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CONTENTS.

NOTES OF THE WEEK.

Irish Affairs.

A considerable time has elapsed since we last had occasion to discuss affairs in Ireland. Three weeks ago an indication that things would liven up was afforded by a report in the Press that the Free State Government, having failed in its attempt to induce public servants to accept cuts in pay, had decided to raise the money by putting half-a-crown on the income tax. This recalled a remark made by *The Times's* Dublin Correspondent, soon after Mr. de Valera's taking office, to the effect that the enthusiastic supporters of his policy would revise their attitude when the effects of the Budget, inherited from the Cosgrave Administration, began to be felt. This, as we then pointed out in these "Notes," is what is bound to happen to every Government everywhere which attempts to maintain a Budgetary balance within the rules laid down by the international money-monopoly. No Government, however popular it is at the start, can preserve its popularity for long while the doctrine of the "continuity of financial policy" dominates its political measures. No Government can hope to command the good-will of the people and the good-will of the bankers at one and the same time. And since, without the good-will of the bankers a Government cannot govern at all, it follows that the ill-will of the people is the inevitable result of the act of governing, irrespective of the personnel and complexion of the party or group undertaking the task of government. Thus the continuity of financial policy ensures the discontinuity of representative political Administrations. The only way in which a political Administration can retain office continuously in such circumstances is by abandoning the principle of representation, and adopting that of dictatorship, thereby immunising itself from the effects of the popular hostility which it provokes. The dictatorship now rules by the might of money instead of by the right of the vote. To the [...]uled it appears that the might resides in physical force; but since the agents of the force have to be hired and equipped (e.g., police, soldiers, etc., etc.) the ultimate source of the ruling-power is money. The dictator rules by the will of the bankers and according to their will.

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When Mr. de Valera took office it was again *The Times* which suggested that whereas all the talk in Ireland was about the abolition of the Oath and the establishment of a Republic, the real political issue would be seen in the end to concern the question of the suspended Annuity payments. We pointed out at the time that this was a true prophecy—that bankers were not concerned about loyalties to monarchs or to forms of political government, but were deeply concerned about loyalties to the traditional principles and proprieties governing financial obligations. The most rigid of all principles is that which lays it down that no debtor shall vary the terms of a debt-contract without the assent of the creditor, nor do anything which directly or indirectly prejudices the fulfilment of these terms. Thus, when Mr. Theodore in Queensland altered the terms of the land-leases in that State, he infringed the principle, and was immediately served with notice by the London bankers that no more credits would be advanced from that centre until he had put the matter in order. Later, when Mr. Lang in New South Wales announced his decision to suspend interest-payments on the State's debts owing to London—which was a formal, direct and deliberate repudiation of the principle—the bankers' reprisals were correspondingly more drastic, taking the form of a financial blockade outside the State, and an incipient militarist insurrection inside, the development of which was encouraged (whether wittingly or not) by High-Court judges and constitutional lawyers, and the objective of which—namely, to make Mr. Lang's position untenable—was achieved by the intervention of the Governor of the State, Sir Philip Game, who presumably had previously been assured that his act of dismissing the Lang Government would be upheld by the Privy Council if challenged.

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To the bankers, Mr. de Valera's offence in holding back the Annuities, must have been regarded all the more seriously because it followed the two offences just described, and was decided upon in spite of the object lessons made of the Australian delinquents. Mr. [...] Valera could not have been supposed to be unawa[...]

the bankers' powers of intimidation and coercion, or of their intention to use them. His action therefore opened up two possibilities, either that he was planning to assume control of credit policy and to finance the Free State's domestic activities on a new system, or that he had some idea of enlisting financial support from New York to resist pressure from London. Some colour was lent to the second of these hypotheses by Mr. Lloyd George's emphasis in the House of Commons on the strategic importance of Ireland as a factor in the problem of Britain's military security. Since the *Observer* had long since been familiarising the British public with the picture of United-States warships being allowed the hospitality of British naval bases, it was not unreasonable to contemplate Mr. de Valera's making a similar gesture of friendship towards the United States in celebration of a dollar-deal with Wall Street. After all, he would only have been doing something similar to what Ulster threatened to do when the Asquith Administration passed the Home Rule Act, namely, to kick the Crown into the Boyne and invite the military intervention of the Kaiser.

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On the other hand, when discussing such a hypothesis, we pointed out that since a matter of high-financial principle was in issue—a matter in which the Bank of England and the Federal Reserve Board were equally concerned as joint trustees of the monopolistic powers and prerogatives of bankers as the ruling caste, it was hardly likely that Mr. de Valera would get dollar-credits to assist him in repudiating one of the fundamental principles on which the Credit Monopoly rests. Recent circumstances have, however, lessened the force of this objection. The banking crisis in the United States has resulted in a divergence between American and British monetary policies. Though this divergence does not inherently threaten the principle impugned by Mr. de Valera, it is giving rise to capitalist rivalries between Britain and America, described by Lord Bradbury as "competitive currency depreciation," which may involve the suspension of the principle. Indeed, all the talk to-day is about the scaling down or wiping out of international debts; and when you come to look at it there is precious little advantage to the bankers in insisting on the right of creditors to assent to variations in debt-contracts when everybody is pointing out that the very nature of the situation compels their assent. And those of us who know the inside of the credit-system can proceed further and say that the central bankers of the world, by falling out of step on monetary policy, have cut loose every kind of contractual obligation from its accustomed standard of measure and criterion of fulfilment. They cannot trust even in their obligations to each other.

