

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2106] NEW SERIES Vol. LII. No. 12. THURSDAY, JANUARY 19, 1933. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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NOTES OF THE WEEK.

The "Match King" and the "Money Kings."
 The *Daily Telegraph* of January 10 refers to the final report of Messrs. Price, Waterhouse and Co. on the affairs of Ivar Kreuger, the "Match King." It discloses that between 1917 and last year his balance sheets showed income overstated by more than £55,500,000, represented by fictitious credits, including the fabrication of the Italian bonds in 1923-24. His successful concealment of the frauds is ascribed to (a) the unbounded confidence in himself which he was able to command, (b) general acceptance of his claim that secrecy was essential to his operations, (c) the conferring of autocratic powers on him, (d) the unquestioning obedience of his officials, and (e) bad auditing.

Readers of THE NEW AGE will see, on mere inspection, that the Match King's fraud is an inversion of the Money Kings' fraud. He concealed deficits by fictitious credits: they conceal surpluses by fictitious debits. His juggling related to £55 millions during 1917-1931: their's related to £7,000 millions during 1914-18, plus goodness knows how much more before and since. Their juggling antedated his juggling; and it created the circumstances which occasioned his juggling. He was attempting to compensate by his juggling the consequences of their juggling. He fabricated documentary titles to distribute incomes: they fabricated documentary titles to tax incomes. His forged Italian Bonds were essentially identical with British War Loan Stocks—both were, so to speak, "Marang Securities." The bonds were false assets: the stocks are false liabilities. They have concealed their fraud by the identical devices and circumstances enumerated above, item by item from "a" to "d," with the added advantage to themselves that whereas in his case the auditing was bad, in theirs there is no auditing at all. Not that it would make any difference if there were, for the principles on which the Money Kings design the technique of their major fraud are embodied and legalised in the system of accounting designed to defeat minor frauds.

For example, according to established accounting

principles it is not only legitimate for a company to pretend to hold a lower value in assets than it does actually hold, but it is a virtual obligation on it to do so. For any company suspected in the City of distributing dividends to the full amount of its surplus, i.e., without secretly writing down figures on which the surplus is calculated, or without openly diverting part of the surplus to "reserves" accounts, would find its borrowing powers rapidly evaporating; and in a short time it would have to put up the shutters. Under existing financial principles and commercial practices there is a good deal to be said for such a prudential policy on the part of any management, because its responsibility is to its own shareholders, and the responsibility is that of preserving the integrity and the revenue-earning capacity of their property in competition with other concerns—an objective which, as we say, can be assisted or defeated by the banks at any time. Managements have therefore a sound reason for acting prudently; and in any case the fact that they do so act is generally known and voluntarily acquiesced in by investing classes.

But when we come to consider the action of banking managements the circumstances are entirely different. In the first place, while commercial enterprises compete for earnings out of a money-pool, the banks create the money which forms the pool, and do so without cost to themselves. Technically they cannot incur losses, and even if they could, they can invoke the intervention of Parliament with all its formal powers of civil and military coercion to prevent threatened losses becoming actual. In August, 1914, they were all defaulters on their solemn contractual obligation to pay gold on demand. But they escaped the penalty which the law prescribed for default by getting the default legalised. What they did was very much the same as if Mr. Kreuger had persuaded the Italian Government to back his forged bonds or follow the example of the Bank of Portugal and issue new, authentic bonds in exchange for the false ones.

In the second place bankers' loans cause an increase in the money-pool, and repayments of those loans cause an equivalent decrease. As the Rt. Hon. Reginald McKenna puts it: "every bank loan

creates a deposit, and every repayment destroys one."

In the third place, although in an immediate sense the money-pool becomes the collective property of those who earn money—i.e., although every deposit is the property of some depositor—as an antecedent and over-riding principle the property right in the money belongs to the public in general, that right being created simultaneously with the creation and issue of new money. A moment's reflection will show that it cannot be otherwise. Money, at the moment of creation, is not the property of the banker nor is it the property of the borrower. Neither has earned it. Nor has the banker drawn it from any existing holder of money. The banker can cite neither himself nor anyone else as having a property right in the money he lends. Being then not the property of any identifiable person or persons it is the property of the community generally. The benefits of ownership should accrue to the public, and in a form and amount approved by the public.

Now, the one interest the public have in this collective property-right in money is not to get the money except in an *intermediate* sense—that is in the sense of *handling* it—but eventually to receive the benefits of ownership in the form of *consumable goods*, and to the maximum amount that can be produced through the use of the money. (The "public," in this context includes the personnel of the industrial and the banking institutions: it means the whole community right down to Mr. Montagu Norman.)

Now, against this background, consider the banks' technique of financing production between 1914-18. It consisted in their inviting their clients to go through the form of subscribing money to War Loan Stock. The procedure was described, it will be remembered, by Mr. Frederick Temple during the war. A client would fill in an application form, and hand it to the bank. The bank would create the money and lend it to the Government. Incidentally the bank would charge the client interest at a rate somewhat lower than that at which the Government paid on the Stock—so that the client made a profit on the deal for nothing. This profit, however, is a secondary consideration in the present analysis—the prime consideration being that of the principal sum. The fact of the profit is only recorded here because it was the form of the inducement by which the bank got its client to lend his *name* (for that is all he lent) to the transaction. The transaction, as such, is the fact on which attention must be focussed. Viewed against the background mentioned above, it was a fabrication of securities which purported to be evidence of personal subscriptions of privately-owned money but which in truth represented bank-creations of credit belonging to the public. These securities now figure in the nation's accounts as a liability of the ostensible lenders. We pointed out some time ago in an article that if the banks had chosen to let the whole of the public participate in this fictitious creation of securities (which would have been the logical and just thing to do seeing that the money involved was public property) the result would have been that collectively the taxpayers would have been creditors of the Government as investors and debtors to the Government as taxpayers in respect of the same amount on both sides of the Budget. In that event the "War Debt" would have had no significance: it would have been two ledger-entries representing what the public owed themselves, which entries could have been extinguished by combining them. The fact that the claims on the Government as between person and person would have varied in amount would not have been an obstacle to cancellation, because if as an alternative the Government chose to raise the col-

lective sum in taxes to pay out the holders collectively, the incidence of the taxes would fall most heavily on the largest holders of Stock and least on the smallest, by reason of the fiscal principle that taxes shall be adjusted to taxable capacity. This could have been done without causing friction supposing that the banks had arranged that everyone should take up an amount of War Loan in some fixed relation to his income. For in that case a flat rate of income tax levied for repayment purposes would have automatically resulted in every holder's paying himself out, rich and poor alike. (We are not concerned with the equity of this assumed principle of allotment of Stock; we are simply illustrating how the war debt could have been got rid of without inflicting injury and without creating resentment.)

Why did the banks adopt the policy they did? The reason was political. For by creating a select body of War-Loan Stock-Holders supposed to have put *their own money* up, they were constructing a case for the imposition of taxes wherewith to replace the sum, or, strictly speaking, to pay the holders an annual tribute to let the public replace it by instalments over a long period of time. The banks, by this means, concealed the fact that the money put up was public property, and that the ultimate creditors of the Government in respect of it were not the titular stockholders but the community.

The resemblance of this trick to the "Kreuger" fraud stares you in the face. Kreuger exhibited fabricated bonds which purported to prove that he had bought Italian Government stock with his com-pany's own money. The banks exhibit fabricated bonds purporting to prove that certain of their clients had bought War Loan Stock with their own money. There are differences in intention between the two perpetrations, but these matter nothing beside the consequences. A stockholder who hears at his com-pany's annual meeting that he has lost his savings may derive some consolation from the chairman's assurance that the money has been *honestly lost*, but he'd be a million times more consoled if he hadn't lost it! And so, though the public may like to think of the bankers as men of immaculate integrity, all the same they are nothing like so interested in the bankers' characters as in the size of their own taxes. And when they learn that the imposts borne by them have been unnecessary they will probably tell the bankers to pack off down the road paved with good intentions.

