THE
NEW AGE
INCORPORATING "CREDIT POWER."
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2088] NEW SERIES Vol. LI. No. 20. THURSDAY, SEPTEMBER 15, 1932. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

CONTENTS.

NOTES OF THE WEEK.

At the closing meeting of the British Association on September 7 Professor J. B. Bellerby, Brunner Professor of Economic Science at the University of Liverpool, announced his plan for removing trade depression. His plan is not Social Credit. On the other hand it differs from the general category of alternative plans, which may be designated producer-loan-credit plans. For he advocates the principle of *issuing new money gratis*, not by loan. According to the *Daily Telegraph* (September 8)

"The professor suggested that the bank should make a new issue of notes free, and hand them over to trade. In his opinion a 10 per cent. increase all round should be given in all State benefits—unemployment, pensions, and health allowances."

As it stands the plan is technically valueless. But its announcement may do good politically by opening up discussions and controversies on the subject of the nature and consequences of "inflation." In an amusingly aggressive manner he faces up to this bogy-word, and explicitly refuses to be intimidated by it. And he adroitly bases his advocacy of it on the dicta of the orthodox deflationists. He says what he means by "inflation," namely, a forcing up of wholesale prices by 30 per cent. during the next two years. He supports this by saying that it would give a "stimulus to trade," thus giving a local habitation and a name to orthodoxy's doctrine that "confidence" is a prerequisite to recovery. It would, he claims, restore a large number of the unemployed to work—a claim logically related to orthodoxy's fears for a bankrupt unemployment-insurance fund. It might, he continues, "destroy utterly" the present tendency to "play for safety" and start a "new general expansion of industry"—thus reminding orthodoxy of its admonitions to industry to "show more enterprise." Then, examining objections, he says:

"It is said that we would only fall back again to depression when the rise in wholesale prices was checked. That argument seems to me to be that he who falls into a pit should not attempt to climb out, because he might fall back again.

"The collapse in wholesale prices has been the main cause of the present chaos. The way to recovery, it is generally agreed, is to restore wholesale prices. Unfortunately general agreement is not much use, and the real problem is how to restore the level of prices—in other words, how to inflate by this 30 per cent. margin.

"Superficially, the solution is to get the money out of the banks to produce inflation. It seems the easiest thing imaginable. But at present the money does not pass and cannot pass from the banks to the people. The reason is that the banks demand a rate of interest for every loan every time they pass money out, and we know that nothing but a negative rate will do. It is, as it were, a vicious circle."

The merit, from our standpoint, of this style of debating is that while there is an answer to his arguments on the technical side, his opponents are anxious not to encourage inquiry in that direction. But unless they produce technical counter-arguments it is difficult to see how they can impair the plausibility of his advocacy nor dispel the atmosphere of optimism, or at least expectant enterprise surrounding it. The sentiment: Let's do something new and see what happens" is bound to trump the sentiment: Let's do what we have been doing and see if what happens is different from what has been happening—especially to a public who, in all sections, are thoroughly fed up with what has been happening.

* * *

Professor Bellerby develops his views as follows:

"The money from the banks must be given. There can be no question of repayment. The Bank of England may be no worse off if it prints new notes and presents them gratis to the Gov ernment. The condition on which such an iss of new notes could be given is that new tr should result from them, and that the n should not return to the Bank.

"If we want to inflate without cost to the ernment and the Bank, the main problem i the Bank can give the money away, ensurin new trade will result. It is no use giving the money to those who are playing the safety game.

"One way the Government could use the money from the Bank would be to lower the income-tax. That would release more spending power, but the effect on trade would be negligible because the taxpayers might be merely the safety seekers.

"To ensure trade revival we must give the money to the spendthrifts—to those who will rush to the counters and spend it. It is an awful paradox of the present-day conditions that in order to save the virtuous we must give to the spendthrift. One way would be to give a subsidy to the poor and destitute, who would spend more."

Students of Social Credit will recognise that Professor Bellerby, in challenging discussion along these lines is threatening weak places in orthodoxy's defences. For one thing, the bankers would have to think twice about taking him up on his implicit assumption that the Bank can issue notes without loss to itself. They would have to brush aside the three weighty judgments for the defendants in the action of the Bank of Portugal against Messrs. Waterlow and Sons. (We would give a lot to hear Mr. Gavin Simonds cross-examining Mr. Montagu Norman on the point.) Again, they could not get away by merely ridiculing the idea of spendthrifts saving the virtuous by going shopping; for obviously their own injunctions during the crisis about "wise-spending," and their appeals to the virtuous not to overdo the virtue of economising were a tacit endorsement of much the same idea.

* * *

Of course the snag lies in the question whether Professor Bellerby's address will attract sufficient serious attention to draw orthodoxy into any argument at all. In its way it sets a conundrum for our readers very similar to that set by the article in the *Pictorial Weekly* which we discussed on September 1. It is not farfetched to conceive of both being the products of a common inspiration. For accepting as a hypothesis the accuracy of the statement made in the *Pictorial Weekly* on August 27 that the Treasury were considering plans for "the practical distribution of a national dividend" with the view of adopting them "in the event of the economic situation reaching a point of emergency," the appearance of Professor Bellerby on September 7 advocating such a policy falls logically into place—especially if one takes into account the visible approach also of the *military* situation towards a "point of emergency" during the last couple of weeks. For it should not be overlooked that Social-Credit finance is as essential to war-services as peace-services—and that the breaking out of war is not to be regarded simply as a risk incurred by the breaking down of economic activity, but is in itself the fact and expression of the breakdown. The one emergency *is* the other. Our coming off gold onto some other basis of competition was one step towards our coming onto cold steel as the final basis of competition. Men with empty pockets will man pocket-battleships in their last quest for deliverance.

One may derive herefrom a rule for interpreting the above address and article, and others like them that may appear—and that is as records of the temperature of the national emergency. For it has been a settled tradition in politics, and particularly British politics, for the authorities, when contemplating a ...jor change in policy, to get it independently ad...ted and talked about. It is done so subtly that ...er the advocates nor the public are aware ... where the idea comes from. Nor need the ...s such, be directly conveyed; the conveying ...e contrived by so shaping a course of events ...e idea is bound to occur to someone or other. ...s to remind our readers that where the Treasury and the banks are concerned this method offers no difficulties. The "idea," for example, of arming the New Guards in Australia against Lang, or White Guards in Ireland against De Valera, was probably never conveyed in complete form by the bankers, but was delivered in parts with hinted instructions if any.

* * *

Professor Bellerby speaks with some measure of authority, even though it may not extend far outside Liverpool; and one must assume that he would not have spoken as he did without intending to be taken seriously—that he considers his plan feasible at least in the trial-and-error sense, and believes the time is ripe to advocate it before the public. Since, so far as we know, he contemplates continuing in his office and teaching economic science at the University, he must have spoken with a sense of responsibility—a responsibility which extends in some degree to the University Authorities. These considerations, taken collectively, would seem to suggest that at least some high-financial influences are not so implacably hostile to the ventilation of his heterodox views as one would have supposed. The action of the Press, too, which possesses a keen nose for what it is safe or unsafe to advertise, tends to strengthen the suggestion. Of course the meetings of the British Association are "news," but the Press uses its discretion as to what features to emphasise. Lastly, the proceedings of the British Association attract worldwide attention, and there is some significance in the action of the arrangements committee in passing Professor Bellerby's address (if they had the right to see it beforehand) or in leaving him free to say what he liked on this subject (if they had not). It points to a relaxation in financial censorship. But further developments must be waited for to show whether this event signifies a softening of Pharaoh's heart or his brain.—i.e., whether the Financial Censors were flirting with the Bellerby Plan, or were releasing it for exhibition in the hope of adding to the existing confusion of thought on these matters.