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In this atmosphere the possibility of Ireland's becoming the centre of Anglo-American politico-financial rivalries cannot be ruled out of consideration. If Mr. Montagu Norman, who has gone out to New York presumably to fix up some limit to American currency-depreciation, fails in his mission, then Sir George May will have to get busy and clap on new tariffs against American imports. If, by that time, the tariff penalties against Ireland have not been remitted, Dublin and New York will have a common grievance against London. There are guarded allusions in the British Press to the presence in Dublin of a highly-placed emissary from South Africa who is said to have come there on a mission of mediation. Readers will recall that it was in South Africa where the first visible effort was made to bring persuasive pressure to bear on Mr. de Valera to give up his idea of detaching Ireland from the Empire. Apparently this objective has been given up or deferred, for the rumour is that the South African mediator is trying to get Mr. de Valera to agree on a settlement of the Annuity problem by the payment of a commuted lump-sum, the inducement being the re-opening of British markets to the distressed Irish breeders and farmers. This, of course, would mean the retention of Ireland within the "sterling" hegemony, and the frustration of efforts elsewhere (if any) to detach her therefrom. South Africa is a key Dominion in two respects: it is the place where the gold comes from; and it is the place where Mr. J. H. Thomas made his early official affiliations and personal friendships. So it is natural that in his negotiations with Ireland any third-party help should be forthcoming from that quarter. We must now wait and see what happens.

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In the meantime Mr. de Valera is getting on—in form at least—with the republicanising of Ireland, while the resistance to this policy now becomes vocal in that country instead of in South Africa. General O'Duffy and his blue-shirted National Guard are ostensibly out to keep Ireland within the Empire. According to the *Daily Mail* of August 10 Mr. de Valera introduced legislation in the Dail limiting the powers of the Governor General. The Governor General's power to recommend allocations of money is to be transferred to the Executive Council; his power to withhold the royal consent to Bills is to be withdrawn; and the right of Irish citizens to appeal to the Privy Council is to be abolished. This makes it pretty clear that Mr. de Valera has been learning lessons from the history of Mr. Lang's fall from power. And if there were any evidence that the Executive Council knew what to do with the freedom from external restriction at which it aims we should approve these measures. Even without such evidence we do not condemn them in themselves; we only demur at time and temper being expended on legislation merely devised as a gesture, and not designed as an appropriate instrument for a definite purpose. We do not know whether this is so, for Mr. de Valera is hardly more communicative than Mr. Montagu Norman. It is true that the powers reposed in the Privy Council and in Governor General are exercised often on the initiative, and always in pursuance of the policy, of the Bank of England and the Treasury; but it does not follow that if these powers are transferred to the Executive Council in Ireland they will not be exercised on the initiative or in pursuance of the policy of the Bank of Ireland. If that is to be so it is pure waste of time to withdraw powers from the Privy Council and the Governor General; for it is certain that neither this body nor this official would hold up any measure approved by the Bank of Ireland. Is Mr. de Valera ready to impose financial policy on that Bank or, alternatively, to appropriate the essential powers and prerogatives of central-banking for the instruments of his policy? If so, what policy? If it were a sound one as we ourselves would adjudge it, there would be nothing lost and everything gained by announcing it simultaneously with the introduction of the legislation designed to remove external interferences. It would supply a reason why the public should support the legislation. But to seek powers without revealing what the purpose is and why the powers are necessary is bound to arouse widespread suspicion and hostility in any population, considering that no Government yet has ever formulated a programme which, in its administration, has not inflicted as much injury on some section of the community as it has conferred benefits on others.

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The spectacle of Mr. de Valera taking it out of the public payer because he has been rebuffed by the dominant servants suggests that he is still under the Budgets of financial orthodoxy. The notion that Budgets must be balanced, and the antecedent notion that they can be balanced without detriment to the population, rests ultimately on the premise—exploded by Major Douglas—that the collective earnings of a people keep pace with the collective costs of their production. If you represent the costs by the token figure of £100 and the earnings by that of £80 you can say that the total demand is 80 per cent. of the total supply. Now, if a Government extends its operations to cover all production-expenditure on the one hand and all consumption-expenditure on the other, its Budget could not balance; it would show £100

on the expenditure side and £80 on the revenue side. It could collect only £80 against a production-cost of £100. But this disparity can be avoided when, as is the case, some part of the country's money is left for private disposal. Thus, if the Budget expenditure were £50, then the revenue could be £50 also. But the result would be that the earnings left in private hands would be £30 while the production-costs to be recovered by private enterprises would be £50. The demand would now be 60 per cent. of the supply. Again, if the Budget were £20, then production-costs would stand at £80 against £60. The demand would be 75 per cent. of the supply. Lastly, if the Budget were *nil*, the demand would be 80 per cent. of the supply.

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This is the reason, and the only reason, why a small Budget is easier to balance than a large one. Take any Budget, and knock off the Government's payments of salaries and wages to its own servants and the proportion of revenue applied to that purpose, and the balance represents the Government's purchases of things which the taxpayer is compelled to accept whether he wants them or not, and of which he *has to pay the full cost.* For enterprises which are privileged to supply the Government can always get their cost (leave alone profit!). This is partly because the Government recognises that they are entitled to a "fair price," and partly because the banks and other financial institutions have money in them and see that they get the price. Now, with regard to the enterprises which sell independently of the Government it makes a great difference whether the public can pay 60 or 75 or 80 per cent. of outstanding costs, and as great a difference to the public whether they can buy 60, or 75 or 80 per cent. of the production on offer. So the larger the Budget the more burdensome it is to both parties. It not only reduces the dimensions of the production carried out for the independent buyer, but increases the proportionate loss incurred in it. The bankers, of course, do not care whether the sellers lose money or the public go short of goods, but they have to take care lest production breaks down and public disorder breaks out. The root cause of all this trouble is the existence of the deficit represented by the £20. If costs and earnings were equal, it would not matter how much money went through the Budget accounts, provided of course that the character of the goods and services bought and distributed by the Government reflected the needs and tastes of the community. In any case, the community could pay their way.

