern-

ment whose policy is one of national subservience to world-interests, and ends in an unassailable, super-national dictatorship by Finance.

We will pause here to place on record Lord Rothschild's message to the electors in North Hackney.

TRING PARK,  
TRING.  
October 21st, 1931.

To the Electors of North Hackney,  
At this vital moment in the history of the Nation and the World everyone must face the fact that if the £ pound sterling loses any further value large numbers of our people will starve and if the Socialist Party is returned to power the rest of the world will see to it by lowering the exchange, that our food which we must import will cost so much that many people must starve. If you have one spark of love for your Country, your family and your children, you will VOTE for CAPTAIN HUDSON and the National Government. Not to do so will be betraying your Country, your friends and your families to ruin.

ROTHSCHILD.

Even students far distant from a grasp of the Social Credit analysis will recognise the moral indefensibility of such a declaration, resting, as it does, on technical assumptions some of which are still the subject of dispute among British bankers and economists—and all of which have been disproved in Major Douglas's suppressed writings. When the "lost value" during the war, all "our people" did themselves well, including the Chosen People, will do if Britain abandons gold is contingently credible, because the Rothschild family are able, at the moment, to procure reprisals on this country through any other country which is, or has been up to recently, on the gold standard. It is commonplace knowledge in Jewry that the Rothschilds are the Silver Kings, and the Samuels-Montagus are the Gold Kings. In every country using gold the Rothschild interest is the clearing-house and commission-agency in respect of the movements of this metal. And in every country using silver, the Samuel-Montagu interest similarly controls the movements of that metal. Thus the Rothschild-Samuel-Montagu combination control the whole of the metallic basis of credit, and therefore of all credit resting on a metallic basis. Britain's coming off gold would not matter to them if Britain went on silver. The Samuels' roundabouts would pick up the trade lost to the Rothschilds' swings. But if Britain trooped out of the fair altogether, followed by other patrons, the whole show would go west. And it is this trooping out that Lord Rothschild is apprehensive of when he talks about the "£ pound sterling" losing value—that is, he fears the substitution of a real-credit for a metallic basis of financial credit.

The real-credit of Britain comprises (a) the wit, knowledge and skill of her people (b) the national resources and mechanical equipment now at their command. Real-credit is resident in the unemployed power (mental and physical) of unemployed citizens, idle factories, and under-used machines, and in the multitude of uncalled-on faculties for research and invention. Real-credit is not merely what we are, what we have done, and are doing, but it is what we can be and can do when all restraints on our initiative and industriousness are removed. Money has among its multitudinous appellations a profoundly apposite one: namely; "the doings." That is to say money, or financial doings, is the means of access to real doings. Hence it should be based on our "can do" and should be distributed in sufficient quantity to buy for us whatever we have done.

Among all the things men have done and want the accumulated gold and silver produced in the past has been negligible in quantity and usefulness. The mere fact that it never goes anywhere except from one burial place to another in the bankers' graveyard proves that it is not a condition of a feast, but rather the skeleton at the feast. "Rothschild!" as our charlady might say—"im an' 'is gold!"

The elements that we have described as constituting the real-credit basis for money are fundamental, universal and imperishable. They are inherent in human lives, and are renewed in human loves. But at the present time there is, and has to be another constituent which is not fundamental and, happily, not imperishable. It is the wit, skill, achievement absorbed in the art and practice of war. Under the rule of bullion the impulse of each nation to use its real-credit for purposes of its own well-being clashes with identical impulses in other nations. The clash is the competition for foreign markets; and the reason for the competition is that under the universal code of financial law a nation's freedom to supply itself is made proportional to its ability to supply the foreigner first. How this happens need not detain us now; we are concerned with the fact that it does happen, and that national fleets and armies have to exist in order that the respective nationals get at least something to live on out of the scramble. Mr. Brailsford once wrote a book called *The War of Steel and Gold*. We are now in the early skirmishes of a war of steel against gold. If gold can win, nothing will prevent the declension of human living to a Rowton-House standard under a Rowton-House discipline. At this juncture the fighting power of every nation is the most vital of its real-credit assets. In the case of Britain that power is dominant in the Navy.

Against this background we can pursue our remarks on Admiral Dewar's political torpedo and the nature of the explosive it carries. In the first place the significance of Invergordon is greater than the mere refusal of the men to obey orders. It was the fact that when on shore-leave the Communists had been inciting them to commit worse acts. What was the incitation on the occasion cannot be definitely known, but if recent Communist gossip is true, the ships were provisioned for three months at sea, and some Communists have since been indulging in the ecstatic vision of British warships being kidnapped by the crews and delivered to the Soviet Government. This wild fantasy needs no comment, but what does need particular attention is that the financiers whose policy is creating an atmosphere in which such fantasies can float are not concerned, being international in outlook, with preserving any nation's naval power. It would, in fact, further their purposes to see a transference of power from the largest navies in the world to the smallest; for international equilibrium in national armaments would have much the same effect as disarmament, and would go a long way to facilitating it. Whereupon Finance would grasp the last power that could be opposed to it.

The Beaverbrook Press has tried to draw the Co-operative Society into the row, also Mr. A. V. Alexander, First Lord of the Admiralty in the late Labour Government, and a leading figure in the Co-operative Movement. (This is because the offending news-sheet was printed by the Co-operative Printing Society.) Telegrams from the *Daily Express* to the Society and to him have elicited the reply from each that they had no knowledge of the publication of the news-sheet. The *Daily Express* reports that Mr. Alexander had previously been saying in public that insistence on the National Government's proposed economic measures would lead to the adoption of unconstitutional

means of resistance. Readers will notice that this is the second onslaught of the *Daily Express* on the Co-operative Movement in respect of matters in which Mr. Montagu Norman's name is involved. The first was fully examined in THE NEW AGE of July 2, and followed up by further extended comments on July 9, 23, and 30. We extract references to the subject from our "Contents" for those dates.—

July 2.—The *Daily Express's* ultimatum to the Co-operative Movement because of anti-bank and anti-American articles in the Co-operative Press.

July 9.—The Co-operative Union's relation with the Trade Unions and the Labour Party discussed from the Social-Credit standpoint.

July 23.—The "Danat" Bank crash in Germany and its lessons for the Co-operative Society and Bank in Britain.

July 30.—The Co-operative Society and its opportunities.

Briefly our arguments went to show that the Co-operative Union was potentially an economic State within the State; that its real credit (as defined above) justified its having an independent bank instead of a bank which does all its business through one of the Big Five. We also said that the Co-operative Union was wrong to entrust the political representation of its economic interests to the Labour Party, and should express a national political outlook to match the essentially national nature of its business enterprises. Lastly, we adduced the events following the failure of the "Danat Bank" to show how much safer a Co-operative Bank would be than any other from the depositors' point of view, because in the event of a financial famine they could draw goods instead of cash against their deposits. Our suggestion throughout was that at bottom their power to get what they wanted as Co-operators depended on action in the economic field, not representation in the House of Commons. And as a beginning towards increasing their power we explained how, by retaining in their own bank all the cash the local Co-operative Societies are daily paying into the "Capitalist" banks, they could form a "reserve" on which they could create their own new credit for their own enterprises instead of borrowing created credit from the banks on bankers' conditions and at bankers' rates of interest. The moral was: if something is in your way, grousing won't get it out; do something about it. This was the "Invergordon" principle, but in that case the means of applying it were lawful.

It is significant that Admiral Dewar's provocative comparison of Invergordon with Jutland should be uttered in an area where both Naval and Co-operative interests are strongly represented. A sailor's pay-cut becomes his wife's allowance-cut, and thus a shopping-cut, and thus a Co-operative revenue-cut. For a large section of Portsmouth's electors there is no "Capitalism" to inflame them and confuse the issue. They own, run and patronise their own business, and can see the evil implications of "economy" from both the buyers' and sellers' point of view. The Dewar news-sheet may prove to have been the first portent of a militaro-economic alliance against Finance. As Mr. W. J. Brown says—what has happened at Invergordon may happen at Whitehall. The next developments depend for their pace on the degree to which prices go up when the Board of Trade withdraws its embargo on November 1. (What's going to be the popular choice this year of a "Guy" on the Fifth?)