* * *

Advocates of Social Credit need to indulge circumspectly in thoughts which coincide with their wishes; but on the other hand they would be denying their belief in its soundness as a technical analysis if they rejected indiscriminately every interpretation of events which stimulated hope. Social Credit is the scientific demonstration of a process of disintegration in the financial system proceeding inevitably from a specific and recognisable activating cause, and at a continuously quickening speed. Signs of disintegration are bound to become more and more numerous and visible; and, as they do, the urgency of the necessity for removing the cause will be more consciously realised. It follows, then, that signs in speech and writing of a disposition to turn to the remedy can be accepted at an ascending proportion of their face value as time progresses. Unless, therefore, one believes that the bankers are villains determined to ignore the remedy till death; and that, at the same time, the rest of the community are fools enough to refrain from intervention, one must dispose himself to interpret new signs and portents with new confidence and hope.

* * *

(And I saw, and beheld a white horse: and he that sat on him had a bow; and a crown was given unto him: and he went forth conquering, and to conquer.)

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.

Science and Economics.

Apropos of last week's "Notes" as they concern Sir Alfred Ewing's presidential address to the British Association there was a portrait of this gentleman in the *News-Chronicle* of September 1 which showed him as bearing a strong resemblance to Dr. Nicholas Murray Butler. Moreover, both the faces are matched up by that of Sir Richard Gregory's published in the *Daily Herald* of September 5. One might add that the late Oliver Lodge's face conformed to the same type. All of them give indication of benevolence vitiated by sublimity, and resulting in a diffusive and purposeless altruism. A craniometrical overhaul of these gentlemen would doubtless afford confirmation of this diagnosis. Apropos of this allusion to phrenology it is amusing to note that whereas it appears to be beneath the notice of the British Association and of any of the delegates, time was allowed at one session for a speaker to develop the claims of astrology as a means of estimating individual characters. This speaker went so far as to say that if he had to appoint anybody to fulfil a function he would cast his horoscope and would be able to tell from it how nearly his character fitted the function. There is no need to deny the possibility that astrophysics are related in some way with human character and conduct, but it is necessary to call attention to the remarkable obtuseness with which people will fly to metaphysics for explanations of phenomena before they have exhausted or even examined the evidence for physical causation. This sort of proclivity is manifest in every field of sociological "research," and particularly in the bankers' international economic research which tends to disseminate the idea that the potency of any causative force varies directly with its inscrutability as to nature and operation. It can't be a cause if you can see why and how! Thus you have your financiers who claim to understand quite clearly how a psychological state called "confidence" can make or mar material prosperity, but profess to find Major Douglas's reasoning beyond their powers of verification. We must quote a most useful observation from a recent letter to *The Times* where the writer, having pointed out something, remarked: "This is so obvious that it takes a considerable letter to make it plain." This is hardly less telling than Emerson's dictum: "Nothing surprises like common sense."

Referring to Sir Richard Gregory's move to get a scientific commission formed by the Government, let us quote some of his remarks to the *Daily Herald* interviewer. He first says that "financiers and economists have failed," and that "science should bring out a constructive programme." That sounds all right so far: and in fact repeats a sentiment frequently expressed in this journal. But when he goes on to outline the procedure there is a different story to be told.

"A commission of scientific societies should get together and put before the Government a real plan. . . ."

* * *

"Scientists must protect humanity against science." [This has reference to "poison gas" and "other instruments of destruction."]

* * *

"The trouble is that there are no men of initiative among scientists. I have found that they cannot lead but *they can be driven*. If the Government were to call in the scientists as it did during the war, and *set them the task*, they could do it. The main difficulty is that science has become so specialised that the scientists cannot understand departments outside their own." (Our italics.)

It may occur to the plain man to ask what use it would be to bring together an assembly of specialists who do not understand each other's subjects of specialisation. But we imagine that directly you ask that plain man to adopt the hypothesis that some outside interest wants to lead the assembly up the garden he will see at once how perfectly the above arrangement would suit their plan. Sir Richard Gregory indeed unwittingly reveals as much. To paraphrase his suggestion, he is envisaging a situation in which, let us say, Mr. Montagu Norman sets all these scientists to reason within a framework of reference consisting of orthodox financial axioms. Let the Bank of England thus set the task, and the scientists are bound to arrive at Bank-of-England conclusions; and the more logically they reason the closer will be the approximation. What the bankers want is the *use of the name of science* for advertising their own recommendations. They have no use at all for the knowledge possessed by science. If, as Sir Richard says, there are no men of initiative among scientists then the initiative must proceed from a source outside them. And when one comes to realise what a "commission of scientific societies" means in practice the path of the injected initiative becomes plain. For as we showed last week, in respect of *Progress and the Scientific Worker*, *scientific research* in the field of economics is in process of being controlled and directed by high politicians, who in their turn draw their inspiration from the Treasury and the Bank of England. And the same thing is happening in respect of every *scientific society*. The coming together of these societies would in practice be the coming together of these political directors and observers; and one may be quite sure that no scientists who showed the least disposition to challenge the bankers' axioms and to take an independent view of the economic problem would be allowed to enter the counsels of the assembly.

We have here one more example of the strategy of the bankers in borrowing and exploiting Social-Credit sentiment and tactics for their own purpose. We have frequently stated that our hope rested upon arousing interest among scientists in general and engineers in particular. That is still our hope. But it depends for fulfilment on select scientists taking the subject up with free hands, not on a heterogeneous assemblage of scientists taking it up with tied hands, which is to say, taking lessons in it from interests who wish to limit the field of inquiry.

In the *News-Chronicle* of September 1 Stuart Hodgson wrote reprovingly of the hostility of the divines to the British Association in its early days.

"'A hodge-podge of philosophers,' said Keeble contemptuously; and the literary men were equally scornful. It was, alas! Dickens, no less, who wrote of 'The Mudfog Association for the Advancement of Everything.'"

Well, whether this contempt was justified or not at the time, it certainly is to-day, and our respect for Charles Dickens's sagacity is heightened by this expression of his attitude. In fact the same flippancy peeps out in the remarks of a fellow contributor of Stuart Hodgson's in the *News-Chronicle*, J. A. S. (presumably Spender) who, on September 9, referred to the British Association as the "recognised exponent of the brighter science" and alluded to its discussion of "the eyebrows (or was it eyelashes?) of film stars."

From this point of view it is a pity that Professor Bellerby's financial proposals (whose merits are discussed elsewhere) have first been announced under the auspices of the British Association. He is likely to be regarded as an exponent of "the brighter science," and his views assigned to a similar ord... of significance as views on "brighter London" ... "bright young people." It is no doubt with ... probability well in mind that the Press gen... gave him prominent notices. (The *Daily Tele*... September 8, gave him the best part of a co... However, what's done's done; and we must ... best to turn the episode to our advantage.

Reviews of "Times" Articles.

[(1) Date. (2) Title of article. (3) General subject. (4) Particular reference. (5) Nature of commentary. (6) Our commentary.]

I.

(1) August 31st. (2) Omnibus Men's Earnings. (3) Prospects of strike. (4) Temporary negotiations.

(5) Writer infers from the statement by Mr. Bevin, General Secretary of the Transport and General Workers' Union, that the men's object will be to obtain a settlement which will be favourable to themselves, but yet not defeat the object of the company. He alludes to the fact that a driver's standard wage at present is 86s. 9d. per week and his average earnings just over 90s.—the difference being overtime. The excess will be reduced partly by a limitation of the maximum working day to eight and a half hours. The company, he says, is putting larger, faster and more costly vehicles into service, and naturally it looks for the most economic use to be made of them.

(6) *Bankers' Earnings.*—The banker takes little *because* he can take what he likes when he likes; and the minimum he can draw ensures economic security for himself. This has a bearing upon the writer's hint that although a "reasonable temper" prevails there are "extremists" who are "doing their utmost" to create trouble. One might reasonably retort on the bankers with a reminder of the widespread trouble they create whenever anybody commits a breach of their own doctrines, notwithstanding the fact that the breach does not affect their own personal security in the slightest. They will reply: "Principle." But they don't allow the same reply to pass when anybody but themselves raises a principle in his defence.

II.

(1) September 3rd. (2) The World Conference. (3) The projected World Monetary and Economic Conference. (4) The attitude of the United States Government.