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The deficit in the making can be traced without reference to its basic cause explained in the Social-Credit analysis. The debt-service in the British Budget (or the Free State or any other Budget) represents a block of revenue which to a preponderating extent is paid neither to any individual to use as personal income nor to any business enterprise for goods or services: it goes to banks and other financial institutions who use it, not to defray existing production costs, but to create new ones. For example, one company alone was recently offering loans up to £2,000,000 a month to building enterprises for housing schemes. Seeing that ten small houses costing, say, £400 each can be erected in a fortnight, it is probable that the wages paid would not be more than £400. The gross profit on each might be £100. So the maximum possible earnings distributed are £1,400, against which a new charge of £4,000 is created and debited against general earnings. Assuming the £4,000 to have come out of interest paid to the lenders on Government debt, then it will appear that £4,000 was raised from the community, £1,400 returned to them, and £4,000 of new costs debited against them; while no abatement in future taxation would have been involved. It is true that the houses will be charged in instalments over a term of years, say twenty, in which case the community would be paying £200 on the houses and receiving £1,400 in earnings. But only so long as the building operation continued. If it stopped at this point the community would have £1,400 to set against £4,000 worth of new costs. Even that is an optimistic calculation, for the £1,400 includes £1,000 profit, which, instead of being spent on the personal acquisition of houses or anything else, would probably be ploughed into a new line of manufacture and create a new set of costs to that amount against a distribution of earnings amounting to £100, or some other small fraction of itself.

The Films.

Advance, England!

According to various announcements that have reached me during the past few days, something of the real England—not the England of middle class drawing rooms and intensely boring night clubs—should soon be seen on the screen. One producer is about to make an episodic film of London life, and British International are filming Eleanor Smith's "The Red Wagon," which it is their ambition (official publicity for which I take no responsibility) to make into a "Cavalcade of the Countryside." That is as it may be, but it is satisfactory to know that the camera has not been confined to the studios at Elstree and the Home Counties, but has already been taken to Scotland and Ireland, and is going out into England and Wales. One could perhaps think of novels or real stories more suitable for an English "Cavalcade" than "The Red Wagon"—the life of Wilberforce, for instance, would have been of exceptional topical interest—but one welcomes the least breakaway from the conventional gentility of the English films.

Storm at Daybreak: Empire.

Another American picture that might have been so much better than it is. The eternal triangle, with war-time Serbia as the background, Walter Huston as the husband, Kay Francis the wife, and Nils Asther the disruptor of marital harmony. All three behave for the greater part like perfect gentlemen; in the end Mr. Huston commits suicide, killing in the process an extremely unpleasant person who is out to have Mr. Asther placed in front of a firing-squad or hanged—I forget which—apparently in complete defiance of the elementary conceptions of international law, even as observed in Central Europe. Sandor Hunyadi, the author, is a bad psychologist; the husband's death, although contrived to secure the happiness of the lovers, would always stand between them, and divorce would have been an easier solution. But it would have robbed the film of its melodramatic ending. Kay Francis, looking uncommonly like Aline MacMahon, plays on much too restained a note; Nils Asther gives another of his impersonations of Nils Asther, and the fact that he is a Swede may cause the Middle West to accept him as an authentic portrait of a Hungarian cavalry officer, on the principle that all foreigners are dagos. Walter Huston, for once, does not impersonate himself; there is real virtuosity in his acting, which is for the greater part in a quiet key that makes his passion at the end the more convincing. Altogether, a very well balanced performance. The dialogue of this picture is not without merit, and the direction, cutting and photography are good; the Americans give us mediocre pictures enough, but their films do move, even when they are one hundred per cent. hokum. I find it difficult to believe either that burgomasters of small Central European towns inhabit such vast and spacious houses, or that their wives dress so elaborately for the evening meal. I also find it impossible to accept as convincing a bevy of Burgomaster's nieces with American accents like circular saws cutting through very dry timber.

In addition to its purely technical merits and Mr. Huston's performance, "Storm at Daybreak"—which might just as well have been called "The Lady and the Officer," or "Searing Passion," or "The Great Sacrifice," or any other old thing—has a redeeming feature in the shape of the acting of C. Henry Gordon. He contrives to make a singularly unpleasant role so villainous that his celluloid image will probably be greeted with hissings in the provinces.

David Ockham.

Money Talks!

When that a man hath good to give
With grete renté's he may live
And hath his friendes overall
And every one of them tellé shall
The while he hath his fullé pack
They say "a good felawe is Jack."
But when it faileth atté last
Anon his praise they overcast
For then there is no other law
But "Jack he *was* a good felawe.".

(John Gower, born 1330.)

" Pre-Production Charges."

I.

We have before us a Report* running to ninety-five pages, sixty-five pages being text, and thirty being statistical appendices. And all to disprove two Labour propositions: (a) That labour-saving machinery causes unemployment; (b) that shorter working hours will reduce unemployment.

