

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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CONTENTS.

| | PAGE | PAGE |
|---|------|------|
| NOTES OF THE WEEK | 49 | |
| COPLAND AND SOCIAL CREDIT.—VII. By D. W. Burbidge, LL.B. | | 56 |
| THEATRE NOTES. By Richard Carroll | | 58 |
| Service. <i>Macbeth</i> . | | |
| THE FILMS. By David Ockham | | 58 |
| Back Street. Notes on Sunday legalisation. | | |
| CORRESPONDENCE | | 59 |
| J. H., J. H. B., J. P. White. | | |
| THE RELATION BETWEEN THE MONEY SYSTEM AND INDUSTRIAL ORGANISATION. By C. H. Douglas | 54 | |

NOTES OF THE WEEK.

I.—The Passing of the Licensed Victualler.

The sudden and startling spurt in the number of licensed Tote Clubs, following upon the beer tax, threatens to extinguish the licensed victualler. It is manifest that beer, and for that matter spirits, under their present load of taxation (out of sixpence paid for a pint of ale the Exchequer takes no less than 3½d.) cannot be sold at prices to cover the huge overheads represented by the licensed premises throughout the country. Accordingly the Trade are abandoning licenses right and left, and the trade abandoned with them is being picked up by the Tote Clubs. And those licensed premises still open are similarly enormous squeezed out by the Clubs by reason of the duties. We know of one public house on which the duty comes to £284, while, at a distance of thirty yards, a Tote Club has opened which pays 5s. (This is a flat rate, we understand, for all these clubs.) The cost of providing a club is relatively negligible—a mere matter of furnishing a largish room with a few chairs and tables, rigging up a sort of ticket-office for the receipt and payment of money, and installing a canteen something after the style of a coffee-stall. The rent of the room (or rooms) is of no consequence—for there is a glut of such accommodation eating its head off everywhere. Anybody can join such a club for one shilling. Then he can go there to gamble, or have a drink, or a snack to eat, or (in some cases) to play billiards. Not only so, but the licensing hours* do not coincide with those of the public houses. In a district where

the latter close at 2.30 the Clubs close at 3.00. In another the respective closing times are 3.00 for the pub. and 4.30 for the Club. The total hours per day are the same in each case, but the morning and evening times overlap. One consequence is that the toper can booze all day by joining a few Clubs and timing his itinerary round them and the pubs. On balance this occasions further loss of trade to the Licensed Victuallers, particularly when—as was to be expected—the Clubs' prices for drink are on the whole perceptibly lower than those of the public houses for the same qualities of liquor.

Women are admitted to membership of the clubs on the same terms as men; and there is a possibility that this hospitality may be abused by undesirable women in the same way in which it is bound to be abused by undesirable men—both classes attending for professional purposes, legal or otherwise. Readers who are churchmen can reasonably challenge the policy of *The Times* in chiding the Church Assembly for wasting time on discussing the spread of betting. (See "Notes," section 3, last week.) The real reason why *The Times* regards this as waste of time is because the matter of regulating betting is bound up with high financial policy, and since even the Government itself may not interfere with such policy, the views or decisions of the Church can have no practical effect. In this connection Mr. Baldwin's insolent treatment of the late Archbishop of Canterbury when he offered a suggestion of terms for settling the Strike in 1926 will be recalled. The Archbishop's suggestion included that of a provisional renewal of the subsidy to the mining industry—thereby indicating that the conscience of the Church was ready to approve a financial principle which the bankers had pronounced heretical. That was enough: the Archbishop was told to mind his own business. The present Archbishop is not likely to repeat the mistake, as he has had the advantage of Mr. Pierpont Morgan's advice on the proper function of the Anglican Church, which is, in brief, to preach the doctrine that in all things appertaining to terrestrial human relationships the voice of the banker is the voice of God.

* Since writing the above we have been informed that at least one Tote Club in the City may sell drink for a longer time than the public houses. The Pari-Mutuel Tote Club at Hammersmith may sell drink from midday until 5.30, and then from 7.30 until 11.30. The public houses surrounding it are open from 11.30 until 3 and from 5 until 10. At Barnes, a five-minute bus ride from this Club, the public houses are open from 10.30 until 2.30, and from 6 until 10. So your toper can find drink on sale continuously from 10.30 a.m. until 11 p.m. within this narrow area.

From a broad technical point of view it is obvious that, other things equal, trade must fly from the heavy to the light overheads, or else the heavy overheads must be turned into light ones. We are witnessing here a combination of both. For the diversion of public custom from the pubs. to the clubs inevitably entails the writing off of brewery capital. In terms of the A + B Theorem, the Treasury, by means of a fiscal impost, is effecting an enormous reduction in the "B" charges in the cost of drink at expense of investors in the Drink Trade. Taking guess-work figures, the change can be illustrated as follows in terms of overheads chargeable in respect of, let us say, a 6d. pint of ale.

Stage 1.
Tax 1d. Brewery 1d. Licensed Premises 2d. Surplus (wages, salaries and dividends) 2d.

Stage 2.
Tax 3d. Brewery 1d. Licensed Premises 2d. Surplus, nil.

Stage 3.
Tax 3d. Brewery 1d. Club Premises 1d. Surplus 1d.
On the assumption that at any price above 6d. the consumer would offset the advance by drinking less the above result was bound to happen. Since the Treasury won't take less than 3d., and the consumer can't pay more than 6d., the capital charges must be the variables. Unless the drink traffic is to close down altogether, the breweries must function, and must get their penny. Therefore any surplus must be provided by the total or partial confiscation of licensed houses. Ignoring whatever fraction of the surplus of 1d. at stage 3 which the breweries take (for wages, salaries and dividends) the club proprietors would seem to be getting it. And from all accounts they are making money very fast. But stage 3 is not the final stage. The Treasury's tolerance of this state of affairs is due to the fact that at present they want to keep the drink traffic going along for the sake of the tax-revenue. They are not yet ready to face the fiscal problem which would arise under Prohibition—that of finding dependable and convenient alternative sources of revenue. If or when they are ready to do so, it is easy to see how the developments now taking place will assist them to make out a moral case for almost any policy they adopt. For, as shown above, the habit of drinking, however temperately, is in process of falling under the odium of association with open gambling—a condition of affairs which, be it noted, never occurred in public houses. The Treasury may not go so far as Prohibition. It may be their intention to give the clubs a free run until the confiscation or rationalisation of public-house property is complete, and thereupon to suppress the clubs, and to run the traffic again through the public house, but this time under their own administration disguised as a public corporation. Their incentive to do so would be that they could, in terms of the illustration, convert the surplus of 1d., or a part of it, into a fresh tax. At this stage the figures would be as near to the following ideal as the bankers could get them, namely:—

Tax 4½d. Brewery, 1d. Public house (now "rationalised"), ½d. Total price, 6d.

How near the bankers could get to this position is a speculation depending on the measure of accuracy in an allegation against the Drink Trade frequently made by Temperance advocates some years ago, namely that the Trade provided less employment in relation to its turnover than any other, or at least than many others.

It is worth recording that incidentally to the promotion of the clubs there is proceeding a compilation of the names and addresses of members. The registers will no doubt afford much useful information to Somerset House, the police, Unemployment Insurance "dole"-detectives, "Public Assistance"

means-test inquisitors, etc., etc. We do not insinuate that the proprietors would voluntarily give away their clients. No; it is that they are running a business which affords numberless pretexts for the authorities to step in and examine the books. From this point of view it would be worth their while to drive every citizen who liked a bet, or a drink, or both, into membership of a club. The victimised Licensed Victuallers arrangements did respect the customer's privacy.

II.—Irish Affairs.

