

THE NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

The *Manchester Guardian* of November 26 contains a long account of a meeting of the Union of Post Office Workers which was addressed by Mr. J. W. Bowen, the general secretary. Mr. Bowen stated that an officer of the Manchester branch had been called on by the Post Office authorities to explain a speech he had made at a special recent conference of the Union. Soon there would be no free speech left, he remarked. The Department, he further stated, had charged the sorting staff with "going slow," and had suspended two members of the union. He resisted the charge, maintaining that any slackening of effort took the form of a discontinuance of the extra voluntary service the staff had frequently put in without remuneration on occasions when there was a rush of work. The second part of Mr. Bowen's statement had reference to an interview held between the Postmaster-General and the Union officials on November 17, on an application they had made for an all-round increase in basic pay of 10s. a week. Sir Kingsley Wood, the Postmaster-General, said that he wished there was a prospect of improvement in the "nation's affairs," but as it was he could not do anything but remit their case to the Chancellor of the Exchequer, who would have to consider it in common with others. The application involved a sum of £4,500,000 a year, and if conceded would only "bring further trouble and hardship on the community as a whole."

It appears, by Sir Kingsley Wood's own confession, that he is merely the titular manager of the Post Office, the effective manager being the Chancellor of the Exchequer. Further, it is now common knowledge that the Chancellor himself is responsible (on the admission of Mr. Montagu Norman) for his decisions to the Treasury, which in its turn is responsible to the Director of the Bank of England, representing and controlling the policy of British banking, insurance, stock-dealing, and other private financial institutions. Thus, the U.P.W.'s application is virtually remitted by Wood, *via* Chamberlain, to Norman (not to speak of Norman's alien

supervisor, Dr. Sprague, and the latter's New York employer, Governor Harrison, of the Federal Reserve Board, who similarly represents the combined banking, insurance and stock-exchange interests of the United States.) Logically, Mr. Bowen should address his application to Governor Harrison in New York—and even then be prepared for the reply that it would have to be remitted to the Bank For International Settlements. Nations are "so interdependent, you know," that to give a British postal servant an extra slice of Christmas goose will disturb the cosmic equilibrium of consumption and give the whole world gooseflesh. The moral of these remarks is this: that, as an extreme minimum, Mr. Bowen, Mr. Brown, and other leaders of the lower grades of the Civil Service in general, should concentrate on informing their members of the real nature and structure of the mechanism of which they are a part. We know the snag; namely, that a complete exposure of the real situation would demonstrate the futility of Parliamentary representation—and we are afraid that the glamour of Westminster as a Club House for the social advancement of leaders outweighs the fact that it has ceased to be a bargaining-chamber for the economic advancement of the led. In this connection we were struck by an article in the *Daily Express* of October 3. The Literary Editor was there describing the scene in the dining-room of the House of Commons on the occasion of a recent visit.

"The room is a Strube cartoon come to life. It is full of celebrated nonentities, with a sprinkling of the more deservedly famous. . . . Everyone is talking hard. The jargon of the crisis is heard on all sides.

"Miss Ellen Wilkinson, my hostess, comes hurrying back from voting. 'The Prime Minister seems cheerful,' she says. 'He pulled my hair and told me not to look so glum.'

"Miss Wilkinson's is that sort of hair. I had not realised until now that Mr. MacDonald is that sort of Prime Minister.

"It is just then that she and I hear the sound of drums from outside—the pulse beat of a massing crowd of hungry workless men.

"No one else in that dining-room notices it. The talk goes on. A champagne cork pops. Cigar smoke drifts aromatically about. 'The finest club in the world. I hear

a faint burst of cheering and soon the drum beats have faded into the ghostly past.

"What a grimly fascinating moment," I said, "and what a strange place this House of Commons is!"

"It is so strange, so unreal, so fascinating, that I am making it the background of my new novel," Miss Wilkinson said.

"Tell me about it," I said.

"She went on... thrilling description... clash of wills, and temperaments and policy... human struggle... historic background..."

"So next Tuesday the first long instalment will appear in the 'Daily Express.'"

This picture of unreality, frivolity, and irresponsibility differs only in its colouring from what also goes on in the adjoining Chamber. Its form is the same both in the social and the "business" departments of Parliamentary activity—namely, æsthetic exhibitionism. Members alternate between debating and dining in exactly the same way as people "do a show," and supper after the show—or, more accurately, in the same way as when, in the palmy days of the Empire Music Hall, the young knock-about-townster would frequent the Promenade, at one moment watching a turn on the stage, and at another treating a girl in the bar. The difference is that whereas the townster bought his rover ticket with his own money, and made no pretence that he was there for any other purpose than to enjoy himself, these frequenters of the Parliamentary Promenade get their tickets at the expense of the taxpayer on the ostensible ground that they are performing an onerous task for his benefit. If you are dining at the House during a debate you will see a sort of tape-machine device up on the wall, on whose travelling ribbon of paper appear from time to time the names of the speakers as they rise to address the House. Thus: "Mr. Snodgrass, 7.22." If, in the estimation of the dining members, Mr. Snodgrass is an amusing turn, they may saunter across to the Chamber and back again in the same way as the young bucks in the older days used to leave their whiskies on the bar while they went out and had a peep at Dan Leno or Herbert Campbell. But there is more thrill in the Political Empire Music Hall. You do not have to go behind the scenes to meet the Great Comedians: they will graciously consort with you on the Promenade: they will drink with you—they will talk with you: yes, you can stand cheek by jowl with the Great Figure, with his make-up and costume just as the gaping taxpayers in the gallery see him on the Empire Stage, and he will exchange pleasantries and frivolities with you just as like an ordinary person—even a very ordinary person.

"Don't look so glum"; said the Great Tragedian, pulling the lady's hair, "it was only a play to pull people's legs." And then the lady suddenly realised that the Great Target for the slings and arrows of misfortune was neither dented nor pierced—that the Right Honourable Sublime Courage had emerged triumphant over every permutation and combination of off-stage noises. And so, smiling away her terrors, she repaired to her repast and her companion. "It is so strange, so unreal, so fascinating," said she. "Yes, is it not?" responded the Literary Giant. "Let us list awhile to the pulse beat of that massing crowd of hungry, workless men without," continued he in languorous tones. "Oh, you do put things so beautifully," crooned the lady, wilting under the anaesthetic fragrance of the exquisite image...

Parliament is an oven where fresh-cast honest conviction is annealed into malleable form. And in some ways it is a consoling reflection that the electoral hurricane has cleared the House of the intelligentsia, even though it has blown in a swarm of manufacturers on the make. However we may dislike hard-faced log-rollers, they are infinitely preferable to artistic phrase-makers. Your hardface is after the doings, not the feelings; and precisely because of that he is diverting public attention away from golden thoughts and towards brass tacks. Ah,

take the Cash and let the Culture go, is his motto: and the recent prostitution of cultural talent in Parliamentary affairs makes its supersession almost a reform in itself. It is an encouraging sight to see the rabble of soulful slopheads driven out by a procession of prosaic Protectionists with plates in their hands, vociferously calling for the melon to be carved up—for one is at last reminded that there is such a thing as a melon, and that everybody needs to have a slice of it. Pretty novels about melon groves in the sunny south do not cut even enough ice to garnish a melon.

There may come a time when Parliament is a clearing-house for cultured ideas and objectives, but that time will not have arrived until the Douglas Credit Policy has been definitely incorporated in the British Constitution. At the present moment we have practically a whole population of individuals queuing for economic security; and even those in the front places are infected with the same kind, if not the same intensity, of disquietude as are those behind. The devil of insolvency is about, and the whole queue suffers from a "hindmost" complex. Nobody can be certain where the tail of the queue begins, or whether the whole queue is not an occasion for showing off his artistic talents unrelated to any deliberate and sincere attempt to put it right as callous a reactionary as the personage who told the French people to go and eat grass—and deserves to be choked with his own sonnets. Happily, as we have said, the electorate has banished the majority of such persons to perform outside the House, if they must perform. We recognise the potential value of their quick wit and imagination, but these qualities must be actualised and directed purposefully—and the purpose must henceforth be to achieve *collective economic security*. Art must and can be married to scientific humanism; and the twain can become one flesh. "Yaffle," in almost every number of *The New Leader*, shews us the mystery of such a marriage in his admirable blending of ironic expression with a clear-cut economic objective. Call this "showing off" if you like, but it is a showing off that puts over something that everybody is feeling and wants to understand.