On page 80 a table is published showing " the percentage relationship of items of production cost to turnover." The figures occupy three pages, but a single sample will show the bearing of them all. Thus for the year 1931 the figures for the Federation as a whole are given as follows:

	Per cent.
Materials	42.5
Wages, direct	19.2
Wages, indirect	16.3
Charges	18.9
Administration charges	1.5
Total production costs	98.4

Comparable figures are given for every preceding year back to 1926, and the object appears to be to show that direct and indirect wages when added together stand in a higher ratio to total turnover now than they did earlier. Thus the comparable percentages of direct and indirect wages in 1926 were 19.7 and 14.7 respectively. Added together, they give 34.4 per cent., as against 35.5 per cent. for the latest year. And for each of the dozen separate trades included in the table, figures are given on this plan, and generally show that where direct wages have fallen, indirect wages have at least compensated the fall; or *vice versa*. The lesson of the table is, presumably, that mechanisation has not let the workers down in terms of collective wages during the above period of five years.

As to numbers " displaced " by mechanisation, figures are given (Section 46, p. 8) showing that between 1907 and 1926 the numbers at work rose from 6¼ to 7½ millions. The lesson put forward is that whatever displacement of labour has taken place during these nineteen years, it has not created unemployment, but has facilitated new employment.

There are about fifteen statistical tables altogether, in addition to statistics in the text, covering such factors as " cost of living," " wholesale prices," " imports and exports," and, in fact, everything that bears, however remotely, on the two propositions which the Federation seeks to disprove.

It may be said of these tables, if one likens them to pictures (which they should be), that " Every Picture Blurs a Story." Or, to change the analogy, they all jam the wireless. Though offered as a basis for logical inferences, they constitute illogical interferences. What, for example, is the meaning of the term " indirect wages "? As every student of Social Credit knows, any item in total present cost can be resolved into past payments of wages (including salaries, dividends, and other personal incomes) if one extends his retrospective survey far enough. Does the term mean the wages paid out by only those firms directly supplying goods and services to member-firms of the Federation? If so, or if not, why, or why not?

The text on pp. 30-33 will amuse Social-Credit students. It is devoted to the subject of what the authors define as " *Preproduction charges.*" Excellent. We must add this expression to our own repertoire of phrases—it is so much more expressive than the term " B " charges, which occurs so often in Social-Credit exposition! Section 153 says:—

" The inter-dependence of industries is so close and their inter-reaction so very marked that even the smallest alleviation of ' pre-production ' charges could not fail to have a beneficial effect throughout the whole gamut of production."

How true! If only we could, as the American advertising slogan puts it, " biff " the " B " out of " A+B," what a blessing it would be. For instance, it would solve such difficulties as Section 147 describes:

" In the case of iron and steel. . . . Firstly, materials have to be conveyed by rail to the steel makers; in the cost of these materials, the steel maker *has to pay for the pre-production charges by several industries,* for the wages paid in those industries and for the cost of transport of his materials, *which in turn includes further pre-production charges and wages.*" (Our italics.)

Let it be noted that these pre-production and pre-pre-production charges all arise before the engineering firms (represented by a Federation) buy the iron and steel, i.e., the charges are entered into the bills they must pay before they begin to incur production-charges on their own account. Ah! if only the producer need not re-charge a pre-charge, what larks! But, alas, he " has to " re-charge it—and, more mournful still, our authors do not know why he " has to," or they would have spared themselves the necessity for compiling all their statistics about wages and employment.

II.

It is of course easy to show that mechanisation increases employment in certain given circumstances; but it is equally easy to show that the continued practice of mechanisation will change the circumstances which originally made resort to it profitable.

For example, take the case of a butcher who hires ten men to make sausages by hand at a total wage cost of £20. He now gets a machine which will enable him to produce double the quantity with half the labour. Obviously, the price he pays for the machine will be such that its total weekly cost (repairs, renewals, and replacement charges) is something less than the £10 a week it will save on his wage bill—and in practice would be a great deal less. Let us say £6 a week. Now what machine has momentarily disemployed five men. In what way does it contribute to their re-employment, and up to what extent? Only through the demand it sets up for machine-makers and repairers. The extent of that demand is limited to £6 a week, and that is the maximum sum which the five men can possibly earn, even supposing they go into the machine business on their own account and get all their materials for nothing. Assume that they do this. Then the original ten workers are now in employment at a collective wage of £16 per week, for which

That £16 is now the maximum sum for which the butcher can sell his sausages. The £4 a week that he has saved by mechanisation has been lopped off the price which used to be spent at his shop, whereas what he had in mind when installing the machine was cutting expenses down to £16 and collecting £20 revenue as before.

Next as to his output. If we assume that it was originally 320 lbs., and is now 640 lbs., it is true that he can afford to lower his price per lb. from (£20 ÷ 320) 1s. 3d. to (£16 ÷ 640 =) 6d. But why should he? any cut at all when he can get no more than £16? He would prefer to put his machine and labour to half time and produce 320 lbs., for by doing so he would not pay reduce maintenance charges even if he did not wages. If he halved both, however, his cost 320 lbs. would be (£3 plus £5 =) £8. But he only get £8 for them. So it will be seen that ever he does the same dilemma dogs him—he is no better off than before he got the machine—his mechanisation useless to him.

The trouble here, it will be seen, is that he is working in a closed area where his takings cannot be greater than the sum of the direct and indirect wages that he pays. What he needs is access to other areas whence he can draw money without spending any there. Logically, what would put him right would be that glorious possibility that the butchers in other areas should be making sausages but still pay incomes to their employees which they could spend at his shop. It is the old difficulty all over again that cropped up in the Chamberlain Tariff controversy of 1906, namely, that every manufacturer wanted Protection for his own goods but Trade for those of other manufacturers' in case he had

* " Unemployment: Its Realities and Problems." Issued by the Engineering and Allied Employers' National Federation, Broadway House, Tothill-street, Westminster, S.W.1; July, 1933.