Reference was made a little while ago to attempts to "hammer" the Irish Sweep. The *Daily Express* had then been sniping at it, and has been since. The British public were advised that it was unpatriotic to subscribe to it, the reason given being that other Sweep was in contemplation from which British hospitals would benefit. Recently there have been hints of money, subscribed in Britain, getting lost somewhere—whether on this side or in Dublin not being clearly stated. The evidence on which these hints are based is the fact that certain purchasers of tickets—how many is not stated—have never received the official acknowledgement of their money from the authorities in Dublin. Now, as a matter of fact, such losses en route have been happening right from the beginning of the series of Irish Sweeps; and most people have been fully aware of the risk, and the nature of it. It was illustrated recently in the case of the suicide of a tradesman, who had sold Irish Sweep tickets to his customers. They left him (as is always done in these transactions) to send the money to Dublin and get the receipts. When, some time later, he was requested to produce the receipts he could not do so. The purchasers immediately concluded that he had not paid in his suicide. There was a row about it, culminating in his inquest. So, in regard to missing receipts in general, any insinuation by the Press that the fault lies in Ireland is so unlikely to be the true explanation that it can be dismissed. And in any case, why should the Press choose at the present time to start agitating about something that has been happening all the time?

The reason is no doubt connected with the seizure by the Customs at Liverpool of about £120,000 worth of Irish Sweep tickets during last week. The British Press, commenting upon the event, emphasises the fact that Sweepstakes are illegal in this country. If that is intended as an explanation the whole system that the Government is able to stop the winners of sweep pools by taking powers to prosecute winners and confiscate their winnings. Certain anti-gambling bodies have more than once pressed for this to be done. The Government's inaction may be due to the fact that they intend to permit the contemplated alternative Sweep syndicate to sell tickets in this country. If so they can easily hide their reason behind the pretext that since a Commission investigating the whole subject of gambling has not yet reported they must defer general legislation until it does so.

The seizure of tickets at Liverpool links up with the discriminatory tariff lately erected against imports from Ireland. For directly these imports were made dutiable, Customs officers had the right to examine shipments arriving at British ports. This, as is seen, has been used to startling effect, and if its continued exercise has the effect of depriving the Irish Sweep authorities of all, or most, of the revenue from Britain, our readers will realise that the tariff against Ireland was worth while, from the bankers' point of view, for this reason alone, and indeed it may have been their chief reason for putting it on. The seized tickets arrived in bulk, parcelled

up in packets ready for addressing and posting by some agent or other in (presumably) Liverpool. In the absence of a tariff the task of intercepting them would have devolved upon the Post Office in the case that the Home Office ordered it. But the task of distinguishing the thousands of packets of tickets from the main mass of matter travelling through the post is obviously impracticable within the limits of cost imposed on the Post Office administration—not to speak of the delays and disturbances arising from the process.

The effect on the mind of the gambling public by the combined policy of the banks, newspapers and customs authorities is probably closely reflected by the following conversation which we heard a day or two ago in a house of refreshment.

Old lady, to bar-tender.—"Shall you be having any Irish Sweep tickets to sell this time?"
Bar-tender.—"Well, I'm not sure. I might get a few; but it's going to be very difficult. They're very sharp on us this time, and I mustn't be caught with any on me. Then there's the trouble of getting the money across and getting receipts. And people are afraid to buy at present: they say it's too much risk. They've heard this talk about another Sweep, and they feel that it will be better to go in for that, because when the tickets are issued through the banks they'll be certain their money is all right."

Where this man got the idea that the banks would underwrite stakes in the alternative Sweep we can not guess. But readers will see that it is entirely credible. There are many things which you may not do independently, but which become legal, and even respectable, when the bankers can control operations. Whether, in the event, the bankers allow the alternative Sweep to operate or not, we can be quite certain on one point; and that is that in their eyes the millions of pounds hitherto sent to Ireland represent so much *reserve taxable capacity* still untapped in Britain. It is true that a large proportion of the stakes returns in prizes; but the point is that since no individual ticket-holder is assured of a prize, the whole lot of them together can afford to lose the total sum they put up. So all this money *could be* taxes—and it is certain that the bankers are busily going into the question of whether, how and to what extent, they can divert it into the "Treasury" branch of their business. And what more patriotic act can there be than for the gambling public to back the Pound Sterling?!

As concerns the policy of the Free State Government the following developments may be recorded:

1. The issuing of bounties to stock-breeders and others to help their exports over the British Tariff.
2. Fianna Fail's resolution affirming the right of the Free State to financial self-determination.
3. The King's approval of the appointment of Mr. Donal Buckley to the office of Governor-General of the Free State.

It will be realised that there must be a limit to the amount of bounties that can be paid within a financial system which lays the burden of providing them on the Irish taxpayer. Passing over the question of whether bounties could not be better applied than to assist the transference of *real wealth* from Ireland elsewhere, and confining ourselves to the question of finance, it is evident that when the taxpayers can no longer put up the money (Can they be now?) either the bounties must stop or must be provided by creations of new credit. Further, unless the new credit is accounted so as not to be chargeable to the taxpayer as debt, "national" or otherwise, there must eventually come an end to its creation. So much for the technical aspect of the question. But the immediate problem of Ireland's credit policy resides in the control of England—the Bank of Ireland being its

local administrative agent. It is this problem to which Fianna Fail has been addressing itself.

According to the *Free Man* of November 26 the *Irish Times* of November 9 published a long account of the proceedings at a meeting of the Ard-Fheis of Fianna Fail, at which a resolution was passed that "a Central Bank controlled by the Irish Free State Government be established with a view to providing better credit facilities for Irish industries, and securing the freedom of the country's finances from foreign control." (This is the *Free Man's* description of the resolution.) Points worth noticing in the speeches are as follows. Mr. McMahon complained that the Irish pound was anchored to the British pound, which was worth only 13s. in America. Ireland wanted to foster new industries, but the banks used money for the benefit of industries outside Ireland. The Rev. Father Holohan said that a central bank would be better than any political or sentimental freedom. They should cut themselves off from the Old Lady of Threadneedle Street, and be able to put money into circulation independently. Mr. T. O. O'Donnell said it was no use having bounties and sending stock out of the country if England had control of their money. If they allowed that to continue they would be beaten. He suggested that the matter be taken up by a committee with no bankers on it. It was obvious, he said, that the trend in Ireland was towards taking control of the economic situation, a view which was strengthened by the passing of the Control of Prices Bill in the Dail on the previous Friday. He concluded with the observation that while the above policy was *only a temporary expedient*, and *did not reach to the roots of the problem*, it indicated an *awareness of the direction* which must be pursued if real freedom was to be attained. (Our italics.) The resolution, and the above items of advocacy, are not sufficiently explicit for us to discuss them profitably. But it is all to the good that Fianna Fail should be opening up the fundamental question of the ownership and control of money, and be emphasising the fact that the economic problem is essentially a money problem. We should have liked to hear more about the question of "price-control." There are two possible forms of such control—the old, familiar one of *coercion by penalty*, and the one we advocate, of *inducement by reward*. No variant of the first form will be the slightest use. The only justification for a Government's demanding the control of credit is that it intends to use credit to control prices in the matter of fact there would be no control in the old sense. The "regulation of prices" as provided for in the Social Credit Proposals is, strictly speaking, the regulation of the revenue provided by the State to enable buyers to pay them. For example, if you walked into a sweet-shop and bought sweets for 5s., and then went outside and sold them to some children for 4s., the proprietor would not say that you had "controlled" his price. Nor would he if you took the children in and said to him: "Here! These youngsters have only got 4s.; I'll put the other shilling: let them have those sweets they want." In either case it would not be *his* price you had controlled, but, if any price, *your* price, or, strictly speaking, the purchasing power of the children's money. Comprehensively this is what the State could do for the general body of consumers. Far from having to explain the idea for the producers to press for its adoption. When we witness, as we do to-day, firms cutting prices to the bone to get an odd order, we can be sure that for the guarantee of an assured regular demand they would gladly enter into a National Distribution Contract even were its terms many times more restrictive and inquisitorial than could

conceivably be the case under Social Credit. We hope that the advocates of financial independence for Ireland have these considerations in their minds.