The opportunity and scope for such work is larger now than ever. The reason is that, in contrast with the rejected intellectuals, the present House of Commons consists of probably the slowest-witted and least imaginative assemblage of members that ever sat there. As one of them frankly remarked to another recently in a conversation: "If a lump of clay had stood as a 'National' candidate it would have got in." And it was true. The electorate, confused by the alternating current of financial exhortation—"save blindly" at 6 o'clock: "spend wisely" at 6.5—and believing that the voice of the bankers was the voice of God, proceeded to follow the prescription in its apparently inspired literal sequence, with the consequence that they took the polemical Seidlitz Powders separately—the white packet at 6 o'clock; and the blue packet at 6.5. The result was a chemical inversion of the "voice of the people"; and the giant Demos, with a majestic *crepitus ventris* blew into the House a storm of protectionist shrapnel. Hardly a seat there but is now pockmarked with tariffs. The bankers are picking themselves up, dusting each other's black coats, and wondering what happened and what's to be done about it. They tried to win by confusion, and are lost in confusion. The moral is that if you pull the leg of Demos too hard he'll lift it. ("Do you lift your leg at me, sir?" "No, sir; but I lift my leg,"—as Shakespeare might have staged the comedy.)

It will be appropriate here to record that, as we write (December 5) the *News-Chronicle* is agitatedly plucking at its cocoa-stained beard over a public statement made by Lord Stonehaven that the "National Government has been returned to carry out a Conservative Policy." That is to say, a non-party Administration to carry out a party policy. Nonsense, isn't it?—but not worse nonsense than the National Government's electoral policy. By denying publicity to those who thought for themselves they provided a walk-over for those who thought of themselves. Hence, whatever sort of joint may come to the trade-table the Protectionists propose to carve it. One may sympathise with the Free Traders at the bottom end of the table, but after all, as Mr. Augustine Birrell once remarked in the House: "Minorities must suffer." That is true, is it not?—or what is the idea of the franchise? In contemporary terms the dictum can be extended thus: "Minorities must equalize among themselves the sacrifices required by majorities."

It does not follow, however, that the dull-witted, unimaginative self-interest that characterises the new House collectively means that the prospects of true reform are less happy than before. There is such a thing as psychological compensation: and it has to be remembered that your slow-witted fellow is usually a more efficient executant of a plan, when at last he "gets" it, than is your quick-witted fellow who sees it instantly. It is, for example, a reasonable generalisation to say that the more brilliant a person is at conceiving an invention, the more likely he is to get done out of it. Your Conservative Protectionist is really our old friend Henry Dubb with a title. Sir Henry Dubb is not such slow stuff within the limits of his imagination, and though he may never comprehend the ultimate objective that we and our supporters want to reach, he is perhaps better capable of dealing with immediate obstacles to our progress than we should be in his place. If this diagnosis is accepted, the most fruitful policy for the intelligentsia will be to focus their wits on making appropriate comments on every practical step that Sir Henry Dubb takes to make the world safe for himself. While, as at present, he is sure that what he proposes to do is right, we can only tell him that he will find a snag, and where it will be. When he trips over it, we can help him up and tell him we "told him so." He won't like it, but for that very reason he'll remember it. In time he will regard us less as preachers and more as tipsters. And as his problems grow more complicated, and his doubts of himself increase, there is a fair sporting chance that one day we shall catch him in two minds on some step in which we are decidedly interested; whereupon we may influence his decision in the way we want to. We will not pursue this speculative theme any further. Our only object at present is to extract what encouragement we can from the substitution of Conservative pragmatism for Socialist obscurantism as the dominant influence in national policy. Certainly the fact that the Socialist Party expressly rejected the Douglas Credit Policy because it did not provide for the workers' control and administration of industrial process must at least abate Conservative suspicions of it. It remains to be seen whether Conservatism, in its turn, will discover a moral objection of its own to the policy; but if so, we are pretty certain that whatever its form, Socialism will deride it. In which event we can light a cigarette and take things easy while the two crowds are fighting it out.

The duty of a Trade Union leader, whether in or out of Parliament, is to maintain or increase the

economic security of the individuals affiliated to his Union. Economic security to-day depends entirely upon access to financial credit—money. And the soundness of that security depends entirely upon the purchasing-power of money in the consumption market. Since the Trade Union leader has no power to control the course of prices, his duty is to see that at any given time and at any given price-level the rate at which his members can draw supplies from the consumption market is, at the very minimum, kept constant. And, even so, his duty is not fulfilled if the rate is slower than that required to provide a tolerable standard of living. It is admitted that an exact definition of the term "tolerable standard" is a matter of some difficulty; but all evidence goes to prove that the populations of this and most other countries are collectively living at a rate of consumption probably not more than one half of their capacity of production. Whatever the proportionate rate may be, there is no doubt that the margin of possible acceleration is wide enough to ensure a perceptible general rise in the standard of living. A casual survey of the Three Great Gluts in the world at this moment—unused commodities, unused men, and unused machines—should be sufficient proof of this possibility; and, what is just as important, of its actuality; and, what is just as important, of its actuality within a very short period of time. This is the physical background of the problem: and we assert as an axiom that what is a physical possibility cannot be a financial impossibility. It is significant that on the only occasion when Major Douglas took the trouble to leave this country to address an international body on finance, he chose the World Engineering Congress at Tokyo: and it is equally significant that the title of his address was "The Application of Engineering Methods to Finance"—a clear challenge to the bankers' principle of applying financial methods to engineering. For economic security is indefinitely expansible within the limit only of physical law; and since the engineer, not the banker, is the authority on that law, so he, and not the banker, is the supreme judge of economic possibilities. This brings us round again to the question of what is a "tolerable standard of life." Considering it in the above physical frame of reference we can derive the following working rule: *That the maximum rate of personal consumption in any one period shall be the minimum rate in any subsequent period.* That should be the irreducible claim of the Trade Union Movement, and, for that matter, of the whole population of consumers. Further, the claim can be construed and applied retrospectively. For example, Mr. Bowen is entitled to go back to any period which happens to have marked the peak point of his members' standard of living, and to make this the datum line for the current year. There is a saying: "What man has done man can do." To-day we can extend it and say: Whatever things man has ever done he can do more than them all, and do them better. The history of applied scientific invention provides overwhelming justification for claiming a continuous progression in the standard of living.

The primacy of financial figures has begun to give way to the primacy of physical facts. The latest evidence comes from the *South African Review* of November 4. The writer of the financial pages, headed "Stocks, Shares and Finance," includes the following passage in a section cross-headed "Australian Affairs":—

"A profoundly significant movement appears to be developing in Australia which is inspired by what is known as the Douglas Credit Analysis. This 'movement' alleges that there are approximately £800,000,000 worth of commodities, valued at current prices, unsold in the Commonwealth; and it demands that these should be offered for sale at a 50 per cent. discount, and that on proved sales the difference—i.e., 50 per cent.—should be

made up to the vendors by new money created by the Commonwealth Treasury. . . . I fail to see any valid objection to the principles underlying this proposal. . . . The Australian proposal would increase consumption by reducing commodity prices to half, and it would achieve this without inflicting loss on the producers and merchants. As customers the people would, in so far as Australian products are concerned, be able to buy twice as much with their present incomes, while the vendors would make the same profit per unit of goods sold, but double the total profit, as they would sell twice the quantity. And of course the increased effective demand that would be generated would enormously stimulate increased production. . . . There would still remain the problem of a more equitable distribution of wealth, but in the general prosperity it would not be an acute one, and its solution need create no serious class antagonisms.

It is always being said . . . that if you increase the supply of money . . . you must decrease the purchasing power of the monetary unit. But there is nothing in the nature of things why this should be so. And, indeed, a little consideration of the proposal outlined above will make it clear that it is technically possible to both increase the supply of money, and, at the same time, to raise the commodity value of each unit. Under the existing financial system . . . you cannot to any large extent and permanently, expand money supplies—financial credit—without causing an equivalent rise in the price level, because under the principles of loan-credit finance money, being created in the form of loans, necessarily appears as a factor in cost. . . .