(5) Writer points out that the American Government refused to participate in the discussions unless the two subjects of War Debts and Tariffs are excluded from the terms of reference.*

Writer appears to be a little bit sniffy about this (when *The Times* is disturbed about the agenda of a World Convention—whose proceedings we should expect to be, on general principles, government by international banking policy, all advocates of Social-Credit should nudge each other to listen in), arguing that the United States are excluding the two "main factors responsible for the world depression." The reason for the sniffiness comes out in the following quotation: "But monetary systems do not function in vacuo; they are only the machinery for facilitating the interchange of goods and services."†

Writer urges a little later that if War Debts and Tariffs are excluded the Conference "will be condemned in advance to failure." He evidently thinks that the intractability of the United States Government is due to the fact that the Election Campaign is proceeding; and draws the moral that it would have been better to have postponed preparations for the World Conference until after the elections were over, when, he says, "the American Government would be free to consider these questions on their merits, unobscured by internal political exigencies."

(6) *Since neither War Debts nor Tariffs are [illegible] cause of the economic problem the policy of the [illegible]ed States Government in excluding them is [illegible]lly right, although the motive ascribed to [illegible]s reprehensible under any test of democratic [illegible]le. It is a humorous reflection that a Gov[illegible]t should be forced into a right policy [illegible]he electorate are in a position to register their opinion about it, while contemplating reversing it as soon as the electorate have lost their power to do so.

† Notice that this dictum about monetary systems obviously has reference to the interchange of goods and services *within industry*. If this is not clear a reference to the context in the article will make it clear. The writer undoubtedly has uppermost in mind "interchanges" between nations which, as we all know, are transactions carried out over the heads of the consumers in the countries which are parties to the transactions. It may be remarked that if tariffs were a major cause of world depression the absence of tariffs inside the United States Continent ought to explain the comparative prosperity of that Continent!

III.

(1) September 6th. (2) Trades Union Congress. (3) —— (4) This year's meeting.

(5) Writer points out that the General Council of the Congress has changed its interpretation of "Nationalisation": that it now approves the type of nationalisation represented by the Central Electricity Board, and that it tells the unions that they are out of date in imagining that public control necessarily means administration by a Government Department. Writer further points out that the General Council holds that the controlling body must be secure against party pressure and superior to all party interests, "including those of Labour." Writer says in general comment on these changes of view that there is evidently a "stirring of thought in the trade union movement," and that the "leaders" are taking a more active part in the moulding of opinion in the "wider Labour movement."

(6) The aforesaid General Council has evidently adopted the courageous policy on which Mr. Bennett congratulated Mr. Thomas in Ottawa—the courage consisting in risking a breach with his old friends and supporters of the National Union of Railwaymen. It will be recognised by our readers that the sort of courage alluded to is that of kicking away the ladder on which you have travelled to a position of safety and power. It is clear that the original principle of trade-union representation has been abandoned. This principle, in contradistinction to that of Parliamentary representation, was that of pure delegation, where the delegate, whatever his personal views, spoke and voted for the policy chosen by the majority of his constituents. Rank-and-file trade-unionists might enquire on what occasion they have been consulted on this reversal of a fundamental principle.

IV.

(1) September 7th. (2) Army Training. (3) Recent manoeuvres. (4) —— .

(5) Writer explains that there are four tasks for which the Army must be trained: (1) Imperial Policing; (2) Minor Expeditions; (3) Major Expeditions; (4) A National War.

Article points out that recent amendments of the regulations lay greater stress on tasks Nos. 1 and 2. Tendency to give more scope to subordinate leaders. Reason because kind of warfare expected is of the guerilla type, where irregular organisation and unorthodox tactics must be countered in irregular and unorthodox ways by the commander on the spot. Decentralised initiative also provides efficient instructors in the training of the nation as a whole for war. Writer is glad to point out that more importance is now given to the training of the soldier in police duties. He also says how fortunate it is that this form of training is more economical financially.

(6) In general all this means that national armies are expected to fight their own civilian nationals rather than each other.

Crime and Insurance

According to the *News-Chronicle* of September 9 Scotland Yard has formulated a list of precautions and devices which, if the public will adopt them, are calculated to abate the depredations of burglars, housebreakers, and thieves. No doubt; but why should the public underwrite the risks of insurance companies at their own charge in terms of time, trouble and expense? We referred recently to the question of the public's so-called duty to risk life and limb without reward in intervening to frustrate robberies; and we are interested to notice a letter in the *Daily Telegraph* of September 8 in which a Mr. W. T. Hutcheson asks if the insurance companies could not work out a scheme of rewards in order to induce the public to co-operate with the police in this manner. The idea was brought home to him by the episode of a smash-and-grab raid on his shop. He arrived on the scene just as the raid was over, and his first question to the onlookers was: "Didn't anybody try to stop the thieves?"

"One onlooker make a pertinent reply. He said he had his business to look after, and his family to support, and he would not risk injury or incapacitation. The police receive compensation if injured while doing their duty."

Precisely. The public in this country are perhaps more ready than any other, certainly not less so, to run risks in cases where the humanities are outraged. They would intervene to prevent a murder or any lesser attack on the person. In this connection it is significant to reflect that the law would inflict only a fine or a limited stretch of imprisonment on, say, the inflicter of grievous bodily harm, whereas the grabber of a handful of watches is likely to get the "cat." The public invert this criterion of heinousness, and would run more risk to stop the cruelty than to stop the robbery. Their instinct is quite sound—much more sound than they are aware of.

At the present time when the left-wing school of orthodox finance are flirting with inflation they would have to admit that within the economic frame of reference the consequences of successful robberies are beneficial, at least immediately so. For if, say, £1,000 worth of insured property is stolen the insurance combine has to give an order for replacement and pay for it. Thus, so far, the thief has revived trade and increased employment, and has therefore done his little bit towards creating that spirit of confidence which our financial pundits tell us is the essential condition of prosperity. Of course, it can be objected that the £1,000 is ultimately paid by the community, who feed the insurance fund with premiums. This is true; but if you were to have robberies on such a scale as to involve payments exceeding in amount the present excess of premium-revenue over claim-payments, the insurance combine would have to liquidate securities to provide the money representing that excess. It is true that the buyers of the securities would part with the money, but the point is that this money, which would otherwise have remained circulating in the investment-market (by extension the international investment-market), is tapped and diverted into the channels of trade and employment.

Experts of course will reply that the tapping of investment-markets taps security-values, lessens borrowing powers, causes the banks to call in loans, and eventually brings about a hold-up of trade. As things are this is true. But so is the converse; namely that the tapping of the production-market to build up insurance reserves (which is the policy of the combine) tends directly to hamper industry and increase unemployment. So the two arguments cancel out; and you have to conclude that the activities of thieves, if not beneficial in the long run, are not injurious in the long run. The same logical deadlock will always happen to arguments based on acceptance of existing financial axioms. Whenever you start to go anywhere you start coming back. In Russia, according to the Press of last Sunday week, two peasants were found guilty of stealing grain from the fields, were taken outside the court, and were shot. Later on it is quite probable that you will see Russian peasants burning their crops and reducing their sowing under threat of capital punishment if they do not. Conversely you may yet see in Brazil, where they are now burning coffee, a repetition of the famine conditions now prevailing in Russia, with armed soldiers guarding the coffee-plantations just as the Soviet agents are now guarding the wheat-fields. And so all round with all economic plans. Your one-year plan to get something merges into a two-year plan to lose it. One year, two years, he loves me, he loves me not, three years, four years, five, six, seven—it all ends in asses' ears.

An argument may be raised that the depredations of thieves will cause a rise in premiums for insurance against theft. To an extent that could take place; but there is a point beyond which property-holders cannot or will not afford it. In that event they might consider the question of organising their own machinery of protection (civilian patrols for instance) as well as adopting the devices now recommended by Scotland Yard, financing both with the money which at present they pay in premiums.

