

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Last Saturday Baron Takuma Dan, the wealthiest and most powerful capitalist in Japan, was shot dead in the street at Tokyo. A month ago the ex-Minister of Finance was murdered under similar circumstances. Last August the Prime Minister died, also as the ultimate result of a "murderous attack" in November, 1930. These crimes are laid to the account of a "patriots" organisation, the growth of which is attributed to "financial, economic and political conditions." The foregoing facts are taken from the *News of the World* of March 6. Baron Takuma Dan was senior director of the famous Mitsui Combine. The report says:

"The assassin proved to be a 21-year-old youth named Goro Hishinuma, from the Ibaraki Prefecture of Japan, which was also the home of Konuma Tadashi, the youth who assassinated Mr. Junnosuke Inouye, the former Japanese Minister of Finance, in Tokyo on February 9. Hishinuma is believed to be connected with the Japanese 'patriots' who demonstrated against the Mitsui firm last December, when it was alleged that the concern had made heavy dollar purchases, with the result that Japanese gold reserves were weakened. Mr. Junnosuke Inouye, the former Minister of Finance, was assassinated when about to address a political meeting. One of his assailants declared that he had been displeased with the former Minister's financial policy." (Our italics.)

On the face of them the explanations offered suggest the striking of a new note in the motivation of violent action. In past cases of assassination for political reasons the provocation has been very much less remote and indirect than is contained in the high-financial credit-operations here indicated as the reason—that is to say, the public have had no difficulty in seeing, without any prompting, how former assailants had been worked up to the pitch of taking life. But that a youth of twenty-one should apparently have seen in international currency-transactions and their effect on gold-reserves an occasion for murdering one of the principals in the affair in the name of "patriotism" argues a constructive element

in the provocation which the majority of people would need a good deal of teaching before it became intelligible to them—unless, of course, they choose to impute insanity to the assassin. One of the headlines to the report says: "Assassin of 21 Taken Red-Handed," but nothing in the narrative suggests that Hishinuma committed the act furtively, or intended to escape detection.

One must assume that the *News of the World's* correspondent, in reporting the attribution of responsibility to a "patriots" organisation, was not intending to implicate the Communists, or he would have said so. It is common knowledge that Japan is more thoroughly soaked with Communism than any other country. Therefore inspiration from that quarter would be the first to be suspected in the case of this crime, and immediately so imputed on the slightest *prima facie* evidence. One is left with two hypotheses: the one, that there is a struggle between two high-financial groups for control of credit-policy, and that the patriots' organisation is the instrument of one of them; the other, that the organisation is in business on its own account in opposition to the high-financial monopoly. That is perhaps all that can be said inside the domestic framework of reference. Viewed in the international framework the question is complicated by the fact of Japan's military clash with China and her strained diplomatic relations with the United States, which opens up possibilities of secret-service "administrative lawlessness." In this context it is significant to note that in the *News-Chronicle* of March 1 a Central News cable from New York states:

"It is reported from Tokyo that Marshal Chiang Kai-Shek has succeeded in negotiating a loan of 50,000,000 dollars (approximately £14,000,000) with a New York banking group with which to carry on China's war with Japan."

If it is true that Baron Takuma Dan did, as alleged, make heavy dollar purchases last December of such character as to weaken Japan's gold-reserves, and that his action, now that Japan has since gone to war with China, has weakened Japan's power to finance operations by outside purchases of munitions, etc., and just at the time when China is ap-

parently getting all the munitions she wants; then the removal of the Baron by a "patriots'" organisation seems as intelligible as it is irregular. The "patriots" need not be supposed to hold heterodox views on financial policy and technique as an explanation of their attitude and its effect on the psychology of the assassin—assuming of course that he was, as a fact, affected by their attitude, and not by some line of reasoning of his own. In any event the suggestiveness of this linking up of violent action from below with high-financial policy at the top ought not to be ignored.

In saying this we are not suggesting that the credit monopolists had better look out for their own skins; and we should be very sorry to think they were in any danger of that sort, for they are perfectly able and prepared to make any murder the occasion of a new flotation of privilege for themselves. In fact this assassination in Tokyo could logically furnish them with such an occasion—not so much for consolidating their powers absolutely as for doing so relatively by the method of limiting freedom of public criticism. They could easily make out a case against the Social-Credit Press and Movement; for one of the clearest general implications of the Social-Credit analysis is that it is impossible to secure a change of financial policy against the will of the Credit Monopoly by any of the means provided by the present Constitution. They could, therefore, argue that in the very process of teaching people the Social-Credit analysis we were inciting them to adopt unconstitutional methods to advance the Social-Credit policy. And they could urge that though we might repudiate murder as much as they themselves, we were nevertheless creating an atmosphere conducive to that form of political action. At the moment the force of such a line of argument would hardly be sufficient to procure repressive legislation, but supposing some harebrained individual were to emulate in London Hishinuma's deed in Tokyo, there is every probability that the bankers' submission would succeed. They would not be slow to point out that the murder in Japan was attributed to an organisation of "patriots"; that the Social Credit Press and Movement were loyal-nationalist in tone; and that many active members in the Movement were adopting badges or uniforms suggestive of the military spirit and the use of physical force. Consider what a compelling ramp this would be, and the enormous number of pacifists who would fall for it and vote us a subversive influence in the body politic. To clear up a misunderstanding let us say that in our view the latter part of this hypothetical reasoning on the part of the bankers does not lead to the conclusion which they would get the public to draw; but that, on the contrary, the enlisting and badging of unemployed citizens tends to lift them out of that morbid lonely musing on grievances which is so conducive to violent outbreaks. We will go a bit further and submit that the more widely the true position of the banks, as masters instead of servants of the Constitution, becomes known among the rank and file of society, the more necessary it will be to deal with the consequences of their disillusionment as to the hitherto presumed power of the strike and the ballot-box to improve their condition. Every preparation now being made to give these men a sense of solidarity and to divert their potential lawlessness into safe channels of bodily and mental activity under honest and sound constructive leadership is work of national importance in its truest sense.

It by no means follows that because it is impracticable at the moment to flout the Constitution frontally nothing can be done but wait until the bankers

see fit to alter it. There is an alternative to rioting, and it is known as ragging. The difference lies chiefly in the temper in which these activities are carried out. Whereas rioters are looked upon as malcontents, raggers are looked upon as "high-spirited young gentlemen," to quote the designation once applied to them by a magistrate. Thus we can imagine a political rag started up. Its object would be, so to speak, to steal the mascot from the bankers' college—so that as and when the public realised the game they could all join in without fear of damage to life or property. In another article an idea is outlined which, if it caught on, could precipitate a popular rag likely to ripen into a peaceful revolution.

"1—M.E.—295."

Everyone who realises the nature and disposition of the forces defending the Credit Monopoly will accept the proposition that the immediate aim of the Social Credit Movement must be to procure action, rather than to perform it. By the word "action" we mean any form of activity which is additional to that of speaking and writing against the Social-Credit financial policy or in support of the Social-Credit policy. The action contemplated is such as may be taken by people who do not understand Social Credit as well as by those who do. That is why we are able to speak of the *procuring* of action, a process by which you persuade and perhaps assist people to act for certain immediate objectives which have no apparent relation to your own ulterior objective, but will assist you to reach it. Such persuasion, although it is a matter of talking, not doing, is essentially a form of action on the part of the Social Credit advocate. We regard as an approximate example of this form of action the practice complained of by Lord Hewart, namely that of the bureaucrat who insinuates clauses and formulae into Bills which deceive Parliament into yielding him powers against its knowledge. That practice is not, strictly speaking, action, but it is so clearly directed to action as to be indistinguishable from it for all practical purposes. And just as an "absent-minded Parliament," to quote Lord Hewart, can do itself harm unwittingly, an absent-minded community can be induced and helped to do itself good unwittingly.

We know that every section of the community is in a state of desperation at the condition of affairs. And we also know that a vague idea that the banks have a good deal to do with it prevails in their minds. Is it possible to exploit these two facts by other means than that of explaining the "why" of the first and the "how" of the second—which, of course, is general propaganda? Can we "set something going" among people who do not want to listen to propaganda and would not understand it if they did?