It is obvious that the propaganda effect of a successful experiment by one nation in equating its consumption to its productive power would have an irresistible influence in inducing other nations to follow its example; and it is for that reason that the development of affairs in Australia is of such tremendous importance.

The intrinsic value of this summary is reinforced by its setting; for the writer (who signs himself "Plutus") includes it in the same series of notes in which he discusses share-movements, mining-developments and other information affecting the interests of investors. The effect must be that his references to Social Credit are read more as news having a practical import than as propaganda put out by unsophisticated idealists. This is just what we want, and we congratulate "Plutus" on having the acumen to recognise that the Douglas Credit Policy is a business proposition, a fact which hardly anyone sees by reason of its dimensions being national instead of sectional.

Resuming our examination of the Trade Union situation, it will be seen that the U.P.W.'s application for a rise in wages conforms, so far as it goes, with the rule we have formulated. It is an attempt to lever up the standard of living of postal servants. Whether another ten shillings a week would be sufficient to recover the ground lost since the members' palmiest days is doubtful, but at least it is something on account. We must, of course, presume that the claim is put forward with the object of getting the money, and not of politically exploiting the Government's refusal to pay it. The practical questions are (a) What are the chances of the Government's granting the claim? and (b) What is the U.P.W. going to do about it if the claim is refused? We assume the refusal, and are left with the second query. Now nothing can be done by Parliamentary effort. Nothing ever could be done for that matter, as Mr. Lang's experiences in New South Wales amply demonstrate. Political power is simply a function of economic power; economic power depends upon financial backing; and the ultimate backer is the banker. In the present case the banker is going to support the refusal of the claim, and he is ready if required to finance any method of countering direct action (or, perhaps more appropriately, direct inaction) on the part of the postal servants. And he can embroil them with the public by declaring that the demanded rise in wages would have had to be paid by the taxpayer, so procuring the public's

assent to the most drastic reprisals on servants committing breaches of duty.

We suggest that piecemeal applications for relief by the hardest-hit are wrong tactically and wrong in principle. The surest practical new step in such a direction would be for the whole Trade Union Movement to make one combined demand for some selected flat-rate percentage increase in all wages and salaries. This would have three results:—

(a) The number of persons who stood to gain by the success of the demand would overwhelmingly outnumber the others.

(b) This majority would be free of internal antagonisms.

(c) The aggregate annual amount of money involved would be of such dimensions that the minority, who would look upon it as a bill proposed to be presented to themselves, would laugh at it as an impossibility rather than fear it. And both they and the majority would share a common curiosity to know how the leaders of the movement had come to make such a claim as a serious proposition.

Such a situation would be prepared for at the time of presenting the formal claim to the Government. The leaders, we suggest, would announce that they made the claim on the ground that (a) a *prima facie* case had been formulated and supported before the Macmillan Committee which, if established, would demonstrate the possibility of the Government's financing the total wage-advance without recourse to the taxpayer, and without sacrifice to the private employer: also that (b) by the same method of finance, additional income could be provided for other sections of the community at the same time. Their attitude would be something like this:—

"We do not know whether Major Douglas's theorem is technically sound, or his proposals feasible. But it is our duty, as representing the earning classes, to find out. To that end we make this claim, and wish it to be considered in conjunction with—or preferably as the basis of—an investigation conducted by persons technically qualified to test each essential aspect of Major Douglas's statement and arguments. If they are sustained, our claim succeeds. If not, we are content that it shall fail."

How likely such an advance on old Trade Union tactics is to take place is outside our immediate purview. What we are intent on emphasising is that henceforth the attitude of Trade Union leaders in respect of such a modest and discreet association with the Social Credit Proposals as here outlined will be regarded by us as a test of their competence for their job or their loyalty to their members. "We know your views have commended themselves in many quarters," said Lord Macmillan to Major Douglas. (*Minutes of Evidence*. Question 4449.) And since these views embody such enormous potentialities for the workers, it is a sinister circumstance that the workers' accredited and remunerated representatives should hold aloof from them.

The nearest parallel to our suggestion is the procedure sometimes adopted in Parliament, when a Member will move an amendment for the purpose of eliciting information; and will withdraw it, or press it to a division, according to the satisfactory nature or otherwise of the information. So could the Trade Unions bring up a motion to increase the National Wage Appropriation by such and such a sum, withdrawing or pressing it according to the explanations given by, let us say, the Minister of Banking. It is admitted that in the event of refusal without explanation or with unsatisfactory explanation the Unions would have no greater inherent power of overcoming the bankers' opposition by direct methods than they have now; but whatever action they could and did take would be immaterial from the charge that it was pursuant to sectional motivation without regard to the general interest, and, because of that, it would enjoy the favouring breeze of public condonation and toleration instead of, as would happen at present, implacable hostility.

Current Sociology.

During last week Herr Hitler's brain, as Herr Rosenberg has been called, was in London. By part of the British Press he was featured much as a film-star from Hollywood, but more insidiously. Herr Rosenberg, "under forty, strongly built, with clean-shaven face and clear, compelling eyes . . . magnetic and attractive personality . . . remarkably intelligent and self-possessed . . . curious mixture of self-reliance and modesty . . . drinks little and has never smoked," was in London merely "to learn English and establish contacts." The emissaries of dictators, as well as dictators and film-stars, are sent to us direct from Heaven, trailing clouds of glory at their first coming. On Friday Hitler himself reaffirmed to a gathering of British and American journalists, who doubtless turned up by accident, his constitutional intentions, for all the world to understand. While Hitler kept up the patter on the platform, in the same week, Rosenberg, according to *Reynolds's News*, met, among others, Lord Lloyd, Major Walter Eliot, Financial Secretary to the Treasury, Schröders—whose banking business is hit by the German financial position—and, crowning glory, Mr. Montagu Norman. The object of the visit was to gain foreign confidence in Hitler's proposals for dealing with Germany's commercial debts. Two things may be concluded: Herr Hitler's constitutional intentions mean financially constitutional; and if he is believed by financial powers to be more capable of bullying Germany into tightening its belt to pay its debts than Brüning and company, he is quite likely to get the job, whatever political unconstitutionality may be required. The forthcoming financial conferences, so placid and polite superficially, will resemble an auction at which the German Government has to outbid the alternative German Government in order to retain its post. Germany is in the unenviable position of those South American Republics, alternative Governments of which visit the same financiers for support.

The *Observer's* financial correspondent, momentarily forgetful of Mr. Garvin's style, dispels a rumour that inflation is being practised in Britain. The apparent cause of the rumour was the seasonal increase of currency in circulation prior to Christmas shopping, which increase, the expert remarks without a tear, is much less than last year. The writer, however, unexpectedly lets fall a few words of wisdom, possibly due to his having just used the word "Christmas."

"Inflation . . . one great damper . . . depreciated currency . . . country liable . . . Financial authorities deliberately set themselves to avoid."

That, of course, is the usual cant except as regards the word "authorities," the implications of which might repay investigation.

It is, however, essential that it (inflation) should not be confused with a proper and necessary expansion of currency to meet the needs of trade and industry. This, if the author really knew what he was saying, would lead them both to alter it slightly and to Social Credit. First, let the two general terms "trade and industry" be replaced by more concrete ones. "Inflation should not be confused with a proper expansion of currency to meet the needs of" consumers, the stocks of traders, and the potential productive capacity of industrialists. In short, an expansion of currency, a distributed purchasing power, is not inflation if the goods are already at market, and the power to replace them is not depreciated. Certain industries anticipate just before Christmas a seasonal demand for their commodities. Producers and mer-

chants prepare for that demand. Purchasing-power is mobilised to meet it, and although the amount of money in circulation increases, no inflation occurs. The coming Christmas, due to banking policy and its political corollaries, will actually be a period of deflation. The preparations for a brief period of plenty made by producers and merchants exceed the preparations of the financiers to enable the people to enjoy it. Rather than adopt scientific means of expanding purchasing-power to accord with the preparations of producers and merchants, the financial correspondent of the *Observer*, along with his masters, prefers the people miserable, stockings empty, and Santa Claus unemployed, while the good things stored up in readiness are left hanging in the shops as Christmas over-production.