Listen to some of the devices. Acorn screws for windows-sashes; improved window-catches; providing iron grills to protect shop windows; additional mortice locks; removal of valuable stock from the windows every night; placing safes in passages where they can be seen through the outer door. A rich piece of advice, or so it is regarded by some of our workmen acquaintances, is: Tell the police when you are going to leave your house untenanted. These men's comments are to the effect that burglary is coming to be a policeman's side-line, or if not, that he is in that sullen frame of mind over his own scale of pay when he won't trouble about whose house is burgled or about who knows that it is untenanted. This is a gross exaggeration, no doubt; but that it is worth consideration no-one will deny who realises the general demoralising effect of general deflation, and the inevitability that particular effects will appear in the least expected particular places. Who, in 1920, could have imagined what names the deflationist policy of the bankers was going to inscribe in the annals of crime? When Peers go wrong shall policemen stay behind?

FINANCIAL COURT CIRCULAR.

Mr. Winston Churchill gave a dinner at Claridge's on Wednesday night, August 24, in honour of Mr. Bernard Baruch. Present were also Reading, McKenna, Leverhulme, Melchett, Strakosch, Seely (Maj. Gen.), Beaumont Pease, Lionel Rothschild, Roger Keys, Brendan Bracken, and Robert Boothby. "No speeches." The dinner was a "private gathering of friends," said Mr. Churchill, who added that he had "known Mr. Baruch for many years." (See *News-Chronicle*, August 26).

PLANS AND PLANNERS.

Mr. Edward A. Filene, of Boston, has published a book called *Successful Living In This Machine Age*. There *ought to be* high wages and low prices. Sir Francis Goodenough contributes a Foreword. This notice is extracted from a review of the book in a newspaper. There is no mention in the review of any method for making aught of the "ought"—and in the absence of method oughts become noughts. All the book appears to say is that personal prosperity and leisure are proper things [illegible] pray for.

Lord Melchett threatens a book this month (to be [illegible] lished by Martin Secker), containing "constructive [illegible] posals." He says he has made "a considerable st[illegible] the Russian and Italian experiments," presumably [illegible] view to shaping his own proposals. "Co-operat[illegible] told an interviewer, has not been "tried out [illegible] "internationally" or "nationally."

Australasian Notes.

A "Douglas Advocate" (as he describes himself), writing from New Zealand to friends in Australia, expressed the opinion that advocates in New Zealand had an easier task to accomplish than those in Australia, in spite of their long start and numerical support. His opinion was based on considerations of the character, compactness and relatively small size of the population of New Zealand. As to evidence of the headway which Douglas's ideas were making he instanced two facts: (1) that Captain Rushworth, M.P., a confessed advocate, had been running a Summer School this season for the study of the subject, and had been touring the country, receiving "civic welcomes" wherever he went, including districts where, only twelve months previously, his unpopularity was such that there had been threats to lynch him; (2) that Captain Rushworth had gathered round him a group of Members of Parliament prepared to press the Douglas Policy in the House on every suitable occasion.

Readers who remember Captain Rushworth's first speech in the House, which was reproduced in this journal, will appreciate how powerful his influence must become now that he has decided to exert himself in the manner reported. Outside Parliamentary politics there is the influence of educationists to be counted upon, arising from the episode of Miss King's successful stand against the attempt by the Governors of her school to exclude her and other public servants from expressing opinions on questions of public importance.

It will be interesting to watch the evolution of propagandist activity in New Zealand and compare it with that in Australia. Other things equal the greater your numbers the faster you are progressing; and, from this point of view the extension of the circulation of the Sydney *New Era*, last reported to have reached 16,000, must be regarded as encouraging. But, as in the case of housebuilding, the stability of the structure above the ground depends on that of the foundations under the ground, so does the energy of numbers depend upon proper direction to achieve anything useful by way of organised action. Sixteen thousand individual students of the Social Credit technique and objective is a good thing: but a mass of sixteen thousand recruits forming a Social Credit "army of action" is not necessarily so. The *New Era* as an organ of technical education is a good thing: but the *New Era* as an organ of political direction need not necessarily be so. On the face of it one is rather inclined to question the wisdom of its recent repeated boosting of Beaverbrook and his anti-banking policy. The more Beaverbrook's name is invoked in the development of a Social Credit campaign against the bankers, the more Beaverbrook's opinion on the acceptability of the bankers' peace-terms will be respected by the army. Beaverbrook has said nothing yet to suggest that he wants anything more from the banks than cheaper loan-credit. He is putting in the forefront of his programme a demand which is irrelevant to the problem disclosed by the Social-Credit analysis. Indeed, Major Douglas has more than once explicitly pointed out that the bankers' charges for their services—their rates of interest—are the least objectionable part of their operations. Nobody who grasps the Douglas Theorem would [...]ther if the bankers doubled or trebled their [...]sent rates of interest if they assented to Social-[...]dit principle of national costing. It would be a [...] bargain for the community. The Social-Credit [...]is is not on credit and production but on cost [...]tribution. Any association between the [...]redit Movement and publicists like Beaver-[...]ds to obscure that vital distinction. [...] we are on this subject let us suggest a rough and ready test of who's what on the question of financial policy. It is to take particular notice of the people whom *Punch* honours with publicity in its political cartoons. It does not matter whether these people are pictured as wise or foolish, or are praised, blamed, or ridiculed: the one question is: Are they in the picture-gallery? If so, that is *prima facie* evidence that they are no use from our point of view. The bankers may not like some of them, but they are not frightened of any of them. The cartoon is a certificate of innocuousness. If heterodoxy is portrayed it is because the subject of the portrait is a useful foil to orthodoxy. He should therefore be put in quarantine before being allowed to land on Social-Credit territory.

* * *

The most noteworthy event recently is Professor Copland's public address on Social Credit to a large assembly of prominent people in the Central Hall, Melbourne. It was reported to the length of nearly a column in the Melbourne *Argus* of August 5. Copland was very largely the author of the Premiers' Plan, and is, generally speaking, a bankers' apologist. He is Dean of the Faculty of Commerce at the Melbourne University (and no doubt it was he who communicated to the notorious Archbishop of Melbourne God's views on inflation). The meeting was held under the auspices of the Melbourne University Commerce Society, a body comprising mostly young students of the smart-young-bank-clerk type. A feature of the affair was the display, in the Head Offices of the National Bank, the Bank of Australasia, the Bank of New South Wales, and the Commonwealth Bank, of notices 18 by 12 inches in dimensions announcing the meeting. Naturally there were a great number of bankers present in the audience, which is computed to have numbered over one thousand. Our correspondent, at the time of reporting this event, said that the Social Credit Movement were preparing a counter-meeting as soon as possible.

We will pause to insert here a passage from *The Times* which we had extracted before the arrival of the above report.

["He, Mr. Lyons, hopes further that Mr. Bruce, while in London, will be able to make arrangements which will lighten the Budgets of all the Australian Governments *if, indeed, these efforts are not hampered* by any *advocacy of* repudiation or *by any political action savouring of inflation in Australia*. His confidence is fully justified. The credit and the good will which Australia enjoys in London have been greatly enhanced by the courage with which she has faced her difficulties, and by the sacrifices—some of them far from easy sacrifices—which she has made to keep faith with her creditors. By her efforts to help herself she has *awakened a helpful spirit* in others, which will make Mr. Bruce's task so much the easier."—*Times*, September 2, first leading article entitled "Australia's Recovery."]

The italicised portions link up with Professor Copland's conclusion at the meeting that the adoption of Social Credit would result in a "*condition of inflation* disastrous to the community." Taken conjointly and frankly paraphrased they would read something like this: "Any political action in Australia savouring of (i.e., tending to produce a condition of) inflation would destroy the helpful spirit now animating the London bankers, with the result that Mr. Bruce's attempts to secure a tightening of Australian Budgets would fail, with disastrous consequences to the community." Professor Copland, whether wittingly or not, represented the consequences of a political reprisal against Social Credit policy as the automatic outcome of the operation of a Social Credit system. A "condition of inflation" is not *in itself* disastrous. The experience of every country from 1914-18 has established that fact beyond dispute. There must be some other factor to bring disaster about. In any single country it can happen either (a) by the action of the home bankers in withdrawing loans or, if they fail to take such action (b) by the action of foreign bankers in hammering that country's exchange, etc., as in the case of Germany. The reason why all peoples were comparatively prosperous during the inflationary war-period was because the inflation was universal and was accompanied by the destruction of wealth on an enormous scale. Every combatant nation was "delivering" shells and bombs to its enemies at a price below the cost of production—to wit, "nowt"! It would appear, then, that a universal free delivery of food, clothes and shelter to home populations ought similarly to make a "condition of inflation" safe from disaster, assuming that there must be inflation.