The quickest test to apply to any suggestion is to enquire whether we could set it going among ourselves. For if we, who are bound together as we are, do not find it practicable, it will be impracticable elsewhere. To begin, let us suppose that the people constituting the Social Credit Movement did not know anything about Social Credit, but simply knew that some such scheme had been propounded before an official committee. Suppose that THE NEW AGE, instead of propounding Social Credit, were simply calling attention to the fact that the scheme had been put forward, that its author had made and defended certain claims, and that the nature of them made further investigation a matter of urgent political importance. In short, suppose that THE NEW AGE was backing, not the scheme, but an enquiry into it; and the Movement was backing THE NEW AGE on that understanding.

To do that, there would be no need to mention the author's name so long as the scheme itself

could be unmistakably identified—which would of course be the case, because it would be recorded on certain pages of a certain official volume of evidence. Now, supposing that the Movement for Inquiry, so to name the backers of THE NEW AGE, wished to supplement the publicity of the journal by publicity of their own as individuals, but under conditions which would not mark them as believers in the soundness of the scheme itself, nor as followers of the author in any respect. The most discreet, detached, and "respectable" method would be to advertise the published Official Evidence and the page-number. And a refinement of discretion would be to "cryptify" the advertisement by using reference letters and numbers. These would be the insignia of the Movement; and every member according to his taste could use the device on his letter-paper and envelopes (after the model of a crest) or as a "button" in his coat-lapel—or as an armband, if he felt like it. Leaving out of account the risk of the possible "victimisation" of persons engaging in this scheme, there is every reason to suppose that a large number of members would co-operate in it.

To illustrate, let us set down a suggested cryptogram.

1.—M.E. 295.

This refers to page 295 of the first volume of the Macmillan Evidence. It will be seen that any person using it would not, so far, identify himself with anything intelligible to people "not in the know." And if approached and asked what it meant, he would not be obliged to explain unless he chose. He need not tell fools; or he could tell them that it meant the "Society of Merciful Employers" or some such nonsense. Now, up to this point we have assumed the users of the device to be in much the same mental condition as are, to-day, large numbers of the ordinary public—persons who cannot or will not investigate or acknowledge their belief in a scheme, but who are willing to promote its investigation because of its beneficial possibilities. The point we are coming to is this: whether it is not feasible for a movement wider than the Social Credit Movement to be built up round it and on this basis. It would have no name, nor any organisation. The one external sign of its existence would be the cryptic symbol "1.—M.E. 295."

Two objections may be anticipated: "Why should ordinary people take up the idea?" "What good would it do if they did?" Is it likely that people preoccupied with personal troubles and anxieties will be in the mood to play about with a silly cryptogram relating to an indefinite and remote political object? Can you think of any incentive other than political that would induce them to act? The preliminary answer is that these objections can be brought against any alternative plan of action contemplated by Social-Credit advocates. Granting the implied argument that *any* plan may fail, and is even likely to fail; but postulating that Social Credit advocates desire to adopt *some* plan; then the problem narrows down to that of measuring, in respect of a given plan, the probability of its failure against the costs of its promotion—costs, that is, in terms of energy and money used in organisation. Granted the risk of failure is the same for all plans, then the plan which gives least trouble to its promoters is the best plan, assuming other conditions to be equal, and provided, of course, that the plan will accomplish something useful if it succeeds.

Under this test the plan here submitted scores points on its promotion-aspect.

- (a) It does not require centralised direction.
- (b) It does not depend on unanimous co-operation by members of the S.C. Movement.
- (c) It involves a minimum of financial expenditure.

(d) It involves no delay in launching. Anybody can begin to-morrow without consulting anybody else.

(e) Its adoption involves no interference with any of the multitudinous propagandist activities now being carried on by Social Credit advocates.

(f) It affords participants the widest choice as to how prominently they shall identify themselves with the Social Credit policy as such, as distinct from the more discreet "policy of inquiry" signified by the cryptogram.

Under point "f" it will be seen that in regard to the hundred-per-cent. self-confessed pusher of the *Social-Credit scheme by its proper name*, he would not have his style cramped by the plan; on the contrary, he could make it subserve his policy of open and specific publicity. On the other hand, the plan may well be adopted by many supporters of Social Credit who want to do something extra, but who, by reason of (a) sensitiveness, (b) prudence, (c) inability to engage in technical argument, would not be prepared to go the whole hog and put "Douglas" or "Social Credit" on his letter-paper. So much, then, on the promotion-aspect of the plan.

Next, the risk of failure. The immediate answer is that it is impossible for the failure to be absolute. Supposing that a substantial number of people in the Social Credit Movement start circulating the cryptogram as described—that is, indiscriminately. Obviously it will be noticed by members of the public, and equally obviously some of them will try to guess what it means. And as the circulation persists and widens it will have a cumulative effect on public curiosity. In these circumstances any supporter of Social Credit, who will be "in the know," can exploit the situation as he chooses. In any company where the subject crops up he can give the "Macmillan" explanation and stop there; or he can proceed to describe and argue Social Credit itself. His choice will depend on whether he wants to argue or on whether the company is worth arguing with. In either case he has set something going. For one ineradicable trait of the average human being is to get to be "in the know," and to be able to communicate what he knows to others who are not in the know and want to be. Can't you see such a fellow, superciliously replying to his friends: "Oh, that! Quite easy! It means the Macmillan Evidence, Volume One, Page 295." They will respond: "Yes, but why?—what? . . ." etc., etc., to which the first will probably reply: "Don't know any more—wasn't told: but that's what it means."

Just here it will be appropriate to remark that the Macmillan Cryptogram can be circulated in many more ways than on personal communications. It could be used on business stationery, bill-heads, placards, posters, perforated stamps, in newspaper advertisements, and so on—all of these methods depending on the initiative or resources of anybody who cares to go in for it. Duplication of efforts in this activity would be a help rather than a hindrance to their ultimate effect.

Alert critics will now be charging us with running ahead too fast—counting unhatched chickens. And it is true that our picture of results is much too optimistically coloured unless we can count upon the co-operation of people outside the Movement to push the plan promoted inside. It is one thing for those who are convinced that the Social-Credit scheme is sound, and will fulfil the claims made for it, to start this project; but another thing for others to take it up and carry on with it. There are two forms of inducement, the one political and the other economic. Taking the political form first, there are two motives which may reasonably impel outsiders to co-operate—the one inspired by what is generally described as "public spirit," and the other by another temper of spirit best indicated by the phrases "getting one's own back," or "working off a grudge." Now, it is a comparatively simple matter to frame an appeal to both these spirits at one and the same

time. For example, one could say to a hypothetical business man something like this:—

"This evidence, outlined to the Macmillan Committee, if what the author claims is right, shows that the disappearance of customers from your market is due entirely to the bankers' mishandling of their own job. It is not your fault, nor that of your competitors, nor anybody's outside high-financial circles.

"The author claims to demonstrate (a) that the job can be handled rightly, (b) that the bankers can make the change without prejudicing your interests or anybody else's in the process, and (c) that therefore there is no need or purpose in 'educating the public' and 'consulting the electorate' and any of that time-wasting nonsense, but that they can set to work straight away if the scheme is technically sound. They are responsible for bringing all this trouble about, and they are responsible for its continuance. Now, the reason why you are asked to adopt and use the 'Macmillan Cryptogram' is that it will signify to the bankers, to the Government, and to the public, that you want this matter cleared up without delay—that the bankers must either put the scheme into operation or else issue an authoritative public statement of their reasons for rejecting it. There are grounds for suspecting that the bankers are imposing a veto on the investigation of the scheme for their own purposes; and if you have suffered in any way at the hands of bankers (and who has not?) your adoption of this device will be the most direct and effective reprisal that it is possible for you to make at present."