The imposts are made to appear necessary by reason of the fact that the system of accountancy adopted by the banks, and the complementary system of accountancy imposed by them on industry, automatically falsify the nation's balance sheet. Whether by accident or design does not matter here: what matters is the fact. The falsification takes the form of ignoring the public's ultimate right of ownership in bank-credit, and neglecting to credit the public with money which is properly due to them. The sum due to them is of the same order of magnitude as the present amount of the War Debt, for reasons already suggested; and, for further reasons, greatly exceeds it. This procedure amounts to a concealment of public financial assets—money on which the public should be able to draw for assisting them to pay their personal expenses. It is not simply a moral right of the public to draw it, but a technical necessity, because the solvency of industry depends on its receiving this money as revenue from the public. The collective public assets which the bankers omit from the nation's balance sheet reflect collective industrial liabilities which they include in it. If the omission were made good there would be two mutually compensating entries, the one showing industrial costs due to be charged to the public, and the other

showing a national credit due to be paid to the public.

The banks' system of cancelling credits is carried out on the assumption that the real wealth made by industry with any given sum of borrowed money has been wholly transferred outside industry (goods delivered to consumers) or used up inside (plant, etc., worn out). In a physical sense, the transferring and the using up may be expressed in one word; destruction. That is to say, so far as industry is concerned, if the wealth it has created is not inside, then it is virtually destroyed. We choose this word advisedly; for to the mind of the banker *consumption* is indistinguishable from *destruction*, using the latter word in its evil sense. This has a bearing on Mr. McKenna's use of the same word when he referred to the consequence of the repayment of a bank-loan as being the *destruction* of an equivalent deposit. And it is precisely in this dictum that we find the core of the deception. For when a deposit is destroyed, a monetary title to acquire wealth is likewise destroyed. That would be a valid consequence supposing that the repayment of the loan signified the equivalent destruction of wealth—i.e., of the total quantity of wealth created by means of that loan. But for this to happen in practice all stages of manufacture from natural resources to finished articles would have to be compressed into the period of a loan. The time-cycle of the total production and total destruction would have to coincide with the time-cycle of total loan-issue and total loan-repayments.

Nobody needs to be told that nothing of the sort happens in modern industry; and the time when it ever did is beyond recollection. Take the case of the hydrogenation project which we discussed on January 5. It was shown that a plant constructed to produce 200,000 tons of petrol annually would take two years to build, would cost £7,000,000, and would last ten years. Assuming it to be financed by bank loans and considering the banking-system as a whole in relation to the operation, it is probable that by the time the plant was constructed the bulk of the £7,000,000 would have reached the bank as repayments of other loans due by firms who got contracts from the Company or sold goods to the work-people involved. There would have been a creation of deposits accompanied by a destruction of deposits to the same sum; so that when the plant was ready to begin work there would be no more deposits in the ownership of the public than before it was started. But there would now be a new capital cost of £7,000,000 added to the total of pre-existing costs. Obviously, if the public now devote any of their deposits to the purchase of the Company's petrol they must cease buying other things elsewhere. Conversely, if they continue buying the other things they must renounce the petrol—in other words, they must act exactly as they would have been obliged to act *supposing the new hydrogenation plant had been destroyed*. Here is an illustration of the consequences of the bankers' policy of prematurely retiring credit. There is nothing wrong with their methods of retiring it; what is wrong is their omission to regulate the speed of retirement so that it accurately registers with the speed of actual wealth-destruction. Under a scientific money-system there would be, in this case, a compensatory credit account in favour of the public in which an amount of £7,000,000 would have been entered by the time the plant was constructed. Henceforward, over the ten years, that credit would have been issued either to the public to enable them to pay for the depreciation of the plant, or else to the Company on condition that they did not charge depreciation. Disregarding renewals—the consequence would have been finally extinguished simultaneously with the end of the life of the plant.

What a contrast to the state of affairs to-day.

We have any amount of useful capital wealth waiting to serve us, but haven't the money to pay capital costs. We can parody Gracie Fields' song, and say that whereas the man in her narrative was dead but wouldn't lie down, the condition of Capitalism to-day is that "the more it's alive the more it lies down." (There is a relationship between lying down low and low-down lying that some readers may be able to detect.)

This, the bankers declare, is impossible. They say that if more credit is put into circulation prices must inevitably go higher. "The more money you have, the less it will buy," as Mr. F. R. Hirst and other banking publicists have often insisted. But there is no inevitability about the phenomenon. The money buys less because the controllers of money allow it to do so—in fact, cause it to do so by reason of their deliberate curtailment of the periods of their loans to a fraction of the time required by borrowers to get the equivalent wealth completely ready for consumption and wholly distributed among consumers. In the case of the hydrogenation scheme the time required by the promoters to do this would have been, from first to last, twelve years; but the time allowed them would have been no more than two years—and even that estimate depends on the most improbable assumption that £7,000,000 of new credit would have been a net addition to the amount previously in circulation. What would ordinarily happen would be a succession of smaller loans on account, say half-a-million at a time at say two-monthly intervals, each of which issues would have been offset by equivalent retirements elsewhere. In any case the result would have been that the public would have yielded up to the bankers the whole of the petrol-fund (so to describe it) just at the moment when the promoters had completed their preparations to make and sell petrol. The consequence would have been that the only fund from which the promoters could draw revenue for their petrol would have been that which they themselves were concurrently contributing by their disbursements of wages, salaries and other personal incomes. These, of course, would have been additional costs to the cost of the plant. The promoters' overheads, in the sum of £7,000,000, would have been irrecoverable, or, if recoverable, then only by rendering irrecoverable an equal sum of overheads needing to be recovered by other contemporary business enterprises. We are aware that we have assumed these other enterprises to have received the £7,000,000 and applied it to discharging their debts to their bankers. But their doing so merely redeems their properties; it does not liquidate the cost. For example, if A puts up a factory with money borrowed from a bank the factory belongs to the public, *legal sense* (fundamentally it belongs to the public, as was pointed out earlier). Suppose that, by some stroke of fortune (such as the outbreak of another world war!) A is able to repay the bank in full out of his profits. He does not say: "Ah: now that I have redeemed this factory I need not charge any have redeemed this factory I need not charge any of its cost into my future prices. No: he says: This property is at last mine: I have made it mine by my foresight and enterprise, and I am entitled to recover its cost as my reward." And additionally to this moral consideration there would be the commercial consideration that as he did not propose to work the factory to physical extinction and go out of business, he must charge for it in order to renew or replace it. And the same necessity would face him who would expect to get the cost of the factory out of the public in prices—as, indeed, they would need to in order to preserve their capital from depreciation or disappearance.

On a broad survey of the economic system it will be seen from the foregoing analysis that the public,

under bank-finance, are placed under the obligation of footing the same bill twice—initially in their collective rôle of buyers of everything in general (through inflation accompanying capital development) and subsequently in their several rôles of buyers of particular products resulting from the development (through the inclusion of development-costs in the prices of the products). Of course, this is a mechanical impossibility. The public's attempt to perform it produces among them certain psychological consequences, the most familiar of which are (a) animosity between wage-earners on the one hand and investors on the other: and (b) the antagonism of both classes together to Government exhortation and coercion applied to that end. The whole trouble is how to make the public's "half-cost" purse pay a "full-cost" price. It is not a psychological problem at all: no compromise, however "equitably" balanced, can make any system work in which the seller has to extract twopence from a buyer with a penny. The bankers, who have hidden the missing penny, insist that the *difficulties arising* from its disappearance (for they won't admit that it *has* disappeared) are due to moral imperfections—greed, suspicion, jealousy, and so on—and that moral regeneration is the only avenue to financial replenishment. Psychology certainly does enter into the problem; but it is the psychology of the bankers. Any practitioner who can apply a technique for curing somnambulistic kleptomania—and who awakens the bankers to the consciousness of the fact that they are abstracting money in their sleep, will obviate all necessity to treat the public for psychological maladjustments. In putting the case thus we are reducing our charge against the bankers to its irreducible minimum. We do so because it is probably true that hardly any bankers actively engaged in the function of banking have the least idea of the ulterior effects of the technique they are practising. That some financiers are guilty of deliberate imposture there can be no doubt; but they are right out of the sight and cognisance of even the officialdom of finance, let alone the public. But it does not matter. The problem of destroying their malign influence does not depend on identifying them. Major Douglas has shown what their power is, how they are maintaining it, and how they use it. He has supplied data on which any Government can deal with the technicalities of the credit-system, and can politely bow the experts out with many thanks for past services—perhaps! What remains to be done is to get this Government—or Statesmen who might replace it—to summon up the will and courage to take control and pursue the right objective—the inauguration of the system described by Major Douglas in the title of his first book: *Economic Democracy*.

Technocracy.