Efforts to show a lunatic the unreality of his ideas lead to amazement at his power of adapting them to explain away objections. His world has a coherence of its own that only gradually emerges, while the world others know would crumble if left to him. So with the enormous adaptability of the managers of the financial system, who are ceaselessly making drafts on future financial credit to make up for the present shortage. The latest effort arises from the blindness of politicians and financiers to any consideration further in the future than next April. The income tax, it is said, must be collected. Many thousands of wage and salary-earners, taken by surprise with a second Finance Act, simply have not the money to pay with. It is reported that the insurance companies have "hammered out" a scheme: The employer insures the life of his debtor employee with the company, pawns the policy with the company, receives the amount of tax due, sees that it is paid, and then proceeds to deduct it from the employee's wages over the next twelve months, during which he presumably pays the company back. How the company will obtain immediately the money to pay the tax is not disclosed. It is unlikely to sell securities; probably it will pawn them, with that final pawnbroker, the banking-system, for new credit.

It may not be entirely a bad thing that everybody should be thrust so deeply into financial debt that the whole of his future financial credit is a forfeit. Internationally and individually, the world is rapidly reaching a condition in which the whole of future financial income has already been paid to meet past financial liabilities. In a recent court case a barrister remarked with surprise that apparently anyone can buy a £65 engagement ring on the instalment system though he have only £4 10s. per week. He can buy a radio-set, a car, a set of furniture, a house. He can then become criminal or bankrupt. All these drafts on future issues of financial credit are the unreal tricks forced on a community by financiers and real politicians to make the gulf between financial and real credit look less in the present than it is. Financially the world is living on drafts upon the future. Economically it is living on the products of the past. The opening of a National Credit Account would serve the solvency of the lenders of this financial credit, and also the future purchasing-power of the borrowers. There is no other alternative but collapse. *all economy being an instalment of collapse.* "Criminal" buying without intent to pay, of course, contributes nothing towards the necessary re-cure, but contributes nothing towards the irritation form of the financial system except the irritation which sometimes makes for action in others, since it is merely socially unconscious to individual necessity. It bankrupts the seller first, and the banker last, which is the wrong order of attack. Nevertheless all instalment buying helps inadvertently to preserve real credit, whereas all economy tends to reduce and even destroy it. That alone ought, if any

free intelligence were left in high places, to secure complete reform in the financial system.

Unfortunately those who might be expected to do a little real thinking prefer to forget the community as a whole, and to stick to their individual house-boats, not realising that without supplies from the community the house-boat must become a place of starvation. Mr. A. Maitland Kisch, of Town Investments, Ltd., remarks that

"We may yet see property as the one and only commodity or security to preserve its value." Town property has preserved its value because of a shortage of living accommodation for the people, and the rebuilding of the large business houses. Instalment-buying of houses has kept up their prices. But those instalments have been paid out of declining incomes at enormous sacrifice to the buyer and loss to other markets. Economy, or the cutting down of incomes, will lower the value of property as of everything else, since its value depends on the presence of purchasing-power to hire or buy, in addition to the desire. Already Paris comments on the increasing bouquet of "To Let" notices outside the houses. Already they are increasing in the heart of London. While the actual need for houses is vastly in excess of the effective demand, it is stultified by the contraction of purchasing-power, and the people are contracting their "requirements." The road which financial policy is following leads to a rent-moratorium, which would not be a happy situation for the rentier. At present the ratio of rent to total income, individually and nationally, is so high as to be dangerous, and the only way to preserve rent at its present figure, and property at its present value, is considerably to increase the income of the individual persons who make up the community. Property is no safer as a house-boat than anything else. It depends in the long run on the accommodation of purchasing-power to real-credit.

PAUL BANKS.

Music.

It is not very happy for Mr. William Walton that the first production of his *Belshazzar's Feast* should come just on the crest of a wave of post-election-protectionist-patriotism, which has automatically brought him the suffrages of certain time-serving sail-trimmers, which fine artist that he is he would gladly be without. Still he can at least be consoled when he thinks of the actual motives inspiring the glib and garrulous insincerity of certain paragraph scribblers, for no matter how offensive and insulting the praise of these gentry, the admirable excellence of Mr. Walton's work remains and none *bonae voluntatis* either could or would deny it.

To those of us who have known William Walton's work practically from its beginnings, and the noxious and unwholesome influences that were at one time too prominent in it, the rapidity with which the emerging personality of the now unquestionably most distinguished and interesting figure in modern English music, has matured, the almost ruthless determination with which those hampering influences have been cast off is one of the most delightful and interesting spectacles in musical history, and *Belshazzar's Feast* is in this respect a real autobiographical document symbolising the captivity of the artist to hostile and alien Babylonian influences which sought utterly to enchain him and his triumphant release from and overcoming of them, as it were, with joyful shouts of contemptuous and exultant hate. And once again the power and sweep that is the one inevitable and essential hall mark of first-rank work and which, with the solitary exception of Sibelius, are completely lacking in modern European

music, return to it through this remarkable work of the young Englishman, Walton.

To call the work, as has been done by the unintelligent, an oratorio, with all that that means of a meaty-mouthed sanctimoniousness, and somnolent post-prandial Albert Hall religiosity is nonsense. Equally nonsensical is it to try and relate it in anyway to Elgar's *Gerontius*, as has also been done. It belongs to none of these things, but to a tiny group of austere minatory imperious works of which the only other outstanding examples that I can at present call to mind are Reger's great setting of the Hundredth Psalm, and further back still Berlioz's Requiem Mass, with both of which Mr. Walton's work has marked spiritual affinity. I did not feel the performance to be at all satisfactory. I heard it *via* wireless, however, under not particularly good conditions. The fanatical frenzy and conviction required are not, I think, qualities commanded either by Mr. Stuart Robertson or Dr. Adrian Boult, the conductor, who rather gave one the impression of a slightly embarrassed and gently deprecating approach to the work, and the sopranos in the higher reaches of the splendid choral writing, uneasy themselves, communicated that uncomfortably to one listener at least, and gave less the idea of apocalyptic frenzy than a desperate clinging (not by any means always) on to pitch by the skin of their teeth.

And to show off the great qualities of Mr. Walton's splendid work nothing could have been better designed than to give it as next-door neighbour a farrago of empty and amiable utilities by Mr. Gustav Holst—the result, we were informed, of thirty-nine years' residence in Hammersmith, which one can well believe. What one can less easily believe is that even that unengaging suburb is quite so full of impotence and nullity as Mr. Holst's picture of it.

Royal Choral Society: Nov. 28.

On the other hand, Mr. Holst's setting of the Whitman *Ode to Death* showed indications of an imaginative sensitiveness and subtlety that, as far as I am concerned, have been completely to seek in other works of this composer that I have heard. The Royal Choral Society, who are lately breaking away from that portentous oratorio tradition with which they have not only been immemorably associated but which they, in all probability, originated, were not especially happy in passages of overlapping and contrasted tonalities, and at one point at least there were some effects so much more Schönbergian than Holstian that one was forced to the conclusion that the choir were doing a little editing. Dr. Malton doubtless, on their own account. The astounding Sargent is doing excellent work in stimulating and waking up this very fine but sluggish and slumbering body who have too long drowsed and slumbered in the soporific atmosphere of the Albert Hall and the quite phenomenally lugubrious locality of the institution which has doubtless had an effect on the Royal Choral Society itself. The astounding Beethoven Mass in D was well done on the whole, though the sopranos did not always successfully cope with their rather terrific parts. But what could have been more out of place than the choice of Miss Dorothy Silk, with her pale, anaemic, choir-boy tones, in the tremendous and often massive lines of Beethoven's notoriously difficult vocal writing? The effect was often almost ludicrous. Mr. Keith Falkner, on the other hand, was the outstanding personality of the performance. His splendid voice, masterly singing, and noble stately and breadth of style were one continual joy, and the ease, confidence, and musicianly grasp with which he took this most difficult and what is called ungrateful music could scarcely have been surpassed. Over and above all this was the fineness of perception and real spiritual insight into the

true inwardness of the music which distinguished him utterly from all his colleagues and co-partners. His was a really noble and moving performance, and the ease with which his beautiful voice filled the immense spaces of the Albert Hall, with no straining nor forcing, and always with unflinching beauty and purity of tone, is all-sufficient evidence of his admirable method and excellence of production.