The policy underlying such an appeal will be seen to be that of promoting a sort of voluntary plebiscite by the public on their own initiative—the mandate in their votes being unmistakably registered by the cryptogram, and measured by the volume and velocity of its circulation. It should be noted in this connection that anybody who liked could take part in the plan anonymously. The most humble citizen could, at any moment on any day, work off a grievance by writing the cryptogram on a plain postcard, and posting it to any other citizen chosen at random, and he would have the satisfaction of knowing that his action was an effective contribution to a scheme of constructive publicity. So much for the political aspect of the plan.

Turning now to the economic inducement, our suggestion is that the cryptogram might be found to be a talisman to people who identified themselves with it—particularly business people. For example, there is no reason why business firms should not "key" their advertisements with it. (Of course, firms in debt to the banks would have to watch out.) It will be recalled that at the end of the war employers who took on discharged soldiers to oblige the Government were permitted to print an official sign on their stationery and in their advertisements which, presumably, secured them preferential treatment when tendering for Government and other public contracts. Since then, at different times, we have seen three instances of advertising in which Social-Credit sentiment or reasoning was woven into the selling-talk—one of them within the last fortnight. It is reasonable to assume that the three firms in question, when requiring to buy goods, would have been glad to give preference to sellers who had advertised in the same way if they could have known of such. So it is not farfetched to suggest that a certain volume of trading might be short-circuited among users of the "Macmillan Cryptogram."

Supporters of Social Credit, though living for a new system, have got to live in the present one; and we have often reflected upon whether such a short-circuiting of trade among them might not have been successfully worked by means of a buyers' directory or something of that sort. Probably not; for the basis of mutual support would seem to be too narrow—apart from prudential considerations, and perhaps also a reluctance in some cases to turn Social Credit to purposes of profit.

But these difficulties would progressively disappear as the basis of co-operation extended—and, theo-

retically there is no limit to its extension under the present plan. The practical problem is to discover if there is any way to get it into the heads of the prospective co-operators that their participation could turn to their own advantage in a proximate commercial sense as well to the general advantage in an ultimate economic sense. Or, alternatively, can they be got to see that every time they put this cryptogram into circulation they would be scoring off the Financial Combine which kept money out of circulation and customers out of the markets?

Watchful students of the history of the Movement who are aware of the efforts made by the bankers to block up channels of Social-Credit publicity will not think it unreasonable when we say that on several occasions in the past if influential interests who were victimised by bank-policy had threatened to put money into Social Credit propaganda until their grievance was attended to, and really meant to do it, they would have been squared not to do it. We are sure that time and time again astute individuals have studied Social Credit with the express object of being bought up and paid to hold their tongues or talk about something else. But it was one thing for us to believe these things and quite another for us to have got anybody to act on our belief without proof—which, in the nature of the case we did not possess. He would have looked upon us as self-interested money-hunters.

However, this difficulty does not arise here, because no one would be asked to do more than bear the expense of his own participation in the plan, and could control the expenditure himself.

In conclusion, any reader who thinks of the Co-operative Union with its millions of members, and the Licensed Victuallers with their millions of customers and thousands of properties (to name only two distributive organisations under unified control) will realise the potential dimensions of political power which they could begin immediately to exercise, thus sowing the seed of an all-party economic revolt against a super-party financial tyranny.

The Australian Election.

As in other countries, so also in Australia, it is inescapable that elections should now be fought mainly on the "money" question.

Most politicians either do not think of money as having any other basis than the present financial system claims it has, or thinking otherwise, fear of the party machine, alias the financial system, prohibits them propounding another system. They feel they can guide what now possesses them, anyway. There are indications that electors are awakening to the fact that politicians cannot perform this impossible task of guiding the financial system, and to another fact, that that system cannot perform service fundamentally good for mankind.

At the recent Australian Federal elections, held in December, 1931, a Mr. Frank E. Mason resigned a good position to contest the Lilley seat. His object chiefly, was to direct public attention to the Douglas Credit Proposals as a true working basis upon which to rest the world economic system. Mr. Mason knew from the start that the odds were against him winning the seat. Few had even heard of him, and the Lilley electorate is so beautifully orthodox and correct in its views that its old representative, who has held the seat for 17 years, contemplates any fresh campaign with smug content. Hitherto he has secured, in each election, more than two-thirds of the votes polled. For this reason Labour has not for years officially contested the Lilley seat, although for each election an Independent Labour candidate has always been found to enable Labour supporters to cast a vote, futilely, of course; and the recent election was no exception. So Mr. Mason could only

view his candidature as a means of unfurling the Douglas banner, and was not surprised at being informed that he would lose his deposit. He was not perturbed.

The methods used to acquaint the people of the Douglas proposals were addresses over the wireless, street corner oratory, and distribution of literature.

The time was short for campaigning—two weeks. Mr. Mason had never previously spoken in public, neither had he conducted a campaign of any sort. So members of the Douglas Association rallied round. Two or three meetings were held nightly in the more densely populated quarters only. The electorate is of great size (247 square miles in area), but leaflets and pamphlets were distributed throughout.

The number of votes polled for Mason was gratifying. In view of the fact that so little had been known of either the candidate or the Douglas proposals two weeks previously to polling day, the result was very remarkable. At the previous election the electors enrolled numbered 57,000 odd. Mackay secured 37,000 approximately and O'Keefe (Independent Labour) 17,700 (approximately). On December 19, 1931, the figures were G. H. Mackay (Tory) 30,422, A. J. Costello (I. Labour) 18,988, F. E. Mason (D.S.C.) 7,185. Absolute majority for Mackay 4,249. Electors enrolled 61,000 odd. We deduce from this, therefore, that the Douglas candidate wrested some of Mackay's supporters from him. His (Mackay's) slogan was "Hands off the people's money!" "Trust the banks who have served the people so well." Thus he delivered himself into our hands. Had the campaign been only of a little longer duration we feel that Mr. Mackay's sense of security would have been shaken a good deal more than it was.

The figures show that people are suffering a healthy discontent concerning the present economic conditions, and are prepared to investigate why they are so unsatisfactory. They prove also that Mr. Mason's aim in contesting the seat was being achieved—he drew public attention to the Douglas proposals.

Now any campaigner knows that street corner addresses are difficult to both speakers and audiences. Traffic noises are disconcerting, and many things happen to interrupt attention. Then, too, people must stand still, not an easy task at any time, but most unpleasant on hard roads and footpaths. Our experience in Mr. Mason's campaign was astonishing. Audiences were extraordinarily attentive. Very few persons left the meetings; rather requests were made to extend the addresses. Interjections of foolish or superficial character were not indulged in, but instead earnest questions were asked; and there was no disorderliness. People seemed hungry for a message of hope, and acted as though they were getting it through Douglas. The traffic authorities commented upon the quality of the addresses and upon the interestedness and good conduct of the audiences.

This was not to be wondered at, for our speakers had studied well the Douglas proposals, and were able to expound them in varied aspects. There was no vain repetition.

We were helped considerably in the campaign by the splendid election number of "The New Economics," and by pamphlets and leaflets which were distributed. The latter were compiled by the honorary secretary to the Douglas Association in Brisbane.

Since the election there have been many enquiries for information by business men (who are forming a study group) and by organisations as well as by private persons, including one bank-director.

The Association in Brisbane has been asked, and is now extending itself, to give more extensive teaching. It has also been asked to become more ag-

gressive; and a scheme of organisation to enable both these things to be done has been drawn up.

I have reported these facts because I conducted the campaign for Mr. Mason.

Allow me to extend to you our kinsmen in old Britain fraternal greetings, for yours is the land of our forefathers. You Britishers are again in the midst of the performance of more exploratory and pioneering work for all humanity—this time in *true economics*. Through Douglas you will teach the world how each nation and each person may win effectively to a proper destiny. You are meeting a worse enemy than any that assailed explorers and pioneers, in other spheres, the world spirit of Evil, *Mammon*. Because it has so hypnotised men, Britain will be beaten to her knees for a time, but she will win through. We Australians will be with you all the way, as hitherto, in other exploratory fields. Thank God old Britain can still breed a Douglas as she did a Shakespeare, a Raleigh, a Drake, a Pitt, a Wellington, a Nelson, a Scott, to lead us to victory in whatever she undertakes, and to distribute the fruits thereof to the world.