#### NOTICE OF MEETING.

The DOUGLAS CREDIT ASSOCIATION: GLASGOW MOVEMENT. Christian Institute, Bothwell Street, Glasgow, on TUESDAY, NOVEMBER 3, at 7.45. PUBLIC MEETING. Mr. J. P. White will give an address on the DOUGLAS SOCIAL CREDIT PROPOSALS. Questions. Collection.

## Current Political Economy.

When professors break loose the truth is lost. At the present time professors of all kinds of things have been let loose in *The Times* running amok in the spheres of which they are most ignorant. Being professors they do not perceive that their very appearance in *The Times* on the subject of finance exhibits their unworthiness of attention to all serious students. What was professional finance when the professors learned all that *The Times* will allow them to remember is now known to have been a mental fiction which did not at any time correspond with the facts. The letter at the top of the bill in the main correspondence column of *The Times* on October 24, from Professor R. W. Seton-Watson, was so schoolboyish that it could hardly have been written all out of his own head. His job was to call for the closing of all mouths which asserted that the bankers exercised pressure on the Labour Cabinet as to the details of the second Finance Act. In another column the Parliamentary Correspondent, of all people to choose, proved that the bankers did not do so by reiterating that bankers, who mind their own business and their own business alone, would never dream of doing so. It is only for professors blind enough to secure publication in *The Times* that doubt any longer exists. If, however, it is important to convince professors, it is easy to settle the question, by the prosecution of those who have made the assertion. It would be delightful once more to have bankers subpoenaed and cross-examined, and would, if properly reported in the daily newspapers which has made the assertion, be enlightening news.

In the adjacent column, reserved for the chief article of the day, Sir John Marriott, also a professor, writes of "Saving and Lending: How the System Works." To the fallacy which made it possible for a "very intelligent woman" (obviously not Shaw's) to ask whether it was not more patriotic to buy a new dress than to leave her money lying idle in a bank, Sir John replies learnedly. Sitting on his knee, we are told in his most avuncular style,

"It is, of course, obvious that he (a banker) cannot lend money to Mr. Smith, unless he has previously been entrusted with money by Messrs. Jones, Robinson, and Brown."

Sir John wants to have that clear, and thus avoid confusion.

"It was made clear in a recent article in *The Times* that, as a fact, the banker lends much more to the Smiths than he borrows from the Browns. But that is a complication into which I do not want to enter."

Bless you, Sir John, for your consideration. The reader of *The Times*, having no taste for thought and less capacity, will be perfectly satisfied to be let off so lightly. Sir John Marriott is then permitted by the great *Times* to give as an up-to-date article rubbish from the ill-informed pedagogues of thirty years ago according to which a bank merely collects money to re-lend. Any properly informed book from McLeod's to McKenna's would convince anyone other than a professor who made such statements of his total ignorance of the subject.

Sir Basil Blackett, one of the directors of the Bank of England, appears to have been, during his address to the Rotarians, conscience-stricken over the failure of the financial system to do its job. He appreciated that the paradox of increasing productive power and decreasing actual consumption was an accusation of all responsible for the financial mechanism, bankers in particular. But he offered no definite proposals for a remedy, merely, instead, throwing out hints of what might be possible. It was especially interesting that he stressed the impossibility, in the event of any

proposals being tried, of maintaining the present theory that the banking industry should be extra-territorial subject to no political government or social influence.

Once it is recognised that there is a task to be undertaken, namely, to make use of the wealth which can be produced, it is regrettable that anyone should merely throw out tentative suggestions of possibilities. It is not impossible that the whole task should be accomplished, thoroughly, scientifically, and expeditiously. It could be accomplished in a war, which nobody would claim to be an ideal condition for novel experiment, although in view of the lethargy of the Finance Controller it seems a necessary one. Certainly the managed international currency which the most enlightened bankers timidly advocate is necessary, as gold, except for its practical utility, is not necessary. But the advocates of even so much have not yet put edges on their proposals. An international currency would result in industrial migrations similar to the recent one from the North to the South of England, with similar devastation. The alternative requires "balance of trade" adjustments, which are, of course, a perfectly easy matter. If a country is up-to-date in its methods of production, and its commodities are necessary, instead of an unfavourable exchange, trade necessarily entailing a depreciated exchange, reduced standard of living, etc., it should entail an international "social credit," that is, the forgiveness of the "unfavourable balance." If it were not up-to-date in its methods, it could be given such orders for goods as would both redress the unfavourable balance and, in addition, stimulate improved methods of production. For it is demand, not competition, which improves productive methods, as war and all other occasions of "good trade" demonstrate.

The longer the banking system fails to provide effective machinery for adjusting international exchange of commodities and services, the more will changes of commodities and exchange be taken out of the function of arranging exchange. It will not be its control. Barter will spread. It will spread in communities as well as between them. The alternative be a long wait before wool is swapped for cigars, as clothes for boots, and legs of mutton for light, the only way of carrying trade on. The alternative is for those of influence and power to view the problem in its real, as distinct from its financial, light. Those of less prestige, are in the position of financial bankrupts whose assets, although unsaleable, are enough to maintain them and their creditors at any height of luxury they care to stipulate. That is no longer a financial problem, but one of civic engineering. Whatever book-keeping entries were required to reflect the solution of the engineering problem would be found to have solved the financial problem.

All the methods suggested for raising the price level a little, and managing currency internationally, are based on timidity; on a fear of dependence on intelligence. They reflect the mind that can only tinker with the old, it dare not build anew. Managed currency might have been a real solution at one time. Now, with thirty or more million unemployed, representing altogether whole populations, the majority of whom cannot be employed again according to the most optimistic prophecies, any method of mere stabilisation without a new method of money distribution and pricing, has, as the only problem with serious attention, failed before it is installed.

The only purchasing power that goes to the shop is that fraction of total cost of production currently

issued. In the new road-making method, in every increasingly automatic machine process, both the machine and the man, woman, or child, "watching" it, go into cost. Only the man, woman, or child, goes to the shop. The proportion borne by machine to labourer in cost increases as the automaticity of production increases, whether the purchasing power of the labourer, between one time and another, increases or not, and this argument is true even if profits are regarded as the wages of direction and initiative. For the raising of the price-level to be of any benefit, the rise must never stop, which is an absurd solution. For the managed currency to solve the problem, industry must again, as before the war, consent to its progress being limited by its need to accommodate itself to a stabilised financial system, which is equally absurd. There is no other way but an increasingly unbalanced Budget in every progressive country, "unbalanced" so technically and scientifically that the degree of "unbalancedness" is itself the measure of productive and distributive progress.

A. N.

## Reviews.

**The Soviet Five-Year Plan and its Effect on World Trade.** By H. R. Knickerbocker. John Lane the Bodley Head, Ltd. 8s. 6d.

Written "in the spirit of impartial inquiry" by the Foreign Correspondent of the "New York Evening Post," after a tour of two months and 10,000 miles. The author describes in some detail, and with adequate illustrations the engineering triumphs by which the Soviet Government hopes to make Russia independent of the outside world and able to repulse its attacks and even to spread Communism to other lands; huge asbestos pits, steel plants, chemical works, tractor factories, giant farms, manganese mines, tea plantations, and power stations. Meantime, he alleges, the bulk of the people are living in conditions of extreme privation and muddling "on the short rations of a beleaguered State." He devotes a special chapter to Stalin, and gives occasional notes on the states of mind that accompany the plan, the devotion of sport, even chess and draughts, to the purposes of Propaganda, and the ingenious manner in which the Commissariat of Health settled a difference of opinion on the "reign of terror" of the O.G.P.U. On the economic side "the representative of one of the great central banks of Europe . . . considered the Soviet Union a perfectly sound risk for trade credits up to three or four years." The whole financial aspect of the plan is of course dealt with from the point of view that regards "dumping"—the receipt of cheap goods—as almost as disastrous to the recipient land as a bumper harvest. Evidently the Soviet plan may have more far-reaching results on world trade than the "New York Evening Post" and its correspondents could ever imagine. RONIN.