The question whether Technocracy marks a stage in the march from Plutocracy to Democracy in the economic frame of reference, or whether it is simply a Utopian smoke-screen behind which Plutocracy proposes to re-form its lines, is one on which our readers have no doubt been exercising their minds since Major Douglas's timely lead on the subject last week. From his angle of analysis we would like to add the name of Mr. Owen D. Young to those he enumerated namely Butler, House, Roosevelt, Baruch, Baker, Al Smith, Parrish, and (over here) Churchill and the Astor family. Just after the Presidential Election the United States' Press coupled Young's name with Baruch's as the persons whom Roosevelt would appoint as his economic advisers. And it is both these advisers who are said to be taking an interest in Technocracy. Now, it will be recalled that at the famous Lotos Club's night-out, when Owen D. Young was the guest of honour, one of the other guests was

Viscount Astor, who said in the course of an acclamatory speech:

"... seriously, gentlemen, there are many of us in England, who, when we see an insoluble problem in Europe, are going to say gratefully and hopefully: 'Send us over Owen Young to do the job.'"

When we first reproduced this sentiment, in the course of our remarks on the proceedings (*THE NEW AGE* of May 7, 1931) we added the comment:

"This sentiment does not surprise us, since it was Lord Astor's newspaper, *The Observer*, which once suggested that British naval bases should be thrown open for hospitality to the United States navy."

The suggestion alluded to was being canvassed by that newspaper some time early in 1930, for it was in *THE NEW AGE* of April 24, 1930, that we discussed it along with other matters affecting the attitude of the Astors and *The Observer* on Anglo-American relations. It is interesting and, may be, significant that it was these comments which were suspended from publication in our issue of April 17, 1930, where-in they were intended to appear, and which were published the following week as an inset printed by the Co-operative Printing Society. Our present point, however, is that there are two Anglo-American *ententes cordiales*, that between Owen Young and Lord Astor, and that between Bernard Baruch and Winston Churchill. The first *entente* is intelligible, because Young represents in a broad sense the United States policy of bartering debt-remission for European disarmament—a policy which no doubt the Astor family honestly believe will preserve peace as well as remove the restraints on trade which are attributable in their idea to the existence of international debt-burdens.

But the Baruch-Churchill combination is not so easy to understand. Baruch's experience and reputation stand on a war-basis. On America's entry into the war in 1917 he emerged from complete obscurity to become the most powerful man in America. He is said once to have called himself "the Disraeli of the United States"—if so, quite justifiably, for he was also the dominating personage and influence at Versailles, although the fact was not suspected by anyone not in the private counsels of the negotiators in which he participated when the Peace Treaty was being written. After the signing of the Treaty he retired to his obscurity—a surprising thing considering that during his industrial dictatorship he was able to compel all its secrets of capitalism of America to lay bare all its secrets before him. Not that it did not suit him to retire—for no doubt it did—but that there was constitutional impropriety in the retirement of the holder of business secrets acquired in a high-political capacity to engage once more in business for himself with the power of that tremendous knowledge to guide him. If the answer is that he did not re-engage in business, that means that he was free to continue to serve his country in an official capacity, and it raises the question why he did not. A credible theory is that his peculiar talents became largely superfluous in a peace-economy where his visible dictatorship of capitalistic enterprise would be resented and resisted, and that the banking interests associated with him decided to impose an invisible dictatorship behind the gesture of terminating the visible one. The situation thus conceived resembles those barometrical toys made in the form of a little building with a door at each end of the frontage; and out of which, in turn, a little figure pops out through one door when it is fine, and another pops out of the other when it is stormy.

When Baruch pops out
War-weather's about.

Mr. Churchill's association with this man is understandable in a psychological sense, for not only has

Baruch been what Churchill would like to be, but he achieved fame in the sort of environment most congenial to Churchill's genius—namely, a war-atmosphere. That explains Churchill's interest in Baruch, but it doesn't explain Baruch's interest in Churchill. Incidentally the *News of the World* has been sending postcards out wholesale to the addresses of householders announcing a series of articles by Churchill. The subjects of the articles are colourless enough—the retelling of well-known classic stories in his own words (a matter of no pertinence to our present context whatever may be thought of it as an impertinence to literature). But this policy of Lord Riddell's opens the door for speculation on what may be the idea behind popularising Churchill among the three million odd readers of this newspaper. It may of course be nothing more than a journalistic money-making stunt; so we need not pursue the subject, and can content ourselves with recording it for future reference if necessary.

In the meantime it is important to bear in mind that Baruch, when in power, was virtually the Technocratic Dictator of America. In this man was reposed authority—

1. Over the use of capital in the private business of Americans.
2. Over all materials.
3. Over all industries.
4. Over all classes of men to be called to military service.
5. Over the personnel of labour in the country.

No project could be financed without his assent. And what is the most significant of all the considerations governing his assent was that he should fix the remuneration of the capitalist, the wages of the workers, and the *prices of the products*—prices not only to the Government for war supplies but prices to the civilian population. His powers extended into the field of taxation as well. When, after the war, he appeared as a witness before a Committee of Congress, he let this out by what appears to have been a slip of the tongue. The episode is in the record as follows:

Mr. Jefferis—"Then the system which you did adopt did not give the Lukens Steel and Iron Company the amount of profit that the low-producing companies had?"

Mr. Baruch—"No, but we took 80 per cent. away from the others."

Mr. Jefferis—"The law did that, didn't it?"

Mr. Baruch—"Yes, the law did that."

Mr. Graham—"What do you mean by the use of the word 'we'?"

Mr. Baruch—"The government did that. Excuse me, but I meant we, the Congress."

Mr. Graham—"You meant that the Congress passed a law covering that?"

Mr. Baruch—"Yes, sir."

Mr. Graham—"Did you have anything to do with that?"

Mr. Baruch—"Not a thing."

Mr. Graham—"Then I would not use the word 'we' if I were you."*

* The above particulars are taken from the "Dearborn Independent's" *Jewish Activities in the United States* (Vol. II. of *The International Jew*). The account of the Committee's examination of Mr. Baruch begins on p. 56 and extends to p. 88. The matter in this book was first published serially in the *Dearborn Independent* from October 9, 1920, to March 19, 1921. Most of it is of no interest except to anti-Semites, but the section here alluded to is, as will be seen from our extracts, of quite a different order of significance. Intelligence officials in the British Government's War Department will do well to re-read the whole section (no doubt the book is in their archives).

The "we" referred to the War Industries Board—Mr. Baruch's official instrument of dictatorship. Incidentally this Board began as a group subordinate to an advisory commission of seven men, who in their turn were subordinate to the Council of National Defense headed by the secretaries of War, Navy, Interior, Agriculture, Commerce and Labour. In a short time this Board rose to be the "whole thing," and Mr. Baruch rose to be the "whole thing" in that Board. No reader of *THE NEW AGE* will be in any doubt that Mr. Baruch, or his financial associates outside the Government, instructed the Government to pass the law taking away the 80 per cent. in question. They would have to do it as a matter of necessity, for how could they plan their pricing if the Government were free to impose any taxes they liked when they liked? This taxation of profits, as was similar taxation in Britain, serves to illustrate some of our arguments in the previous section of these Notes. In both countries, of course, the general public paid the taxes in prices as well as the huge profits made by enterprises on top of the taxes. And in both cases the policy of the bankers was to encourage inflation at the expense of the consuming public, using the only-too-ready producers as tools. After that they encouraged these affluent producers to re-invest their profits. Upon that, both producers and consumers being bare of any cash reserves of their own, the former were set the peace-task of trying to get their money back out of the latter. And the monument to this kind of financial achievement is now a mausoleum of motionless plant and stilled enterprise.

This is what can still be done in the name and under the guise of Technocracy if we allow the bankers any hand in its operation. They would be content, like the Baruch group, to take ever so humble a position *to start with*. They would prefer it, as all eyes would be on the man in the exalted position. In this country nothing would be more to the satisfaction of Sir Henry Strakosch than to be allowed to serve under the High Technocratic Dictatorship of a man like Mr. Winston Churchill. The technocrats and their imitators are variously calling for a new kind of money, one scientific gentleman demanding profits called "ergs," while Howard Scott, the prophet of Technocracy, talks about people being paid in "technocratic money" of so much "horse-power." All very well in its way, but the name of the unit is nothing, nor is its nature, nor the thing it is based upon: the whole question is *how it is accounted*. If the right principle of accounting is adopted, any currency is sound currency. There is nothing the matter with the pound, or the dollar; and the more the bankers encourage the popularising of new names of money, the stronger will be the presumption that they intend to stick to the old principles of accountancy.