We come now to the third item in our list—the appointment of Mr. Donal Buckley. It is an intriguing one, for Mr. Buckley was a member of the Irish Republican Army, and, like Mr. de Valera, fought in the Easter Rebellion in Dublin in 1916. Subsequently he was elected to Dail Eireann and voted against the acceptance of the Anglo-Irish Treaty. He was born at Maynooth in 1877, and still lives there, near the College. He was educated by the Jesuits at Belvedere College, Dublin. He is reported to be popular with all classes in Ireland. From our point of view he is a refreshing change after Mr. James McNeill, whom he succeeds. Mr. McNeill is little else than a civil administrator, and has spent a good deal of his life in ordering the affairs of Indians and other subject races out East. Presumably this experience was considered a qualification for helping to draft the Constitution for Ireland!—at any rate, that was one of his jobs. He was educated at Cambridge University—the source of gluts of economic professors whom, unfortunately, the country peacefully absorbs. He has been Registrar of Co-operative Societies—the members of which chiefly belong to the subject-classes. A good man in private life we have no doubt, but apparently spoiled by the East for official duties in the West. He seems to have expected from native Ministers in Dublin the same kind of deference as was shown him by native officials in Bombay; and so he was all too quickly affronted by technical discourtesies on their part which an astute statesman would have ignored.

According to the *Evening Standard* (November 26) Mr. Buckley will have to come to Buckingham Palace to be received by the King and to kiss hands on his appointment. If so the ceremony will symbolise what is, to us, the fact that allegiance to the King imposes no obligation incompatible with the pursuance of a sound economic and cultural objective in any part of the Empire. Indeed, it may not be long before such allegiance will be seen to require all true loyalists to unite in rescuing the prerogatives of the Monarchy from the Financial Pretenders who have usurped them and misused them in his name.

III.—The Navy and Disarmament.

According to a report in *The Times of Malta* (November 17) of the Prince of Wales's speech at the Dinner of the Navy League on Nelson Day, the Prince said, in proposing the toast to Nelson:

"The Navy League is teaching in all parts of the Empire that a security lies in a sufficient and efficient Navy."

Later he referred to the Navy as a sea-going police force and an instrument of peace. He recalled that when he was a boy he used to look forward to receiving the Navy League's publications. The tone of the speech taken as a whole does not appear to offer much encouragement to the advocates of disarmament. But the passage quoted above looks like the composition of the Treasury, who of course are all for disarmament (a) as a means of effecting deflation in this country, and (b) as a means, in association with other Treasuries abroad, of eliminating every instrument of intimidation but that which they exclusively control, namely Money. It will be noted that the formula enunciated by the Prince is rendered ambiguous by his use of the word "a" in two places. The Navy League does not teach that a security lies in a navy, but that *British* security lies in a *British* navy. Again, the term "a security" suggests that there are other "securities" than armed forces. Similarly the term "a navy" can mean *any* navy, e.g., an international navy con-

trolled, let us say, by the Bank For International Settlements.

At a "News" cinema last week the audience were privileged to see and hear Lord Cecil and Mr. Beverley Nicholls haranguing the pacifists at the Albert Hall. The former gentleman and his views are familiar. The chief interest lay in the latter. His keynote was the physical pain inflicted by war. The implied meaning of his discourse was that if the affairs of the world were regulated by methods which did not inflict injuries to the body, mankind would be the happier for the change. We might interject here that while we do not know of anyone's having taken his own life to avoid interviewing a dentist, we know of many people who have sought that means of escape from the tax-collector. Peace hath her suicides far more than war.

Arising from this reflection we ought to record a striking coincidence. While we were writing the words printed in the last paragraph the postman delivered a letter. We left it unopened until we had finished what we were doing. The letter was from a reader in Toronto, and mainly related to certain technical points connected with the Douglas Theorem. But the concluding paragraph, as will be seen, might have been written with the express object of underlining our commentary on Mr. Nicholl's state of mind. It was in these terms:

"Though I only get my copy of THE NEW AGE at second hand, not at present having the means to pay a subscription, I must thank you for the support and encouragement it gives to many of us in these difficult times. My brother says quite seriously that THE NEW AGE and the course of reading to which it has guided him have saved him from the lake (Ontario). There is a point at which blind suffering becomes unbearable: you and those with you have given him and others that degree of understanding which renders the same suffering tolerable. To grasp the causes and the practicable method of their removal is to gain the courage that comes with an intelligent hope, however remote."

And, coincidence apart, everyone will agree that no finer tribute than this could be paid to THE NEW AGE and to the work of the men and women who are making its existence possible. It will stimulate the humblest sowers of "intelligent hope" to realise that they are reaping early crops even while they are casting seed for the final harvest.

IV.—The Treasury and the Douglas Proposals.

A correspondent who wrote recently to the Treasury and the Ministry of Health respectively, asking in each case whether they had examined Major Douglas's proposals, has elicited the following replies:—

Treasury Chambers,
Whitehall, S.W.
November 18, 1932.

Dear Sir,—

With reference to your letter of November 14, I am desired by the Chancellor of the Exchequer to say that he has already had occasion to have the Douglas Social Credit Scheme examined, but that careful consideration of the details of the scheme does not suggest that it is such as could be adopted by the Government.—Yours faithfully,
(Signed) H. WILSON SMITH.

Ministry of Health,
Whitehall, S.W.1.
November 21, 1932.

Dear Mr. —,

Many thanks for your letter of November 14. Mr. Chamberlain has informed me that, whilst the Douglas Social Credit Scheme has been carefully considered, it is not one which could be adopted by the Government.—Yours truly,
(Signed) E. HILTON YOUNG.

It is something gained to have it explicitly stated that the Douglas Proposals have come within the official purview of the Chancellor of the Exchequer. The second letter is a shortened form of the first, so let us look at the first. It says that the Chancellor

"has had occasion to have" the scheme "examined." Examined by whom, and for what? By technical experts to discover if it will do what Major Douglas asserts? Or by political experts to discover if its objective is desirable? Again, by implication the scheme fails on its "details." What class of details?—technical or administrative? And in any case why examine details without (apparently) having investigated principles? Lastly, for what reason does the "consideration" fail to "suggest" that the scheme is "such as could be adopted" by an all-party Government with a tremendous majority? We do not need answers: we only pose these questions to emphasise the emptiness of the reply. One cannot even be sure that the "Chancellor of the Exchequer," as so designated, is the present one or Lord Snowden. If Mr. Chamberlain, we know from his allusion to credit reform in the House some time ago what would decide his rejection of any scheme; and that is—"the Treasury's sigh." All we have to say is that if it sighs much longer it will sigh some more.

V.—The Anglo-American Debt Crisis.

We just got in our dissertation on Kabbalism in time. Over this last week-end we have beheld the learned numerosophists on both sides of the Atlantic engaging in a warfare of words about the meaning of their numbers. "Hands across the sea"—not to shake hands, though, but to pull beards. Let's hope the pain will wake them up to realities. "We never contemplated . . ." moans that kindergarten neophyte, Mr. Neville Chamberlain, "a state of things in which . . ." *et seq., ad lib., ad inf.*, and then some. Exactly. That crowd never have contemplated states of *things*, but states of *numbers*; and so intently that they no longer know what the numbers stand for—if they ever stood for anything. There they are, the solemn wisecracks, babbling helplessly outside the financial strong-room of prosperity. They can't open the door. They've forgotten the combination of the lock. It was once a word. But they transmuted the letters of it into numbers. That might not have messed them up if they had stopped counting at 9; but they went on to take in 0, for 0, or plays such tricks with meanings as does that mischievous cypher. They are now desperately trying to re-convert the combination. There was a rumour—or did we dream it?—that they called in some necromancers last Sunday who got them a mes-work—to try the word "Tentacles." It didn't quite work—so they are getting the message repeated.