Questions and Answers.—II.

(Contributed by the Credit Study Group from their members' correspondence.)

I understand that Major Douglas is in favour of allowing all the lending of money to be still carried on by the ordinary banks, provided, I assume, that they only lend their real deposits and show their loans as deductions from deposits instead of additions?

We cannot understand what advantage accrues in demanding that banks should only lend their " real deposits," and " show their loans as deductions." This would (would it not?) necessitate their asking permission of their depositors before they could lend? We really think the idea behind this proposal is mistaken. It is that money is a commodity, of which there is a certain quantity, *or that it should be so.* We disagree: thinking, on the contrary, that our system of reform should insist that money is *not* a commodity, but a token to be created and cancelled in whatever way suits the public convenience. If the " *debt* " money created and issued by the banks is met by *credit* money created and issued by the State, the cycle is complete and the goods into which it is accounted can be passed to Consumers. What more is wanted?

* * *

At first when there are large numbers of people too poor to have banking accounts I imagine it might be more convenient to pay national dividend in notes; need there be more difficulty about the physical destruction of these when occasion arose than about the cancellation of credit by book entry?

As to payment of Dividends in cash, it is certainly Douglas's intention that this should be done, or a draft given, as may be requested by the applicant. It is partly for this reason that he specifically proposes the Post Office as a medium for distribution of the Dividend; the machinery practically exists there already in the pension system. We agree that there is no more difficulty in previous debt being discharged by notes than by cheques, and therefore no more difficulty in retiring the " credit."

* * *

What do you mean by expenditures upon real capital not yet used in productive process. Expenditure on new machinery not yet starting production?

By " expenditures on real capital " we mean such things as public buildings, roads, harbours, education, life services of every kind, parks; all of which are not the subject of any part of the costs carried into the goods of a given period; these latter capital charges (in the scheme for Scotland) are the subject of credit under the Price-Assistance sections.

* * *

What is meant by " The money so issued calls for no repayment to the National exchequer, by which the real values created are presumed to be entered up against the money provided to the public? "

Consumer credit calls for no repayment to *the Credit Issuing Office*, because it is already earmarked, through prices, for cancellation somewhere of a credit issued for production which has been completed.

* * *

You speak of " The previously ascertained proportion of the sale price of an article which cannot be available as purchasing power because it has gone back as reserve." By " reserve " do you mean that it has gone into a depreciation fund?

By " reserves, etc.," we mean all that part of prices (the " B " part) which is not distributed to those engaged in the process, but which is (necessarily) hypothecated to maintain solvency of the concern—ultimately to repay an advance to the bank which lent it for production. In the aggregate this part of prices represents power to produce more goods, and is therefore national assets and the proper subject for the issue of Consumer credit—so that the producer may be able to make his reserves without at the same time making an impossible demand (in his price) upon the Consumer for the money to do it. " We " give ourselves (consumers) the money (part of price) which overcomes that impossibility.

* * *

You also speak of a part of prices issued only to the Consumer upon purchase of an article. I thought it was the seller who was to receive the credit from the State, certainly in his capacity as consumer, but not immediately in the capacity of buyer?

If we may say so, we think it is a radical error to refer to Consumer Credit as issued to the seller. The seller is only to receive his price (on the present basis of calculation). The fact that he may receive part of the total from the purchaser and part from the Credit Issuing Office does not alter the fact that the communal credit is issued to the Consumer, because the effect is to enable the consumer to buy more. His £1 is " worth " (say) £2. The credit is issued *to him.* (In the Scottish Scheme the alternative method is proposed: that the Consumer pays full price and is *directly credited* by the Credit Issuing Office with the proportion of credit of that period, upon handing the bill into his bank, which collects the amount for him from the Credit Issuing Office.)

New Zealand Notes.

Douglas Social Credit of the genuine brand is making good headway in the Dominion. The boycott by the daily Press is not quite so intense as at home. *Farming First* (the official monthly organ of the N.Z. Farmers' Union [Auckland Prov.], with Capt. Rushworth as Vice-President) has been fighting for Douglas now for several years. A new journal, *The New World* (Social Credit News), has now sprung up, but has yet to win its spurs. A mass movement towards Social Credit is anticipated when the depression deepens more. The authorities seem determined to push through the Central Bank for New Zealand. The N.Z. Legion (The Gold Bugs) has now made its appearance and appears to owe its origin to the same source as the New Guard of Australia. When the tightening up of belts takes place, the zero hour cannot be far distant

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Suicides are increasing at an alarming rate, and the number of *verdict* suicides in 1932 was 240 (excluding Maoris) or about twice the number of all suicides in 1918 (but excluding Maoris).

Accidental poisoning cases were twenty-seven in 1931, which figure is twice as many as the average of the previous twenty years.

All this is out of a total population of one and a half millions (including over 67,000 Maoris and over 60,000 in mandated territories and dependencies).

. . . .

Yet New Zealand, particularly as regards her agriculture and amenities, is a vest pocket edition of a white man's paradise. She has been exploited long enough as one of the food granaries for the industrial workers of Europe and elsewhere. Nature's favours have been transformed into great abundance through the inherited agricultural land mechanical skill of progenitors from this country. But farming does not pay to-day. Her perishable produce has to face 12,600 *nautical* miles before it reaches the great competitive market in this country. Exports of butter and cheese have trebled during the past ten years, while the returns are well below the costs of production. Farmers in the Dominion believe that the introduction of Social Credit in Britain, which would entail greater purchasing power of the people, will do more to help N.Z. than the adoption of Social Credit in the Dominion. It is pointed out that from a S.C. point of view N.Z. is not Scotland. She is a borrower, while Scotland (as part of Britain) has been a lender or abstainer from consumption, for a long number of years. The agriculture of N.Z. has been exploited to the neglect of her industries and manufactures. Heavy capital expenditure would be required, together with the importation of technicians, in order to make the country self-sufficing, should such a course be contemplated.