The week before last was England's "Technocracy Week." Out of the numerous articles published on the subject the only ones that need be referred to are (a) a contributed article entitled "Technocracy—the Economics of Glut" in *The Times* of January 5, and (b) a leading article entitled "The Economics of Glut" in *The Times* of January 7. *The Times* is to be preferred to other papers for the reason that what it says is intended to prompt leaders of public opinion rather than educate public opinion directly. The contributor mentioned is described as "a correspondent recently in the United States" (a description which might cover any person on Mr. Mellon's staff at the American Embassy, or even Mr. Mellon himself, Dr. Sprague, or any other travelling intelligence officer in the service of the banks). He gives a correct summary of the researches and conclusions of the Technocrats, which, he says, are being discussed generally in the United States, but *studied particularly by the "better-informed sections of the community."* We note the following

passage in which the author expresses his own sentiments on the matter:—

"There are aspects of the theory which are at present by no means clear, for most of the statements which have emanated from Mr. Scott and his group are shrouded in highly technical language. There are others which any economist would have no difficulty in refuting. The lines of research, and the deductions which have been drawn from the assembled facts, are obviously the work of engineers, thinking in terms of mechanical production and ignoring all considerations of human psychology." (Our italics.)

There is, however, he continues, "a case to consider." He points out as "highly significant" that even so conservative a body as President Hoover's Research Committee on Social Trends should have warned the country not "to ignore the imminent perils in further advance of our heavy technical machinery over crumbling roads and shaking bridges," and that there must be either a "speeding up of social invention or a slowing down of mechanical invention" if grave maladjustments are to be avoided.

Between the lines of these quotations readers will find clues to the probable reaction of the banking classes to the Technocrats' case if and when they deem it advisable to take charge of it. It will probably take the form of assuming responsibility for translating the physical objective of the Technocrats into actuality. For example, supposing action towards Technocracy were to be taken in this country, the bankers have an admirable nominee to appoint to the chairmanship of an advisory or executive body of "Technocrats." This person is Sir Henry Strakosch, who, it will be remembered, addressed the British Engineers' Association two years ago in terms which identified engineering with finance in the sense that finance was an exact science just as was engineering. This was the occasion when we first coupled his name with the slogan: "We Engineers." The bankers are quite willing to put on blue overalls for the purpose of making technocratic government subservient to financial control and direction. Their slogan will then be: "We Technocrats"! And their assumption of control will be explained as necessary on the ground, as suggested by *The Times's* anonymous contributor, that the essence of the whole problem is psychological, not mechanical—or, to use Major Douglas's image, that the core of the problem is not *Cost*, but *Conduct!*

Technocracy Ten Years Late

The extracts which follow this paragraph are taken from a newspaper report of an address given by our well-known supporter, Mr. A. L. Gibson, at a meeting in Belfast in November, 1923. They were first reprinted in *Credit Power* of December, 1923. They are reproduced here to show that data of machine-displacement-power just as dramatic as those of the Technocrats were accessible at that time, and their moral clearly appreciated and expounded by the Social Credit Movement.

"Seventy years ago, at the Crystal Palace Exhibition, Major Hallet, of Brighton, demonstrated how the application of intelligence to the sowing of wheat so improved the tillage that one grain of seed could produce 1,500 to 2,500 grains at harvest.

"Henry Ford is farming 5,000 acres with twenty days' work a year. A firm of agricultural engineers in Lincolnshire makes a machine which can be turning out flour two hours after you introduce it to a field of standing wheat.

"If we turn to meat, we note that stock raisers in the Argentine have been 'killing off'—i.e., shooting—all calves born overnight, in order to keep 'production' down.

"The cotton industry in Lancashire working one week could supply the total requirements of England for a whole year.

"In U.S.A., in place of the old-fashioned sock-making machines in use thirty years ago, which employed one operator on six machines, producing 432 socks per day, they now employ full automatics, one operator attends twenty-five machines, and produces 3,600 socks per day.

"A modern steam navy does the work of 200 men.

"A bricklaying machine sold by Arrol and Co., now in use in Glasgow, operated by three men, lays 1,200-1,500 bricks an hour.

"A Wade Mechanical Woodman enables one man to do the work of thirty men. It can get through a three-foot tree in four minutes.

"At a certain rolling mill in Sheffield $1\frac{3}{4}$ in. billets can be produced (without reheating) at the rate of 100 tons per hour. *The labour staff consists of four men.*"

"Not one man in the streets of Belfast at this moment has ever suspected that the cause of poverty and war lies hidden in *cost price.*"

Actual cost accounting figures were shown which illustrated how, when a certain factory used a machine which originally cost £500, the hourly cost created, exclusive of materials, was 3s., only one-half of which represented wages to the member of the community in charge of the machine. In that same factory more modern machines, with a working unit of four automatics, costing each £1,000, created an hourly cost of 11s., of which the girl in charge of the machine received only 1s. Thus the alarming feature about scientific progress was that the tendency throughout the community is that *from the people being in a position to purchase, say, one-half their total production at cost price, they are becoming unable to buy more than 1-11th.* This defect in credit issue to consumers was at the root of poverty, and the chief cause of war. Because of it, every community was compelled by its price system to dispose of an ever-increasing proportion of its products in foreign markets, when those foreign markets were rapidly diminishing.

Here, then, was Mr. Gibson anticipating Mr. Howard Scott by ten years. And we recommend our readers to emphasise this fact whenever they talk or write on Technocracy. The occasion will be provided soon, for, as will be seen under "The Films," the subject is going to be boosted on the screen in British cinemas. The research at Columbia University has not added anything new to what was spoken at Belfast. It has provided a wider assortment of data available for propagandists of facts and reform, but, *per contra*, it is turning out facts and figures in such a volume that it threatens to flood their true moral out of the field of survey. Mr. Gibson presented a few well-chosen examples and related their meaning directly to the existing price-system. He did not talk "erg" jargon, nor indulge in "horse-power-money" rhetoric: he took money as he found it, and laid his emphasis on the necessity to count it accurately—not to "count it out" as the bankers do. The Columbia Technocrats do not offer a plan at all: they merely envisage a change in the complexion of political administration. In the last chapter of their pamphlet, *Technocracy*, they speak of their work as merely a first step in a series of researches which will, they think, culminate in a plan some day. They appear to think that if they can get an administration of physicists into power they can trust them to get on with the job. What hopes! They would be softer wax in the hands of Mr. Pierpont Morgan than the politicians they had superseded—as anyone will realise who has noticed the respectful attitude of scientists

—particularly those connected with scientific journals—towards orthodox monetary theory and practice.

In our young days we remember seeing a cartoon entitled "*Just Feel My Muscle—John Bull's idea of entertaining his guests.*" The point related to some occasion just previously when the Government had staged a naval review in honour of certain foreign visitors; and the picture showed John flexing his biceps into a knot which his guests were timidly touching. It may be that some such idea of subtle intimidation lies behind the massing of Technocrats' facts and figures measuring the potential productive capacity of the United States. For it must be remembered that reserve productive power is reserve military power—potential armaments. Is Uncle Sam inviting us to feel his muscle?

LORD RANKEILLOUR.

This is the Peer who initiated the debate in the House of Lords on the Official Secrets Act and Cabinet Ministers' indiscretions. His biography follows (taken from *Who's Who*, 1933).

RANKEILLOUR—1st Baron cr. 1932, of Buxted. James Fitzalan Hope, P.C., 1922, J.P. Sussex, b. December 11, 1870, s. of J. R. Hope-Scott, Q.C., of Abbotsford, and Lady Victoria Alexandrina Fitzalan-Howard, d. of 14th Duke of Norfolk. M. 1892 Mabel Ellen, O.B.E., d. of late Francis Riddell, of Cheeseburn Grange, Northumberland. 3 s., 1 d. Educ., Oratory School, Christ Church, Oxford. M.P. (C.) Brightside Div. of Sheffield, 1900-6. M.P. (U.) Central Sheffield, 1908-29.

Treasurer of H.M.'s Household, 1915-16.
Lord of the Treasury, 1916-19.
Financial Secretary, Ministry of Munitions, 1919-21.
Chairman of Committees, 1921-Feb. 1924, and Dec. 1924-29, and Deputy Speaker.
Publication—*A History of the 1900 Parliament.*
Heir: S., Capt. Hon. Arthur O. J. Hope, q.v.
Address: Heron's Ghyll, Uckfield, Sussex.
T.A.: Fairwarp.