**Hiking For All.** By D. Francis Morgan. (C. Arthur Pearson. 6d.)

This cheap guide to hiking deals adequately, and with explanatory illustrations, with preparation for the trip, choice of a companion, clothes for men and women, equipment for the camper or the plain hiker, and the pack, food, and hike routine. There are, naturally, several points on which the seasoned wanderer may disagree with the author, but his book should nevertheless be useful to the inexperienced. I. O. E.

**The Thinker's Library.** (Watts and Co. 1s. each.)

XXIII. *Historical Trials.* By the late Sir John Macdonnell, K.C.B. XXIV. *A Short History of Christianity.* By the Rt. Hon. J. M. Robertson.

**The Forum Series.** (Watts and Co. 1s.)

15. *Seeing Ourselves.* By Bernard Hollander, M.D. 6. *Boys And Girls And Gods.* By Naomi Mitchison.

7. *From Pyramid To Skyscraper.* By H. Bellis.

The first of these books deals with trials in which heretical opinions were suppressed; it is written purely from the point of view of a jurist of wide experience. The cases chosen comprise Socrates, the Knights Templars, Jeanne d'Arc, Giordano Bruno, Galileo, Servetus, and the alleged witches. When the author says that nowadays heretics would not be persecuted or silenced, he is taking an over-optimistic view.

There is such a thing as financial heresy. Robertson's analysis of Christianity is a scholarly book, and shows a tremendous amount of erudition: its conclusions will be unacceptable to the orthodox. *Seeing Ourselves* is not merely a brief survey of modern analytical psychology; it also deals, in a decidedly unsympathetic manner, with faith-healing and spiritualism. The two books of the *Youth Series* are not only excellent for the juvenile reading for which they are intended, but also for adult use. *From Pyramid to Skyscraper* deals simply with the technicalities of architecture, and explains each stage as an expression of the culture of the community in which it appears. In her studies of young life in the pre-Christian world, Mrs. Mitchison shows forcefulness of writing. I. O. E.

**The Wet Parade.** By Upton Sinclair. (T. Werner Laurie. 7s. 6d. net.)

In his latest story Upton Sinclair, the inveterate exposé of shams, deals with every aspect of the drink traffic in America. He explains conditions in prohibition days—the heavy drinking amongst the "Cavalier" gentry of the South, the boozing-dens of the city slums, and the cocktail parties of the "bright young people." A rum-running station in a millionaire's back garden, and the warfare between the prohibition service and the gangsters, are described with a brilliance that recalls his first successful work, *THE JUNGLE*. Sinclair shows that the interests at the back of the bootleggers are really financial, and that they have amazing powers of checkmating the law and its agents; he glances also at the possible results of this unholy alliance between money and gunman. I. O. E.

**King Goshawk and the Birds.** By Eimar O'Duffy. **The Spacious Adventures of the Man in the Street.** By Eimar O'Duffy. (Macmillans. 3s. 6d. each.)

As both of these excellent works have already been fully reviewed in *THE NEW AGE*, it may be sufficient to inform readers that they are now obtainable at the reduced rate of 3s. 6d. each. For the benefit of any who have not already met them, it may also be well, however, to explain that they form two instalments of a delightful satire, written by one of the foremost of Social Credit exponents, on present-day civilisation. The first is a description of a world in which the results of restricted credit have been carried out to their logical conclusion, with the result that there is a monopoly of even song-birds and wild flowers! The second is a novelty in "Utopias," a world with a sane credit-system, and hence a world of plenty, as seen through the unsympathetic eyes of a bourgeois "go-getter." The opportunities for mordant criticism are obvious, and the author has taken full advantage of them. I. O. E.

**Paradox, King.** By Pio Baroja. Translated by Nevill Barbour. Wishart and Co. 6s.

This seems to be the kind of book which must be read in the original. The translation is obviously inadequate, though one hesitates to blame the translator, who may have been faced with an almost impossible task. The dialogue form in which the novel is written is foreign to us, and the author has a peculiarly Spanish humour which may be largely untranslatable. Mr. Paradox joins a Jewish millionaire's expedition, and after strange adventures becomes King of an African tribe. During the discussions which precede his coronation a Frenchman of the party says that his dignity forbids him to obey a king. Paradox replies: "There's no question of one's dignity being affected. In every country in Europe (written in 1906) we have as head of the State a sort of military gentleman dressed in uniform, wearing a regular ironmonger's shop of crosses and medals on his chest, while you have a sort of legal gentleman, wearing a morning coat and top hat, with a ribbon in his button hole." On assuming authority he flatly refused to convert the negroes to Christianity. To the moral question put to him: "Is it permissible for one man to take both a plough and spades from the general store on the same day?" he replies with the practical answer: "If there is enough and to spare, yes." The other Europeans advise the building of a school. Paradox agrees, so long as there is no schoolmaster. "Man," he says, "can learn without a master. Do you think anyone taught Darwin to observe, Shakespeare to write poetry, or Napoleon to win battles? We can build workshops where the children and grown-ups can go in freely. Watch what they do; if they have a vocation that way, they will stay and want to learn. If not, they will leave." After which he announces that he and the German engineer have arranged to erect a roundabout in the middle of the square, and that there will be classes of instruction in riding wooden horses. We are not surprised when the translator tells us that Pio Baroja is looked upon by many of his countrymen as willfully perverse. M. J.

## The Price of Employment.

In the third chapter of his recent work, "This Unemployment," Mr. V. A. Demant gives some striking examples of the way in which the machine is ousting the man in every phase of industrial activity, and producing what the Americans call "technological" unemployment.

If the scientist and the engineer continue their present rate of progress, will it ever be possible to re-employ the present unemployed workers under any conditions within the limits of orthodox finance? Is a revival of trade on a sufficient scale possible?

The first condition for any such revival is that the consuming public shall have sufficient purchasing power to buy all the ultimate, or consumers', goods and services coming on the market. This can be arranged simply enough under a Social Credit régime, but can it be brought about under existing rules of financing and cost-accounting?

Any discussion of this question will be assisted by the use of the A + B theorem. In an article published in the issue of this journal for September 3, H. M. M. discussed this theorem with a lucidity which must have dispelled more than one headache amongst young students of the New Economics, and his presentation of the theorem will be adopted here.

For simplification, the following symbols will be used: Let A<sub>1</sub> represent all payment made to individuals (wages, salaries and dividends) by producers of consumers' goods and services; and A<sub>2</sub> represent similar payments by producers of capital goods and services. Let B<sub>1</sub> represent all payments made to other organisations by producers of consumers' goods, etc.; and B<sub>2</sub> represent similar payments by producers of capital goods, etc.

Then prices of consumers' goods, etc., will be represented by (at least) A<sub>1</sub> + B<sub>1</sub>, while prices of capital goods, etc., will be similarly represented by A<sub>2</sub> + B<sub>2</sub>.

Now, incomes represented by A<sub>1</sub> cannot possibly buy goods, etc., with prices represented by A<sub>1</sub> + B<sub>1</sub>. Nor can incomes represented by A<sub>2</sub> buy goods, etc., with prices represented by A<sub>2</sub> + B<sub>2</sub>. In this latter case, it is generally objected that they do not need to. Let us admit the objection, with the reservation that there is a subtle alchemy in orthodox cost-accounting which is continuously converting A<sub>2</sub> + B<sub>2</sub> costs into B<sub>1</sub> costs, and transferring these into A<sub>1</sub> + B<sub>1</sub> prices. For the present we note that consumers' total incomes are represented by A<sub>1</sub> + A<sub>2</sub>, and prices of consumers' goods, etc., by A<sub>1</sub> + B<sub>1</sub>. Can the incomes buy the goods? As H. M. M. shows, they can do so if A<sub>2</sub> = B<sub>1</sub>. If A<sub>2</sub> is greater than B<sub>1</sub>, prices of consumers' goods will rise; if A<sub>2</sub> is less than B<sub>1</sub>, prices of these will fall, and, if the fall is maintained, bankruptcy and restriction of production will ensue—as is happening to-day.