But cannot greater and more stringent precautions be taken to ensure unanimity in pitch of organ and orchestra than appear to have been taken on this occasion? The discrepancies were frequent and painful.

KAIKHOSRU SORABJI.

The Films.

Sunshine Susie: Capitol.

Can anything good come out of Elstree? At the moment of asking, as has been the case for some months past, the answer is almost entirely in the negative, but something good has come out of Islington, where the Gainsborough Studios are at work. "Sunshine Susie" is remarkable as being the first successful attempt at humour by a British producing concern since the talkies; previous endeavours have in the main been so dreadful that they have had to be seen to be believed, and were then incredible. I am not damning this Gainsborough production with faint praise when I stress the comparison with other native pictures; "Sunshine Susie" is good enough to stand on its own bottom, and it is uncommonly encouraging to find that our producers can turn out a comedy with music that does not suffer by comparison with the work of Paris and Berlin in the same genre. Admittedly, this film, in which music is used as an integral ingredient of the pictorial composition, would seem to owe much to René Clair, and a little to Lubitsch. Admitted also that since the director, Victor Saville, is an American, while the principal feminine player, Renate Müller, is German, the result is not to be termed one hundred per cent. British. But the important fact is that an English studio has for the first time successfully tackled the job of making a really good picture on the fashionable light opera formula, or, strictly speaking, that of comedy with music.

And the native element is the reverse of negligible. Renate Müller is charming—indeed, as delightful in her way as our own Lilian Harvey—but the show is really carried by Jack Hulbert. His long stage apprenticeship made me fear the worst, but Mr. Hulbert is one of those rare British stage players who understand the screen. His versatility, as comedian, farceur, and eccentric dancer, makes him a most welcome recruit to our cinema, and Owen Nares and Morris Harvey are also admirable, and it is in no way derogatory to the rest of the cast to say that Mr. Hulbert is the making of this picture. He has never done anything better. It is as great as it is an unusual pleasure to give such unreserved praise to a British film; my only adverse criticism is that "Sunshine Susie" is a trifle too long, and would be improved by judicious cutting, but the characteristic of undue length is not a monopoly of the English screen.

Sidewalks of New York.

Buster Keaton is an actor who should either not be allowed to talk at all or use dialogue only with the greatest economy. All-talking pictures do not suit him, and each of his talkies that I have seen strikes me as being inferior to its predecessors. "Sidewalks of New York" is the latest, and I found it singularly unfunny, although in fairness I must add that I was apparently in a minority of one. But the situations are stale, and the task of welding knockabout farce and crook drama into a coherent whole is one of great difficulty. It seems to have

been beyond Messrs. Jules White and Zion Myers who directed. This film was shown at the Empire last week; it will be generally released early next year.

This Week's Films.

"Sunshine Susie," reviewed above, has an exclusive showing at the Capitol, and "Congress Dances" continues at the Tivoli. "Strangers May Kiss," with Norma Shearer, and "The Lawyer's Secret," with Clive Brook, are at Tussaud's. "Heartbreak," starring Charles Farrell, is at the Regal, and Helen Hayes, the American actress, makes her film debut in "The Lullaby" at the Empire.

DAVID OCKHAM.

Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

THE GENTLE GRAFTER'S LAY.

We sing a soulful lay of the Gentle Grafter's way
Of persuading Mr. Henry Dubb to give him big majorities.
He sends a slogan round of "Disaster to the Pound"—
And he gets his information on the highest (Yank)
authorities.

Then Henry dons his coat and rushes off to vote
For the candidate whose "soundness" on Finance is
unimpeachable,
Who is not a Douglas crank, has a balance at the bank,
And on High Financial matters has a brain that's quite
unteachable.

Nat.-Lib., Nat.-Lab., and Tory all repeat the old, old story
Of their fervent love for Henry and their mighty power to
save
Our poor afflicted Nation from the evils of inflation:—
But! "You must all stand united and you must be very
brave!"

In tears will Henry melt as he tightens in his belt
In the interests of MONEY—to endure still more priva-
tion;
The Budget he must square, though the pangs of Hell
he bear

In saving Monty's pound-note at the foreigner's dictation.
Oh, Henry! Poor old Dubb! Though the world is full of
grub,

And cotton, wheat, and coffee-beans go wholesale down
the drain,
You are such a patient ass, that before the five years pass,
You'll don your coat and run and vote the same old gang
again!

PHILIP CARLYLE.

"NATIONAL CHRISTMAS."

The verses recently printed in this journal under the above title are being published as a Christmas card—with illustration—by Charles Lahr, Bookseller, Red Lion Street, Holborn, W.C.1. We are not informed the price, but 3d. was mentioned to us recently. Presumably there would be a reduction for quantity. Applications should be addressed direct to Mr. Lahr.

"... the best brains of the financial system are well aware that whatever institutions may be saved from the next war, the present financial system will not be one of them."—Major C. H. Douglas, "The Monopoly of Credit."

"Disarmament in a military sense, therefore, is a pressing requisite to a continuation of the present ascendancy of the banking system, and the sentimental pacifist is a valuable tool in its attainment."—Major C. H. Douglas, "The Monopoly of Credit."

The Culture Cycle.

It is not on account of his gloomy prophecies regarding the fate of Western civilisation, but because his analysis would establish a sort of historical determinism, that Spengler has excited such universal controversy. "The Decline of the West" does undoubtedly outline a "comparative morphology of world history" which would seem to condemn all civilisations in due time to extinction: the passing-away is taken as inherent and inevitable, but, strangely enough, no real attempt is made to show why this should be so. We are offered many symptoms of decline, but the cause is apparently regarded as an axiomatic natural law similar to the ageing and death of a human being. It does not seem amiss to look over Spengler's conclusions once again, so that, if there is such a law, we may accept the inevitable as gracefully as may be.

By means of a critical re-examination of the great cultures and civilisations of the past, Spengler begins by tracing a metaphysical structure of historic humanity, something that is essentially independent of the outward forms—social, political, and spiritual—that we see so clearly. In this way, world history presents to the seeing eye certain grand traits again and again, with sufficient constancy to justify certain conclusions.

"I see in place of that empty figment of one lineal history . . . the drama of a number of mighty cultures. . . each having its own idea, its own will and passions, its own life and feeling, its own death. Each culture has its own new possibilities of self-expression which arise, ripen, decay, and never return. There is not one sculpture, one painting, one mathematics, one physics, but many, each in its deepest essence different from the others, each limited in duration and self-contained, just as each species of plant has its peculiar blossom and fruit, its special type of growth and decline."

To take one example, the classical (Apollonian) man's conception of himself and his world, as shown in his art, his mathematics, and his customs, was fundamentally ahistoric: for him cremation was the ceremonial completion of death and the denial of all historic myth and legend; and his mathematics dealt only with things as they are, as magnitudes, the Theory of Conic Sections being his characteristic achievement. It was left for modern (Faustian) genius to point out that Euclid's definitions took no account of the time element and to excavate the hill of Troy. The Apollonian man saw himself as a body among bodies, a form in a world of form, in which the flow of time was not a part of his inner consciousness.

Such an outlook is nearly incomprehensible to the Faustian mind, with its strong historical sense, its mathematics of becoming, of function, its portraiture instead of the impersonal statue, its passion for *patina* and the antique, and its art-works of deep self-examination. The Faustian Nature-feeling, as shown, for example, in Gothic architecture and in the fairy-tale, denies the whole substantiality of the visible world; in the end nothing is of earth, the only actual being Space. "The Germans discovered the mechanical clock, the dread symbol of the flow of time, and the chimes of the countless clock-towers that echo day and night over West Europe are, perhaps, the most wonderful expression of which an historical world-feeling is capable."

Hence there can be nothing constant, nothing universal: the values of Nietzsche or of Ibsen are meaningless for Islam or for a Chinese intellectual, and all the Western philosopher's "unshakable" truths and "eternal" views are merely true for him, and eternal for his world-view.