LOOKING AHEAD!

"The said Mortgagor as Beneficial Owner doth hereby demise unto the said Society ALL AND SINGULAR the property specified and described in the Schedule hereunder written TO HOLD the same unto the said Society for a term of Three thousand years from the date of this Mortgage without impeachment for waste but subject to the provisoes and agreements hereinafter contained."—(Extract from clause in a contemporary mortgage document.)

SHADOW AND SUBSTANCE.

I saw a farmer with a stack of good and healthy hay,
I saw him take an axe and hack and trim it all away.
He didn't feed his beasts therewith, but fed a leaping fire.
"What are you at?" I cried, "O man, and do you work for hire?"
He gave a groan—" 'Tis all my own, I hope to save a bit:
But see, its Shadow's shrunk a lot, and I must make it fit!"
L. S. M.

Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:
Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.
Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

The Trail of the Bankers' Subsidy?

On two days last week we received no fewer than three new publications dealing with credit reform. One is a pamphlet issued by the Labour Party entitled *Currency, Banking and Finance*, single copies 1½d. post free, from the Labour Publications Department, Transport House, Smith Square, S.W.1. The other two both come from Melbourne. They are both four-page broadsheets. One is called *The Monetary Reformer*, and is published weekly at 2d. from 327, Collins Street, Melbourne. The other, called *The Economic News*, is published fortnightly at 2d. by the Monetary Reform Movement, 119, St. Kilda Road, Melbourne. Both are entirely new publications—the specimens sent us being the first issues. We note that *The Economic News* is issued "for private circulation only," and also that it guarantees, for the information of advertisers, a circulation of 1,000. There is no indication, of course, who the 1,000 readers are whom the management is thus able to count upon at the moment of launching the paper.

Both these broadsheets, from internal evidence, have the same public policy, which may be briefly described as "reflation." The general tenour of their editorial matter is to emphasise the hardships caused by deflationist policy. Evidently *The Economic News* is in touch with a body called the International Credit Association of New South Wales; for it publishes a letter communicated to that body by Professor Soddy in which he explains his attitude on credit reform à propos the views of "Douglas, Kitson, and Keynes," whom he lumps into one category. In the course of his letter, which runs to more than a column, Professor Soddy says that "it is easy to show the fallacy of the Douglas Proposals," and proceeds to describe what these fallacies are.

It will be seen that, whatever the intentions of the bodies issuing the above broadsheets, the effect of their circulation must be to side-track the policy advocated by followers of Major Douglas.

Australian Notes.

The *New Era* (Sydney) of December 1 contained one or two items of special interest. It quotes a cable from Rio de Janeiro announcing a decree by the President prohibiting the planting of any more coffee in Brazil for three years. It refers to a girl named Alicia Francis, of Melbourne, who has just returned to that city after walking 11,000 miles in search of a job. It publishes an announcement for the interest of Douglas supporters, under the heading of "Dahlia terest of Douglas supporters, under the heading of 'Dahlia terest of Douglas'; this consists in an offer by a Mr. Capewell to supply 300 dahlia bulbs, ordinarily catalogued at 2s. 6d. to 5s. each, at the price of 1s. each, and to devote the whole of the proceeds to the funds for the 'Douglas Crusade,' with no deductions whatever. Orders may be sent to the Book Department of the Social-Credit Headquarters. The announcement concludes with the suggestion: "Douglas Advocates are invited to brighten their gardens at once by purchasing these bulbs, and at the same time brighten the prospects of their country by helping in this way in the Douglas Crusade."

According to an editorial, certain interests are inviting the Federal Government to suppress a Social-Credit pamphlet which was recently issued in connection with the Prince of Wales' speech at the International Congress of Commercial Education in London last August. The pamphlet quoted the sentiments of the Prince of Wales about bringing "consentments of the Prince of Wales on the front page, and it is probably this that has caused offence to the sumption and production into a proper relationship." The pamphlet bore a picture of the Prince of Wales on the front page, and it is probably this that has caused offence to the interests above mentioned. The editorial deals with another objection than this to the pamphlet, viz.: the charge that Douglasism is half-brother to Communism. It enumerates and formulates seven essential points of difference between the two philosophies and objectives.

The *Labour Daily* (Sydney), of November 26, reports that the Municipal Engineer of the North Sydney Council has worked out a plan to prevent people committing suicide by jumping off Sydney Bridge. It consists in fitting an archway covering to the footways of the bridge, made of heavy gauge steel wire. The estimated cost is £4,000. In another paragraph of the same paper it is stated that the dairy farmers in Tweed and Brunswick are agitating to get the Government to restrict the production of margarine.

In *Smith's Weekly*, of November 26, a report says that Mr. Willis, the late Agent-General in London to the New South Wales Government, may assume the leadership of the State Labour Party in place of Mr. Lang. In that event, the report continues, Mr. Willis is likely to appeal to all Labour with a policy of "socialised credit."

Technocracy in Propaganda.

Using Technocracy to support our advocacy of Douglas Social Credit carries with it, it seems, at least three dangers. Firstly, every time we quote it we risk building up Technocracy's public acceptance, which later may prove to be to the detriment of that of our own school.

It might, in this way, hereafter, because of our present greed for a mess of pottage, in the form of easily made converts, play Jacob to our Esau with a blind public.

Secondly, for lack of wariness we may find ourselves bestridden with an Old Man of the Sea in the form of a companion destined by international finance to be publicly discredited as unworthy of anyone's regard or confidence and through association be compelled to share some of his ignominy.

Alternatively, we may draw incautiously into the heart of our citadel another Trojan horse from which it is intended shall emerge those who will aid our enemies, either by opening our gates to them or sowing dissension among us.

Third and last, but by no means least, there is a danger that through fear of these we may fail to reap quickly a rich harvest of many converts and thus conserve that vital five minutes by which humanity is to escape its Austerlitz and avoid being saddled with a tyranny beside which that of Napoleon Bonaparte will prove to have been truly only a benevolent patriarchy.

Between all three we are like a stray dog proffered a bone, conscious all the while that it may well be only to seduce us to having tin cans tied to our tail.

Compare, for example, the first alleged danger with a practice for a long time common, and still current, among us. Whenever we quote Mr. McKenna on the creation of all money by the banks, do we or do we not educate public opinion to accept him as just the very man to sit on a Commission of inquiry on monetary matters? Does it not multiply his public acceptance rather than that of the man we would most like to see selected for it?

Do we not rather tend to create an idea in the mind of people that Douglas is only right, because Mr. McKenna says it is? And that if he said otherwise it would not be?

Will the latter, therefore, stand the best chance to be awarded Caesar's Golden Laurels? If the answer to all this be in the affirmative may we not, by quoting Technocracy, make for ourselves the same uncomfortable bed?

Then, again, our second contingency cannot, it seems, be lightly dismissed. Banquo, you will remember, tells us how he has "observed that oftentimes to win us to our harm the instruments of darkness tell us truths—win us with honest trifles to betray us in deepest consequence."

Might we not, therefore, through giving undue ear to such, pass out like "walking shadows" knowing that we of all people had helped but to establish a line of syndicalist tyrants that would stretch out till crack of the inevitable doom. It would appear that this must at least be admitted as a possibility.

Yet, if we let fear of these dangers make us "infirm of purpose" in exploiting to the full all adventitious circumstances it may well prove as seriously damaging to the cause we have most at heart as any unwisdom we may exhibit in action.

We may, in truth, err as deeply through acts of omission as well as those of commission. For really it would seem that together Mr. McKenna and Technocracy will now enable us successfully to substantiate our claim that during all the fourteen years that the Douglas diagnosis has been considered theoretical it was really axiomatic: that, in future, whilst showing all the willingness in the world to explain Douglas we can resolutely and legitimately refuse to argue it with anyone.

For the two points in the Douglas diagnosis that it was vital to establish are now definitely and finally accepted, and both their position and magnitude admitted.

As a way out of the last difficulty a suggestion presents itself by which we may yet snatch our bone and escape tin cans. This is, that we shall never quote either Technocracy or Mr. McKenna, save in derision, never treat them as anything but Aunt Sallys to be shot at, and as providing all the fun of the fair. "There he stands lydies and gents—six years it took 'im—it did—to catch up with the Govner on the subject of Bank-created money. Who will have a shy now? Walk up—walk up—and see the scientific college gents as was such dunces they could not learn their 'A'+'B' in less than fourteen years. Knock 'em up—knock 'em up hard; and every time you knocks 'em down yer gets a cokernut," and so on, until our "prospects" grow such a superiority complex in relation to the gentlemen in question that they look round for lamp-posts and pieces of rope whenever their names are mentioned. G. F. P.