Now, consider this simple equation A<sub>2</sub> = B<sub>1</sub>; what does it mean and entail? It means that the incomes distributed in respect of all capital production must equal the B costs of production of consumers' goods, etc. Theoretically, it is possible to put in hand and maintain schemes of industrial and other development at just such a nicely balanced rate that this condition would be fulfilled. Practically, the difficulties facing a Board of Administration for this purpose would probably reduce them to nervous wrecks within twelve months; but let us assume here that it could be done.

And now—enter the scientist and the engineer: how do they affect the problem?

Every activity of these gentry results in reducing labour costs and increasing plant charges, though there is no necessary relation between the increase and the reduction. Briefly, we have a situation in which B costs are always increasing relatively to A costs.

Industrially speaking, a primitive community is one in which B costs are very small relatively to A costs, so that the error in neglecting the Douglas price-factor is very small; while a highly developed community is one in which B costs are not only large relatively to A costs, but continuously growing.

If, now, B<sub>2</sub> is expanding relatively to A<sub>2</sub>, and A<sub>2</sub> = B<sub>1</sub>, which is expanding relatively to A<sub>1</sub>, it follows that B<sub>2</sub> is expanding rapidly relatively to A<sub>1</sub>. By adding A<sub>2</sub> to each side, we see that A<sub>2</sub> + B<sub>2</sub> is expanding rapidly relatively to A<sub>2</sub> + A<sub>1</sub>, which shows at a glance the impossibility of financing loans for capital development to the tune of A<sub>2</sub> + B<sub>2</sub> out of savings skimmed off A<sub>2</sub> + A<sub>1</sub> incomes. Loans for this purpose will have to be raised by means of the technique employed in the case of the various War Loans, and such financing can proceed until some group of bankers, surveying the magnitude of loans to producers, find their feet getting cold.

It is not the least irrational aspect of the existing system that the conditions necessary to effect the sale of consumers' goods should be completely at the mercy of such an indisposition, especially as there is no mathematical relation between the volume of the outstanding loans and the temperature gradient in question.

But, in any case, the first such loan will bring about a large increase in the ability to produce consumers' goods. As these come upon the market in addition to the earlier output, the second loan will need to be much larger in order that the A<sub>2</sub> incomes shall balance the increased B<sub>1</sub> costs in the prices. And the third loan will have to be enormously larger. Clearly, we are dealing here with a geometrical progression, and, though the first few terms of such a series may be of manageable proportions, the later terms assume astronomical dimensions. After several such rounds, leaving the earth covered with cities, factories, mechanised farms, arterial transport and aerodromes; with the seas strewn with speed-boats and submarines, and the air darkened with air-craft, there will be nothing for it but to raise a gigantic world loan for the industrialisation of the Solar system.

If such a prospect appals, what then? Clearly, if consumers are to be able to buy the goods they require, A<sub>2</sub> must equal B<sub>1</sub>. The only other way to effect this, within the framework of the present system, is to adopt an ultra-Erewhonian policy, scrap all machinery, make engineering a capital offence, and bring down B costs to negligible proportions.

If this alternative also appals, we must step outside the framework of the existing system, and use either or both of two heterodox methods of equating A<sub>2</sub> and B<sub>1</sub>. One is to chop huge chunks off B<sub>1</sub> costs by means of the Douglas price-factor; the other is to augment A<sub>2</sub> payments from an outside source so that they are not carried forward into costs—in other words, the National Dividends of the Social Credit proposals.

After all, if twenty persons, by the skilled use of tools and processes, can produce all the goods and services required for 100, then, as Major Douglas once pointed out, the same thing to do is to arrange that the twenty persons best qualified to operate such tools and processes shall do so, upon mutually satisfactory terms. The business of the economist then consists in arranging that every one of the 100 persons shall get their share of the total consumable product. How the eighty remaining persons may elect to spend their leisure is the business—in so far as it is anybody's business—but their own—of the sociologist. The economist must insist that any attempt to insert eighty unwanted cogs into the delicate mechanism of the productive system is asking for trouble.

A. W. COLEMAN.

## The Films.

### The Blue Express: Academy.

This remarkable film of Ilya Trauberg's is one of the most intellectually exciting things I have ever seen on the screen. Its atmosphere grips from the opening shots and is sustained throughout; the editing is superb; the rhythm is perfect; and the film is one of the few in which the spectator is not so much a member of the audience as a participant. Its realism is so intense that one can smell the sweat of the players. As shown in the greatly emasculated version presented at the Academy—the picture has, of course, been banned by the British Censorship—practically the whole of the action takes place on a train, such a setting usually smells of the studio, even in a German production, but here the illusions of both motion and confined space are always present. As a technical achievement, this picture is in every way outstanding.

"The Blue Express" is quite openly propagandistic, its theme being the exploitation of China by foreign Imperialist Capitalism. It has been so cut, although many of the excisions are obvious, and it is easy enough to guess at others, that as shown in London the *tendenz* fades to some extent into the background. It would be necessary to see the unexpurgated version before deciding whether the result is artistically an improvement or the reverse.

The musical accompaniment—this is the first Russian sound picture to be shown in England—is by Dr. Meisel. Much of it is not very good, nothing is comparable with the same composer's score for "Berlin," and it is not worthy of the film. But as a contrapuntal experiment it is of distinct interest.

### The Calendar: Capitol.

Many of Edgar Wallace's novels and plays contain the germ of good film material, but none of our directors appears to have succeeded in making it come to life on the screen. "The Calendar" is no exception. Given adequate direction, it should have made an excellent and fast-moving melodrama, but it follows the worst traditions of the Victorian Surrey-side melodrama by an excessive injection of comic relief, provided by a completely incredible butler in the person of Gordon Harker. Mr. Harker should, incidentally, be restrained by his directors from continually shooting his underlip; the mannerism was once not unamusing, but is now boring. The racing scenes are good, but have been dished up from old news reels. The acting is in general better than the production deserves, although Herbert Marshall smacks too much of the stage, and Anne Grey, who is easily one of the best of our younger film actresses, would have been better if the director had not compelled her to adopt a certain staginess reminiscent of the penny novellette adventuress. Edna Best improved towards the end, but the screen is not yet her métier, and her inclusion in the cast is not entirely to be justified on the ground that Mr. Marshall has the good fortune to be her husband, Mr. Wallace should have given his personal supervision; when the hero, aided by his ex-convict butler and his bookmaker, engage in a legitimate burglary, none of the three has the elementary common sense to cover up the gleaming front of his dress shirt, and the burglars' entrance is made amidst such bright illumination that the premises almost appear to be flood-lit. In reading Mr. Wallace's books one does not stop to gather up the author's loose ends, but the screen has a merciless knack of showing up unreality and absurdity.

### Alexander Hamilton: New Gallery.

George Arliss is one of the most finished and most intellectual actors of our generation, but his technique is that of the stage and not of the screen.

This limitation has so far not mattered greatly, since his talkie appearances have been confined to photoplay, sometimes very good photoplay. "Disraeli" was in that category, and so is "Alexander Hamilton," which owes very little to the cinema, but is an exceptionally good example of drama as reproduced through the eyes of the camera.