. . . .

It is not believed that everything possibly wanted in New Zealand could be produced in those tight little islands. To attempt this would not increase leisure but would simply make work. For these reasons *Farming First* deprecates the making of lavish promises by Social-Credit advocates as to the amount of dividend which could be distributed to New Zealanders

. . . .

A prominent military officer of the N.Z. forces recently paid a visit to Australia at the invitation of the Australian Government to examine a *munitions factory* there. Like a generous manufacturer, the Australian Government paid the cost of the visit of this traveller from N.Z. It is wondered whether Australia is glutted with arms the same as she is with wheat, but as N.Z. has sold practically the whole of her war equipment and is already *pledged* to send a brigade within six months after Britain is embroiled sufficiently, perhaps this may account for the trip. As the Pacific appears to be one of the next battle areas, a little preparation is not amiss, considering that the British navy will be unable to protect N.Z. when Armageddon breaks out in real

Or perhaps the " Gold Bugs " are in urgent need of rifles the same as the new Police Force!

. . . .

Now that the new policy of *Produce less in order to consume more* has been born out of the World Economic Glow Worm Conference, it is reputed that millions of ewes are put beyond human use by the fact that transporting and other costs are prohibitive, despite the fact that trains are running empty and thousands of men are idle, with idle freezing works and ships. Hence the danger of splashing about the National Dividend at the present unhappy juncture. It is suggested that every step towards Social Credit should be thoroughly calculated beforehand and a beginning might be made by cheapening social services. Enthusiasm must go hand in hand with discretion and *leadership must be responsible*.

R. H.

Music.

Arnold Dolmetsch and Co., Haslemere Hall, July 28.

At the eleventh concert of the Haslemere Festival of Chamber Music we were given a programme of so-called " English Intimate Music "—whatever that may mean—wherein was once more exhibited all the accustomed phenomena of a Dolmetsch concert.

It is hardly possible to speak of " performance " in connection with Messrs. Dolmetsch: rather would I employ Mr. Robert Hull's admirable phrase, " sacrificial mutilation," upon which I cannot hope to improve, for that is indeed the only conceivable description which a musician can apply to such proceedings.

At this concert the mixture was precisely the same as before: ragged ensemble, mal-intonation, fantastic rhythm—with its inevitable corollary, careless, sloppy, sagging phrasing—utter lack of nuance, colouring, and inflection, plus a complete and absolute absence of general technical proficiency and musical understanding. Moreover, while this is written of the company, it applies with very slight modification individually, for no one, however musically inclined, could possibly live and play in such an appalling atmosphere of amateurishness (in the worst sense) without being either consciously or sub-consciously adversely affected thereby. Such defects are deplorable enough in themselves on the concert platform, but when they are elevated into artistic dogmas, and it is seriously contended by Mr. Dolmetsch that *this* is the only way in which to perform music of the sixteenth, seventeenth, and eighteenth centuries, then the time has definitely come to register a vigorous protest and to indicate in no uncertain manner that there is neither historical, technical, nor æsthetic reason for supposing anything of the sort.

Bull and Gibbons were just as brilliant performers as were Purcell, Bach, and Handel, but even if they were not it is inconceivable that any composer worthy of the name would tolerate for one moment the sight and sound of his works being mangled and distorted beyond recognition by a group of utterly undisciplined, slap-dash amateurs, whose zeal greatly exceeded their discriminative and executive powers.

Again, the fact that early keyboard writers had perforce to be content with such instruments as were then available does not mean that their compositions were foredoomed for all time to be performed on those superannuated specimens described by Dr. Burney as " a scratch with a sound at the end of it," and by another authority as " resembling nothing so much as a bird-cage being plucked by a toasting-fork."

Why is it that the clavichord, harpsichord, and viol family have been superseded by the piano and modern strings? Simply because the ingenuity of instrument makers and the increasing demands of composers themselves led, step by step, from the timorous tinkling of the harpsichord, the wheezing whisper of the clavichord, and the sandpaper scraping of the viols to the immeasurably superior tonal and technical resources of our present-day instruments. Contiguously with instrumental evolution the human ear has become proportionately educated and refined, the result being that it is now almost a physical impossibility for anyone accustomed to beautiful tone, whether instrumental or vocal, to listen to the emanations of obsolete products with any degree of pleasure, though I concede that some polyphonic music, when played by an artist such as Landowska or Mrs. Gordon Woodhouse on a *modern* harpsichord with all the innovations and improvements effected by Mr. Dolmetsch, can be made to sound very effective.

But as regards the main thesis that early music can be heard [illegible] advantage only on the instruments for which it was writ[illegible] such an attitude is definitely retrogressive and, in any [illegible] quite illogical, for Mr. Dolmetsch's modern antiques [illegible] no more like the originals than pseudo-Tudor efforts really resemble their prototype. Compare, for example, Rudolf Dolmetsch's record of those delightful miniatures, " A Toye," " His Dreame," " His Rest " (Farnaby), with their over-ornamentation supposed (by imaginative listeners) to be a substitute for genuine cantabile or sostenuto, but actually reducing the melodic line to a hieroglyphic, with Mr. Harold Craxton's well-known and eminently satisfying renderings and editions of old English masters, and there can be no doubt as to which a musician would prefer.