For the present we will leave the subject. We shall print the reported speech as an exhibit. In the meantime we can leave our friends in Australia to introduce Professor Bellerby to Professor Copland.

Retiring Consumption-Credits.

By A. B.

III.

A correspondent says that if my statement last week is correct that every unrecovered cost reflects an equivalent bank-loan outstanding, it must also reflect an equivalent deposit at the bank, because a bank's loan creates a deposit so that there must exist deposits sufficient in amount to buy not only all the finished goods ready for sale but also everything else. Hence there would be sufficient purchasing power without the provision of free consumption-credits by the Government.

* * *

Let us analyse the financing of a chain of production through two processes. Producer A borrows £10, pays it out in wages, adds £2 for himself to this cost, and prices product at £12. B borrows £17, buys the product for £12, pays wages £5, adds £3 to these costs, and prices product at £20. C (a retailer) borrows £20 and buys the product. At this stage A and B will have repaid their loans, and the bank will have a single debit outstanding, namely £20 against C.

The question arises: Where is the corresponding deposit? The loan of course represents the sum of A's and B's profits plus their employees' wages. But if these now exist as bank-deposits *in the names, and at the disposal, of A, B and their employees*, this involves the supposition that they have not spent their earnings, but have saved them up ready to buy the finished product from C. In that case no consumer credits are needed to increase their purchasing power. On the other hand, supposing them to have spent the £20 on consumption, would the deposit exist in the name and at the disposal of, let us say, someone outside this credit-circuit who had supplied them with finished articles made by some other similar chain of processes and credits? The answer to that question can be got from a consideration of how the present retailer, C, will stand if he sells his stock. For the sake of simplicity suppose he has no employees, takes no profit, and sells the stock for £20. He will now repay the bank, who will cancel it as a loan-repayment.

So C has no deposit to show out of the proceeds of his sale. Neither, then, could the hypothetical retailer (who would be at the end of another similar chain of processes) do so if he sold at cost in the circumstances assumed of C. In order that C should hold any deposit as a result of the bank loan he would have to borrow a larger sum than the £20. Then there would be a deposit equal to the excess margin, and might be considered as representing C's unspent profit, or his employees' unspent wages, or both. As such, the deposit would be a valid consumption-credit.

It will appear from this example that whereas a bank loan creates a deposit, the deposit created is partly destroyed by being used to repay an earlier bank-loan. And the less the proportion of personal earnings to total costs in respect of goods changing hands at any given time, the greater proportion of the deposit which is created by the later loan that will be immediately destroyed in the settlement of the earlier loan. We can coin a word and speak of consumption-deposits; and we can say that while a bank loan creates a *deposit* to its own amount it only creates a *consumption-deposit* to a fraction of its amount. The ratio of the consumption deposit to the whole deposit would be the same as the ratio of "A" to "A + B" in the A + B Theorem.

The following analogy will help to indicate the *kind of thing* that happens, and also to explain why the explanation of that kind of thing is so difficult to convey in a single straightforward sequence of written or spoken words. Imagine a building on fire. There is a fierce conflagration. Fire-engines are projecting water into the building. As the water enters, only a part of it falls, *as water*, into the incandescent interior—the rest is volatilised and ascends into the sky. Thus you might have water emerging from the nozzle at the rate of 2 gallons per second but exerting extinguishing-power equivalent to a rate of only 1 gallon per second. It is quite true that eventually all the water can be accounted for: it will condense and fall somewhere or other; but *you won't find it all in the building*. And so, although you can say that every gallon of water projected (cf. every loan issued) "creates" a gallon of water deposited (creates an equivalent deposit) yet at the same time only half the water is deposited in the place where it exercises extinguising-power (cf. purchasing-power reflected by personally-owned deposits as referred to in the foregoing analysis).

To prove that deposits exist is not to prove that they can wholly function as consumption-deposits. And even if you could demonstrate that the total deposits in a country were equal in amount to the cost of everything at every stage of manufacture in that country, you would not thereby have demonstrated that the *consumption-deposits* were equal to *collective retail costs* at the times when consumables were available for sale.

As it is, we know that bank-loans are recalled while the production to which they relate is still in the hands of industry. We say, accordingly, that these loans are "prematurely retired," which means that deposits are prematurely destroyed. The result is seen in the fact that in this country there are less than £2,000 millions of deposits to show against the cost value of all the plant, equipment and products existing there. (Our railways alone are said to be worth £1,000 millions.)

Under Social Credit the Government would value all the assets of the country (as described, for example, in Major Douglas's scheme for Scotland). The significance of that valuation when stated in terms of money is that it represents a computation of the amount of potential consumption-deposits available for the community's use. Insofar as that computation refers to assets which have directly cos[...] money to make in the past (i.e., excluding such goo[...] will estimates as the valuation of human knowled[...] energy and skill) whatever its amount may be [...] represent a sum of money which the banks [...] themselves to have recorded as communal con[...] tion-deposits, and credited to the public. [...] omission it is the duty of the National [...] Authority established under Social Credit to

Cotton Trade Troubles.

All the troubles of the cotton trade centre round the money problem. The increase of money, wages, and prices caused by production for destruction, without money being returned on consumption started the ball rolling.

Big profits were being made, and the Government took a big share in income tax, excess profits duty, and other taxes on industry.

Employers asked for a reduction of excess profits duty from 40 per cent. to 20 per cent. The Chancellor of the Exchequer replied by raising it to 60 per cent., and a budget for £1,200 millions. Authorities suggested recapitalisation of mills on a post-war basis might be a good thing, and "Jimmy White," a Lancashire lad, was promptly forthcoming from London to show 'em how to do it.

Then began a "wild orgy of gambling," and as in the American boom of 1928-1929 the money lords helped.

The late Mr. Cecil Hilton, Conservative M.P. for Bolton, was in the cotton trade. At a lecture he gave in Manchester with Lord Colwyn in the chair, at which I was present, and spoke, he told the audience that the bankers were running after him. "Mr. Hilton, we are losing such and such a mill, go in and get it." The bankers, he said, allowed him to write £750,000 over his name, and if it had been a million it would have been honoured.

The general impression held was that war prices would remain. One, hitherto, shrewd business man wanted me to join him in the reflotation of a mill. There had been a war on, and the world was short of cotton goods. There would be 20 per cent. profits for five years, and they would have the mill for nothing. This was in March, 1920. I pointed out that a committee of bankers had been appointed to settle the currency question. Would he pick a committee of brewers to settle the "Drink question"? I pointed out that they had started the ball rolling down hill by raising Bank Rate to 6 per cent. (December, 1919). I advised him to turn everything into money. He ordered me out of his office. Later he was ruined.

In April, 1920, exactly at the time the new unemployment scheme became law, the Bank Rate was raised to 7 per cent. and "deflation" began in real earnest. The new unemployment scale of pay acted as a subsidy to the bankers. U.S.A. started deflation with no dole, and had to give in.

Business men wanted money to pay their taxes, and the bankers had to lend. Those who had "bought" War Loan on "cheap" overdrafts had now to hand them over to the bankers, and "deposits" were *increased*. The bankers protested against the deflation and the Chancellor of the Exchequer complained that the bankers were not helping him to deflate. Mr. R. McKenna had warned him against deflation and a 15s. in the £ income tax, but he didn't heed.