This film is a triumph for Mr. Arliss, who has achieved an historical portrait worthy to be set alongside his Disraeli. The character of Hamilton offers great temptations to the actor, since it lends itself so easily to the stagy or the heroic-melodramatic, while the delineation of the statesman to whom everything is subordinate to "my country," is a rôle not difficult to transform into that of the prig or the patriot at all costs. Mr. Arliss avoids these temptations; his Alexander Hamilton is a credible being in whom strength and weakness are blended in just the right proportions. Among the rest of the cast, Dudley Digges, Montague Love, and Morgan Wallace, as Senator Roberts, Jefferson, and Monroe, respectively, call for mention.

"Alexander Hamilton" was directed by John Adolphi, and has been very well edited. But the cutting is not so well done; many of the scenes, including certain episodes in which something might well be left to the imagination of the spectator, could advantageously be pruned. But these are minor blemishes on a production that I cordially recommend as extremely good entertainment and as an unusually good specimen of its type. It should also be a box office success.

### This Modern Age: Empire.

Experienced filmgoers will probably think they know what to expect when they hear that Joan Crawford is appearing in a film with such a title as "This Modern Age," but this production is much worse than they have any right to expect. It is the American "sophisticated" film at its most dreadful would-be smartness of dialogue, lines that Oskosh may consider "daring," and as a background the inevitable eroticism of idle young wastrels. It is to be regretted that Joan Crawford, an actress of considerable gifts when suitably directed, should have been selected to play in such a picture, which, and this is also to be regretted, has been chosen for staging Pauline Frederick's talkie "come-back." Miss Frederick's rôle of a mother who tries to keep from her daughter whom she has not seen for years that she is the kept woman of a married man, and who, after the discovery, outrages the daughter still further in the endeavour to reunite her with her fiancé, might have been original if it had been made credible. Credit for the authorship of the story belongs to one Mildred Cram, a novelist with whose work I was not previously familiar, and with which I now have no desire to make further acquaintance. The direction is by Nicholas Grinde, and what between him and Miss Cram, it would be unfair to criticise the acting of the Mesdames Crawford and Frederick. Incidentally, although the photography is by such a craftsman as Charles Rosher, who is largely responsible for the popularity of Mary Pickford, Miss Crawford is made to appear with a pair of blubber lips whenever she registers emotion. But that is perhaps the fault of the director—or of Miss Crawford.

### This Week's Films.

"The Blue Express," "Alexander Hamilton," "The Calendar," and "This Modern Age," all reviewed above, are to be seen this week at the theatres mentioned. I am glad to be able to record that "The Blue Express" has played to such excellent houses that, although it was originally intended to be shown for only a week, it is being retained. "Bought" continues at both the Regal and the Pavilion. Those who like Ronald Colman

can see him at the Stoll in "The Devil to Pay."

I recommend a visit to the International Exhibition of Film Stills, the first, I believe, to be organised, which is being held at the Zwemmer Gallery, 26, Litchfield Street, Charing Cross Road, W.C.2. It is thoroughly representative, containing photographs of scenes from some of the best German, French, Russian, American and English films, and Paul Rotha, to whom the idea of the exhibition is due, has done an extremely difficult job very well. The exhibition remains open until Thursday, November 5, and should not be missed by any serious student of the cinema.

DAVID OCKHAM.

## News Notes.

**EDUCATING THE STAFF.**—The following "Notice to Staff" was posted up by a well-known firm last week:—

"The directors of this company have never attempted to influence the political views of members of the staff. The issue at the coming election is far removed from the usual decision between Party differences because upon it depends the Financial Policy of the Country. The Socialist is asking to be given the control of all banking and Public and Private investments. Such a power should be refused to any political party, whether Socialist, Liberal, or Conservative. Political interference with commercial finance should be resisted. With the full responsibility upon their shoulders for the management of this company's business and finance, including the payment of salaries and dividends, the directors feel they have a right to express their opinions as a board upon the financial issue involved. Their opinion is that to entrust such a power to the Socialist Party can only result in the complete collapse of the Nation's Credit and currency, with the consequent utter ruin and disaster, both National and individual, which that would entail. The Board desires to warn those members of the staff who are pledged to Socialist Party of the danger in which this country would necessarily be placed, and urges them without hesitation to sink all other considerations and support the National Government candidate in the constituency in which they have a vote."

**EDITING DE LUXE.**—On October 19 a letter was sent by one of our readers to the *News-Chronicle* in comment on that journal's "lists of questions" for Liberals to ask of candidates. The letter commenced thus:—

"One welcomes as a breath of fresh air the *News-Chronicle* list of questions. This is the first time during the election that attention has been concentrated on political and economic realities."

He indicated what these "realities" were in seven short paragraphs, giving what would be his answers to the questions. The object of the letter was to criticise, along Social-Credit lines, certain orthodox assumptions in some of the questions. He wound up by saying that he scarcely hoped the letter would be published, but that after the election some sane thinking might be done on the lines he laid down. The *News-Chronicle* evidently likes sucking sugar off pills. It printed the opening passage (quoted)—added the sender's signature—and that was all.

**EDUCATING THE PUBLIC.**—Since the crisis there has been a growing demand for instruction in matters of finance—first a demand from the public on their customary instructors, and consequently a demand from these instructors on professional experts. Some weeks ago a clergyman wrote to *The Times* saying that the expositions about the financial situation made the subject very clear to him, but that when he discussed these matters with people in various walks of life he found that much simpler teaching was required; so could *The Times* provide it? Since then there have been several letters from other correspondents written in the same strain, the last and most important of which appeared in *The Times* of October 19 over the signature of Captain F. E. Guest, and written from the Grand Hotel, Plymouth, where he is conducting his campaign. The gallant Captain says that people can understand what balancing the Budget means, and can appreciate the results of national extravagance; but "when it comes to an explanation of the value of the gold standard to us in the past the speaker is presented with a much more difficult task."

"When he pursues the subject further, and tries to explain the dangers of the possible further depreciation of the pound and its effects, both he and his audience find it very difficult." (Our italics.)

He therefore makes the following appeal:—

"Are there not in the City of London and other business cities hundreds of men to whom these terms are simple baby language? Are they all out in some division or other helping to explain the vital relevance of these considerations to the average elector? . . . If this election and its true appreciation by the masses as a whole is as important as your journal has so frequently emphasised, surely a great effort should be made by those who have the power of impartially importing their technical knowledge to come to the rescue on this occasion." (Our italics.)

A most reasonable request; and we are not surprised at the note of impatience in it. Where are all these financial experts? Where is Baal?—why has he forsaken his priests?—why does he not hear their cries to him?—why does he not see them cutting themselves with knives and lancets?—why does the jeering of the prophet Elijah not provoke him to "come to the rescue"? There is a short answer: "To be intelligible is to be found out." It is impossible for anybody to go more than one step in simplifying the subject without revealing a contradiction; and the moment he digs under it to resolve it he uncovers two others; and so on in a geometrical progression until the investigation suddenly collapses like the famous trial in Wonderland. "Who cares for you?" said Alice. "You're nothing but a pack of cards!"