Spengler further shows that the cyclic outpourings of human thought follow a definite pattern, limited in form and duration, which covers a few centuries, and can be viewed and, in essentials, calculated from available precedents. The future of the West is not a limitless tending upwards and onwards for all time towards our present ideals, but a single phenomenon of history; and humanity, which has no aim, no idea, no plan, equally no choice in the matter. From accumulated historical data we may learn what can happen—and therefore by inward necessity must happen—the choice lies not between doing or becoming this or that,

but between realising the historically necessary or nothing.

Each culture gives rise to a period of intensive growth until its inward artistic and vital possibilities are realised. Then follows the civilisation, the inevitable destiny of every culture. It is the conclusion: the thing-become succeeding the thing-becoming, rigidity following expansion, death following life. Imperialism is the typical symptom of the passing-away, and in this form the destiny of the West is now irrevocably set. The transition was accomplished for the classical world in the fourth, for the Western in the nineteenth, century. "We may see a correspondence between . . . Doric and Gothic, Dionysian movement and the Renaissance . . . Athens and Paris, Aristotle and Kant, Alexander and Napoleon, down to the world-city and Imperialism common to both cultures."

"It was in the conception of money as an inorganic and abstract magnitude, entirely disconnected from the notion of the fruitful earth and the primitive values, that the Romans had the advantage of the Greeks. Thenceforward, any high ideal of life becomes largely a question of money. Unlike the Greek stoicism of Chrysippus, the Roman stoicism of Cato and Seneca presupposes a private income."

"It is possible to understand the Greeks without mentioning their economic relations; the Romans, on the other hand, can only be understood through them. Chaeronea and Leipzig were the last battles fought about an idea. In the First Punic War and in 1870 economic motives are no longer to be overlooked."

"What is the hall-mark of a politic of civilisation to-day, in contrast to a politic of culture yesterday? It is, for the classical rhetoric, and for the Western journalism, both serving that abstract which represents the power of civilisation—money. It is the historical spirit which penetrates, unremarked, the historical forms of the people's existence, often without destroying, or even in the least disturbing them. . . . Though forms subsist, the great political parties, nevertheless, cease to be more than reputed centres of decision. The decisions, in fact, lie elsewhere. A small number of superior heads, whose names are very likely not the best known, settle everything, while below them are a great mass of second-rate politicians—rhetors, tribunes, deputies, journalists—selected through a provincially-conceived franchise, to keep alive the illusion of popular self-determination."

Lastly, as the energy of the culture-man is directed inwards, and that of the civilisation-man outwards, there can no longer be, for the latter, any possibility of great art. In its stead a swarm of pseudo-artists industriously copy the forms of the past to hide their own barrenness, so that we cannot date anything within centuries, let alone decades, by the language of its ornamentation. The arts are no longer necessities for the public, and we can learn all we want to know about the art clamour which a megalopolis sets up in order to forget that its art is dead from the Alexandria of the year 200.

"The bitter conclusion is that it is all irretrievably over with the arts of form of the West. The crisis of the nineteenth century was the death struggle. Like the Apollonian, the Egyptian, and every other, the Faustian art lies dead of senility, having actualised its inward possibilities and fulfilled its mission within the course of its culture."

These may fairly be taken as Spengler's main conclusions, divested of the dizzying erudition and monumental weight of evidence characteristic of the German treatise. His work has undoubtedly given a new orientation to historical research, and its importance in this respect can scarcely be over-estimated. Nevertheless, one can hardly accept a recurring decimal as the inevitable destiny of anything in a world in which the great commandment is "Advance or perish." And this law, though doubtless a product of the Faustian mind, is at least true for us, and does appear to rest upon a truth which, so far as our observations go, is valid from Honolulu to Manchester, and from the Ice to the Machine Age.

In these circumstances, it seems permissible to consider a less fatalistic explanation of the culture-cycle: there is obviously one factor which has been common to every rising culture of which we have record, and which contains in itself the seeds of dissolution. As a nation climbs to power the importance of the individual composing it diminishes: with increasing size

and developing communications comes the more scientific domination of the group or the dictator. A complex civilisation demands ever more intolerable adjustments from the individual, with the inevitable harvest of hysteria, neuroses, "decadence," and perversion. The concentration of wealth condemns a rich and leisured minority to become parasites upon the misery of their fellows, and, ultimately, to undergo that degeneration which is the lot of all parasites.

The concentration of wealth and power brings about the physical concentration of rural and tributary populations into the "world-city," and one of the results is the decline and extinction of art, already enfeebled by the rigid standardisation of thought and living. Eventually, the sole relic of liberty is the occasional statue to its memory, and the State, either by invasion from without or insurrection from within, passes into the common grave of the history books. The different and peculiar properties of each culture, its "trial-and-error" adjustment, have not yet succeeded in giving the individual that freedom of thought and action which is as essential as the need of co-operation from which the State was born. No civilisation has yet remembered that the State was made for man, and not man for the State, and Spengler has, in great detail, shown us no more than the consequences.

Thus we may see, in the characteristic products of Faustian genius, linked with the Social Credit structure of society, that objective towards which man has struggled, however blindly, since the dawn of ordered society upon this planet. For, very surely, the day comes when we may say—with how much more reason than ever Goethe said it by the bivouac fire on the evening of the battle of Valmy—"Here and now begins a new epoch of world history, and you, gentlemen, can say that you 'were there!'"

R. L. N.

News Notes.

"MONEY AND PRICES." (By Augustus Baker. J. M. Dent and Sons. Pp. vii, 209. 6s. net.)—This is the book to which Major Douglas referred in his article entitled "Money and Prices" in our issue of November 26, when he replied to the author's technical criticism of the Social-Credit price-regulation factor. As indicated in that article, some further reference may be made to the book later on when he has read it. In the meantime we note that a review of it appears in the *Manchester Guardian* of December 2, over the initials "H. P." The reviewer opens like this: *Mr. Baker tells us that his book resulted from an inquiry begun ten years ago into the proposals put forward by Major Douglas. It is interesting to encounter, after all this time, the repercussions of that curious 'theory,' which differs from most economic statements in that it is not even intelligible to those who uphold it.* He then compliments Mr. Baker on the clarity of his exposition and his "fascinating" set of diagrams, but perhaps fails to be completely convincing by reason of his *over-simplification* of the subject! What is evidently wanted is an exposition from an expert in simple complication. Then at last the truth will be known.

THE MACMILLAN COMMITTEE, EVIDENCE.—Writers and speakers on Social Credit may find it useful occasionally to give particulars of Major Douglas's attendance before the Committee, and his examination on his Statement of Evidence. The particulars are as follows: Major Douglas attended on May 1, 1930, this being the twenty-fourth session held by the Committee. There were present:—

The Rt. Hon. Lord Macmillan, Chairman.
Sir Thomas Allen.
The Rt. Hon. Lord Bradbury, G.C.B.
The Hon. R. H. Bland, C.M.G.
Professor T. E. Gregory, D.Sc.
Mr. J. M. Keynes, C.B.
Mr. Lennox B. Lee.
Mr. Cecil Lubbock.
The Rt. Hon. Reginald McKenna.
Mr. J. Frater Taylor.
Mr. A. A. G. Tulloch.
Also Sir Frederick Leith-Ross, K.C.M.G., C.B. (in what capacity is not stated), and Mr. G. Ismay, Secretary. It is to be regretted that Mr. J. T. Walton Newbold was absent. The proceedings are reported in Volume I. of the *Minutes of Evidence Taken Before the Committee*

on Finance and Industry (H.M. Stationery Office, Kingsway, W.C.2), commencing on page 295 and ending on page 307. The price of this volume is £1 12s. 6d. There is a second volume at the same price. In view of the high price, i.e., £3 5s. for the complete evidence, it is interesting to see a note inside the title page which reads: "The estimated cost of printing and publishing these Minutes of Evidence is £1,445." Assuming that the wholesale price is as low as £2 per set, and assuming that every set is sold at that price, the Government can recover the total cost by selling 723 sets. Considering that this is a unique and authoritative investigation into a subject which is now absorbing universal attention—practically to the exclusion of any other—the calculation that no more than 723 sets would be demanded and paid for throughout the whole world of financial and political officialdom—let alone the vast and growing body of independent private students—seems to need strict investigation. We suggest that some Members of Parliament ought to ask the following questions without delay:—

- How many sets have been printed?
- How many have been distributed gratuitously?
- To whom?—and on what principle?
- How many have been sold?
- Is the type still standing?
- At what cost could another edition be printed if required?