FORTHCOMING MEETINGS.

Major C. H. Douglas will address a meeting of business, professional, and public men and women in the Picton Hall, Liverpool, on Tuesday, January 31, 1933. Subject: "Breaking the Monopoly of Money." Admission, 1s. and 6d. Tickets may be obtained from Mr. E. J. Pankhurst, 22, Beckenham Avenue, Wavertree, Liverpool.

Arrangements have been made by the Douglas Social Credit Group, Sheffield, for the Marquis of Tavistock to address a meeting in the City Hall on January 25, 1933, at 7.30 p.m. Subject: "Poverty and Over-taxation: The Way Out." Tickets, 1s. 6d., 1s., and 6d. Chairman, R. B. Kirkbride, Esq. L. Wakefield, Honorary Secretary, 53, Brunswick Street, Sheffield, 10.

Mary Wallis Hall, West Street, Ewell. John Hargrave (Head Man of the Kibbo Kift Kindred and the Green Shirt Movement) will speak on "Douglas Social Credit as the Solution to Poverty amid Plenty," at 8 p.m., on Wednesday, January 25th. Admission free. Lantern illustrations at 7.50 p.m.

A Public Lecture with 70 pictures, "The Great Slump: How it Has Come: The Tragic Absurdity of it, and the Quick Way Out." Arranged for as under at:—

Fircroft College, Bournville, 8 p.m., January 16th.
Presbyterian Hall, Stourbridge, 7.30 p.m., January 17th.
Chamber of Commerce, 95, New Street, Birmingham, 7.30 p.m., January 18th.
St. Gregory's, Small Heath, Birmingham, 8 p.m., January 19th.

The last three under the auspices of Social Credit Groups. Lecturer: Philip T. Kenway (a "Green Shirt").

Newport and District Social Credit Association. January 31.—E. F. Moroney, M.I.Mech.E.; "An Engineer's Solution of the World's Economic Ills," with the aid of lantern slides.

February 14.—The Marquis of Tavistock on "Poverty and Over-Taxation: The Obvious Remedy," Mr. W. J. T. Collins, editor of the *South Wales Argus*, will preside.

C. R. Bence, Hon. Sec., Caer-Bryn, Newport, Mon.

"THE SOCIETY OF FORESIGHT."

"There is no longer any need whatever for you to argue about Douglas. You may explain him if you like, but the time for argument is past."

With this advice Mr. G. F. Powell opened what he described as a "sales talk" to members of the Leisure Society on Tuesday, January 10. His selling points were many and cogent, but perhaps his most telling remarks were on propaganda. "You are the first 'society of foresight' that has ever existed," he said. "Take your torches of wisdom into the dark places and, through your individual or combined exertions you are likely to kindle a beacon of light visible far and wide." Though Social Credit advocates were essentially scouts, they obviously derived very great assistance in their individual propaganda from the exchange of experience and ventilation of opinions made possible by associations like the Leisure Society.

The next meeting of the Society will be held on Tuesday, February 14. The speaker and rendezvous will be announced later.

BM/LEISURE, W.C.1.

A TEXT.

A text for Stamp's next Sunday address at Westbourne Park Chapel: "He that buildeth his house with other men's money is like one that gathereth himself stones for the tomb of his burial."—Ecclesiasticus 21:10.

The Films.

I Am a Fugitive From a Chain Gang: Regal.

Considerable interest has been aroused in the United States by the publication of a book purporting to be an autobiography by one Robert F. Burns, who made two escapes from prison, and is still, owing to legal chicane, a fugitive and liable to re-arrest. I use the word "purporting," because I really do not know whether the book is fiction or a record of fact. Whatever its provenance, Warner Brothers have made good screen entertainment out of it. An obvious criticism is that it is in many parts machine-made, but it is the best machine work, and the film has been remarkably well edited, a noteworthy feature being the balanced alternation between long and very short sequences. It is well acted and directed, and would seem to have most of the elements of "good box office stuff." Incidentally, it shows that the American prison system, in addition to the amenities of Sing Sing and of various other penal resorts lately depicted on the screen, is characterised by a quite mediaeval barbarity.

Kadetten: Academy.

It is unfortunate that so much of the publicity given to this film should have implied comparison with "Mädchen in Uniform." Any similarity is only superficial; while Leontine Sagan's picture was concerned solely with the emotions of adolescent girlhood set against a mainly harsh and unsympathetic background. "Kadetten" combines a Young Woodley element, a murder trial, and a representation of life in a German school for officer cadets. All these themes lend themselves admirably to treatment, but their simultaneous use prevents the picture from being homogenous. The various elements are, however, most admirably blended; the film holds the attention throughout; and the acting, mostly—as in the case of "Mädchen in Uniform"—by young non-professional players, is excellent. "Kadetten" is an admirable example of the work now being done by the German studios, which have during the past eighteen months or so exhibited such a welcome renaissance, and it will certainly rank among the noteworthy films of the year.

Technocracy.

I have not the remotest idea, although I could make several guesses, who was actually responsible for making this single-reel film privately shown last week, but its production indicates that at least certain elements in American Big Business and finance have the wind up. And badly. The *raison d'être* of the picture is to familiarise screen audiences with the doctrine that given government by men of science, everyone, in the United States at least, could have an income of four thousand a year; that all the work by mobilising both necessities and luxuries could be done should be allowed to exist. An energy-currency—an idea borrowed from H. G. Wells—a national income, and the Leisure State, are ingredients of the millennium to be attained by putting a technocratic hierarchy in power. There is no hint as to how this hierarchy is to be appointed; no indication of the real causes of the world crisis beyond an attempt to make automatic machinery the villain of the piece; and no suggestion as to how exchanges and international trade would be affected if some countries adopted technocracy and their commercial rivals did not. As a film, this production is amateurish and crude, as are also its economics, but its theme should be of special interest to readers of *The New Age*. Certainly, any propaganda with the universal appeal of the screen that can rub home such facts as that 4,000 men are in the United States now enough to perform automatic work that until recently required 400,000, and that 45,000 men out of work, is to be welcomed. This film was shown to the critics last week at very short notice. At the moment of writing, no arrangements have been made as to date and place of showing.

"The Ideal Kinema."

Beginning with the present month, the "Ideal Kinema and Studio," which has hitherto formed part of the "Kinematograph Weekly," has been issued as a separate publication under the editorship of A. Leslie Carter. Judging by the contents of the excellently-produced first number, which range from articles on studio make-up to those on the most modern ideas on cinema theatre equipment and design, the newcomer should appeal greatly to the public for which it is designed. It is published at 93, Long Acre, W.C., and costs 6d., or 5s. post free for a year.

DAVID OCKHAM.

Theatre Notes.

The Mozart Festival at the Old Vic.

As a whole the British are not an opera-loving people. In spite of the pious exertions of Sir Thomas Beecham and the various institutions for the promotion of opera with which he is connected, this form of entertainment does not command the public support to which its merits plainly entitle it. It is rather a grave reflection on popular taste that Covent Garden Theatre, the only theatre in London expressly built for the performance of opera, should be converted for all but a few weeks in the year into a *palais de danse*. Even during the short "season" the prices of seats in the more desirable parts of the house are beyond the incomes of the majority of folk who would appreciate them most. And yet the wealthier patrons who attend the performances out of a sense of social duty are unable to turn them into a financial success. The conclusion is unavoidable. There is no money to be made out of opera in England. It is, therefore, all the more to the credit of the Old Vic that a series of operas has been included in its repertoire. And, though I prefer to think of this theatre as the home of Shakespeare rather than of opera, I must appreciate the fact that its welcome to the arts is not limited, and I must applaud the management for their courage and initiative in giving us a number of operatic productions which it would be impossible for the majority of the public to see elsewhere in comfort. Last week was principally devoted to Mozart, and the four works upon which rests that musician's title to fame as a composer of opera were presented. Of these I chose to see the two which appear to show the greatest contrast in theme and construction—"Cosi Fan Tutte" and "The Magic Flute"—and as one not unnaturally prejudiced by an operatic apprenticeship in Germany I was agreeably surprised at the eagerness and in some cases uncommon dexterity which the artists brought to bear on their rendering of these two difficult pieces.