W. WORLEY.

(Campaign Director in Brisbane.)

Current Sociology.

The tone of the general Press on the realisation of a tariff policy can be described only with the help of that almost forgotten word, mafficking. Once more the various types of contributors, news editors, leader writers, financial correspondents, and others, display a unanimity to which only scientists are entitled when a hypothesis is wholly verified. The higher Stock Exchange markings of certain industrial shares, and the over-subscription of a very small amount of Government loans have been paraded to demonstrate that Great Britain is now reinstated as the land of prosperity and progress. Mr. J. M. Keynes has been featured for his remark at the annual meeting of the National Mutual Life Assurance Co. that "Great Britain is decidedly the most prosperous country in the world." The *Daily Telegraph*, announcing the suspension of certain foreign exchange restrictions, celebrates the end of the special measures to deal with the financial crisis. The *Observer* City Correspondent heralds the disappearance of the "inferiority complex and the dreary pessimism" which accompanied it. "The British people," he adds, "once more feel that they are standing on firm ground." In short, the "achievement" of a tariff policy has been used as an occasion for telling the public of every class that they no longer need to understand finance, and for brushing away with optimism such partial lessons as they were beginning to master. The National Government and the Bank, it is specifically asserted, have earned very great congratulations for saving England, with whose people all will be well to-morrow.

That those who fear, for whatever reason, the rationalisation of the financial system, could believe it again possible to generate an optimistic and uncritical popular consent to orthodox financial Government is in itself amazing. It testifies to the incredible, dog-like patience of mankind with misrule. All that the misrulers have to do is to promise results, whether or not those results can possibly follow from their conduct, whether or not those results are clearly enough defined for them even to be checked on delivery. For example, the present rejoicing is tempered by the publication, in less prominent places, of all manner of cautions. Prosperity,

like Rome, may not be set up in a day. The first twenty "years may require some hardship, but in the end, with wise leadership and bold action . . . the tide must turn." All the easily understood writing, it is cynically amusing to observe, is of the optimistic sort; the warnings, which include threats, are hidden in the esoteric language of bankers and economists. "When the fall of gold prices is reversed," Sir Josiah Stamp remarks, "we shall have the interesting choice to make between a higher rate of exchange and a higher domestic price level," and Sir Josiah, in spite of his readiness to celebrate the turn of the tide, is "inclined to hope that we shall choose the latter, which is the most essential factor in our home situation."

Measures advised and taken to meet the financial crisis included severe reductions of wages, salaries, and pay. Naval resistance to these reductions was actually blamed for the crisis, which was, of course, later blamed on an adverse balance of trade, and, rather more accurately on the scare report on the Budget furnished by Sir George May—who has his reward in the chairmanship of the Tariff Commission. Not only was the pay of vast numbers of people reduced; unemployment benefit was cut in a manner positively inhuman, and the unemployed submitted to a means test which threatens to develop into a system of tyranny and espionage. A Kennington cinema-proprietor, acting in good faith, is reported to have flashed on the screen an announcement that a man in the vestibule had half-a-dozen jobs to offer. There was an immediate rush to hand in names, the possessors of which learned at the Labour Exchange later that they were to forfeit their benefit for indulging in riotous living at the public expense. None of the measures of this type are regarded by Finance or officialdom as temporary expedients for overcoming the crisis. They were cunning and effective preparations in advance for the future policy of the country as a whole. Next, taxation was increased to such a degree that persons in receipt of total incomes of little more than two pounds a week can be liable for income-tax. Finally, a tariff-system ensures an increase of all prices in the very near future. Yet the policy of the Bank of England, as reflected in Sir Josiah Stamp's remark, is not to allow the purchasing-power of such incomes as there are to increase even when the voluntary choice whether to do so comes before us. The condition of what is to be called prosperity is a repetition of the hungry 'forties.

"Improvement," to use the City's phrase, in the prices of several classes of industrial shares, has, of course, taken place. Such improvement was inevitable as the consequence of the suspension of the gold-exchange standard and the tariff-policy—simply because many investors believe the prophecies which have been associated with these changes. The questions which arise are, however, whether the improvement will continue; whether, if it does, it will be a sign of changes beneficial to the community as a whole; and, finally, if so, whether other communities will also benefit, or, alternatively, be moved to adopt policies calculated to destroy the benefit tending to accrue to Britain. To answer those questions, the sketch of future policy offered by Sir Josiah Stamp—and all other representatives of power—indicates that the standard of living of the community as a whole is not to be improved. It is to be treated as an item of the cost of commodities for export, and, in accordance with the tenets of sound costing, to be reduced as nearly as possible to zero. Production for export, without furnishing a corresponding market for imports, necessitates that the selling-price of the product should be invested abroad, in ways which ensure an income

from the investment. But an income from investment is possible finally only if it *increases real credit the product of which can be sold at market. The standard of living of mankind is the measure of the world as a market.* Unless a market for the countries to which goods are exported is provided at home, those countries cannot help but "default," and the financial profit of the "increased trade," therefore, must be illusory, and be inevitably followed by disillusionment. The reason why nations suspend payments of interest on their foreign debts, public and commercial, is that their creditors do not provide a market for their products. Britain's present policy is designed to make new loans, which it can do only by making new defaulters, and has accordingly to be resisted in all countries which fear the moral obloquy attached to financial default. It is just such countries which are cutting down their imports to the minimum. Every default does, of course, two things at once. While it injures the owner of the scrip, who looked upon it as capital, by cancelling the price of the goods originally sold, it wipes out a portion of the uncollectable component of the total cost of the commodities produced. By injuring the owner of the scrip, however, it tends to destroy trade altogether, whereas the allowance of the uncollectable component of cost to the home-consumer at the time of purchase would stimulate trade, both production and distribution, as never before.

The amount of money issued direct to consumers as wages, salaries, and profits, having been planed down in several ways, the time is ripe, according to many of the almost orthodox financiers for the stabilisation of purchasing-power. Last week both Sir Henry Strakosch and Sir William Beveridge advocated stabilisation, and both meant by it the stabilisation of existing money incomes at approximately 20 per cent. below their present purchasing-power. Sir Henry Strakosch appealed for the injection into the sterling system of additional purchasing-power to raise sterling wholesale prices by at least 20 per cent., thus "re-flating" back to the 1928 level of prices. Sir William Beveridge saw only bankruptcy for capitalism as a system if debts remained rigid while prices declined. Failing a restoration of the price-level, he said, there is nothing for the system but grand-scale default. Sir William apparently does not realise that for nearly ten years the capitalist system has been engaged in grand-scale default, obviously to the consuming holders, and less obviously to the ordinary shareholders, and less obviously to the consuming communities as a whole. The system could have provided vastly more than it has of the things it was invented and constructed to provide. It is quite clear that there is no way of raising prices except by injecting new money somehow into demand, but Sir William omits to mention that once prices are raised, the increased demand will have been depotentiated. The condition called over-production will again prevail. As the only outflow of incomes is by way of costs, to increase prices without accumulating a corresponding amount of new costs is at present financially impossible, and to increase prices while accumulating new costs necessarily results in a repetition of the situation in which purchasing-power is inadequate to the task it has to perform. In fact, the evil is intensified by the fact that the very rise in prices unconsciously designed to assist demand takes from the consumer far more than it cancels of costs, thus leaving him worse than it found him when the way of salvation was first proposed. Have Sir Henry and Sir William not yet heard that there is a way of increasing purchasing-power while reducing prices, and at the same time ensuring to the manufacturer the credit required to balance his cost-account?

PAUL BANKS.

Distortion By Figures.

A person can put money to three uses: he can hoard it: buy things to sell again: buy things "for keeps." In practice hoarding is not resorted to, and can be ignored. This means that there is no such thing as the saving of money. The word "saving" describes the consequence of a particular direction of spending, i.e., the acquisition of things to sell again. It is the things, not the money, that are saved.