However, their troubles are none of our business; and the worse they get, the more we shall treat ourselves to a walk in the country. Our friends, if they like a busman's holiday, are welcome to stand around and offer them ironic advice: it is a pure matter of taste. Perhaps the insurance companies have got a little parcel of American securities like when Uncle Sam held up deliveries of munitions for "cash in advance." If so the job's easy. On the authority of Lord Macmillan's and Lord Justice Greer's judgments during the Waterlow Appeals, if a central bank prints notes it can use them to buy securities; and that was what, in their Lordships' view, made the Bank of Portugal's new notes worth a New York firm; for then there might have been a chance for our Secret Service to appoint an agent to go over there and work the Marang trick. He could then have brought back £20,000,000 of illicit sterling notes, and bought with them shares in the Bank of England and in the Big Five, the sellers of whom would all have been in the banking game.

Whereupon the Bank of England could have printed a like value in authentic notes, exchanged them for the others with their City associates, the latter of course regaining for nothing possession of the securities they had sold, while the Secret Service agent could have been told to slip abroad. Then the curtain could have fallen on the spectacle of the House of Lords giving the Bank of England judgment with damages for £20,000,000, which of course the Bank could demand in gold from the United States.

THE NEW AGE is like the old boy in Gracie Field's song: "He's dead, but he won't lie down." You can say: "It's dead, but it won't keep quiet." At the same time the person of average intelligence would naturally conclude that a journal cannot be of any account for its decease to be so widely presumed as it is. Fortunately such a person might be prevailed on to have a look at the article in *The Realist* for November, 1929, in which the creation of Britain's debt to the United States, and the problems that the demand for repayment would involve, were analysed. It is true that the article was written by the editor of THE NEW AGE, but the point is that it was accepted by the eminent editorial board of *The Realist*. It is worth looking up—though them as says it didn't ought. It described, four years ago almost to the day, what the present schimozzle is all about.

That is one tip. The other is to remind the public that seven years previously Major Douglas had communicated proposals for settling the American Debt to Mr. Lloyd George, prefacing them with an explicit account of the nature and import of that Debt and of its effective settlement. (Readers will do well to provide themselves with the leaflet in which this correspondence is embodied.—"Great Britain's Debt to America.")

KIBBO KIFT.

A Douglas Social Credit Training Course has been arranged by the Kibbo Kift Green Shirt Movement, commencing on Tuesday, December 6, at 8 p.m. Leader: Kinswoman J. Mickle. Place of Meeting: Kibbo Kift Headquarters, 35, Old Jewry, London, E.C.1.

The course will cover lectures on the present economic and financial system, and Douglas Social Credit principles and plans; and is intended for men and women desirous of undertaking propaganda work.

Non-members welcome. Course fee, 10s. Single lectures, 1s. Common Room, where refreshments are obtainable, open to visitors from 6.30 to 10.30 p.m.

Applications to Frank Griffiths, 49, Denman Drive North, London, N.W.11.

NEWPORT GROUP.

The Newport and District Social Credit Association meets next on Tuesday, December 6. Time not advised. Enquiries to Hon. Sec., Caer-Bryn, Bettws, Newport, Mon.

LEICESTER GROUP.

The Leicestershire Douglas Social Credit Association has just been formed. Readers are invited to communicate with Mr. A. H. Rawnsley, at 19, Albion Hill, Leicester, who would be glad, also, to get into touch with other secretaries of groups.

MAJOR DOUGLAS'S ENGAGEMENTS.

Major Douglas will speak in the Central Hall, Corporation Street, Birmingham, on Wednesday, December 7, at 6 p.m., on "The Strategy of Reconstruction." Enquiries to Mr. G. Kay, "Marchmont," Old Croft Lane, Castle Bromwich.

NOTICE TO BRIGHTON READERS.

Will readers interested in forming a group at Brighton and Hove communicate with D. G. Phipps, 24, St. Aubyns, Hove, Sussex.

HIGH WYCOMBE.

Readers near High Wycombe are invited to get into touch with Mr. E. Knight, Chinnor Hill, Oxon.

BOURNEMOUTH.

A meeting of the Douglas Credit Study Group will be held at 5, Lansdowne Road, Bournemouth, on Monday, December 5, when Miss de Castro will speak on Unemployment.

The Relation Between the Money System and Industrial Organisation.

By C. H. Douglas.

There is probably no aspect of the economic life of the nation which has been the subject of greater misunderstanding than that which I have chosen as a title for my address to you to-night. In the past, authority and economic privilege have been so inseparable that it has unconsciously come to be assumed by the great majority of people that they are—

(1) In fact, inseparable, and that one of them is a consequence of the other. Another way of putting this confusion is that policy and administration have been assumed to be one and the same thing, an idea which is, of course, at the bottom of most socialist schemes for the reorganisation of industry.

(2) Possibly arising out of this idea is the allied idea that what is called "profit" is in itself a wrong thing, and that a system which produces for profit is condemned on those grounds alone.

Now before endeavouring to separate and analyse this confusion, which is world-wide, in regard to the two quite separate subjects of policy and administration, I should like to devote a few minutes to this question of profit, because in one form or another it is probable that the whole future of civilisation depends on a right understanding of it, at any rate, by an informed minority.

(3) The subject is commonly approached as though profit were an artificial thing, simply dependent upon some system most usually referred to as the capitalist system. The first point on which to be quite clear is that the modern system of production, at any rate, quite inevitably makes a high profit.

(4) What it fails conspicuously to do is to distribute that profit even to the Capitalist.

(5) In order to understand this most important point I should like you to substitute for the word "profit" the phrase "the unearned increment of association." Now what do we mean by this? I think that I can put it into terms which will be grasped at once by a railway audience, and particularly by railwaymen who have experience on railways in new and rapidly developing countries. Consider the case of a railway in a new country. Almost invariably it starts from some town on the coast which has been developed so as to become a centre of population and of importance. The line is pushed out into the hinterland, and, immediately, land on either side of the railway line jumps enormously in value. Please be quite clear in your mind that not only does it jump in price, but it jumps in real value. If, for instance, it is growing wheat, the wheat belt on either side of the railway is available to a far larger population than was the case before, or, as it is commonly put, gains access to the world's market. It is quite impossible to say with any truth that this increase of real value both in the wheat and the railway line, because it traverses the wheat, is due to the efforts of either the people who constructed the railway or the people who grew the wheat. It is something which arises automatically from the association of the two of them. Just for the moment, notice that though the land rises both in value and price, it does not thereby create any new money to pay the price. Now this idea of creating the unearned increment of association is the root idea behind our modern production system.

(6) When we bring a number of men together in a factory, and link their efforts by real capital (by which, of course, I do not mean money, but tools and processes, and organisation, and scientific knowledge, and many other things), we do so because by

bringing them together to use these things their production is enormously in excess of what it would be if they worked separately, and the fact that this idea is unquestionably and fundamentally sound has nothing whatever to do with the alleged annexation of the whole of this profit or unearned increment by something called the capitalist, assuming that he does in fact annex it, which is increasingly doubtful. The point that I am concerned to make is as to the existence, actual or potential, of this real profit.

(7) Now one of the factors and only one of the factors, in obtaining this real profit, is administration, and I should define administration as being a concerted attempt at co-operation for the attainment of a given policy. If you have grasped the foregoing, I think, quite simple idea, I think you will agree that the proper objective of policy to apply to a production system is to aim at the greatest possible unearned increment of production, or profit, in a real as apart from a financial sense.

(8) Before turning to the problems involved in the distribution of this unearned increment when we have succeeded in obtaining it, I should like you to consider our actions at the present time in the light of this idea. Are we either pursuing the objective of maximalising the unearned increment of production preparatory to distributing it, or are we in fact aiming at something entirely different? I think you will agree on examination that two completely opposite and mutually incompatible policies are at work in industry at the present time. Let us consider, for instance, the railways. What is the object of a railway?