"Cosi Fan Tutte" may be described as the apotheosis of the frivolously rococo and the gaily artificial in opera. It was a final tribute to the departing glories of the eighteenth century, just as "The Magic Flute," with its precepts of liberty and equality, ushered in a fresh epoch. In "Cosi Fan Tutte" the two lovers and their mistresses are simply convenient puppets to which the composer strings the most delicious airs. Da Ponte's libretto is pleasant and sprightly, but only such a musician as Mozart could have done justice to it. The old philosopher Don Alfonso is, however, a very real character, and his comments upon the frailty of human nature have stood the test of both political reaction and political revolution. "People speak ill of women because they change their lovers twenty times a day," he tells the audience. "I forgive them. Some say it is a vice, others a habit—I say it is their necessity; and if a lover finds himself tricked, he has only himself to blame, for, young or old, ugly or beautiful, all are women—*cosi fan tutte*—they all do it!" In the Old Vic production the spirit of the age was well preserved. The setting was admirable, and I found the flirtations most pleasingly *recherché*. The women were rather more convincing than the men, particularly in the case of the duets between Ferrando (Mr. Henry Wendon) and Guglielmo (Mr. Sumner Austin). All the members of the cast seem to have worked hard at this piece, and I hope they will be suitably rewarded. Indeed, there were many commendable features about Mr. Clive Carey's production. I was particularly glad to notice that recitative was not abandoned in favour of dialogue accorded to the custom of some producers, as this breaks up the opera into a series of arias and ensembles, thereby accentuating its slightness as a whole.

"The Magic Flute" was the last of Mozart's operas to be composed, and was first performed less than three months before his death. For the composer its singular beauty and austerity must have pointed the way to a better and more desirable existence. Many of his admirers, including Beethoven, considered it to be his greatest opera. Yet its German libretto, which was the work of the actor-manager Shikaner, and a member of his company named Giesecke, is generally thought most absurd—its doggerel clumsy and its jests trivial. But withal it possesses a deep spiritual significance, of which neither audiences nor performers are always aware. Mozart became a freemason not long before its composition, and at the last moment allusions to the cult. At this time altered so as to admit allusions to the cult. At this time (1791) freemasonry had become very fashionable throughout Germany and especially at the Austrian Court, though the pious Empress Maria Theresa and the Catholic Church were vehemently opposed to it on account of its connection with the ancient Egyptian mysteries and pagan forms of worship. The reader of the libretto cannot fail to be impressed by the

fact that the moral sentiments contained in it are largely drawn from masonic teaching—specially noteworthy is the importance attached to the qualities of manliness and friendship, the secrecy of the mystic rites, and the subordination of the female sex. I consider this to be the only possible interpretation of this extraordinary opera. Pamina accordingly may be taken to be the Austrian people, Tamino the Emperor Joseph II., who was very sympathetic with the movement, Sarastro an eminent mason named Ignaz von Born, the Queen of the Night the Empress Maria Theresa, and the negro Monostatos the clergy, in particular the Jesuits and monastic orders. Papageno and Papagena, who are not strictly necessary to the story, do not represent real characters. The piece was drastically cut at the Old Vic, which I suppose, was unavoidable; but the pruning process did not, in my opinion, enable the performers as a whole to master its difficulties. Only Mr. Tudor Davies as Tamino and Mr. Henry Brindle as Sarastro seemed to fill their parts with appreciable capability. Miss Doris Banner, who was the Queen of the Night, struggled courageously with the high notes, but they proved rather too much for her. Some of the concerted numbers dragged noticeably, particularly the delightful trio "Das Klingt so herrlich." But these faults are all capable of rectification and need not deter the Old Vic from continuing to present "The Magic Flute," for only by such perseverance can the public become familiar with this fascinating opera.

The orchestra, though relatively small, was, in the circumstances, surprisingly good on each night. The greatest disadvantage is that the operas at the Old Vic are given in English, but here we have a need which I can well understand that the management is not at present in a position to satisfy. A final word to patrons of this theatre. I do wish that they would learn to reserve their applause for its proper place, and not interrupt the piece as if they were at a musical comedy.

RICHARD CARROLL.

Reviews.

An Economic History of Soviet Russia. 2 vols. By Lance-
lot Lawson. (Macmillan and Co. 25s. net.)
These two volumes are of outstanding importance, not only to the serious student of economic history, but also to the ordinary reader who wishes to understand the present position of Russia under the Soviet system.

In the flood of books on Russia and the Five Year Plan that has gushed out of the publishing houses these last few years, only a very few are worth more than a skim-through. We pick out Mr. Lawson's "Economic History of Soviet Russia" as being one of the few works that cannot be ignored. It keeps as strictly as is possible to a clear account of economic developments and is not overloaded with details of the political upheaval of the Revolution. Moreover, this book is properly laid-out—well engineered—and is constructed in such a way as to follow a logically necessary pattern of economic changes taking place from year-to-year—chapter by chapter. Anyone who has read Mr. Lawson's work, together with Trotsky's "History of the Russian Revolution," will have a clear and useful picture of Russia as it was and as it is. Mr. Lawson covers the fifteen years of Soviet activity in Russia, and in the last pages we read:

"The result (of Bolshevism) is the organisation of the state as a trust of trusts, and of all its citizens as employees of trusts. The objects which it is sought to attain is precisely the same as that which capitalism has always had in view—to create abundance in response to limitless desire.

"Capitalism has succeeded in creating an abundance of goods, but not an equal abundance of the power to acquire them.

"Bolshevism, on the other hand, has created an abundance, but not as yet of those commodities necessary for existence in comfort.

"In the one, as in the other, a man must take what work is offered to him, however degrading, or starve."

And finally Mr. Lawson says:—
"The heroic days of the revolution have passed, and most of its foremost heroes are in oblivion. The new men who have come to the front call themselves 'builders of life,' but most features of the life they are building have long been familiar to the technically-advanced countries outside Russia."

The student of Social Credit will understand why we have picked upon the above quotations. We have purposely coupled this book with Trotsky's "History of the Russian Revolution"—that masterly panorama with its vivid close-ups that heighten, but never break, the political sequence of the revo-

lution—because only by reading Mr. Lawson's "Economic History of Soviet Russia" is it possible to sober the mind and the imagination in such a way as to be led inevitably to the conclusion that the economics of Bolshevism cannot apply as a workable system to any technically-advanced country without being transformed into—Social Credit.

S. R.

Capitalism at the Cross-Roads. By Dr. Jan Loevenstein, translated by V. Nosek. (Orbis Publishing Co., Prague.)

When we saw the title of this volume, "Capitalism at the Cross-Roads," we were tempted to write a review of two words:—

"What, again?"—and leave it at that. But the late Dr. Jan Loevenstein was Professor of Political Economy at the Faculty of Law in the Masaryk University in Brno, Czechoslovakia, and so this work would seem to call for serious attention.

Alas, it only "seems."
Dr. Loevenstein insists upon "The fallacy of the Deflation theory" and "The justification of the Theory of Underconsumption" (Chap. III)—and he speaks in this book of these two as "opposite theories"!

Then, as for "remedies," it appears that:—
"All measures for the cure of general nervousness and anxiety must be adopted generally and simultaneously by all nations," and he proposes "an International Financial Committee for the suppression of panic." (Our italics.)

Then it appears that Capitalism suffers from "an inner contradiction," so that "Capitalist distribution causes relative overproduction on one hand, and abnormally low consumption on the other."

The "cure" for this contradiction lies, we are told, "in international regulations, in the co-operation of the public, and in the suppression of unemployment." (Our italics.)

We are not surprised to learn from the translator's Preface, that Dr. Loevenstein "gained distinction especially as an expert on the philosophy of economics and on the theory of public finance."

Dr. Loevenstein considered that rationalisation of industry (the introduction of labour-saving machinery and improved processes) had been "too rapid," and also "that it would be better to utilise the abilities of the unemployed for some productive work instead of compelling them to live in idleness. That would require capital. If unemployment were a temporary phenomenon this money might be raised, but as it is a chronic complaint, the only right way to cure it is through taxation. This would retard rationalisation, enable differentiation, and provide means for productive work of the unemployed." (Our italics.)

What is one to say to this sort of thing? One can only say, that in view of the economic reasoning propounded by Major Douglas, the ideas and arguments of the late Dr. Loevenstein are annihilated—utterly and for ever. J. H.