*The Times's* "SIMPLE GUIDE TO THE FINANCIAL CRISIS."—The first instalment of a series of articles under the title "The Financial Crisis. A Simple Guide," was published in *The Times* of October 20. Readers should get hold of this and following issues, because they are likely to provide some useful material for our purposes. An editorial note says that the series appears in response to a "very general demand for an easily intelligible account of the present crisis." The author is anonymous—which, apart from internal evidence, suggests that he is a financial expert appointed to release information which Finance now feels obliged to give. His reason of the importunities of its own political defenders, first article is called: "What is the Gold Standard theory, is generally a careful explanation of the gold-standard theory, and its relation to international trade, prices, bank-loans, exchanges, and foreign trade. The writer accepts, and explains, the "quantity theory of money": he admits the fact that banks create credit; and he states that the central bank, by regulating the volume of credit, is able to regulate the reserves of the deposit banks and compel or induce them to contract or expand their loans. One contradiction will have to be resolved. He remarks that inflation in a country restricts its exports; which reverses Mr. McKenna's statements on the question, and is contradicted by the fact that there is at present a slight revival in Britain's export trade. The second instalment of the series is entitled: "Why Britain Left Gold." The writer surveys events in the United States, Britain, and France connected with gold from the war-period onwards, his emphasised allusions being to the Federal Reserve Board's policy of "sterilizing" and, later, France's policy of "hoarding." He traces the effect of U.S. policy in Germany, describing how, at first, dollars were invested there—which enabled Germany to pay reparations, and how latterly America got nervous and discontinued investment—which caused a strain on Germany's credit. He states that soon after the Hoover Plan was announced to many had been obliged to repay "funds" amounting to £200,000,000 to foreign lenders. Then he says that "London suffered," because London had £80,000,000 of short-term loans in Germany and could not recover them. This damaged British credit, and depositors in Sweden, Denmark, France, and Switzerland, demanded their money back from London. In the meantime "a committee of auditors—the May Committee"—had revealed the enormous deficit in the Budget, chiefly caused, "as all the world knew," by "un-sound" financing of the unemployment insurance system. The National Government was formed and "balanced for Budget." But renewed demands were made on London for money, which led, first to London's being "reduced to borrowing £130,000,000 in dollars and francs, but is silent on the series of articles is a handy diary, Captain Guest's everything that would help, for instance, in the various anxious inquirers to understand how and why these things happened, and particularly who were responsible, in the various financial capitals, for all this shuttlecocking of "funds" across national frontiers. Could the writer not, at least, say how much money London had borrowed short—and from what countries; and how much London had lent long—and to what countries? The public are entirely in the dark as to the commitments still remaining now we are off the gold standard. There must be some limit to the amount which,

on balance, foreigners still have a call on London for cash. What is it?—who are they? From what is disclosed any ordinary man might reasonably get the impression that there was some law which compelled London to run this country on foreign credits. John Bull, it seems, has everything to put and nothing to take. Something called "the world," or "the foreigner," which, according to City writers, owes this country something like £4,000 millions, is in a position to clean Britain's pockets out whenever it "loses confidence." If we are not told explicitly how this has come about (assuming the story is true) we have no guarantee that the causes would not continue to operate after the now-threatened economies had been effected. If, as this writer affirms, America and France left off playing the gold-standard game according to the rules, how is anybody to be sure that other rules of the financial system will not be infringed or changed? The electorate is asked to return a Government for the express purpose of saving the pound. Before they can choose such a Government, surely they ought to know all there is to know about who lost the pound; and whether that Government is prepared to warn these pound-losers off from interfering with its pound-saving policy. They know nothing—nor will. And any verdict they return will be invalid.

**MR. ARTHUR KITSON'S PAMPHLET.**—This is entitled, and takes the form of, *A Letter to H.R.H. the Prince of Wales on the World Crisis.* (Hendersons, 66, Charing Cross-road. 32 pp. 1s.) As readers familiar with Mr. Kitson's earlier works will expect, this booklet gives an efficient and readable technical analysis of the restrictive operation of the gold standard. The conclusions to which Mr. Kitson comes are set down by him as follows:—

My suggestions are that Parliament should:—

- (1) Repeal the Bank-Charter Act and the post-war Monetary and Banking laws.
- (2) Nationalise the Bank of England and make it the instrument by which the State can issue the people's currency. This institution should be conducted to promote the National Interests and not—as now—to make dividends for shareholders!
- (3) Entrust the management of the Bank to a non-political body of men selected for their financial ability and honesty in the same way as the directors of the National Physical Laboratory have been appointed.
- (4) Withdraw the promissory notes of the Bank of England and substitute the one pound and ten shilling Treasury notes instead.
- (5) Redeem the Treasury bills in Treasury notes as they fall due.
- (6) Compel the Banks to provide legal tender pounds in the form of Treasury notes for all they owe to their depositors.
- (7) Compel the Banks to purchase the Treasury notes with War Bonds, which may then be cancelled, thus saving the interest charges on same.
- (8) Employ the gold reserves of the Bank of England exclusively for the settlement of International trade balances.
- (9) Make the State the supreme money-lender of the Nation and not a borrower. The National Credit represents many thousands of millions in pounds sterling!
- (10) Let the Government form a National Insurance Department controlled by the State for all forms of Insurance. The profits from this source and also from the Bank would go far towards meeting the National expenditures.

These proposals are merely for the purpose of reviving trade and industry and getting the whole of our productive and distributive machinery at work. They are not intended as a permanent remedy for all our economic ills. Further measures will be necessary at a future time, such as the control of prices. . . . Moreover, currency expansion does not necessarily mean price-inflation. Inflation really means an increase of currency beyond the needs of trade and commerce, which would merely tend to raise prices without insuring an increase of wealth products. . . . As soon as our industries are running at their normal speed, and the unemployed have been absorbed into remunerative positions, the price question can readily be solved by a system of price control. No doubt it will be necessary at some future time to limit prices by market councils; but this question is at the present of far less importance than that of reviving our Trade and Industries. In any event, currency expansion is infinitely preferable to industrial ruin!

It will be seen that Mr. Kitson allows for the necessity of some sort of price regulation some time; but the what and when are left rather in the air. His reference to a Council implies price-regulation (when it happens) by coercion and not consent. We understand Mr. Kitson's point

of view, which is that you can make faster progress in converting the average individual by presenting the ideas of "more money for production" and "no profiteering," than by discussing subtle questions of accountancy. Unquestionably you can; and if it be true that the adoption of the remedy depends upon the number of the converted, there is a lot to be said for this gradualism in educating the public. But we do not see it that way. We do not believe in attempting conversions *en bloc*, for the psychological temper of converts in the mass is that of what may be called the *passive assentor*. He is a difficult sort of animal; being only partially instructed, he would not see when the bankers began to dodge the demand he was making; and supposing he saw it, or heard them say the demand was impossible, or even declare that it must not be conceded, he would not fight—he would not even sulk. All he would do would be to gape about for some other object for his passive assent. As we see the position, it is something like this: imagine a ring on the ground, and a piece of string threaded through it. Regard the ring as representing the standard of living—or purchasing power—and the string as the credit-system, one end representing credit-issue (loans to producers) and the other credit-recall (prices to consumers). If you propose to raise the ring from the ground by means of the string, you've got to get hold of both ends—and if you don't want to waste time, you get hold of both ends simultaneously. The bankers at present take up the attitude that politicians have no right to touch the string at all any way—a preposterous piece of presumption which not only Mr. Kitson but every school of credit-reformer does right to denounce. But for the very reason that the presumption is so manifest—so much like the deliberately provocative trailing of the Irishman's coat—that all well-wishers to credit-reform will be wise to ask themselves whether the bankers are not getting ready to stage their next ramp. Is it not probable that they are procuring the linkage of a popular, all-in, anti-bank-control movement with a vulnerable technical policy, with the object of letting down the all-in party in the end? In a word, are they preparing to yield control of the string to the leaders of a "one-end-of-the-string" movement? What a prospect for the community waiting for the ring to be lifted! First a "this-end" gang of politicians has a go; then the electors throw them out in favour of a "that-end" gang; and then the two opposing gangs divide the honours at another election, upon which there is a deadlock, eventually resolved by the setting up of a minority Government of "this-enders" under the surveillance of a House of "this-or-that-enders." The final result is a National Government in which each gang gets hold of an end of the string and alternately pushes and pulls, after the manner of two men in a sawmill. And the waiting community has to feed on the spectacle of "this-enders" bowing to "that-enders," and "that-enders" to "this-enders," while the limp festoon of string swings through the motionless ring of their deferred hopes. Inflation—followed by deflation—corrected by inflation—corrected by price-restriction—corrected by a flight from production—corrected by labour-scraping—corrected by dole-expansion—corrected by tax-expansion—corrected by bankruptcy—corrected by suicide. It is, of course, not suggested that the banking classes will voluntarily allow Parliament to resume the control of credit-policy; they will fight hard to prevent it. But their defeat on that issue alone will not be fatal to them.