(9) That seems to be a simple enough question, but there are quite a number of answers which could be given to it at the present time. If you asked an intelligent child he would give you in effect probably the most intelligent answer which could be given, and that is that the object of a railway is to deliver transportation service, but if you were to ask a truthful employee of a railway he might say "the object of a railway is to pay my wages," and if you were to ask a truthful financier, if there is such a thing, what the object of a railway was, he would reply "to make profits," and by profits he would mean money profits.

(10) Now two out of three of these answers quite definitely assume that a railway makes money, using the word "makes" in the same sense that we use it when we say that a brick-making machine makes bricks. But a railway does not make money at all, it makes transportation, and when it sells that transportation in exchange for money it merely gets the money that somebody else had, so that you see there are two quite distinct policies running through the operation of a railway, and since it is a fundamental business undertaking must at least recover the whole of its disbursed costs from the public or go into liquidation, it does not take very much consideration to see that the first and ruling policy of a railway is to get money from the public to meet both the demands of its employees for wages and salaries and the demands of the financier and the shareholder for dividends, and that any quarrel as between the wage and salary earner and the dividend receiver is merely an internal quarrel which does not, as a matter of fact, affect the over-riding policy.

(11) Now the next point which I think it is necessary to examine is whether a policy, such as I have suggested is laid down by the existing financial system, and a policy of making a railway the most effective instrument for transportation, can be pursued at one and the same time, and I will say that once before going further that I do not think this is possible. Remember that the over-riding policy, that is to say, the policy without which existing circumstances the railway cannot continue

to exist at all, is to obtain wages, salaries, and dividends from the public.

(13) If less money can be obtained from the public for the transportation service, then less money can be paid to the employees of the railway or to the shareholders. Not only that, but less money can be expended by the railway in improving and maintaining its rolling stock, its organisation, and its equipment generally.

(14) The situation which is created is, I think, entirely beyond dispute. It is a situation which involves quite fundamentally an antagonism between such a thing as a railway organisation and a public. The over-riding interest of the railway company, considered as an organisation, is to get the maximum amount of money from the public. The over-riding interest of the public, considered as an organisation, is to get the maximum service from the railway with the minimum amount of payment in money.

(15) I do not suppose that, as individuals, there is a single member of the public who does not hold the railway service, particularly in England, in the most whole-hearted admiration, nor do I suppose that, as individuals, there is a single member of the railway organisation who does not fundamentally regard himself as a servant of the public. But while this is so, the sentiment which is involved is, I think, in practice almost wholly ineffective. It may have some influence in promoting those kindly and courteous relations between the individuals of the public and the individuals of the railway service which do, on the whole exist, but to put the matter in the most simple terms, it does not prevent the average railway passenger or consignor of freight considering that he is being exploited, nor the average railway servant from considering that he is underpaid. There is, moreover, an influence at work in this situation which in its effects on the railway itself I believe to be wholly bad.

(16) For reasons into which it is not necessary to go at the moment, the financial cost of any service, such as that of the railways, has a tendency to rise above the ability of the public to pay the prices demanded. The result of this is to stimulate the public to find an alternative source of the same service as, for instance, road transport, at the present time. The reply of such a large organisation as a railway system almost invariably would be to create a monopoly with a view to strangling such competition and leaving the public no alternative but to pay the price demanded. The outcome of this is the artificial obsolescence of a means of transportation which may, and probably has still important functions and service to render to the public. The strangulation of the canal system in England by the railways and the threat to the railways at the present time by the roads, are instances of what I mean which will be readily appreciated by a railway audience.

(17) Accepting the foregoing statement as being reasonably beyond effective contradiction, which I think is the case, is it possible to find, without over-simplification of the problem, any root cause of this radical divergence between the interest of the railway, considered as an organisation, together with its employees, and the interest of the public? Certainly I have no doubt whatever that there is such a cause, and it is not really very difficult to discover. Put into general terms, it is that there is no provision in the operation of a railway for the monetisation, in the first place, and the distribution of that monetisation in the second place of what we referred to as "the unearned increment of association." Looked at from the realistic point of view, every additional service which a railway renders is not only an increase in the wealth of the world by the amount of that single service, but it is a contribution by the process which I described at the beginning of my address to this unearned incre-

ment of association. But as things are at the present time, such an additional service must inevitably be paid for by extracting a certain amount of money from the public or else it must be paid for, as one might say, from the opposite side of the ledger by getting more service from the existing railway organisation without the distribution of more money. In neither of these cases is there any financial reflection of the physical process which has taken place.

(18) It is quite a fallacious argument, although I have heard it advanced, to say that the public receives this unearned increment by getting more value for the same money. If the Great Western Railway were to put on an express train from Snow Hill to Paddington at 10 o'clock which would enable me to get back to London to-night, that train would have to pay for itself by collecting more money from the public than would otherwise have been collected, and there is nothing whatever in the organisation of the Great Western Railway Company which will enable it to distribute new money equivalent to the service performed by the new train. In other words, the cost of the new train has to be collected from the public out of an existing stock of money.

(19) If I have made myself at all clear, you will, I think, have begun to see that all questions of the administration of a railway such as nationalisation are completely outside the over-riding necessity of, as the phrase goes, "making a railway pay," and making a railway pay simply amounts in the last analysis to obtaining more money from the public than is distributed through the wages, salaries, and dividends paid out by the railway. If we universalise this, we can see that the proposition is an impossible one if we regard money as being a fixed thing over which we have no power of expansion. But we know quite well that money is no such thing. It is no more fixed in amount than the number of tickets which are issued by a railway company are fixed in amount. To quote Mr. McKenna, of the Midland Bank, we know how the amount of money in a country varies. "Each loan by a bank creates a deposit or an increase in the amount of money in the country, and the repayment of every loan destroys the equivalent amount of money." Similarly, the sale by a bank of a security decreases the amount of money in the country, and the purchase by a bank of a security increases the amount of money in the country. So that we have two entirely separate and distinct processes going on in the industrial world at the present time.

We have the vast technical organisation, railways, factories, farms, and other productive enterprises, who are engaged in actually producing wealth in the true sense of the word. Parallel to these we have an entirely separate organisation which creates money and lends it to these organisations for distribution to the public through the agencies of wages, salaries, and dividends. Since it is beyond all question, and is not denied, that this money organisation has control over the rate at which it creates and withdraws money, it seems beyond reasonable argument that either the whole economic process is under control of the money system which it forceably slows or accelerates according to financial policy, or alternatively the two more or less pursue separate courses and bear no very direct relation to each other. As a matter of fact, I think that both of these conditions exist to some extent in the economic life of the nation and the world to-day: that there is a strenuous effort made on the part of the banking system to control and influence the real productive system, and this is only partially successful, with the result that finance and industry can at the present time bear less and less relation to each other. If you had a railway which was fully equipped with locomotives, rolling stock, permanent way, and other

necessaries of a flourishing system, and you had a public which was clamouring to use this railway but was met by the statement that only a limited number of tickets would be issued because the traffic department refused to issue more except on its own terms, you would, I think, agree that it was time something happened to the traffic department. We are exactly in that position to-day in the industrial world. Our equipment is wholly adequate, our public is clamouring for the goods, but in between the two stands a ticket office, and that ticket office is the banking system. I have no doubt that the first step towards dealing with this question is to bring that ticket office under control, not necessarily by nationalising it, but by putting it into such a position that it must obey instructions in regard to the control and the issue of what is called "credit." Personally, I do not think that nationalisation of the banks is either necessary or wholly desirable. Unless done with great care, it would tend to enconce in the bureaucracy of the nation something which is already tremendously strong and which under those conditions would appear to be almost impregnable. Certainly, whether ultimately nationalised or not, I think it would be absolutely suicidal to nationalise the existing financial system. It is very questionable whether at the present time the banking system is not a great deal stronger than the governmental system. If it were incorporated in the governmental system without change I see no earthly power which could reform it successfully without a military revolution.

Events of the Week.

(Compiled by M. A. Phillips.)