The reflotation of cotton mills was a bankers' trick to collect the money "made" during the war, less the taxes taken by the Government, protect themselves against loans made to mills, and get possession of the cotton trade. How? A mill built up a good trade, put profits back into reserves, extended, renewed machinery, and depreciated. ... mill was "written down" to £40,000. The £1 ...es gave a profit, and workers put their "sav... in the mill. On refloating they were given £1 ... on which 10s. were credited as paid. The ...lders were now liable to pay 10s. on each ... shares. A call of 2s. 6d. per share realised ...40,000, and during the slump over ...,000 has been collected in share "calls." Shareholders had little money, many have been sold up.

Now take another case. The employer lived in the village, kept his machinery up to the latest ideas. He didn't "refloat." He bought his cotton well in advance. My old employer used to buy cotton to last six months. Cotton prices fell, cloth values couldn't equal the costs of production. Losses of a penny to 3d. a pound on yarn were met by "calls" on shareholders. They are still being met, but in this case the employer is the "owner," there are no shareholders to "call" on. I was in the mill the other day. Men were breaking up the machinery with sledge hammers. It has been closed two years. I was in Colne yesterday. Thousands of people lined the streets. I went into a large five-storey mill and saw men breaking up the machinery. The steam "boilers" were being cut up by acetylene-gas-workers. The machinery I saw was dated 1920, and of the best and latest design. The offices are of excellent design and workmanship. Across the way was another mill "dismantled."

"Naval disarmament" is child's play compared to the "commercial disarmament" now taking place under our noses and without a protest.

The Bank of England inaugurated a scheme for "buying" up cotton mills, and known as the Lancashire Cotton Corporation. It controls 107 mills. It has lost over £500,000 in the last two years, and is still selling at a loss. The American control of the Bank of England by its American financial adviser, Dr. O. M. W. Sprague, has resulted in cotton mills becoming unsaleable. Three cotton mills in Oldham were recently put up for auction. Not a bid was made.

I recently made an offer of a modern cotton spinning mill to a gold standard protagonist in the *Cotton Factory Times*, free of interest on loan capital and rent free, on condition that he should run it full time and pay the standard rate of wages.

The Darwen Co-operative Society made a similar offer. I made the offer to a trades union secretary at a public meeting recently. He was an expert in cotton spinning, but refused the offer.

Cotton has tumbled in price ever since 1920. In January, 1930, cotton was at 9¾d. per pound; it was less than half the price two months ago. Yarn is cheaper than cotton was. You cannot make profits in a falling market, and you cannot maintain wages with falling prices under the present money system.

Falling prices, losses, and bankruptcies are weekly occurrences, and employers are sandwiched between the operatives and the bankers, who hold debentures on the mills. Mr. S. S. Hammersley, M.P. for Stockport, stated that some 200 mills are in the control of the bankers.

Egyptian Mill, Farnworth, near Bolton, was sold by the bankers for £5,000. The owner told me he could have sold it for £15,000, but the bankers would not let him. It only requires £250 to pay 5 per cent. dividend on the smaller sum, and the bankers can lend £10,000 on the mill.

The employers have been driven to ignore collective bargaining, have made separate agreements with their operatives, and have tried American methods of getting the weavers to attend six looms instead of four, ignoring the fact that U.S.A. weavers are in a worse position than the British, although the weavers are working upwards of twenty looms.

They fought a reduction in 1929, and Justice Rigby Swift gave a verdict for a reduction. Now they are at war again, fighting effects, not causes, for employers and employed are victims of financial policy, and should be united against the common enemy of both.

S. RIGBY.

Theatre Notes.

By John Shand.

ON DRAMATIC CRITICISM.

As I walked Edge Hill with Crites the other evening we talked, of course, of King Charles and of the battle he fought there with the Parliament army. I had lately been reading Bishop Burnet, and was primed with arguments against the Stuarts. A terse, meaty book is the "History of His Own Times," compiled by an honest man of affairs who had the rare advantage of personal acquaintance with all the leading actors in that unquiet period. As we descended to the plain the conversation insensibly declined, until we got at last to the theatre. "The theatre," said I, taking a proffered cigarette, "is often the delight of youth, and may be a tolerable solace for eld; but for a man in his prime it seems rather a wizened subject to take much interest in. The theatre is not a mine of inexhaustible pleasure like music, poetry, or painting, mathematics or one's fellow creatures. I would be consolable even if I were forced to absent myself from the playhouse for the next ten years." "Horsefeathers," answered Crites, showing off his knowledge of the latest American equivalent to "I don't think." "It's just the usual after holiday feeling you're suffering from." "Yourself," I replied, firmly, "were once as keen a playgoer as I. How often do you see a play to-day? Look at the few men of intelligence in England who have written as regular commentators on the theatre: Hazlitt, Hunt, Forster, Lewes, Montague, Mr. Shaw, Mr. Beerbohm. These names make up the list, I believe, to except contemporary company. And, naturally, ten years at the outside have seen them through with the theatre. They passed on to more exciting things; Hazlitt to writing some of the best essays in English, Hunt to go to prison for making rude remarks about the Prince Regent, Forster to edit journals, write history, and worship Dickens, Lewes to run away with a woman novelist, Montague to be a soldier, Mr. Beerbohm to retirement in Rapallo, and Mr. Shaw to write Shavian plays." "Um," said Crites. To tell truth, reader, Crites generally has a lot more to say than "Um," and as often as not out-argues me. But now I have him on paper he shall listen to me."

"To take a current example," I said, "and to give names—for I hate to speak generally—observe the *Sunday Times* and its three excellent critics of music, literature and drama: Mr. Newman, Mr. MacCarthy, Mr. Agate. Why is it that Mr. Newman, who has been writing on music all his life, is able to maintain in all his weekly articles a very high level of interest—even for those who, like myself, know next to nothing about music? Why is it that Mr. MacCarthy, who has been a critic of literature since youth, can still draw one on to read his opinions even of books which one has no intention of reading? Whereas Mr. Agate, who took up his practice as dramatic critic comparatively late in life, already begins to show signs of fatigue? The reason, my dear Crites, is a simple one. It is not necessarily that Mr. Agate is less intelligent, less cultured, less resourceful a writer than his colleagues; it is that in the theatre he has a topic inherently poorer than the other two. What does he have to write about? About plays the most of which deserve no more space in a newspaper of quality, no more comment from a writer of talent than a mention that they were presented at such a theatre on such an evening, were acted by Mr. This and Miss That, and were received well or ill. Yet he has so much space to fill, though there was not a piece in the week's programme that induced in him more than a feeling of mild boredom. So he has to coruscate in a vacuum, bring his wit to play upon a witless thing, to analyse and dissect what the mind would prefer to whistle down the wind—which is an expense of spirit in a waste of words. You remember Dr. Johnson once said, after dining out, that 'the meal was well enough, but it was *not* a dinner to ask a man to'? Well, the average play serves to pass a few idle hours, but it is not a thing to ask a man to put his mind to. It is like a good dinner: to be enjoyed and forgotten. Or *it* is like a bad dinner: to be left and forgotten. If a comedy makes most of an audience laugh and leaves me cold I prefer to let it go at that, for I have outgrown the youthful habit of contempt and delight in looking down my nose for long reasons to deplore another's taste. Those who prefer 'Getting Gertie's Garter' to 'Twelfth Night,' the novels of Mr. Hugh Walpole to those of Fielding, Laureate Masefield's verse to the poetry of Milton, music by Mr. Irving Berlin to the symphonies of Beethoven, and portraits by Royal Academicians to those by Rembrandt, are no doubt honest folk, cleverer than I in all important matters, and more faithful to their wives and children than I could ever hope to be to my wife and children, providing I had any. So long as they don't want me to sit and enjoy their exotic pleasures, I'm for peace and quiet, I'm for lying low and sayin' nuffin, like Brer Rabbit."

"Brer Rabbit did nothing of the kind," said Crites. "It was the Tar Baby who lay low and said nuffin."