"PEOPLE VERSUS BANKERS."—This is the title of a pamphlet by Mr. Paul Banks, whose name will be familiar to readers. It is published by Mr. C. M. Grieve at 321, High Holborn, W.C.1. It contains 38 pages, and is priced at 6d. Postage is presumably 3d. (it weighs just under 2 ozs.). Applications should be addressed to Mr. Grieve. The pamphlet is described as "an account of the inefficiency of the Financial System since the European War, and its consequences." It begins with a brief description of the functions and powers of the Bank of England, and proceeds to give instances of their wrongful exercise. One particularly important quotation is the full version of the celebrated warning printed by the *Financial Times* of September 26, 1921. Mr. Banks says:—

"In 1921, when the political Government was considering large schemes of development to absorb as many as possible of the unemployed, 'a Minister' was reported as having said that 'half a dozen men who controlled the Big Five banks could make or ruin the country.'"

"The *Financial Times* (September 26, 1921) condemned the foolishness of this disclosure, but not in the form of a contradiction:—

"Whoever may be the indiscreet Minister who revives the money-trust bogey at a moment when the Govern-

ment has most need to be polite to the banks, he should be put through an elementary course of instruction in fact as well as in manners. *Does he, do his colleagues, realise that half a dozen men at the top of the big five banks could upset the whole fabric of Government finance by refraining from renewing Treasury Bills?*" (Author's italics).

Chapter II. discusses the deflation policy of the banks just after the war, and Chapter III. is a brief survey of the events leading up to the crisis. Succeeding chapters deal with the reasons why Budgets have not been balanced, the "fundamental falsehoods of banking," the "harvest of falsehood," and, finally, the people's misunderstanding about the real source and nature of money. In this book Mr. Banks does not go into the technical aspect of credit-creation and credit-manipulation. His evident purpose is to fulfil what must now be a wide demand for a short and concise story of "what it has all been about," and what the bankers have been up to. In this he has, we think, done his task efficiently. The issue of the book is timely, because although, no doubt, the public have heard a great deal about the banks during the election (happily now passing), it is come to them so confusedly that they need to clarify their thoughts. The book can do this for them, and it arrives in time to do it before their interest in the subject has had time to subside.

THE LEAGUE OF THE KINGDOM OF GOD has issued a Manifesto, dated October, 1931, the duty of the Church in the present crisis. It is signed by Paul Stacy (Secretary), Ruth Kenyon, V. Spencer Ellis, P. E. T. Widrington, Helen Widrington (holding other offices), Maurice B. Reckett, V. A. Demant, W. G. Peck and Noel Davey. The Manifesto calls for a "solemn protest against the attempt to depress the standard of life" of the unemployed and other classes on the poverty line. On the question of "sacrifice" it alludes to "hypocritical appeals" for equality of sacrifice, remarking that "sacrifice is not always a virtue," but is "often an evasion of difficulties." The plea of economy disguises a "definite intention to re-establish the domination of the moneyed classes." This crisis is a "major" one "in our history" . . . the capitalist system is at last "trapped by its inherent inability to distribute enough purchasing power to absorb the goods it produces." The present financial order "violates justice because it violates truth." It is "impious" to believe that in an age of potential plenty "it is beyond the power of man" to devise an efficient monetary system, or to believe that trade booms and slumps "are part of the order of the universe." A note at the end of the Manifesto directs readers to the Rev. V. A. Demant's book: *This Unemployment: Disaster or Opportunity*. (Christian Social Movement Press, 2s. 6d. net.) No address is given, but readers who would like copies will probably be able to obtain them from Rev. Paul Stacy, St. Peter's Vicarage, Coventry.

A MORATORIUM ON MUNICIPAL DEBT.—Some speakers on Social Credit, working among the unemployed during the election, had to face the challenge from the worst-off of them that Social Credit offered no immediate hope of alleviation. So they thought of starting a Petition for the suspension of interest on the municipal debt, and the diversion of the interest to supplement unemployment benefit. They were aware of the incompatibility of this plan with the Social-Credit principle that money should not be taken from one to give to another; and took care to say that they themselves were responsible for raising this issue. The idea was conceived in Australia some months ago of suspending interest on the internal debt, with the proviso that the suspension would not apply to investors who could prove personal need for the interest to live upon. In the case of a town the practical difficulties are much greater; for towns do not enjoy legislative self-determination. Nevertheless, the dissemination of the idea should create opportunities for educational work among the public especially if it causes the banking classes to argue in public against it. The plan of the promoters is to lay down the principle: *My Town First*, and on that basis to mobilise support not only among the unemployed and the workers, but among the local tradesmen; for the last-named, of course, feel the cuts in wages and "doles" at second remove. A logical application of the principle would be to draw a ring round the town, and to suspend only the interest due to debt-holders resident outside the ring. The reason is that the plan should, so far as possible, not inflict loss on any classes at all within the ring, and should thus provoke only external opposition. There are some obstinate snags to be dealt with. Within the ring will be Trade Union branches and Co-operative Societies, the parent-bodies of which are likely

to be holders of municipal debt. What is to happen about these? Are they to be regarded as internal holders entitled to receive their interest because some of their member-beneficiaries live within the ring? If no; the local members might strongly object. But if yes; interest will leave the town—and they will infringe the "My-Town-First" principle. The same difficulty lies in the case of the great insurance combines. They are large holders of municipal loans; and though located outside the town as recipients of interest, the money they have invested belongs in part to insured people inside the town. In all these cases it is impossible to say, without making the experiment, how the members in the town would react to the plan. Would they be willing to press for an actual immediate gain at the risk (the bankers would tell them it was a certainty) of an ultimate loss of much larger dimensions? We could raise a number of queries, but for the present these must suffice.

RETAIL DISCOUNTS.—A memorandum is being distributed to business and other interests (marked "for private circulation only") advocating "a scientific division of credit between producer and consumer." It is issued by the Retail Discount Organisation of Philadelphia. The scheme it advocates includes the following provision: "Legislative action legalising the issuance of Retail Discount Credits controlled as to volume by Index Number ratios of consumption to productive capacity established by a formula as is outlined herein." The formula is as follows: "Discounted Price: Retail Prices: Total National Consumption: Total National Productive Capacity." In a commentary on the formula the promoters say: "The rate of discount on price during each quarter—or each month if desired—would be the rate of excess capacity for producing ultimate goods, as recorded for the next preceding period." The make-up and style of the document are similar to those of a company prospectus, the promoters evidently wishing to present the plan as a business proposition and not a propagandist stunt. Accordingly, the only reference they make to how they got the idea of the plan is the statement: "The proposal is to apply well-recognised economic principles which did not originate with the authors."

## Guardians of the Countryside.

By R. C. Hopwood.

On the Western borders of Kent, among the wooded slopes of the North Downs, there are countless narrow lanes which wind in a most seductive manner among the woods and then emerge suddenly on the edge of the world, overlooking the whole expanse of the Weald.

I was wandering in these lanes one autumn day a year or so ago, and as I wandered I grew melancholy in contemplation of the changing face of the countryside. Twenty years ago, when the only way of reaching it was on foot, few people had either the desire or the energy to penetrate those quiet lanes; the country had not become a cult, and true townsfolk wisely kept to their pavements. The wayside petrol pump had not begun to sprout and houses and buildings were not scattered about the fields and roads like fungoid growths.

So much has changed for the worse in twenty years, what in fifty?

Such were my thoughts as I wandered on, standing aside every little while to allow the motor-cars to pass, when suddenly I noticed a most attractive path leading up a high bank by the side of the road. Strange! No board informed me that I should be prosecuted if I trespassed, and my spirits rose as I pushed through a thicket of silver birch on to a lovely expanse of heather and bracken, many acres in extent, where the only occupants seemed to be some rabbits which looked at me in mild alarm and bobbed off to cover. I lay amongst the heather on the top of the hill and watched the smoke of a village below curling about the tree tops. Far away I could just see the hazy outline of the South Downs.