- November 19.
Becontree tenants resist eviction. Baton charges by police and twelve arrests.
Bacon and meat prices rise.
Hitler interviewed by Hindenburg.
New York hunger marchers see Roosevelt.
- November 21.
Attempt on Herriot's life.
Hitler repudiates Nazi action in Berlin transport strike.
Japan rejects Lytton Report.
- November 22.
Hindenburg's conditions to Hitler—must carry out von Papen's economy plans, must retain von Schleicher as head of Heimwehr and von Neurath as Foreign Minister.
Newly invented Diesel locomotive estimated will "save" British railways £25 M. per annum.
Floating debt for 1932, £880 M. (compare 1931, £688 M.).
Durham P.A.C. replaced by Ministry of Labour officials.
Boom in gold shares.
U.S. Congress and Senate again affirm no cancellation of debt.
More unrest in Dartmoor prison.
Parliament reopens.
- November 23.
£ falls to 3.25 dollars and then reacts to 3.27 dollars.
Unemployed march at Romford broken up by police.
Hoover and Roosevelt confer on debt question.
Government reject expansion plan of work schemes.
Prince of Wales visits unemployment centres in North.
Meat prices go up.
Australian farmers strike for increase in Government bounty.
Hitler declines to accept Chancellorship on Hindenburg's terms.
Circular 1421 to stand.
Oldham P.A.C. refuse to apply Means Test.
French foreign trade falls to 30 per cent. in year.
- November 24.
Hitler supported by Dr. Schacht.
U.S.A. insists that Europe pays 1932 debt instalment on December 15.
£ falls to 3.26 dollars.
Tariffs against U.S. suggested.
Intensive Customs campaign against importation of Irish Sweep tickets.
More fighting in Manchuria.
Pay cuts for new entrants to police force. Police Council protest.

Copland and Social Credit.

By D. W. Burbidge, LL.B.

[The opening reply to Professor Copland's "Facts and Fallacies of Douglas Credit."]

VII.

VI.—THE JUST PRICE.

Just as in the case of the creation and destruction of money by the banks, and the A + B Theorem, Professor Copland's exposition of the Just Price was not only incorrect but flagrantly unfair. We must be charitable, and attribute this to his ignorance of the Douglas Proposals and the customary reluctance of the "professional" economist to give adequate consideration to proposals or arguments put forward by a "non-professional" economist.

Professor Copland stated the Just Price Formula in the terms of Mr. T. R. Orage, viz.:—Cost: Price: : Production: Consumption. He then proceeded to place an entirely erroneous construction upon this formula. Employing the figures used in his explanation of the A + B Theorem, viz., Cost, £200, made up of A payments £100, and B payments £100, he stated that the price factor, in those circumstances, would be

$$\frac{100}{200} \text{ or } \frac{1}{2} \text{ that is } \frac{\text{Consumers' Incomes or A}}{\text{Total Costs or A + B}}$$

Now that has never been suggested or implied by Major Douglas, and is nothing more than a careless misreading of what Douglas actually says. Professor Copland cannot even excuse himself on the ground that he made a simple mistake, and that "to err is human." At the outset of his lecture he said, "In all cases I have here given you the gospel according to the master himself." Whereas, in fact, what he gave to his hearers was at best a garbled version of his own woeful misconception of the Douglas teaching. By his remarks, the professor at least implied that he had a thorough acquaintance with the works of Major Douglas, and a thorough knowledge of their contents. Neither of these can he legitimately claim.

The Just Price Formula is based on the very obvious, but none the less striking statement that "The Cost of Production is Consumption." In other words, the physical cost of producing an article, apart altogether from the money cost, is the consumption of something—principally human energy and materials. As an example, the physical cost of producing a house is the loss to the community of the materials of which it is constructed, the human energy expended in its construction, and the food, clothing and other materials consumed by the workmen and others in order to sustain life during the course of the erection of the house. That is the physical cost, and that represents the true cost, however its expression in terms of money may vary. As a result of this consumption of energy and materials, an asset, in the form of a new house, is produced, and the true cost of that house is the totality of goods consumed in the course of its production—human energy not being satisfactorily assessable except in the terms of the goods consumed in order to replace the energy expended.

To proceed from the particular to the general, the physical cost of the total production of a country in any given period of time is the total consumption of energy and materials in that country during that period. The material loss which the country sustains in the process of consumption is its Real Wealth represented by the difference between its total Production and its total Consumption. It is upon this reasoning and postulating that the purchase of an ultimate commodity by an individual for

final consumption is "ipso facto" consumption of that commodity for the Just Price formula is based.

For National Production, or Appreciation, the physical price which the nation pays is National Consumption, or Depreciation. Appreciation means the increase in Real Wealth, in the shape of all new goods produced, all new buildings, plant and machinery, and other capital goods and all goods imported. Depreciation means the decrease in Real Wealth through the consumption of goods, the wear, scrapping, and obsolescence of capital goods, and all goods exported.

It is therefore apparent that "Consumption" in the Just Price formula connotes something considerably greater than merely that part of production which can be purchased with the "A" payments—which is Professor Copland's explanation of the formula.

Since the cost of Production is Consumption, a monetary system which accurately reflected physical facts in our material well-being would automatically ensure that the aggregate prices of all goods, both intermediate and ultimate, produced in any period would be equal to the aggregate prices of all goods, both intermediate and ultimate, consumed during that period. It hardly seems unreasonable to claim that what we produce we should be allowed to have; but under our present system, certain costs appear in price, and the people have not the monetary equivalent of these costs. The purpose of the Just Price is the establishment of a definite scientific method of increasing purchasing power (and thereby stimulating demand and consequently production), and at the same time automatically reflecting physical facts, but is, in the words of Major Douglas, "the only possible standard which can be applied with accuracy to the measurement of economic values."

The Just Price will gradually eliminate, over a period of years, the shortage of purchasing power caused by the prevailing monetary system and financial methods, which inevitably add to prices certain costs and charges (principally depreciation charges) which cannot possibly be met "in toto" by the community. It is admitted that depreciation is a perfectly legitimate charge. What is definitely not admitted is that the community can pay that charge; and the reason why that charge can not be met is simply that the fund or funds from which it might have been met have either never had a separate existence (as when new production has been financed by savings, which are, of course, the result of abstention from consumption) or have been prematurely destroyed in the ordinary course of orthodox banking practice.

The average duration of a bank loan has been estimated to be approximately three months. It is obvious, therefore, that many buildings and much plant and machinery, the production of which was financed by bank loans, no longer have their monetary equivalent in existence; yet they are a continuing charge in the price of ultimate goods through the addition to the price of such goods of a depreciation charge in respect of the wear of such buildings, plant, and machinery.

It is idle to suggest, as does Professor Copland, that such depreciation charges flow out again to the community in payments for repairs and replacements. It is true that this may be the case so far as the total of depreciation charges which are in fact collected; but it also happens to be true that the total of depreciation charges cannot possibly be collected, and consequently cannot be re-distributed. It is, in short, the existence of these depreciation charges which is the main cause of the discrepancy between total prices and total incomes. Let the student consider these pregnant facts. The Com-

monwealth Statistician estimates the money value of the material wealth of Australia (excluding raw materials such as coal, timber, and mineral deposits at present ungathered) to be in the vicinity of £5,000,000,000. Money or financial credit at present in existence is approximately £450,000,000. A depreciation charge of 5 per cent. per annum on £5,000,000,000 amounts to £250,000,000, or more than half the total money in existence; and it must be remembered that labour costs and material charges form by far the greater part of the price of an article.

In order that our money system shall record and reflect physical facts, the money price to be charged to the people for all goods produced in any period should be equal to the money cost of all goods consumed in the process of production. To ensure that the money price shall be so regulated is the purpose of the Price Regulating Factor, which is

$$\frac{\text{Consumption, or, amplified, Total Financial Cost of Production}}{\text{Total Financial Cost of Consumption.}}$$

Production.

e.g., If in any period the total consumption amounted to £M300, and the total simultaneous production amounted to £M400, the price which should be charged for the goods produced is £M300, since the cost of Production is Consumption.