The complete set comprises about 700 pages, foolscap size, and about 800,000 words. The covers are in the usual stiff blue paper. On these data, perhaps readers in the printing trade can make a rough calculation as to the cost of setting (the type being of a size between modern Brevier and Minion linotype faces), and let us know what it comes to. In the meantime, we recommend every reader interested in this matter to write to his Member of Parliament, pointing out that compatibility with recovery of cost the Government's duty is to make this publication accessible to the largest possible number of people. Market-rigging in Blue Books is about the limit of administrative lawlessness.

THE NEW ZEALAND ELECTION.—The electors of New Zealand on December 2 gave the Forbes-Coates alliance a two-to-one majority over Labour. The issues on which the fight took place were the same as those which British electors were set to decide, and which Australian electors will be faced with on December 19. In its present bemused state the Labour Party in every country plays into the hands of the bankers. So long as its alternative to retrenchment and wage-cuts is merely a subsidy to be extracted from the rich, it will be out-talked by the Press and out-voted by the people.

THE ENCIRCLEMENT OF FRANCE.—The financial ramp against France is visibly developing. A long time ago the American bankers fixed up a dollar-lira alliance with Mussolini, one of the results of which is to be seen in the growing agitation for the "rectification" of the French frontier in Italy's favour on the Mediterranean coast. It is an open secret in Mediterranean ports that Italy has built a small fleet of enormously fast armed commerce raiders, built after the model of Barou mystery ships. One of them was anchored at Barcelona recently, and an inspection of her outer shape indicated pretty clearly that she had an inner shape. These boats are intended to swoop down on, and to cut, France's communications with the North African coast, and thus immobilise her African troops. In Central Europe there is the evidence of Count Bethlen ("News Notes," November 19 issue of this journal), of dollar-sterling loans to Hungary being used to arm that country. Then there is Hiram Motherwell's historical survey of Franco-American rivalry since the War (quoted by us in "News Notes" on October 8), and the particular allegations in the French Press that the Bank of England had lent money in Central Europe in order to defeat French political policy there. In Germany there is the growth of the Hitler movement, with its militant anti-French policy—a movement which must have had financial backing from somewhere—either New York or London. Herr Rosenberg, Hitler's secretary, is in London as we write for the purpose, so he says, of studying the economic situation here. (By the way (a) it is curious that a Jew should hold this post in an organisation which came into prominence on a violent anti-Jewish platform. It looks as if that particular item was emphasised in order to camouflage the central objective of the policy. (b) Is Herr Rosenberg any relation of Miss Rosenberg, Mr. MacDonald's private secretary?) Linked up with this

visit is Mr. Runciman's "warning" to France, respecting her retaliatory duties, portending a bitter tariff-war between the two countries. Mr. Hymans, the Belgian Foreign Minister, is in London (December 7) for the purpose of a private talk with Sir John Simon. French delegates, who were to have come here to discuss tariffs, decided to stay at home when Mr. Runciman's speech was cabled to Paris. With the exception of Switzerland there are, or have been, Anglo-American negotiations with each country whose boundaries touch those of France—and Switzerland is the European stronghold of international finance, which is predominantly Anglo-American finance, and anti-French finance.

THE ANGLO-FRENCH TARIFF CONTROVERSY. — *The Times* of December 5, in a leading article entitled "Mr. Runciman's Warning," contends that France had no justification for levying a surcharge of 15 per cent. on British goods. It could not have been in retaliation for the British duties, because it was decreed two days before they were announced. We must remind *The Times* that a long time before the British duties on luxuries were announced, that journal was recommending them as the safest first step in a Protectionist policy; and since *The Times*, on this subject, reflects Mr. Montagu Norman's policy, its recommendations virtually amount to announcements. However, there is also ground to assume that the reason for the French surcharges was to offset the effect of the slump in sterling—which was automatically to assist British exports and to restrict British imports. To this *The Times* replies that when the franc depreciated by over 90 per cent. of its value no special action was taken against French imports by this country. Quite so; but the reason was our own reason, and was not motivated by any tenderness for French exporters. If *The Times* leader-writer will read the Old Cobden Club pamphlets which were used in 1906, to educate the electors in the principles of Free Trade, he will see that the fundamental argument was the purely selfish one that Free Trade was a better piece of Protectionist business than Protection. And up to that time it was undoubtedly true (as "good business" is currently interpreted), as our enormous cumulative balance of exports (registered by overseas investment-values) testified. The Free Trade policy was to import cheap food and material, convert it into cheap products, and dump them back on the competing foreigner, or else on to new and undeveloped countries. In the process we scrapped our agricultural system, and used it as fuel for factory-furnaces. The policy paid; but only so long as there existed in the world neutral, unprotected, everyman's dumping grounds. Rival manufacturing nations might keep British goods out of their own territory by tariffs, but, to the extent that they put up the tariffs, to that extent they put their own manufacturers out of the running when it came to competing for the "neutral" trade outside. To-day, as everyone realises, there is practically no neutral dumping ground left. All that is left to a country is its own native territory: and consequently Britain, who once welcomed the foreigners' supplies for her own profit, now rejects them for the same reason. So, for goodness' sake, do not let us hear any more cant about our long-suffering toleration of free imports. Let us say honestly: "They do not pay us any longer, so we're going to keep them out." The moral is, of course—Social Credit. When that policy governs economic life, the whole world will seek free imports.

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Douglas v. Hobson.

By W. T. Symons.

The most friendly and reasoned argument against Major Douglas's analysis in the early days was that propounded by Mr. J. A. Hobson, and argued with Major Douglas in *The English Review*. It had importance, not only on account of the high personal esteem Mr. Hobson has earned for fearless promulgation of what were for long unpopular economic views, but from the fact that he has been widely accepted by the Labour Party as their economist.

The recent exposure by Lord Peel in the House of Lords of the "tremendous crisis" occasioned by the totals of visible and invisible exports failing at last to over-balance the value of imports gives Mr. Hobson's theory its quietus, and affords prime confirmation of Major Douglas's statement that the drawback for cancellation of previously created bank money is the economic cause of "these discounts." It also brings to light the real meaning of the bankruptcy of a great part of all industrial enterprises in Britain, a condition now being extended to the enterprises in which the successful industrialists of the first half of last century invested their profits, after reinvestment at home had ceased to afford the old certainty of profit.

The proportion of investment abroad rose very rapidly by the 'eighties, when the income drawn from foreign investments, international financial commissions, etc., stood at about £85 millions. By 1913 it had risen to £134 millions; by 1930 it reached £392 millions.

Now it is perfectly certain that at no time, least of all in this period of catastrophic bankruptcies, could such great sums possibly represent the reinvested savings of industry. In fact, we know that for the last fifty years industry has, under financial stimulation, invested its profits mainly in new ventures—at first in Britain, later overseas, which have been largely lost, by the competition of bank money—"bad money ousts good money!" For the banks meanwhile were creating credit, very willingly, on the security of existing plant and firm orders—none of the ventures for them!—and, on a much greater scale, on the direct security of the community, for loans to Governments.

As soon as even these great securities became impaired by the over-production of the means of production, stimulated by financial pressure, the whole power of the banks was used (it stands in cold print in the Cunliffe Committee Report of 1918) to contract credit, with the object of bringing back to the banks and large financial houses an unassailable security for the vast loans created by them. To this end, the sorry tale of human misery and industrial destruction of the past ten years has been devoted. The industrialists' undertakings, representing their real savings, have been replaced by a few "rationalised" industries, a few combines, a few pyramids of "holding companies," and these "higher things" have been raised very literally upon the "dead selves" of industry as upon "stepping stones."