It seemed too good to be true. Unmolested and in glorious solitude I explored my new-found territory to its limits, finding no restraint other than the clinging of the untrammelled Bitter experience made me still doubt the untrammelled freedom which I was enjoying, until at last I found, almost hidden in the hedge near the lane, an inconspicuous notice which told me that the land belonged to the National Trust for Places of Historic Interest or Natural Beauty, and that I might visit it at any time of the day or night and stay so long as I pleased. Such unexpected hospitality naturally gave birth to the thought: What is the National Trust? If, as seemed probable, it was an organisation which did something to stay the hand of the spoilers,

wanted to know all about it, and if possible to help in some way, however small.

The Telephone Directory gave me the address, and a short note to the secretary brought a booklet which enlightened me as to the constitution and objects of the Trust, together with a courteous letter inviting me to become a member.

I examined the booklet with care, as I am sceptical about any scheme which aims to relieve me of my hard-won earnings without offering me any goods in return. In the case of the National Trust, however, for the first time in my life, I found definite and entirely satisfactory answers to all my questions.

In the first place I was quite convinced that the piece of land in question was well worth preserving; anyone who does not agree with me on that point probably ceased reading this article after the first few paragraphs. Secondly, on investigation, I was satisfied that as far as it was humanly possible to be sure of anything, it would be preserved for all time. Thirdly, and not the least important point, it was of immediate benefit to me personally; there was the indisputable and concrete fact that there was now available for my enjoyment twenty-five acres of particularly desirable land which would not have been available had there been no National Trust.

I found that the Trust was a private enterprise controlled by a group of people who had given, and were still giving, lands, money, and personal service, with unstinted generosity, and it made good reading to find so much real endeavour, and successful endeavour, to save and preserve so much that was worth preserving in this age of false values. I learned that my new-found sanctuary was only a fragment of thousands of acres of similar preserves scattered throughout the land. There are moors and downlands, historic remains, tracts of rocky foreshore, islands in the lakes, and the long list of salvage which has already been gathered under the auspices of the Trust and rendered safe from the menace of the speculative builder. I soon saw for myself, in going about the country, the actual facts of their achievements, and there must be few who cannot discover in their own neighbourhood some evidence of their activities. Londoners should be particularly interested, as many hundreds of acres of their favourite haunts, such as the commons round Hindhead and Leith Hill, and the district about Ide Hill and Toys Hill, near Sevenoaks, to mention only a few places, are all properties of the National Trust.

I was amazed at the generosity of the comparatively few individuals who form the backbone of the Society, and also at the whole-hearted support which they have received in cases of local appeals for the purchase of specific pieces of land or buildings; but I was even more amazed to learn that the number of annual subscribers of ten shillings or more had only increased from 110 to 1,360 in thirty-five years.

Genuine country lovers are not, and never have been, very numerous, but I am quite sure that there are many thousands more than 1,360 who would like to associate themselves with an organisation, and as far as I know the only one, which can, and does, occasionally say "Stop" to the fools who are rapidly spoiling the finest countryside in the world. A really large membership is the surest way to increase the power of the Trust.

There must be some among the readers of these columns who would like to ensure that there will always be at least a few thousand acres of England where they can enjoy solitude and silence away from arterial roads and petrol stations. The minimum subscription is 10s. a year. The address is:—

The Secretary,  
National Trust for Places of Historic Interest or Natural Beauty,  
7, Buckingham Palace Gardens,  
Westminster, S.W.1.

## The Menace to Bank Clerks.

SMALL CHANGE OVER THE COUNTER.  
Cashier.—What's the Guild doing about one-man-branches and hold-ups?

Canvasser.—Oh! tabling a resolution, sending out the usual protests, letters to the Press, and so on. You saw that the Recorder had something to say about the Hayes End affair. That ought to help our Press notices.

Cashier.—Well, I'm not qualifying for the Roll of Fame. If I'm held up by an armed bandit I shall let him get on with it. A live coward is better than a dead hero. I've a wife and little son. If I'm outed and they tell my little son that I died like a hero it won't be much good to him if the larder's empty. If they say to him I'm a coward he can reply that coward, or no coward, I fill his belly, and that's the main thing.

## LETTERS TO THE EDITOR.

Sir,—From "*The Third Degree*," by Emanuel H. Lavine, which describes brutalities and the relations of the police with "bosses" and other politicians, and which shows how criminals may escape with little or no punishment when they have friends with political influence, the following quotation is taken:

"Justice is often very severe where the prisoner has made the horrible mistake of stealing from some bank or prominent corporation. Despite the fact that it may be his first offence and that the circumstances may warrant leniency, the complainant demands swift and severe punishment. Tremendous pressure is brought to bear at the District Attorney's office, and the most capable prosecutor tries the case before a judge noted for his long sentences. The prisoner is railroaded to jail in an incredibly short time, as an example to the other underpaid employees of that and similar institutions. It is only in cases of this kind that justice is swift, certain, and merciless."

RONIN.

## ANSWERS TO CORRESPONDENTS.

C. P. B.—(1) The Midland Bank issues a card monthly showing the position of the London Clearing Banks in respect of capital, reserves, deposits, cash, short-loans, investments, discounts, advances, premises, etc. It can be obtained free at the Branches. The independent compilation of all the statistics you mention would involve us in more work than we can undertake at the present time. There is an annual, "*Statistical Abstract*," issued by H.M. Stationery Office, which contains a lot of figures which you would find useful. Whitaker's Almanack contains several sections which should help you. (2) We agree that a continuous policy of attacking "bankers" may cause regrettable misunderstandings. One difficulty is that there is no recognised word which distinguishes the bankers who are in supreme control from ordinary bankers like, for instance, the chairmen of the "Big Five" and other functionaries in those banks. We have, on occasions, used the terms "master bankers" and "operative bankers" in order to make a distinction. It is a tenable hypothesis that the real villains of the piece do not number more than fifty or a hundred for the whole world—in spite of the steady progress that Social Credit teaching has made among all industrial classes, including bank officers. We look at it like this: that within the banking class the disposition of the individual to rely on the opinion of a higher authority as to whether he shall look into a given proposition is as pervasive as in all the other classes. Take an international banker who may be presumed to know the truth, namely Mr. Pierpont Morgan. Suppose there are ten bankers who accept his authority on matters of credit research. Morgan is approached, and tells them: "This Douglas fellow has got it all wrong: don't trouble to study his writings." They go away; and each of them, from time to time, passes on the advice as his own to say, ten other bankers who happen to rely on his judgment. And so on, snowball-fashion, until in a very short time practically the whole personnel of the banking organisation is privately proofed against taking "Douglas" seriously. And of all these people not one need suspect that what he is advised is Morgan's advice at a hundred removes, and will probably take it for granted that the supercilious statement he hears is the product of thousands of independently-formed individual responsible judgments. So you are quite right to indict bankers generally as being ignorant rather than callous or malicious. With regard to what should be the tone of THE NEW AGE this must be decided chiefly by reference to the circumstance that the function of this journal is to feed teachers of the public, not the public. It is, so to speak, the "house organ" of the Social Credit Movement. It is not a public organ in the accepted sense; and in fact we do all we can to discourage our readers from indiscriminately using it as the vehicle of their initial propaganda among the innocents. People have to be trained how to read it, and what use to make of what is read. If we succeed in putting across to our readers the truth as we see it, our job is done. If we speak in a rough-hewn tone, they will shape it, individually, to the ends they wish. They can transmute our "rotten egg" bluntness into "good-in-parts" suavity—and good luck to them if they do. There is no need for you to excuse yourself for writing on this matter; we are glad that hear what our readers like and dislike, and are glad that they are sufficiently in love with the journal to chasten it.

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