If we multiply £M400, the cost of Production, by $\frac{300}{400}$ (that is, by the fraction representing $\frac{\text{Consumption}}{\text{Production}}$), we get the result £M300, which equals the cost of Consumption.

The fact that there is a shortage of purchasing power to-day is only too apparent by reason of the existence of factories full of unsold goods and idle plant and machinery, and the existence, side by side with these factories, of millions of unemployed who are not receiving even enough food and clothing to maintain them in a normal state of health. It is also obvious that even those who are in employment do not receive sufficient money to enable them to claim enough of the already existent goods to satisfy their needs, let alone their desires.

The A + B Theorem is nothing other than a mathematician's explanation of why that shortage occurs, that the defect in our accounting system is inherent in that system, and how this defect has been counterbalanced and the economic system has been saved from complete breakdown. Professor Copland said that if the A + B Theorem was correct the system "would have collapsed 150 or 200 years ago." Since the year 1732 there have been panics of the first magnitude in England in 1763, 1783, 1793, 1797, 1816, 1825, 1837, 1847, 1857, 1866, 1875, 1890-93 and 1929-32, and collapse has been averted only by bankruptcies (which are forced sales below financial cost), occasional wars (in which consumption is financed at the expense of an increase in the National Debt) and by discoveries of large quantities of gold in Australia, in South Africa and in America during the last ninety years.

Notice.

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

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

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

Theatre Notes.

By Richard Carroll.

The principal new play this week is "Business With America," which is being presented at the Haymarket Theatre. It is adapted from a German production, and it brings back Miss Madge Titheradge to the London stage after an absence in America. Shaw's "Getting Married" is being revived at the Little Theatre. Mr. Rupert D'Oyly Carte's company at the Savoy enters upon the tenth week of its Gilbert and Sullivan opera season. New dresses and settings add to the attractions of these excellently cast and excellently acted productions. A repertory season will follow next month, during which most of the operas will be played, including "The Sorcerer," which has not been seen for some time lately. The final performance is to take place on January 21. During this season Sir Henry Lytton will be seen for the last time by West-end theatre-goers in the parts which have made him famous, and which he has played with amazing versatility for over forty years. I was not surprised to see that "Philomel" and "Follow Me" have been withdrawn after short runs.

"Service": Wyndham's.

Audiences which enjoyed "Autumn Crocus" will be glad to know that its talented authoress, "C. L. Anthony," has written a new play called "Service." They should not be disappointed when they see it, for there is every sign that it will have a successful run at Wyndham's Theatre. The story is concerned with the fortunes of the business house of Service, a large general store in the City which is conducted on distinctive and honourable if a little old-fashioned lines. The house is an old foundation and hard times have not dealt too gently with its finances. Gabriel Service is a managing director of the old school with the interests of the firm and its employees thoroughly at heart, but he finds it difficult to fight against the cut prices and cheap and flashy products of his more modern competitors. In making a final effort to save the firm from bankruptcy Service is obliged to reduce his staff—most unwillingly, of course! Benton, a middle-aged employee of no particular ability, but of ten years' faithful service, is the first sacrifice on the altar of the banking hierarchy. The scene in which he is formally "fired," and that in which he enters his suburban home and announces the dread news to his family, should be seen by every director of the Bank of England. Economy—less money—fewer jobs! What a comfortless sequence! Nevertheless I am glad that its operation has been illustrated so forcibly in this play. In fact, however, the story ends on a happier note. The proprietor of a chain of cheap stores (but selling what the public wants, you know!) offers to buy Service's. The sum offered is only a fraction of the value of the goodwill in normal times, but enough to satisfy the bank and save Service and his family from penury. Service has almost decided to accept the offer when a chance meeting with Benton, whose wife now runs a flourishing confectioner's shop in the suburbs, backed by the advice of his son, Michael Service, whose schemes for interior decoration have attracted the attention of some shipowners, causes him to change his mind. The deal is off, and the coincidence of the sun's rays shining through old Service's office window with the receipt of an order to furnish a liner appears as an omen of better times at last for all. I can only wish that the great change when it comes will be as peaceful.

Mr. Basil Dean must be congratulated on his production of this enterprising piece and all the players upon their co-operation in making it appear so real. Mr. Leslie Banks played the part of Gabriel Service magnificently. As his faithful wife Miss Elizabeth Arnold (in the absence of Miss Joyce Kennedy) was most attractively characteristic, and as his by no means unintelligent children, Caroline and Michael, Miss Ann Todd and Mr. Jack Hawkins deserve distinctly honourable mention. I particularly enjoyed Mr. J. H. Roberts's interpretation of the part of Benton, the employee who remains faithful to the firm even after he has been "sacked." There is a large cast, but I do not think that any member of it has been badly chosen. A topical and brilliantly acted piece, which I hope many audiences will continue to enjoy for many weeks.

"Macbeth": Old Vic.

Mr. Edward Carrick's production of "Macbeth" at the Old Vic affords an excellent example of how effective a few but well-employed stage properties can be. The adroit use of curtains and a large proscenium were particularly striking,

though the constant drumming off stage was more reminiscent of the African jungle than of medieval Scotland. Miss Baylis has assembled a well-trained cast, and, judging by the small number of vacant seats in the house when I saw this production, Shakespeare's plays are being seen no less frequently than they ought to be. The prices of seats, which range from 5d. in the gallery to 5s. 6d. in the stalls, make them suit the pockets of most members of the public. Miss Margaret Webster impressed me most in the part of Lady Macbeth; she certainly knows how to use her hands—and her brains, too! Mr. Alistair Sim treated the part of Banquo rather lightly, and Mr. William Fox as Malcolm was inclined to hurry his lines, particularly in the closing scenes. As Macbeth Mr. Malcolm Keen was good throughout, but especially so in the scene with Lady Macbeth after the murder of Duncan. Of the minor characters Mr. Morland Graham, who took the parts of Duncan and the drunken porter, deserves some praise for his versatility. It is a pity that Miss Morland is leaving the company at the end of this run, but in her place we must welcome Miss Peggy Ashcroft, who returns to take the lead in "The Merchant of Venice," which is being produced on December 12.

The Films.

Back Street: Empire.

Sincerity, to paraphrase Nurse Cavell, is not enough. How close this adaptation of Fannie Hurst's novel approaches to the original I am unable to say, but John M. Stahl, the director, does undeniably seem to have made a sincere endeavour to bring real people and real emotions on to the screen. But the film, which begins on too slow a note and quickens too gradually, never quite comes to life; one accepts the principal characters as shadows rather than flesh and blood, and the sentiment is at times laid on, too, with too heavy a brush. Even Irene Dunne, whose Ray Schmidt is among the best impersonations of a finished actress, fails to move the spectator as she should. There is, in fact, over the whole picture a flavour of theatricality, which is enhanced by a dialogue the reverse of sophisticated. At the private showing last week many of my colleagues laughed at what should have been the tensest and most tragic moments; in real life people do behave in the fashion of melodrama, and their vocabulary is often inadequate for their emotions, but it is the function of the stage and the screen, as of the novel, to select and not to photograph. I think "Back Street" will be a box-office success, even if not of the house-full type. Incidentally, it is another of the American pictures I have recently seen in which much of the action is so unnecessarily slow as to suggest that Hollywood is aping the worst mannerisms of Elstree. It is also another American film in which the producers have made a violent break with the traditional happy ending. Unfortunately, departure from the formula is apt to lead to sob-stuff. And sob-stuff fails to move the sophisticated, even though it harrow the groundlings.

Stiggins Triumphant.