If you buy two pairs of boots at £1 a pair, the one to put on and the other to sell again, the seller does not differentiate between the two £1 notes you pay him; he puts £2 in the till. Subsequently he passes this £2 through his accounts (merged with other revenue) and whatever happens to it afterwards happens to all of it alike regardless of the purpose for which you bought the boots. He does not, for instance, say to himself: "Let me see: this customer is going to re-sell one pair, so I will only put one £1 note through my ordinary accounts, and will put the other into a suspense account until he sells the boots to somebody who is going to wear them!"

All receipts of money by the banking system are pooled irrespective of the objects for which people have parted with it. No regard is paid to the question of whether these people are consuming the things they have bought, or are holding them in the expectation of changing them back into money later on. If anyone has a fancy to say that this pooled money is being "saved" within the money-system, he may do so; but in that case the proportion of it which people have spent on consumption is being "saved" in the same way as the rest. This gives rise to the startling and amusing corollary that no matter what anybody buys, or for what purpose, he is contributing savings to the money-system—that, for example, a man who buys and drinks a Worthington saves eightpence, and is entitled to look to the money-system to return it when he calls for it.

Conversely, if anyone has a fancy to say that none of the pooled money is being saved within the money-system, then this leads to another corollary, namely that no matter what anybody buys, or for what purpose, he is not contributing savings to the money-system—that, for example, a man who invests £100 in Worthington's brewery spends the money in the same absolute sense as if he had bought £100-worth of beer and consumed it, thereby losing his right to look to the money-system to return it.

The point of these two antithetical conclusions is the following generalisation: that banking accountancy fails to reflect economic facts. It merely records transfers of money from one depositor to another: it does not record the nature or purpose of the economic transactions which have occasioned the transfers of money. Naturally one could not expect the latter to be recorded in detail, but one can see that it would be possible to record the net effect of all these transactions collectively over a certain more or less extended period. But why, someone may ask, should this be done? The answer can be derived from the second of the two corollaries just mentioned, which, absurd as it is, represents a fact; namely that the bankers treat all money received by them as if it were the proceeds of sales of things for consumption—as if for every £1 received by some citizen had bought and taken home for his private use £1-worth of goods or services. For example, if they receive £100 from John Smith, they treat it just the same in their accounts whether he got the money from Tom Prudence as the price of brewery-shares or from Dick Toper as the price of beer. The treatment in either case is—cancellation of the money.

In explanation of this statement it is necessary to define the word "receive" as used in this context. It does not mean the transfer of money from one depositor's current account to another's. Thus, if John Smith and Dick Toper have each £200 in the bank before the assumed transaction, the consequence

of the transaction will be that Dick's deposit is decreased to £100, and John's increased to £300. This transfer of £100 is not "received" by the bank in the sense intended in the above statement; the two accounts added together are £400 both before and after the transaction—the only difference is in the proportions in which the two depositors can claim it from the bank. But now suppose that before the transaction, John Smith owed the bank £100 and had no deposit at all, while Dick Toper had a deposit of £100; then after the transaction the accounts of the two of them would add up to zero; Dick's deposit would not be transferred into John's account, it would be transferred to the bank's loan account to John, where it would balance the previous loan; whereupon the bank would rule a line and close the account. Dick's deposit would have been cancelled (or, as Mr. McKenna would say, "destroyed") in the process of cancelling John's loan. This is what is meant by a bank "receiving" money. Bankers' receipts mean money taken out of circulation.

The practical bearing of this is as follows. Keeping to the hypothetical illustration, the banker would still take this £100 out of circulation in exactly the above manner if John Smith had raised it by selling shares to Tom Prudence instead of selling beer to Dick Toper. That is to say that in banking accountancy the same rule would be applied to record either of two entirely different economic transactions. On mere inspection the ordinary observer will agree that if the recording of money-movements is supposed to reflect the consequences of money-transactions (and what's it for if it doesn't?) you cannot make one record serve for two opposite facts. If it is right for one it must be wrong for the other. What are the facts in this example? In the one alternative, Dick Toper takes beer home and consumes it. He withdraws £100-worth of trade property so to call it, and converts it to his private use. In the other alternative, Tom Prudence buys brewery-shares—i.e., he acquires the ownership rights in a piece of a brewery, so to speak, worth £100. He does not withdraw trade-property, he leaves it where it is; nor does he convert it to his private use, for he wants and expects to sell it (in the form of charges in beer over a future period).

Now, the ordinary observer, again on mere inspection, will have no doubt which transaction should be reflected by the rule of cancellation if the rule is to be applied at all. For assuming that the collective money-resources of the community in the banks' keeping should reflect the collective trade-property of the community, then cancellation of money should take place only upon the withdrawal of trade-property and its conversion to private use. Thus the banker's act of taking money out of circulation properly reflects Dick Toper's act in gulping beer out of circulation. But for that very reason it does not reflect, it grotesquely distorts, Tom Prudence's act in buying his piece of brewery. In the first case trade-property is gone: in the second it remains. Yet in either case the banker will withdraw the £100 out of circulation.

It was stated earlier that there is no such thing as the saving of money. The illusion that there is would be present in Tom Prudence's mind. He would probably say to his friends: "My money is in brewery-property." But Dick Toper might just as truly say: "My money is in beer." The fact is that the money, as money, does not exist in either case. What does exist is Tom Prudence's shares; and the value of them in terms of money depends not on any contract by the banker to pay him back his "savings," but entirely on the chance that some other citizen will choose to buy them. The only right the ownership confers on him may be expressed in the following phrase: "You, being the owner of these shares, are entitled to the ownership of whatever money you can persuade somebody to pay for

them." The value of this right is, as every investor will testify, a most elusive subject for computation. It may be anything down to zero. And, by those readers who can mentally "close the circuit" of this hypothetical transaction, it will be seen that inside it Tom's shares are worth nothing—for the banker has destroyed the money which could and should have been available to buy them. This is as far as it is proposed to discuss the subject, except to inform inquirers who object that what goes wrong in a closed circuit may come right if you don't close it, that there is no such thing as the sort of general external compensatory area such as they allow for. If you open any closed circuit and widen it, all you do is to break in on other closed circuits where precisely the same anomaly exists.

Theatre Notes.

By John Shand.

To those unacquainted with the connection between war and the present need of industrialised countries to gain an ever-expanding foreign trade, it must seem an odd thing to observe that the more we talk about world peace the nearer we seem to approach a world war; that no sooner is a League of Nations formed than the nations begin to separate more widely than ever; that even pre-war cohesions fail to hold any longer—as in the case of the various units of the British Empire, in which even such old-established departments as Scotland and Wales are become, as the Americans would say, "nation-minded." Serious-minded people, who have asked questions at lectures on economics, or signed forms to send to Geneva, or offered to form a "peace army" as a bolster between Japan and China, only to discover that the temperature of Madame Peace becomes more feverish every hour, begin therefore to find the heart of man desperately wicked; and instead of studying the money and industrial system they demand a "change of heart." So they organise new anti-war societies, give propaganda a fresh push in the wrong direction, deliver more speeches and ask more questions, produce plays in churches, even invade the theatre itself. In the theatre, however, it is ten to one the propagandist will defeat himself. For he is nearly always a simple-minded fellow, or thinks his audience so, and refuses to preach his lesson by implication. A moral, he thinks, must be as obvious as a poster; and he will without remorse interrupt the action of a scene to pop a sermon into the mouths of his characters. The result is generally neither a good play nor a good sermon. Whenever I have to endure in the course of duty these propaganda plays—whether to defend birth control or to attack war—I soon begin to wriggle uneasily in my seat; partly in discomfort at the playwright's clumsiness, but most of all because I am not allowed to answer him back. For it seems to me that if we are to turn the theatre into a lecture hall we must at the same time drop the conventions of playgoing. I am to have full license to stand up and interrupt the play so soon as the author does so.