At any rate, I have yet to hear of any front-rank artist or critic who unreservedly supports Mr. Dolmetsch on this point—whatever they may think of his abilities *off* the platform—and one cannot help wondering whether, with harpsichords at five hundred guineas apiece, the motive in advocating and manufacturing these instruments is exclusively musical.

The *artisan* must live. it is true but let him do so by the sale of his work, and not by encroaching on the ground of the concert *artist*, and, incidentally, inflicting gross injustice on the composers to whom he is theoretically so devoted.

And this brings me to the Bach " 48 " Society, which proposes to record both books through the agency of Mr. Dolmetsch and his clavichord. I seriously question the advisability of this project.

In the first place, as Mr. Eric Blom some time ago pointed out in " The Musical Times," there is no evidence whatever to suppose that Bach wrote the " 48 " for the clavichord alone: what he wrote for was a *clavier*, i.e., a keyboard, which might be that of either the clavichord, harpsichord, or organ, and secondly, even if the clavichord were the correct instrument to employ, Mr. Dolmetsch's musical and digital deficiencies are more than sufficient to place him beyond the pale as an authoritative interpreter.

But in view of the fact that nowadays the " 48 " are universally played on the vastly superior pianoforte—an instrument that is available to everyone—it would be far more practicable to record them by that supreme artist, Gieseking, the crystal clarity of whose part-playing is a never-ending source of delight and wonder. I am not, of course, suggesting that the modern concert grand represents the limit of development in this field; already we have the Neo-Bechstein, with a quasi-swell-pedal volume control, the Emmanuel-Moor double keyboard with couplers rendering the execution of octaves mere child's play, and the remarkable Janko instrument of which Mr. Sorabji writes in " Around Music "; but at the moment the supremacy of the pianoforte proper is not seriously threatened, and certainly not by any of its precursors.

There seems little point in detailing the items of the concert referred to above, beyond mentioning the usual lack of discrimination in the composition of the programme—the same juxtaposition of music with muck.

No one is more enthusiastic than myself in the matter of resuscitating the lesser-known works of well-known masters and the unknown works of lesser masters, if the excavating process is applied by a master such as Sir Thomas Beecham, who almost invariably manages to earth something valuable.

But in the case of Dolmetsch the result is more often than not unrelieved tedium: as a distinguished critic long ago wrote: " Once my bare historical curiosity is satisfied, then I do not value the commonplaces of circa 1600 any more than I do the commonplaces of circa 1900," and that, I think, effectively epitomises the position, though it may be added that one can imagine the music sounding considerably better in happier circumstances, and that the string tone would be undoubtedly improved if the bow were held in the orthodox manner instead of from below, which renders it impossible to apply any pressure.

The work of the singer (?) was of an order that almost passed belief. Of actual voice, she appeared to possess nothing save what Kaikhosru Sorabji has described as " —that pestilent atrocity, the fresh, unspoiled young voice, as the veiled, woolly wheezing is called—beloved of our public because that is the sort of noise their female relations made," and of control she appeared to possess less than nothing. One writes " appeared " advisedly, for the most highly gifted and trained singer would find it difficult to do anything against the spasmodic staccati of Mr. Dolmetsch's lute, and one has little doubt that the exhibition was as painful to the participant as it was to the audience.

Two pieces by John Tillet (seventeenth century), " Sir Thomas Fairfax March " and " Italian Rant," played by recorders, viols, and virginals, were undeniably charming, but of the rest of the concert I prefer not to speak.

Indeed, I did not remain for the whole concert, as a very small dose of Dolmetschiana acts as a very strong soporific, and the condition induced by the celebration of even a few

of the Haslemere rites is one of acute mental and physical exhaustion, which, of course, is the exact opposite of what should occur when fine music is properly performed.

I hope it will not be objected that, having attended only a portion of the festival, I am not in a position to judge it adequately. I have heard the Dolmetsch company in London and Haslemere on many occasions—I have even attended a whole festival, which subsequently necessitated a protracted rest cure—and I can assert without fear of contradiction, that each and every effort was exactly of a piece with that already detailed, and, I am informed on credible authority, always *has* been.

One concludes in the hope that the Dolmetsch fraternity may eventually grasp what the musical world at large has for long realised, namely, that their public activities are the worst possible form of advertisement for both the music, themselves, and their instruments, and that it would be far more satisfactory for all concerned if they were to confine their labours to instrument manufacture, leaving their harpsichord—the only spcimen of the pre-pianoforte era at all practicable for concert use—and the execution of old music thereon in the hands of those better qualified by talent and training to do it justice.

But whatever one may think of Mr. Dolmetsch as a musician, there can be no two opinions as to his outstanding ability as a comedian; his humorous impromptu asides, scathing denunciations of the stupidity of audiences and critics, vanishing tricks on the platform, plus any amount of light by-play, are all immensely diverting and easily equal the late Vladimir de Pachmann doing his damnedest.

Some of us will occasionally frequent the shrine for this turn alone.

CLINTON GRAY-FISK.

Gramophone Notes

The Columbia Company appears to have made an effort, and certainly not without success, to provide records to please most tastes while people are enjoying the holiday season. Consequently, the August issue is in very light vein, but it is none the less interesting for that.

A record of outstanding interest and merit is LX224. Here we have Sir Thomas Beecham and the London Philharmonic Orchestra in a practically perfect rendering of Handel's Suite, " The Origin of Design." These five little pieces are full of vitality and melody, and Sir Thomas displays to the fullest extent all those subtleties of rhythm and shading which he so well knows how to command from so responsive an orchestra, while the recording is excellent.