When the Act legalising Sunday film performances was passed some months ago this writer was among the few who, instead of adding his voice to the congratulatory chorus, characterised the measure as the Triumph of Stiggins. Subsequent experience has shown that it also exemplifies the British genius for compromise in its worst form. My readers probably know, Sunday film shows were until recently illegal under the Lord's Day Observance Act, but a number of local licensing authorities, including the London County Council, sanctioned performances on condition that a certain proportion of the receipts was handed over to charities. It is only fair to say that hospitals and other institutions have benefited very considerably but for the position might have gone on indefinitely but for the bringing of a common informer's action (in which the plaintiff was, incidentally, a young Jewess whose pretensions for the Christian Sabbath it is not quite easy to understand). The Courts had, of course, no option but to base their judgment on the letter of the law, and the question immediately became impossible, since it was unthinkable that the most popular of all Sunday entertainments should cease, while it was equally cut of the Government. It should continue in defiance of the law. The then Government introduced legislation, and here the compromise began, although the measure had the support of a majority of the Cabinet, it was introduced as a private Sabbatarian's bill by the well-organised opposition of Sabbatarians, fanatics, and killjoys.

For the second time the position became impossible, and a fresh Act was passed this year. This measure is also nothing but a compromise; it is left to local authorities to grant applications for Sunday opening, and the procedure to be adopted before such an application can be heard is not only unnecessarily complicated, but is also designed to favour fanatical opposition.

In Birmingham a general sanction for Sunday opening has already been given. The London County Council, after months of consideration, has also regularised the situation, and the precise nature of its sanction is illuminating. It rejected the proposal that the public should be admitted at 3.30 instead of 6 p.m.—more compromise—and has fixed the contribution to charities at 10 per cent. of the net takings. This is the same percentage as has been agreed on by the Birmingham justices, who had previously suggested a third of the receipts, but in Birmingham the hours are from 7 to 10 p.m. This matter of allocations to charity has not to be regarded as a sop or bribe to induce local authorities to condone a breach of eighteenth century law. But Sunday performances are now legal, and it is difficult to see why the film industry alone should be singled out for a special form of taxation in return for the privilege of being allowed to trade on seven days in the week. If we were a logical nation we should either exempt the cinema, or compel rail-tobacconists to hand over part of their Sunday takings to local hospitals.

I have not space to catalogue the attempts of opponents to hamstring and handicap Sunday films, but it is relevant to point out that all over the country killjoys and busybodies have been endeavouring, so far without success, to dictate the nature of the films to be shown on Sundays. Here is more compromise; if a film is fit for showing—and local authorities throughout Great Britain have in the main always accepted the findings of the Censorship—why should it be subversive of public morals merely because it is exhibited on Sunday? I am glad to say that the Birmingham justices refused to associate themselves officially with the proposal of the local Christian Social Council that a committee should be established to determine whether the films to be shown on Sunday were "of a suitable character."

The Bishop of Croydon (whose Borough Council has accepted the principle of Sunday opening) warmly advocates the creation of a selection committee, which is to approve of all films, and whose membership is to include the Bishop himself and a representative of the Free Churches, who have throughout displayed the most bigoted opposition. Worthing Corporation, at first, attempted to impose a condition that 25 per cent. of the programme should be composed of educational films, although this proportion has been reduced to 5 per cent., and the Littlehampton Bench have ruled that only films that have received the "U" Censorship certificate, i.e., that may be shown to persons under sixteen accompanied by adults, shall be given on Sunday. More compromise. But perhaps the superb example of compromise was furnished by Sir John Gilbert, of the London County Council, who solemnly proposed that the theatres should be allowed to open at 5 p.m., and for music half an hour earlier, but that children should be excluded until 5.30 p.m. Incidentally, the proposal that film theatres open at 3.30 was "abandoned in view of strong representations of religious bodies." It would have been more logical, and more honest, if those bodies had declared against any Sunday opening.

I have dealt with this question at some length, because, as is also the case with the working of the Film Censorship, it affords a graphic demonstration of the fashion in which a supposedly democratic community is actually governed, and of the extent to which a minority, often a reactionary minority, can impose its views on the majority. What I have written may, therefore, interest those to whom the films mean nothing, but who are still old-fashioned enough to place some value on popular institutions.

Current Films.

"Barbarina," a German picture with Lil Dagover and Hans Stuwe, is being shown at the Academy for the first time in England. The Regal is presenting "Blessed Event," one of a series of American films depicting the "columnist," or "gossip hound," a journalistic type even more virulent on the other side of the Atlantic than in this country. "Justice for Sale," a general release that I cordially recommend, is at Tussaud's until Sunday, and "Scarface" is being shown for the same period at Tussaud's.

DAVID OCKHAM.

LETTERS TO THE EDITOR.

ON SWAPPING GOODS.

Sir,—In reply to Mr. Reynolds, I should like to point out that I did not (in my review, NEW AGE, November 17) admonish "a good many Social Credit advocates" for taking it for granted that "trade between nations is the exchange of goods for goods."

I am afraid Mr. Reynolds has not read my review carefully. I stated that "Trade between nations is, in reality, the exchange of goods for goods," that Mr. Hiskett, the author of the book under review, "takes it for granted that the proper basis for trade between nations should be that of goods exchanged for goods," and that "practically everyone takes this for granted (including a good many Social Credit advocates who ought to know better). . . ."

It is impossible to admit the logic of Social Credit and at the same time to take it for granted that the proper basis for international trade should—or, in the end, can—be the exchange of goods for goods.

Mr. Reynolds says that my "ideal is splendid." It is not an ideal, and I am not concerned with ideals. I am concerned with what actually takes place, and it is a fact that the exchange of goods for goods as a workable basis for international trade is, as I said in the review, "becoming more and more impossible."

Mr. Reynolds says that he, "for one, will be content if we are allowed to consume the goods we can produce." That is a question of internal economy, and is a different subject from that of my review of Mr. Hiskett's book which deals with international trade. The two subjects are closely linked and even interlocked, but I was not dealing with the internal economy of this or any other country.

As to whether "many sympathetic people will think the D.S.C. scheme too Utopian—impracticable—and not to be taken seriously or to be worthy of their support," it is up to the Social Credit advocate, as you, Sir, point out in your "Notes of the Week" (November 24), to dispense the medicine to suit the patient.

"Charity," says Mr. Reynolds, "begins at home," suggesting that in considering Social Credit we should confine ourselves to questions of internal economy. It is not possible to understand the application of Social Credit as an internal economy without understanding its international implications.

"Clarity begins at home" is a more useful watchword to the serious student of Social Credit.

Finally, Mr. Reynolds says "I always understood that the money question was a scientific one and not a moral one."

I am not a moralist, and have not introduced any moral question. My statement that the international "swapping" of goods for goods is becoming more and more impossible is not a moral question. It is a statement of economic fact.

YOUR REVIEWER (J. H.).

MUNICIPAL BANKING.

Sir,—I have wondered if any of your readers would be able to assist propaganda of our ideas by the following suggestion, and if the idea is suitable and in the interests of the movement as a whole.

The suggestion is that those who have some influence with local councils make an official request to the Town Clerk or other official to enquire from London what conditions must be complied with before local authorities are given the power to manufacture credit. It would be pointed out to London that inasmuch as this privilege was now being used by certain private corporations, there could be no objections to the privilege being extended to local authorities. If this was refused it could be asked what terms the private companies in question granted to the Government for this privilege, so that if it was a question of out-bidding them by more generous terms at least an opportunity should be afforded to the local authorities.

There would seem, also, no objection that banking making the same request. It is reasonable that more people being apparently a profitable undertaking, the publicity that should be attracted by its opportunities. The one would result indirectly might draw attention to the one institution that is under present conditions kept discreetly in the shade.

J. H. B.

NOTICE TO GLASGOW UNEMPLOYED.

Dear Sir,—If any of the unemployed supporters of Douglas in Glasgow, who have been previously associated with me, will call at 4, Caledonia Road, they can have some surplus literature that I have got, free, on the understanding that they will sell it to people likely to study it.

J. P. WHITE.

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