These thoughts occurred to me as I watched, a few Sundays ago, a revival of Mr. Channing Pollock's "The Enemy," which I see is to be put on for a run at the Garrick Theatre. This is a "strong" anti-war melodrama in which we are taught that an Englishman in Austria during 1913 may be accepted as a friend by a Viennese family, while in August, 1914, he is seen to be a horrid fellow and a person to be shunned and spat upon. You see what I mean when I describe the makers of such plays as unsophisticated? Still, another "peace propaganda" drama has been staged at the Apollo Theatre, an English version by Mr. Reginald Berkeley of M. Maurice Rostand's "L'Homme qui j'ai tué." This is the tale of a young French soldier

who is so horrified because in an attack he killed an unarmed German soldier that he is unable to forget the incident. We see him first asking absolution of a priest in a cathedral and when absolution is offered refusing it, telling his confessor that murder is not to be excused because it was committed in military uniform, and that if Mother Church is willing to forgive him the killing of a man he cannot believe that God will do so. One felt here that the author regarded himself as one who was evidently attacking with strong hand the apparent hypocrisy of a church which preached peace and blessed the troops as they marched to war. At the same time one remembered that story told by Benvenuto Cellini in his "Memoirs" of his taking part in the defence of Rome. Entrenched on top of the Castle of San Angelo, Cellini was killing large numbers of the enemy by means of a cannon. It occurred to him that he might be risking his immortal soul by these patriotic activities, so he asked to speak with the Pope, whose life he was defending. His Holiness, acquainted with Cellini's misgivings, raised his papal fingers and gave the soldier artist absolution, not only for those he had killed, but for all those he was about to kill in defence of Mother Church. And Cellini, perfectly satisfied, began to shoot with renewed vigour.

Was that mediæval Pope a hypocrite in giving absolution, and was that rogue of a sculptor an insensitive blockhead to accept it? Our modern Frenchman, hero of this play, would seem to suggest it. Is he, therefore, more "advanced" morally than Cellini, or does he lack the faith of three hundred years ago, or is he what for the sake of a label we call a neurotic character who would deal with yesterday or as far back as you care to go? I am equally difficult for priest or pagan to deal with, ways myself on the side of the normal, the average, and there are thousands of men alive to-day who killed other men during the last war and yet are not troubled, like Hamlet, with bad dreams. As Cellini did, they have accepted forgiveness. And I choose to regard this French soldier as a "case" for the psychologist rather than as an example of improved ethical sensitiveness. Especially as the dramatist gives one no reason to suppose his hero had not killed other Germans before and after the slaying of this unarmed combatant.

After this confessional scene, a great deal of the rest of the play is given to the exhibition, not of this Frenchman's sickly conscience, but of that of the German parents of the man he killed. And it is interesting to find that these people are also "cases" for the psychologist. Years after the war, these people are still mourning their son. The father keeps the boy's room exactly as he left it to go to war. The mother is always reading his letters from the front. His sweetheart goes maudering about the house remembering the dead instead of marrying the living. Visitors to the house are discouraged, young people are absolutely "verboten." To this morbid household, who have forgotten the injunction to let the dead bury the dead, our Frenchman with the sickly conscience comes, bent on asking forgiveness for his "crime." Before he can tell like the morbid to the morbid. Before he can tell who he is, and why he has been putting baskets of flowers on their son's grave, the parents have jumped to the conclusion that he was a dear friend of their dead boy, and though he is a Frenchman is to be welcomed as one who can tell them still more tales of him to grieve over. There is a peculiarly French morbidity in the situation which now develops, and as I watched it I felt that there was little to be said in favour of it. Gradually these German parents take this Frenchman to their hearts as a substitute son, and he grows more hysterical as the chances to make his confession dwindle away.

The dead man's sweetheart guesses the truth at last, but she forces him to promise that he will now for life carry on his strange imposture; and we leave him, in the cheapest kind of theatrical "curtain," playing on the dead man's violin its owner's favourite tune to a gloomy audience of the father, the mother, and the girl. To give the situation the final soupçon of Gallic decadence, there is even the suggestion that the Frenchman and the girl will marry, not because they are in love, but because this will make him more than ever a substitute for the man he killed.

There are various moments when this dramatic study in the unpleasant art of stepping into dead men's shoes is interrupted with diatribes against the folly and wickedness of war. I doubt their sincerity merely because, after the scene in the confessional, they are interruptions. They sounded false to me because in my ears all explicit moralisings in the theatre seem more oratorical than sincere. And unless my prejudices were blinding me, it seemed that Mr. Norman McKinnel, Miss Louise Hampton, and Miss Celia Johnson, as these members of the German family, did not believe a word of what they said in such sepulchral tones. Mr. Emyln Williams, as the Frenchman, was different. He really understood this neurotic youth, and it was because he made him such a living person that I have been moved to analyse my impression of this unusual play.

The Films.

Kameradschaft: Academy.

"Kann überhaupt Jemand dafür?" was one of the keynotes of Pabst's "Westfront 1918." This sense of the impotence of the mass of people to avert a war for which they have no desire and that has no meaning for them is still further emphasised in his "Kameradschaft," the scene of which is laid in time of peace, but of a peace that has bequeathed too many legacies of war. Two mining villages—one French, one German—are separated by Customs posts and still more by the intangible barriers of mutual rancour, racial hostility, and memories of the war. Both communities depend for their livelihood on the same seam of coal, but the workings are divided by an iron barrier, erected in 1919, and with inscriptions in the two languages. There is an explosion in the French pit, and the German miners volunteer for rescue work. Their offer is gratefully accepted, but they barely escape being shot at by the guardians of the French frontier post, past which they rush without waiting to trouble about the formalities so dear to the heart of the *fonctionnaire* in even the direst emergency. The rescue work is successful, and after the injured volunteers have come out of hospital the French and Germans fraternise. "We are all workers, all miners," declares one orator, "our only enemies are fire and war." Previously, one of the German miners, on being remonstrated with by a fellow worker for desiring to go to the assistance of the French, has bluntly asked, "Was gehen uns die Generäle an?" But the film does not end on this note of international brotherhood. With exquisite satire (the incident is, I believe, founded on fact) Pabst shows us the rebuilding and strengthening of the mine barrier, which has been broken down by a rescue party. French and German officials sign protocols to certify that it is again firmly in position, and salute each other gravely to the chorus of "Everything is in order again." Officialdom has triumphed over the natural man.

No praise can be too great for this very great film. Judged merely on its merits as a plea for the brotherhood of nations, or as an exposition of the hard and dangerous work of the miner that is taken for granted by the community in general, it would rank among the masterpieces of the screen. But

it must rank chiefly as a superb work of art, for Pabst, unlike so many of the Russian directors, has not allowed propaganda to run away with him. Of his sincerity there can be no question, but he has not permitted a *saeva indignatio* or an idea to swamp his cinematic genius; instead, he has maintained a perfect balance between the emotional and the æsthetic. The crowd handling is masterly, and the photographer, whose name, I regret, was not shown on the screen at the private viewing last week, is one of those rare artists who make things of beauty out of smoking chimneys, colliery winding gear, and shunting engines. One shot, that of a slab of concrete serving as the foundation for a lattice girder, remains in my mind as one of the most beautiful pictures I have seen.

"Kameradschaft" is bilingual, but the dialogue, which is sparingly used, is easy to follow, and I understand that in the version which is being shown to the public explanatory English titles have been added. Incidentally, this is the first film in which two languages have been given equal play, a technical innovation of the highest importance and interest. One expects, of course, the most admirable technique from Pabst, but in "Kameradschaft" he definitely crosses the frontier that separates talent from genius.

Arsène Lupin: Empire.

In its crook films, Hollywood has established so high a standard, that one is entitled to demand something very tense and fast-moving when it comes to a picture with the French Sherlock Holmes as its central character. "Arsène Lupin" is good entertainment, and has a number of double entendres at which jibbing by the censorship would not have surprised me. But it is not quite up to standard, and runs to the machine-made, although worth seeing for the sake of the Brothers Barrymore, who have here entered into their first film screen partnership. John is Lupin and Lionel the detective Guerdard who eventually unmasks him; the two roles are well contrasted. Clever is also the manner in which the spectator who has not read the ingenious Maurice le Blanc is left in uncertainty until the end as to whether the detective or the Viscount is really the master criminal. Jack Conway directed, and Karen Morley is given her first starring role.