"So it was," I answered testily. "But nobody ever quotes it correctly. Where was I? Oh, yes. As I was saying, whereas your music critic hears Beethoven or Bach or Wagner or composers of similar calibre as often as he goes to the symphony concert—whereas your book critic of Mr. MacCarthy's position is unlucky if he don't find one book or one subject each week worth writing on, your theatre reviewer has, on the whole, to criticise six days a week the stage equivalent to popular music, circulation library fiction and magazine poetry. Mr. Newman can confine himself to music as an art or to proving that all the best composers were immediately welcomed by their contemporaries, and he can leave untouched all that part of music which is mere entertainment for those to whom the world of art is terra incognita. Mr. MacCarthy is not required to devote his schooled intelligence to commentating on all those books which are daily written by, and for, the great vulgar and the small. But the entertainment a dramatic critic is asked to judge is only rarely a work of art. The most of it, I repeat, is either amusing nonsense or nonsense that fails to be amusing. True, many of the players possess an executive skill which gives a momentary value to the material provided for them by the dramatist, and may thus temporarily illude one into accepting some tale of bugaboo as a masterpiece of tragedy. Some of our best English actors, as you know very well, spend almost the whole of their lives dressing shoddy to look like broadcloth. What would be the equivalent of this in the world of music? It would be, say, to find the New York Philharmonic or the Hallé Orchestra devoting themselves to eternal programmes composed of Lizst's Rhapsodies, the 1812 Overture, and the Casse Noisette Suite. In brief, to return to Mr. Newman and Mr. Agate, Mr. Newman has a subject to write on which is for all practical purposes an inexhaustible one. Quite apart from anything else, the who... tone of his articles shows that much as he kno... about music he feels there is even more for hi... discover. He still journeys hopefully. Mr. ... has arrived, which, as we all agree, is the ... pier portion. What has he to hope for? ... seen Bernhardt and Duse, as he is alway... and don't expect ever again to see suc... us. The few great dramatists are rarely pe... and when a play by one of them, Shakespea...

is revived, the theatre public does not want to hear from the critic some new interpretation of Shakespeare's genius, however inspired the interpretation. Consider the fate of Coleridge. And it is worse to-day than in Coleridge's day. Serious books on the theatre are not wanted. No one wrote better or more delightfully on plays and players than Mr. Beerbohm. But a collection of his dramatic essays, each one of which is a jewel of delicately worded appreciation, found no market. In the theatre, Mr. Agate is in a cage. He does not mope—you can't say that of him—and that is satisfactory as far as it goes. He just travels round and round the cage, to make many witty remarks at the bars. . . ."

I had a lot more to say, but our feet had at last landed us outside the lighted windows of "The Red Dragon." We entered. We must have looked hot and tired, and the landlord welcomed us in a fine sentence: "Well, gentlemen, I suppose it's pints?" Pints it was. And the company being agreeable, what further remarks I had to make on the theatre were suspended for the sake of general conversation.

The Films.

If this were a democratic country, the film censorship would long ago have either been abolished or reformed out of all recognition: while the cinema is the most popular of all entertainments and is daily exercising more influence on the life and manners of the masses, the public has no representation on the Board of Film Censors, and, save for an occasional newspaper revelation, is left in complete ignorance of its activities. Even those revelations indicate the absurdities and inconsistencies of the Board rather than its complete unfitness for its functions, and its consistent policy of truckling to Hollywood to the detriment of the native industry.

But the absurdities are enough to reveal the unfitness of the Censorship. The Board licenses the Constance Bennett picture, "Her Past," but refuses to sanction its exhibition under that title, and so it is shown in Great Britain as "Reputation." "Back Street," based on the Fannie Hurst novel, is at the moment apparently to be banned. (The words "past" and "street" would seem to outrage all the moral susceptibilities of our Stigginses of the screen.) "Susan Lenox, Her Fall and Rise," has been presented in this country under the style of "The Rise of Helga," and I understand that "Strange Interlude" will also have to be renamed. Possibly, our smellers-out of celluloid pornography spell it Strange Interlewd.

But this is nothing. The British public is allowed to see any number of American actresses stripped to the legal limit, in exiguous underwear, and soaping their pretty naked backs. And so that nothing of Hollywood's exploitation of Sex Appeal should be lost to the box office, our picturegoers are also allowed to see the popular male stars of the moment in *their* baths, soaping *their* muscular backs. But when Lady Tree and George Grossmith—neither of whom, if I may say so, is to be regarded as a flighty young thing—were innocuously photographed in bed as a respectable and aristocratic married couple in the most decorous of bedgear, the Censors threw a fit. So that ...hen you see "Wedding Rehearsal," you will see ...se two players out of bed and in well-lined dres... gowns. The excuse of the Board is its rule ...persons of different sex must not be shown in ...me bed, but, unless I am mistaken, this par... species of pruriency has on occasion failed ...fest itself when the bed was set up in a ...od studio.

...erto, the Censorship—an unofficial institution created by the trade, which pays the salaries of the censors—has on the whole been accepted both by producers and theatre owners. There have recently been criticisms within the industry, but the complacent satisfaction of the *Cinematograph Times*, the official organ of the exhibiting branch of the business, would seem to reflect the opinion of the majority. What the *Cinematograph Times* and the mass of exhibitors, however, overlook is that the public is entitled to a say in the matter.

The workings of the Censorship were discussed in detail in "The Film in National Life," the report of the Commission on Educational and Cultural Films on which I have already commented. Emphasis is laid in this document on the fact that local authorities are the final arbiters and censors, and it is added that these bodies "are sensitive to the public opinion of an area." That is sheer rubbish, because no machinery exists for bringing public opinion to bear on the licensing authority, and because the public rarely have an opportunity of knowing what either the Board of Film Censors or local authorities are withholding from exhibition. And when a Russian film that has flatly been banned by the Board does receive a licence for local showing, the reason is not the pressure of public opinion (which has nothing to do with the matter), but the political complexion of the majority of the members of the local authority concerned.

Consequently, it is ridiculous for the Commission to assert that "The Board has, on the whole, reflected public opinion very faithfully, and its policy has commanded confidence. . . . The public have a ready means of questioning any film which is considered to be objectionable." As I have already said, public opinion does not enter into the matter at all, and if there is a "ready means" of dealing with objectionable pictures, it is strange that this writer should for so many years have remained in complete ignorance of its existence.

In common with the majority of the industry, the Commission, while upholding the necessity for a censorship, objects to a State Censorship, which might render it "difficult to avoid the intervention of quasi-political influences." But why? Those influences do not characterise the censorship of plays—a far more satisfactory and efficient institution—and such characteristic instances as the banning of "Dawn" (at the personal request of a Cabinet Minister) and the ferocious boycott of so many of the finest Russian films prove clearly enough the political bias of the unofficial Trade Censorship.

No. If we must have a Film Censorship, let it be a State institution, administered by men of the world and men of culture, not a Black Cabinet staffed by incompetents with a passion for discovering dirt where it does not exist.

DAVID OCKHAM.

A SCOTTISH BARTER EXPERIMENT.

The unemployed of Falkirk and East Stirlingshire, under the lead of the Rev. A. B. Robb, have acquired a disused foundry, and have converted it into a factory containing over half a dozen separate workshops. The idea is that unemployed bakers will bake bread for an hour, the shoemaker mend shoes for an hour, and so on, in respect of various trades and services, the results of which will be shared by the unemployed workers and their families and dependents. No money will change hands.

RECEIPTS AS CREDITS.

A scheme known as "A Free Shopping Day," started three weeks ago at a Brixton store, has been stopped by the police on the ground that it contravenes the Lotteries Act. The proposal was everyone making a purchase on a specified day would receive on presentation of the receipt a voucher entitling him to goods of a similar value to their purchase. It was also proposed to divide among three local hospitals money to the value of goods for which vouchers were not claimed.—(*Evening News*).

Professor Copland on Social Credit.

[Speech at Melbourne, as reported by the *Argus*, of August 5, 1932.]