The "contraction of credit" in Europe broke the market for the overseas products and services provided by the industrialists' earlier investments, and so reduced "invisible exports" very seriously from 1921 onwards. But for some time, as only the impoverishment of the bulk of the people, and harassment of the rest, resulted, it was not of much account.

The day came, however, when the payment of interest on bank-created money came into question. The British Lion rose and bristled (his name was Niemeyer when he travelled incognito abroad) and said: "This thing cannot be. I will put you all 'down the sink,' where most of the people of Britain are already making themselves at home." And beginning with Australia, he set about that beneficent purpose, moving on to Brazil, "where the nuts come from," when Mr. Scullin, having shaken hands with Mr. MacDonald (Labour Premier at that time, you remember), came back to subdue the Australians to the Lion's terms.

The course of events we know. We soon found that the genuine investment of the earlier industrialists was gone; that practically all money was bank-created money, not risked—as invested profits were—but standing as debt in the books and cancellable on repayment.

So we come back to Mr. Hobson, who counters Major Douglas's statement that there is never money available to buy more than a part of the current products of industry by asserting that all the money owing to unequal distribution is available, only in the wrong hands owing to unequal distribution between employers and employed. "That could never have been true of any profits carried to reserve, but it had a certain validity on the assumption of genuine

reinvestment in ordinary shares; to that extent it modified the pure distinction between A + B payments.

But since bank-created money, cancellable on repayment, has become practically the whole of the money included in prices on the "B" side—"payments to other organisations"—and practically the whole of public loans are of that origin, the complete vindication of Major Douglas's theory, and the complete discrediting of Mr. Hobson's explanation, is transferred from the realm of theory and proved in fact in the "tremendous crisis" for which the whole nation—and the nations upon whose "tribute" the edifice has so far rested—are being brought down in harassment and poverty. We may admit that the full truth of the "Douglas" theory was prophetic rather than actual until the dependence upon bank credit became complete. But there can be no doubt that the prophecy has now been literally fulfilled, and nothing but a revolution of financial policy can meet the emergency.

Reviews.

The Nasalite Plot Succeeds. By Joseph Banister, 11, Solent Road, West Hampstead, N.W.2. (4 pp. leaflet, price 3d. post free.)

Mr. Banister, as some readers will recall, is an inveterate enemy of the Jews, and in this pamphlet he sets forth what he says are the Jewish affiliations of several of the prominent figures in the National Government. For some of these he quotes the authority of the *Jewish Chronicle*. It is a pity that he fills so much space with invective and rhetoric. It leaves so much the less space for evidence: and the more more exacting is the careful reader in requiring proofs. His thesis is that the Jews had decided to "exploit the very natural longing" of the English public for a "National Government," and his particulars about new Ministers are adduced to show that they have succeeded. At the same time he permits himself to hope that "British and Conservative" members of the new House will be able to frustrate the plan. From internal evidence Mr. Banister seems to associate Free Trade, dumping, especially alien immigration, with Jewish interests. Presumably the Protectionist drive which has taken place since the date of his pamphlet (November 11) will have strengthened his hope in one respect. In his gallery of exhibits are Runciman, MacDonald, Stanley (Lord), Samuel, Thomas, MacDonald (Malcolm), Sassoon, Ormsby-Gore, Simon, Craigie Aitchison, Hore-Belisha, and Oliver Stanley. We think Mr. Banister would do better if in future he simply compiled a Directory of such persons and their affiliations, with as much authenticated evidence as possible. Not an exhilarating task for a writer of his temperament; but perhaps as a compromise he might relieve his emotion by adding a glossary of his favourite epithets for the assistance of students. A. B.

A Challenge to Neurasthenia. By Doris Mary Armitage. (Williams and Norgate: 1s. 6d.) (2nd edition).

Some months ago I reviewed the first edition of this book in these columns. In this edition several examples are added and further insistence is placed upon Dr. Barnes's teaching that the neurasthenic suffers simply from fears which have little or no bases in reality, but which are maliciously inflated by his subconscious. When he realises this fully, he is cured. N. M.

LETTERS TO THE EDITOR.

IS THERE A DOUGLAS BOYCOTT, AND WHY?
Sir,—The Editor of THE NEW AGE in recent issues has tabulated many instances of the systematic boycotting of Douglasism. These will have been convincing enough to most readers, but I would like to amplify them with two salient cases out of my own personal experience. *The Scots Observer* (the weekly organ of the Scottish Church) ran a prize competition for the best essay on whether a change in the banking system would benefit Scotland, and practical substantial cash prizes for the winning essays had been put up by an anonymous gentleman who felt that the displacement of the reliance of the old Scottish banking system on personal character as a basis for granting accommodation was entirely wrong and disastrous. The adjudicators were the Editor of the *Scots Observer*, a lecturer in economics in Glasgow University, and a prominent Glasgow clergyman.

Synopses of the winning essays were to appear in the *Scots Observer*. I sent in an essay advocating the application of Douglasism to Scotland. The time for the announcement of the result passed. I waited several weeks longer, and then wrote in enquiring what had happened. By return of post I received a reply stating that I would hear the result at a very early date. Actually I got a cheque for the third of the entire prize money the following morning, but not only was no synopsis of my own or any other essay published in the *Scots Observer*, but no announcement of the awards ever appeared. The matter was simply never referred to again in any shape or form.

That was several years ago. The other week I published Paul Banks' pamphlet, "People versus Bankers." A leading firm of multiple booksellers placed a considerable order and arranged to collect the quantity in question at my office. Instead of doing so, the firm in question phoned me the following day, asking me to hold the order in abeyance until one of their directors had read the pamphlet. Presumably the director in question did read it; the order was cancelled. But the change in public interest is reflected in the fact that a week later his firm sent a collector for one dozen copies. I refused to supply these at the figure originally quoted. A day or two later the firm agreed to my altered terms, collected their dozen, and have since re-ordered several times, thus losing considerably as against the terms they would have secured in the first instance.

I could give many other instances, but the most effective concern individuals, and it is not practicable to print them as victimisation would immediately follow. There is no question that it is a standing instruction to the sub-editors of all the leading Metropolitan newspapers that there must not be any mention of the Douglas proposals, and that even the name of Major Douglas must not appear—even as among the guests at a wedding, or as the writer of a letter on a subject so far away from economics as yachting, or in any other connection. This does not apply to provincial papers. The circulation of Douglas's books has also been virtually inhibited in most countries by various means, not the least of which is the extent to which the firms which have a practical monopoly of the distribution of literature are themselves in the hands of the banks.

Why this boycott? Because, as Dostoevski said, all human institutions try to become permanent and to bring to an end the changes of evolving human consciousness. Religions have always attempted this; Finance has come nearer to succeeding than any previous organisation. But events are now showing that even this latest and greatest conspiracy against free consciousness is failing. The danger point is past and henceforth the menace will progressively diminish. C. M. GRIEVE.

THE AUSTRALIAN NATIONAL CREDIT ASSOCIATION.

Sir,—In your issue of December 3 it is presumed by the compiler of News Notes that the proposals of the Australian National Credit Association are the same as those of the National Credit Association which is being formed for Britain. The truth is that the proposals of the former are not the same as those of the latter. A statement to this effect ought to have been made in the issue of *The Age of Plenty* containing the report referred to. By an oversight this was, unfortunately, not done.

With regard to other contents of No. 8 of *The Age of Plenty*, I should be glad to reply direct to anyone who desires answers to questions.

H. E. B. LUDLAM
(Editor-Publisher, *The Age of Plenty*).

EVIDENCE AT THE MACMILLAN COMMITTEE.

Dear Sir,—For the benefit of London readers I wish to point out that the two volumes of the *Minutes of Evidence* given before the Macmillan Committee are accessible in the Guildhall Public Library, which is open from 10 a.m. to 6 p.m. every week-day. J. EVANS.

MANCHESTER DOUGLAS SOCIAL CREDIT ASSOCIATION.

Sir,—With reference to the notice you were good enough to insert in your correspondence columns recently I am now able to inform you that an organisation bearing the above name has been formed. Any of your readers who may wish to join the Association can do so by remitting a yearly subscription (minimum 2s. 6d.) to the Association's central address at 4, Piccadilly, Manchester.

T. C. WRYCROFT, Secretary.

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