Another record which is certain to please most people is DX475. Sir Henry Wood conducts the British Symphony Orchestra in two Bach pieces arranged for String Orchestra —the " Air on the G String " and the " Gavotte in E " from Partita No. III. These performances are very pleasant, but, after all, the " Air " *was* written for solo violin, and personally I prefer to hear it played by some great soloist, although, no doubt, many will find this recording satisfying.

DB1143 is a record of G. D. Cunningham at the organ of the Kingsway Hall, London. He plays two well-known pieces, Lemmens's " Fanfare " and Guilmant's " Grand Chorus." It is curious that while it is not uncommon to read superlatives describing the work of vocalists and other instrumentalists, it is almost rare, by comparison, to meet any adjectives at all in descriptions of the work of organists. And yet the organ is an instrument which presents very considerable technical difficulties, which are certainly not diminished either by the fact that organs vary so considerably, or by the fact that the organ is an instrument which calls for the display of qualities which mark the *virtuoso* to a high degree. Mr. Cunningham is an artist of the first rank. We have had already magnificent recordings of his renderings of some of the great Bach masterpieces, and it is interesting to hear him in the lighter mood of these two trifles. Guilmant's " Grand Chorus " affords admirable opportunities for the display of real technical mastery, and here we have a polished performance in which the clearness of the brilliant pedal part is a special joy.

Wolfi, the boy violinist whose first record was issued recently, may be heard in two " drawingroom " pieces, Franz Ries's " Perpetuum Mobile," and the D'Ambrosio Serenade," DX477. Wolfi's technique is certainly very good, and his fluency in rapid arpeggio passages is worthy of special praise.

Colombo and the Tzigane Orchestra of the Hungaria Restaurant, London, play some characteristic gypsy airs on DB1146, and a really splendid military band recording of the Overture to " Rienzi " is provided by the band of the Grenadier Guards, DX476. I have not been able to review the H.M.V. records in time for this week, but I hope to deal with them shortly.

H. G. B.

Reviews.

Economics Up to Date.—A Series of Talks to Study Groups, reproduced by duplicator. Set of four, 8d. post free. By G. Hickling. (*Social Credit Standard* Office, 54, Poole Road, Coventry.)

This is the best introduction to Social Credit that I have read, as it should straighten out most of those mental kinks that propagandists are continually " up against."

The first deals with wealth and its various sources, latent and active, with the part which nature, labour, and knowledge play in preparing it for man's consumption.

The second defines value and exchange value and shows the absolute inadequacy of any attempt to measure such abstractions. The plan underlying an economic system must be to distribute wealth and provide economic security without loss of individuality.

The third traces man's relief from labour and gives an invaluable mass of information as to the machine's capabilities.

The fourth stresses the difference between real and financial wealth, yet on the latter depends the demand or distribution of the former. The author then enters into a simple dissertation on money: whence it comes, the basis of its value, the fallacy of its entry into circulation as a debt, and the power which this gives to its creators.

This series should be in the hands of every reader of THE NEW AGE. Is should not only clear the mind of a befogged public, but I have watched its vitalising effect on luke-warm supporters when they realise of how much they are being deprived by Finance.

It is a pity this series has not been printed as a complete pamphlet for wider circulation, or the third part, with its mass of data, issued as a separate pamphlet. If this be done I would suggest the incorporation of a few startling facts of the production and destruction of raw materials.

R. L. D.

Prosperity Campaign. Towards Social Credit and Christian Values and a Healthy Order of Society. By Robert Scrutton. (3d.)

To spread Social Credit we should make use of all existing organisations. This pamphlet is designed to enlist the aid of one whose members should be supporters if they are enlightened—the Christian Church. It should carry further weight in that it emanates from St. Peter's Vicarage, Coventry.

It gives a brief outline of the present want in plenty, the truth of credit production, a simple synopsis of the Douglas proposals, and concludes with a call to the Churches to unite in raising this standard in the name of Christ and humanity, giving a list of interested organisations both within and without the Church and of instructive literature.

This should form an ideal propaganda pamphlet for anyone in touch with Church work.

R. L. D.

LETTERS TO THE EDITOR.

QUESTIONS AND ANSWERS.

Sir,—With reference to the very interesting and informing " Questions and Answers " in your issue of August 10, may I submit for the consideration of the Study Group that the answer to No. 3 might be elaborated.

They state that " the Dividend *could not* be instituted without Price Regulation. . . ." It could, however, be instituted if that portion of the Price Discount Scheme which limits the rate of profit allowed on turnover were made compulsory for all producers.

It may be replied that such an arrangement would be, in fact, Price Regulation—price regulation with a price factor of unity. But it would be a far simpler price regulation than the scheme normally associated with Social Credit.

If, and when, Social Credit is applied, it is only too probable that the industrial, financial, and social conditions of the moment will be so utterly chaotic that the first and most vital requisite of any remedial measures will be ease and simplicity of administration.

The distribution of portions of income through the agency of the Post Office is already in operation, and we had considerable experience of the working of an excess-profits tax a few years ago. No new machinery will be required either for the distribution of a National dividend or for a limitation of profits.

Should economic sanity erupt in this country before any other, it is, I think, extremely likely that consumer credit will be inaugurated by (1) the payment of a National Dividend, (2) the fixing of rates of profit, and (3) the financing of the Social (and, possibly, Defence) Services without r[illegible] course to taxation. The machinery for implementing price discount will probably be evolved later, under [illegible] settled and favourable conditions.—Yours faithfully,

A. W. Co[illegible]

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.

SUBSCRIPTION RATES.

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