Evidence of the interest which is being shown in the Douglas credit system as an alternative to the existing monetary policy of the world was provided last night when Professor D. B. Copland lectured upon the "facts and fallacies" of the system in the Central Hall. Long before 8 o'clock all available accommodation was taken, and many persons unable to obtain admittance were directed to the Assembly Hall, where the lecture was conveyed by means of an amplifier. Sir Lennon Raws presided.

Professor Copland emphasised the principle that any increase in the credit available in a community, which was not accompanied by a corresponding increase in the supply of goods and trade and production, must result in an increase in the price level. The Douglas credit system was a set of principles of monetary control and management first enunciated by Major Douglas in 1919, and since then supported in many parts of the world. Major Douglas was an engineer of high mathematical attainments, and much of his argument was based upon the result of a mathematical examination of his problems. His first proposition was that the banks possessed unlimited power to create credit. The actual mathematical process adopted was above reproach, but the conclusions that it provided were completely *false*, because, in building up his equations, Major Douglas had *arbitrarily assumed* that the amount of cash in hand in the banks could be kept *constant*. There was no ground for that assumption. Major Douglas's *assumption* enabled him to prove that an expansion of credits by the banks must result in an increase in deposits, but since his calculations were based upon false premises, this conclusion must fail.

The second principle set out was the much-discussed "A plus B theorem." Major Douglas divided the costs of producing goods into two groups known respectively as the A group, which included wages, salaries, and dividends, and the B group, which consisted of costs of materials, provision of power, and provision for depreciation and similar costs. The A costs, he said, and everybody agreed with him, went to the consumers of goods to establish their capacity to purchase goods, but he declared that the B costs became permanently "side-tracked" and never re-entered the purchasing pool. The inevitable result of this assumption was the conclusion that the cost of manufacturing goods must always exceed the amount which those who wanted them could pay for them. A simple analysis of the destination of that part of the cost of production which Major Douglas placed in the B costs group showed clearly that these costs were again *subdivided a further stage back in the chain of production* into A costs and B costs, of which the resulting A costs immediately entered the pool of purchasing power and the resulting B costs could again be divided into the two groups. In this way, *by the establishment of an indefinite mathematical series*, it could be shown that the whole of the costs would actually ultimately become A costs, and therefore enter the purchasing pool, which would thus become equal to the cost of the goods. It was surprising that a mathematician of *Major Douglas's capacity should overlook this very simple and obvious answer to his assumption.*

Having by his false assumptions reached the stage at which he had proved that the cost of goods must always be too high for those engaged in production to purchase them, unless sold at a loss by the producer, Major Douglas proceeded to correct this position by determining, again by mathematical formula, a "fair price." Having established this fair price, and relying on his contention of the power of the banks to produce unlimited credit, he then proposed that "social credit" should be issued to meet the deficiency between the cost of production and the power of the consumers to purchase. It did not seem clear *whether it was proposed that this credit should ever be cancelled or not.* Actually, because of the fallacy of the "A plus B" theorem, the consumers of goods would receive gratuitously under the Douglas system an amount equal to the amount of "social credit" issued. *If* the credit were never cancelled the amount of money in the community would go on increasing steadily, and probably at an extraordinarily high rate. In other words, a *condition of inflation*, disastrous to the community which adopted the Douglas system, would result. If, on the other hand, the policy of periodically *cancelling* the credit advanced under the plan were adopted, this would have to be obtained from the community by *taxation* or some other means. In practice, as the cancellation of the credit would require a sum equal to the credit which had been issued in the first place, and as, through the falsity of the "A plus B" theorem, this amount had been *received free* by the community, it would simply be *withdrawn from it* again, and all would be in exactly the same position as they would have occupied had the system not been applied.

Review.

Gold, Glut, and Government. By P. J. M. Larrañaga. (Geo. Allen and Unwin. 6s.)

The author "is known chiefly as an international authority on modern road building," and "in his capacity as technical adviser, public works promoter and contractor, has visited a great many countries, co-operating with governments in the financing and execution of vast motor road projects and municipal improvements." Good! an engineer. Major C. H. Douglas is quoted on pages 6, 17, 18, 61, 63, 71, 80, 88, and 90, mostly in the form of footnotes. Under the cross-heading "Human Motive" (p. 173) we read: "Man will not work except under the double stimulus of fear and ambition. If you reduce the first, you must increase the second, in order to maintain a state of disconformity with the *status quo* that makes for movement."

Under the heading "The Cure for the Present Slump" (p. 176), we read:—

> ". . . the leading creditor nations should espouse a policy of gradual and deliberate inflation to be set in motion through government initiative in constructive expenditure, until, at least, the purchasing power of money is reduced to the level approximately existing at the time when the huge War debts were contracted. It is not suggested that one should go further, . . . but we must make sure that at any rate the value of money does not become greater than during the War period."

An engineer may be able to engineer a road, or a bridge, or a turbine; it does not follow that he can engineer a book. This book has not been efficiently engineered. Apart from the ideas it contains (with which we are not in agreement), this book is a stores dump in a most frightful confusion. We speak of its construction. It has no construction. It has no proper form—does not build itself up from one first premise to a final conclusion. After all, book-engineering is thought-engineering, and one somehow expects an engineer to be able to assemble his materials in the one best way. One cannot travel through this book as one can travel along a well-made motor road. It is all bumps and humps, pot-holes and swamps. And yet Mr. Larrañaga says so much that is perfectly true. Of course, the muddle of stones in a quarry is perfectly true—but it is not a road.

J.

LETTERS TO THE EDITOR.

THEATRE NOTES.

Sir,—Readers of THE NEW AGE who may also have read Mr. Agate's last article in the *Sunday Times* might well think my article this week had been suggested by his. My article was in type two days before the *Sunday Times* was published.

JOHN SHAND.

Events of the Week.

(*Compiled by M. A. Phillips.*)

September 3.
Mayor Walker of New York resigns rather than face his accusers.
The five Nazis reprieved by von Papen.
Sino-Japanese relations strained again.
Norman sails for England.

September 5.
Kirkwood rejoins Labour Party and leaves I.L.P.
Ex-Crown Prince and von Papen review Stahlhelm.

September 6.
India talks to be resumed.
Cotton Strike—Minister intervenes.
Unemployment 2,859,828 (plus 48,000 in one month).
Prices still rising.

September 7.
British Association rejects plan for scientific control to help Government fight the depression.
T.U.C. opens strike fund for Cotton Strikers.

September 8.
Commodity price rise checked on news of fresh gluts cotton, etc. £ rising.
Ford reduces wages in U.S.A. works.

September 9.
S. American war continues.
Big rise in Bank deposits reported.
Great Britain said to be making arrangements U.S.A. this year's instalment on War Debts.
Cotton spinners vote against wage cut.
Police appeal for householders to help crime pre radio and Press used for this appeal.

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.

SUBSCRIPTION RATES.

Subscription Rates for "The New Age," address in Great Britain or abroad, are 12 months; 15s. for 6 months; 7s 6d. onths.

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.

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
Canada's Bankers. (Evidence at Ottawa.) 2s. 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.

GORDON CUMMING, M.
Introduction to Social Credit. 6d.

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.

POWELL, A. E.
The Deadlock in Finance. 3s. 6d.
The Flow Theory of Economics. 5s.

TUKE, J. E.
Outside Eldorado. 3d.

YOUNG, W. ALLEN.
Ordeal By Banking. 2s.

W. W.
More Purchasing Power. 25 for 6d.

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

BANKS, PAUL.
People Versus Bankers. 6d.

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

HARGRAVE, JOHN.
The Great Pyramid—An Analysis of the Politico-Economic Structure of Society. (With diagram.) 1d.

HORRABIN, J. F.
The Plebs Atlas. 1s.
An Outline of Economic Geography. 2s. 6d.

MARTIN, P. W.
The Flaw in the Price System. 4s. 6d.
The Limited Market. 4s. 6d.

SYMONS, W. T., and TAIT, F.
The Just Price. 2d.

Instructional Works on Finance and Economics.

BARKER, D. A.
Cash and Credit. 3s.

CLARKE, J. J.
Outline of Central Government. 5s.

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

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