Gentleman for a Day: Regal and Pavilion.

Here is another of those excellent films that Hollywood regards as a mere "supporting feature" and does not trouble to advertise, but which is worth any ten average pictures on which it exhausts superlatives. "Gentleman for a Day" has several outstanding merits in addition to being unusual. The whole of the action takes place in or about a great railway station, which supplants the persons of the drama as the central character; the *va et vient* of the station is admirably caught, as the result of most skilful use of the moving camera and of breaking up nearly the whole production into a number of very short sequences in the manner of certain German and Russian directors. Finally, the film shows that Douglas Fairbanks, junior, is a really finished actor, who can be relied on to get right under the skin of the character he is depicting. Young Mr. Fairbanks may or may not have owed his start to his distinguished parentage, but to-day it is Fairbanks *père* who should be proud of Fairbanks *filis*. The very competent cast includes Joan Blondell, David Landau, Alan Hale, and Guy Kibbee, and I can cordially recommend the picture, which was directed by Albert Green.

This Week's Films.

"A Nous la Liberté" continues at the Rialto. I hear that this film has already had a most remarkable international success, which is understandable in view not only of its merits, but since the sparing use of dialogue gives it a world-wide appeal lacking

in American talkies. Clair's picture will shortly be seen in New York, has played for three months in Paris, and six weeks in Berlin, has had the distinction of being shown at both the Ambassadors and Majestic Theatres in Brussels, and will soon be presented in China and Japan. Its first week at the Rialto, I am told, broke all box-office records. "Alexander Hamilton," the Arliss historical picture, is at Tussaud's and the Stoll. "The Woman from Monte Carlo," with Lil Dagover and Walter Huston, is being shown at the Regal and Pavilion. This is Miss Dagover's first American film.

DAVID OCKHAM.

CANADA'S CREDIT.

[Taken from the *Ottawa Evening Citizen* of January 4.] Canada is so happily situated that most of the raw materials for Canadian needs can be produced from Canadian resources. At least five times as much wheat is produced in Canada as the Canadian people can consume. Canada's capacity to produce food supplies, fuel, materials for building, clothing, footwear, and other necessities and comforts is far in excess of immediate needs to feed, clothe, shelter and otherwise provide for the Canadian people. But because of the belief that the people must starve at home unless more and more is exported to markets abroad, many Canadian people remain impoverished. It should surely be possible for the controllers of Canadian finance, Canadian industry and Canadian resources to keep the Canadian people employed supplying themselves from Canada's own abundance.

Perhaps Canadian workers would afterwards vote to go back to reliance on the policy of exporting. But in the meanwhile, at least until the international credit structure is restored—with economic warfare resumed in the export markets—it would be intelligence to turn to a real national policy of developing the home market.

Purchasing power in Canada, as in other countries, is being artificially restricted by alien influences outside—apparently beyond the range of government action, so long as Canada is willing to remain tied to the collapsing system of international credit control. Possible steps away from the crash, which is being prophesied by the international authorities themselves, are being discussed in other lands. The following is from the *South African Review's* financial page, under the heading "Australians 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.

The doctrinaires of so-called sound money would naturally make woeful prophecies of any such departure to increase purchasing power in the home market, but they are confronted with the alternative of accepting sentence to needless impoverishment from abroad, or striking out boldly to start the wheels of industry running at home, to supply Canadian needs from Canadian resources. At least, it is about time for committees or groups, either in politics or outside in commerce and industry, to explore the possibilities of an independent Canadian policy based on a true estimate of Canada's real credit—ability to produce and deliver the goods.

The Leisure Society.

PUBLIC MEETING.

MAJOR DOUGLAS, foremost of the bankers' critics, will speak on *The New Economics* at the Essex Hall, Essex Street, Strand, on Friday, March 11, at 7 o'clock. (Meeting organised by The Leisure Society, 47, Berners Street, W.1.)

LETTERS TO THE EDITOR.

"BRING OUT YOUR GOLD."

Sir,—Your readers will, no doubt, have realised the ingenious confidence trick which has been so successfully practised upon the public during the past few weeks by inducing them to sell their gold at 27s. 6d. per sovereign's worth.

It is not denied by any responsible banker that for every pound's worth of gold in the vaults of a bank, ten pounds, at least, of purchasing power may be created. The public, therefore, has been paid 27s. 6d. for an article which, to the banks, is worth at least eleven pounds, and, as usual, a third party (in this case the bullion brokers) has been employed to veil the hidden hand.

C. H. DOUGLAS.

"THE NEW ENGLISH WEEKLY."

Sir,—I am very much obliged by your most generous announcement last week of my proposed new journal, "The New English Weekly." Your readers should be able to draw the right conclusion from it, namely, that our co-operation in the common task will be, if unobtrusive, nevertheless complete.

May I be allowed to add that any of your readers may have additional prospectuses on application to me?

A. R. ORAGE.

Editor: "The New English Weekly."

38, Cursitor Street, London, E.C.4.

"THE NATION'S CREDIT."

Sir,—I have been in correspondence with Captain Coleman with reference to his letter in your issue of February 25. I pointed out that the phrase "Capital goods must always be produced at the same rate as consumers' goods," in lines 3 and 4 of para. 9, page 21, of my pamphlet was not intended to mean that industry "grows" a factory as quickly as it "grows" a pair of boots.

What I did mean was this:

(a) If a sufficient A₂ income has always to be provided to meet B₁ costs, a certain programme of capital production must continuously be undertaken.

(b) This programme bears no relation to the needs of the community. Its main object is to provide the necessary purchasing power (i.e., A₂ equals B₁).

(c) Therefore, the rate at which this programme is undertaken depends on the rate at which B₁ costs appear, i.e., on the rate at which consumers' goods are produced.

I suggested to Captain Coleman, and he agrees, that perhaps the following re-phrasing of para. 9 would make this point clearer:

"Theoretically it is possible to make A₂ equal B₁. But practically it is impossible to do so continuously, since it means that capital goods must always be produced in quantities sufficient to provide a fixed purchasing power (i.e., A₂ equals B₁), irrespective of whether this volume of capital goods is required or not. The result would be a surplus of capital goods, which must either be exported in the face of severe competition with other nations, or must be bought by home producers, in which case they become B₁ costs in future consumers' goods."

C. G. M.

CITY RUMOUR RE BANK OF ENGLAND.

Can any of your readers say if there is any truth in the rumour, that is going the rounds in the City, that the beautiful design of the "Caduceus" (better known as Mercury's Wand), which appears so prominently on the doors of the Bank of England, is to disappear? The reason given is that it has recently been brought to the notice of Mr. Montagu Norman, and thus to the attention of the Directors of the Bank, that this design is also the central crest of the Royal Army Medical Corps, and that this honourable corps was generally referred to by the Tommies as the "Rob All My Comrades." English and foreign papers and bankers' magazines are at liberty to copy.

W. A. EVERES.

THE FILMS.

Sir,—I am surprised that none of your readers has drawn attention to a curious omission in Mr. Ockham's notice of

"A Nous La Liberte." He gave a good deal of space to praise of René Clair's technique, but failed to point out that the picture has a very special interest for NEW AGE readers. The ex-convict, who is the hero of the piece, becomes a mass producer of gramophones, and, as Mr. Ockham does point out, life in the factory is very wittily shown to be similar in essence to life in the prison. But the really interesting point is that, when the mechanisation of the factory is complete, we are shown the machines producing the goods entirely without human assistance, while the factory hands, instead of being sacked and either starved or thrown on charity, are shown playing cards over a bottle of wine, dancing, and fishing in the sunshine. Whether he knows anything about Social Credit or not, René Clair in these last scenes shows a generosity of mind that sends one out of the theatre feeling that the future is not so hopeless after all.

M. FRANCIS.

MAJOR DOUGLAS'S DISCOVERY.

Sir,—I have heard people disparage Major Douglas's contribution to the fund of general knowledge, claiming that the price-defect had already been spotted, and that Douglas was only fortunate in his publicity and period. That the effects of the system, "bulb for ever turning into bulb and never into blossom," as Ruskin put it, had been exactly observed is true enough. But can it be seriously maintained that the cause as embodied in the A plus B Theorem had ever been as much as guessed at?