A Distillation of Rumour. By Frank I. Hutchinson. (Mitre Press. 7s. 6d.)

This is a queer hotch-potch of a book, centred in some slight degree upon a country rectory, but so disjointed that it reads as a mere series of episodes. There is one which O. Henry could have worked up into one of his best stories, but the rest are mostly amateurish and full of irritating improbabilities. The author is not devoid of talent, but he should write three or four novels and throw them into the fire before he publishes again. M. J.

LETTERS TO THE EDITOR.

THE NATIONAL CREDIT ASSOCIATION OF GREAT BRITAIN.

Dear Sir,—I have been directed by the Marquis of Tavistock to inform you that the National Credit Association has no connection whatsoever with either the New Britain Movement, the Eleventh Hour Movement, or the New Britain Quarterly; and is officially and explicitly committed to the uncompromising and exclusive acceptance of Major Douglas's Theorem in its original and complete form, and of the advocacy of proposals embodying his essential principles.

I should have thought that Lord Tavistock's speeches and writings would have made this sufficiently obvious, without our being bothered by your inaccurate reports, to have to repeat it.

ROLAND BERRILL,

Assistant Secretary.

[We are sorry to have misrepresented the National Credit Association's position, but accuse its promoters of contributory negligence. In its leading pamphlet, *Poverty and Over-*

Taxation, there is no mention of Major Douglas by name, nor of any of his writings. The name of the Association does not indicate its policy, and the statement of its objective on its letter headings does not commit it to any particular technical method of solving the economic problem. By an unfortunate coincidence (as would now appear) its name is identical with that of an Australian association which, as shown in our "Australian Notes" elsewhere, is not in agreement with Major Douglas's proposals, for it has released for publication a letter of Professor Soddy's, expressing an adverse judgment on them. We concede that in the last paragraph of the pamphlet above mentioned there are references to *The New Age*, Hattersley's *This Age of Plenty* and Demant's *This Unemployment*; but without wishing to be too fussy, we do think that an Association standing for the Douglas Proposals should have given their author top place in its bibliography. We have not met Lord Tavistock or Mr. Wyatt at all, nor Mr. Berrill since before the inception of this Association, so that we have had to depend on readers' reports of Lord Tavistock's meetings, from which it appeared, on one occasion, that he considered that Major Douglas's proposals were "too difficult," and that some "simplification" of them was being prepared—presumably by himself or Mr. Wyatt. If there has been any misunderstanding we shall be glad to have it put right.—ED.]

ADULT SCHOOL MOVEMENT AND SOCIAL CREDIT.

Sir,—Your attention may not have been called to the Adult School Lesson Handbook for 1933.

Among the topics to be discussed are "Man and the Machine," on August 27, and "Distribution," on September 3. In the latter notes there is a reference to the Social Credit principles with an extract from "The Nation's Credit."

At the end of the notes the compiler recommends that as "many of us find economic questions very difficult to understand," it will probably be a help to omit a good deal of Sections 4 and 5 (which deal with "The Mal-distribution of Purchasing Power" and "Money and Purchasing Power").

If any of your readers are members of the Adult School Movement it may be a good idea to draw their attention to these notes and endeavour to ensure that the discussion of the Social Credit Principles is not quietly shelved. F. C. R.

THE "WEEK" STUNT.

Sir,—We have a National Rat Week. Farmers are agitating for a Sparrow Week. So what is wrong with a Financial Pirate Week? H. W. TARVER.

THE CASE AGAINST EINSTEIN.

Sir,—I have a special regard for *THE NEW AGE*, dating from the time of publication of my "Psychology: A New System," and I am rather hurt to read in so interesting a paper a review of my latest book which fails to give credit either to my intention or my achievement. I say achievement, because in attacking Einstein's theory I have given no weight whatever to his popular reputation or to the opinion of the super-geniuses of our Universities; I have relied entirely on closely consecutive, rigorous, scientific reasoning.

Your reviewer says that my book will not really endanger the "fairly general acceptance" of Relativity. I am not quite sure what this means. There has hardly ever been a book written, from Copernicus to Darwin, in passing through Galileo and Descartes, which has won general acceptance in its own time against orthodox teaching; what I have aimed at is to present a series of considerations which would win the acceptance of serious thinking men.

It is not true, as your reviewer asserts, that Relativity was accepted because of "the incompatibility between observations and the requirements of any other theory." I would like him, or any disciple of Einstein, to name one phenomenon in which the theory of Relativity has accounted for even true that Einsteinianism has received, outside this country, any general acceptance at all; and in this country the observations on this subject of men like Sir James Jeans and Sir Arthur Eddington, to say nothing of Sir Oliver Lodge, suggest to me attempts to *épater la bourgeoisie*, in the style of Bernard Shaw without his wit, instead of giving us sane, comprehensible science.

In some of the reviews, notably in *The Times*, I have seen glaring misstatements, while I have been denied the right of correcting them. I have become used to this mean habit of in regard to my writings, in these privileged quarters, but I had not expected resistance to my arguments in a paper so thoughtful as *THE NEW AGE*. I have had a large

and serious purpose in writing this book: to free the minds of the younger generation of workers from the incubus, particularly in philosophical subjects, of the wretched and sterile teachings of the Universities.—I am, sincerely yours,
ARTHUR LYNCH.

Events of the Week.

(Compiled by M. A. Phillips.)

January 7.

Roosevelt to enforce rigid economy, taxation, and balancing of U.S. Budget.

U.S. Unemployed 11,590,000 (Federation of Labour figures).

Fresh Cabinet crisis in South Africa.

Reinforcements sent to Chelmsford Prison.

More Government "economy" in Great Britain.

Swansea P.A.C. superseded by Government Commissioner.

January 9.

Japan and China massing for new battle.

Technocracy... idea being spread in U.S.A., and latterly in England.

January 10.

World Economic Conference. Geneva's tentative agenda emphasised by Sir F. Leith-Ross (British representative): (1) Stabilisation of national currencies; (2) Removal of tariffs and exchange restrictions; (3) Raising of commodity price level; (4) Restoration of a reformed world gold standard.

U.S.A.: (1) Government borrow £100 M. for current expenses; (2) Dill Bill before Congress to purchase silver; (3) Budget deficit now £400 M.

Tom Mann and Llewellyn to remain in prison.

British troops out in Alwar, India.

Communist riots in Barcelona, Spain.

Woolworth's profits, £4,500,000.

January 11.

Alwar, India: 80,000 Moslems in revolt.

Democrat rank-and-file revolt against proposed income-tax increase.

Big drop in income-tax returns in Great Britain.

Roosevelt and Colonel House in conference.

World Economic Conference: U.S. experts agree with British on general lines of policy. (See yesterday's note.)

French Budget deficit (now £84 M.) to be covered by taxation and economy.

German Budget deficit now £103 M.

Japanese attack on China (in Jehol area) resumed.

British banks all declare big profits for 1932.

January 12.

World gold holding gains (+) or losses (-) during 1932: Germany, -77; Great Britain, -28; Japan, -42; U.S.A., -82; France, +221; Switzerland, +73; Belgium, +33; Holland, +49. (£ x millions at par.)

£ rises to 3.25 dols.

Cosach losses revealed as £2,750,000 for 1932.

Boots Drug Co. sold to Hambros Bank, Erlangers, and Phillip Hill and Partners.

Foot-and-Mouth disease epidemic in Great Britain.

Great Britain's trade figures for 1930-1932:

	Imports.	Exports.
1930	£1,044 M.	£570 M.
1931	£862 M.	£389 M.
1932	£703 M.	£365 M.

Riots and strikes spread all over Spain.

Hoover wants immediate revision of U.S. bankruptcy laws.

Geneva Hours of Work Convention: Great Britain opposes 40-hour week on ground of inevitable drop of wages.

French Cabinet approves of Budget economies and taxation. Tariffs to be increased.

January 13.

Strikes in Belgium over wage reductions.

Irish election: Cosgrave promises £8 M. (from cut in land annuities) and rapid settlement with England on "sound" financial lines.

Railway Wage Board deadlock.

Gold share gambling in South Africa.

Builders' wages reduced.

Treasury hold up Boots Drug deal.

U.S. Farm Relief Bill passed. Note also wheat-subsidy plan—bonus for cutting production.

Rumanian Cabinet resigns (financial crisis).

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The Social Credit Movement.

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

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

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Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C.1. (Telephone: Chancery 2470), and printed for him by THE ARGUS PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4. (Telephone Central 1571.)