A short history of the Pioneers of Monetary Reform, in which the full value of Douglas's contribution would be allotted its due measure of importance, should be well within the scope of several of your contributors and would form a useful addition to our propaganda armory.

T. V. HOLMES.

SOCIAL CREDIT AND SOCIALISM.

Sir,—Having drawn the attention of some Socialists to Social Credit, and having "converted" some of the same into social creditors, I would be obliged if I may say a few words about the relation of Social Credit to Socialism. Both of these are, so to speak, the "big noises" of to-day, and, like two main Directors in the Bank of England, neither can very well ignore the other, since both have policies, and each is eager or determined that the policy shall be his policy—regardless of what the other fellow's is.

The Social Creditor has a policy, so has the Socialist. A policy is a system of government or control with an aim. The Social Credit policy is distinct from the Socialist policy; so distinct are these policies that each firm metaphorically puts up a notice: "No connection with any other firm."

Now I see a large amount of good in both firms, and a little evil in each. So I support both in their aims and fundamentals, and criticise the deficiencies in each.

The ultimate aim of both Social Credit and Socialism amount to the same—the allowing of communities to produce what they want and consume what they produce, and giving each individual the fullest freedom.

The Socialist will say: "That is Socialism"; the Social Creditor will say: "That is Social Credit."

But the policies of each are distinct—the methods of getting the same result are distinct.

I favour the Social Credit method because it is scientific, sensible, and immediately practicable.

The Socialist has yet to work out his method. But the Socialist's aim is the Social Creditor's aim, so I don't put up the notice: "No connection with next door." Instead, I go next door and say: "Friend and brother, come in my place and glance over my stuff."

Often I have discussed Social Credit and its aims with Socialists and Communists, and they have said after much hard talking: "That's Socialism!" "That's Communism!"

Yet there are some Social Creditors who will practically freeze at the word Socialism or Communism. Why? Because they do not fully understand the Socialists' conception of Socialism and the Communists' conception of Communism. One has to be a Socialist and think Socialism to understand it; and be a Communist and think Communism to understand it; the same as one has to be a Social Creditor and think Social Credit in order to understand it fully.

And each of the three conceptions, with the frills shorn, present the same substance.

The Social Creditor, Socialist, and Communist will disagree with each other on methods of approach, but not the ultimate result—"economic security" and freedom for all.

The reason why some Social Creditors view brother Socialists and Communists with unbrotherly eyes, is, I think, mainly because Major Douglas, in a work or two, expressed a degree of hostility against Bolshevik machine-gun methods, etc., and because, perhaps, the Labour Party

turned down Social Credit. But it is unreasonable for an Englishman to ignore the people of the United States because he bumped into half-a-dozen unsocial Yanks.

Major Douglas wrote his books for the betterment of the community, and the community includes all individuals whatever their views, virtues, and vices. Therefore the friendly eye and brotherly hand should be extended to each member of the present community, though the greatest evil-doers should be severely criticised—bankers, capitalists, etc., who support and aid the oppression of the less fortunate members of the community—they are pitiable, selfish fools.

And those who revolt against the vile economic conditions of to-day should at least be regarded as comrades—even if misguided—and men. The man revolts against injustice, the servile mammal endures it. The misguided slaughter-monger can be re-guided.

I regard Socialists as potential Social Creditors, misguided at the moment, Communists as Social Creditors that can be. And Social Credit to me is the straightest, shortest, and clearest road to Socialism, Plenty, and Leisure. In short, it is the way to freedom and progression.

It is a pity Major Douglas allows the idea to be spread that he is against Socialism. Socialists hearing the rumour that he is a Conservative, supporting the present system and desiring only to prop up the present collapsing system, don't bother about the Proposals. They continue with their Capitalist-Labour folly, to the satisfaction of the bankers.

The conservative-minded people, of course, immediately perceive Social Credit to be Socialism—and so ignore it, unless they are despairing of Capitalism.

A criticism of mine is that I regard it as folly on Major Douglas's part not to state definitely that his Proposals are Socialistic. If Major Douglas believes them not to be Socialistic it is because he has not been a Socialist and doesn't understand what Socialists understand by "Socialism." This business of understanding the other fellow's concept is most difficult.

Only Social Creditors believe "Social Credit has nothing to do with politics and Parties"—no one else does!

F. FRIDAY.

[We print this letter to forewarn advocates of Social Credit of the sort of controversy that is going to arise as new Socialists are attracted to our theories. Perhaps some readers will write to Mr. Friday to put him right.—ED.]

Manifesto.

We, the undersigned, appeal to the British Government to give wholehearted support to the proposals for Total Disarmament made by the representatives of the U.S.S.R. to the Disarmament Conference.

In urging this course we are conscious of the fact that, on a previous occasion, a similar proposal made by the Soviet Government was met with the accusation of insincerity and a refusal to take the proposition seriously. Since that time many responsible and eminent persons, including several American Senators, have been added to those who in every country support the view that armaments should be completely abolished, and it is our belief that the general public would now welcome a step of this sort. Moreover, many of the lesser Powers are wholly in favour of this course.

Not only would it dispense with the interminable and seemingly insoluble disputes over methods and degrees of limitation and reduction, its realisation would give to the peoples real security, as it would prevent those acts of war which are made in moment of excitement when minds lose their balance. It is intolerable that civilisation should be thus imperilled.

(Signed),

H. N. Brailsford,
George Douglas Howard
Cole,

Margaret Llewelyn Davies,
Hamilton Fyfe,
Laurence Housman,

C. E. M. Joad,
Laura Knight,
George Lansbury,

David Low,
Hector Macpherson,
Henry J. May,

Harold J. Morland,
Henry W. Nevinson,

F. W. Norwood,
Emily Phipps,
Ponsonby,

Leyton Richards,
Bertrand Russell,
Alfred Salter,

Siegfried Sassoon,
Frederick Soddy,
Sybil Thorndike,

Ben Turner,
Wilfred Wellock,
T. Rhondda Williams,

Arthur Worcester.

NOTICE.

DOUGLAS CREDIT ASSOCIATION: GLASGOW MOVEMENT.

On Tuesday, March 15, in the Christian Institute, Bothwell Street, Glasgow, at 7.45 p.m., Ex-Baillie P. McDevitt, J.P., will give an address on the Douglas Credit Proposals. All interested invited. Questions. Collection.

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

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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.

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

- BRENTON, ARTHUR.
Social Credit in Summary. 1d.
The Key to World Politics. 1d.
Through Consumption to Prosperity. 2d.
The Veil of Finance. 6d.
- C. G. M.
The Nation's Credit. 4d.
- COLBOURNE, M.
Unemployment or War. 12s. 6d. (Procured from New York to order.)
- DOUGLAS, C. H.
Economic Democracy. 6s.
Credit Power and Democracy. 7s. 6d.
The Breakdown of the Employment System. 1d.
The Control and Distribution of Production. 7s. 6d.
Social Credit. 7s. 6d.
The Monopoly of Credit. 3s. 6d.
These Present Discontents: The Labour Party and Social Credit. 1s.
The World After Washington. 6d.
Social Credit Principles. 1d.
Warning Democracy. 7s. 6d.
- DUNN, E. M.
The New Economics. 4d.
Social Credit Chart. 1d.
- H. M. M.
An Outline of Social Credit. 6d.
- HATTERSLEY, C. MARSHALL.
This Age of Plenty. 3s. 6d. and 6s.
Men, Machines and Money. 4d.
- HICKLING, GEORGE. (Legion of Unemployed.)
The Coming Crisis, 2d.
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The Deadlock in Finance. 3s. 6d.
The Flow Theory of Economics. 5s.
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Economic Unity of the Empire: Gold and Credit. 1s.
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The Flaw in the Price System. 4s. 6d.
The Limited Market. 4s. 6d.
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The Just Price. 2d.

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Economics.**

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Cash and Credit. 3s.
- CLARKE, J. J.
Outline of Central Government. 5s.

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