

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2159] NEW SERIES Vol. LIV. No. 13, THURSDAY, JANUARY 25, 1934. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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NOTES OF THE WEEK.

Social-Credit and Pseudo-Science.

The objective of the Social Credit Proposals is a material objective. Not a moral or a spiritual objective.

The efficacy of the Social Credit Proposals depends on the logical soundness of the Social Credit Analysis.

The soundness of the Social Credit Analysis is established by reason. Not faith.

All the evidence proper to the reasoning is objective. Not subjective.

The agent of the discovery of the Social Credit Theorem was a human being.

The faculties achieving the discovery were intellectual. Not emotional.

The propensities impelling the agent to use those faculties were those which automatically require explanations of phenomena—those which generate what is called the "spirit" of scientific inquiry.

In brief, the naturalistic part of a human brain was moved by natural impulse to tackle a materialistic problem by intellectual processes, whereby it arrived in the end at a mechanistic remedy. No vital, psychological, moral, religious, mystic, occult, magical, or other pseudo-scientific factor comes in to break the sequence of the process anywhere from beginning to end. The while discovery belongs to the realm of natural science.

Any or all of these factors, in some degree or other, were no doubt components of the personality of the discoverer, but the nature of the problem did not logically require their co-operation in its solution. If it be said that, logically or not, they did co-operate, and that without their presence in the discoverer's personality the discovery would not have been made; let that be granted. To put it in psychological language, let the statement stand that only the "higher nature" of the

discoverer, and the particular character thereof, made possible the discovery.

Premising, then, that pseudo-science played a part in the discovery, the conclusion to be drawn amounts to this: That if the discovery had to be made all over again it would require someone with the same duality of personality as is hypothesized in the case of the actual discoverer, and that he, too, would have to possess the same pseudo-scientific "other-worldly" attributes.

But the discovery has *not* to be made all over again. The work is finished and the truth delivered once for all to humanity. Hence the pseudo-scientific factors may be thanked for their past services and bowed out.

The publication of *Economic Democracy* fourteen years ago marked the end of the epoch of research in economics. It identified and isolated a previously unsuspected element in the complex of economic contradiction. It exposed a master-fallacy permeating all existing theories. The theorists, observing that human psychological reactions were inseparable from economic phenomena, had concluded that the cause of the phenomena must therefore reside in human psychology, and be expressible in terms of it. They interpreted the numerous psychological resultants of a single mechanical error (as it is now proved to be) as severally the causes of economic anomalies and abuses, and collectively the cause of the economic deadlock. Hence the universal call for a *change of heart*.

This not only suited the master-operators of the faulty mechanism, but was a godsend to every power-maniac, faddist, fidget and busybody who held a theory of how human conduct should be regulated. They joyfully leapt at the idea that the behaviour of people locked up in prison was the cause why they were in prison, and that the only way in which the prisoners could get free from prison was to discipline their minds into toleration of the conditions of imprisonment. To get out, the prisoners were to develop the will to stay in! Little wonder, then, that these psychological theorists and prac-

tioners should resist an interpretation of the economic problem which showed their knowledge to be irrelevant and their services superfluous.

At the root of their resistance lies the clash of two modes of thought, the one being that of scientific verification and the other that of pseudo-scientific speculation—of naturalism as against supernaturalism—of determinism as against volition. The issue between these two philosophies is, in its briefest form, whether *life* and *mind* are, or are not, to be identified with natural processes in the sense of being functions of organised material bodies.

The question of what is the true answer lies outside the present frame of reference. The point is that the individuals or groups operating to suppress or obstruct the Social Credit Proposals are practically all stewards of pseudo-scientific, anti-materialist, anti-mechanistic doctrines or agents of their dissemination (whether believers in them or not). They may not be consciously hostile to the amelioration in people's economic condition which the Social Credit Analysis proves to be possible; and, indeed, many of them are supporters of Social Credit on that account. But they are all co-sharers in a common repulsion to the idea that the process of initiating economic emancipation is a matter of a mechanical, not moral, adjustment.

It is the existence of this repulsion which explains such an attitude as is expressed in the formula: "Social Credit, yes; but I do not think it wise to mention Douglas: it puts people off," and so on—or in the formula: "Douglas Social Credit, yes; but for goodness sake keep the A + B Theorem out of your propaganda." Both formulae mean the same thing; for when Douglas's name is identified with Social Credit he becomes the oracle of its technical content; and in all his pronouncements since 1919 he has never wavered in his insistence that the A + B Theorem and its implications are the essence of the Social Credit Analysis and the foundation upon which the efficacy of the Social Credit Proposals ultimately rests. Now this Theorem and its implications belong to the domain of materialism and determinism insofar as they concern the human beings who co-operate as masters and men within the industrial system. It is true that these people exhibit the phenomenon of volition, but it is a volition conditioned by the mechanism within which their activities are confined. The only place in which unfettered volition—that is, psychological causation—can be conceived to reside is among the financial oligarchy who are running the mechanism.

When, in the opening statement of the A + B Theorem, the hypothetical master of the hypothetical factory pays an amount of money called A to his men, and another amount of money called B to another master, a situation is defined which cannot be altered by influences of a moral order brought upon either the master or the men. The utmost that such influences could effect (as a pure conception) would be to alter the ratio of A to B—in other words, to re-state the same mechanical dilemma in altered numerals. No exhortation or intimidation can enable the master, or men, or both, to make a *part* equal to the *whole* in which it is included.

What can be done is to make these people aware of the existence and character of the dilemma—and that is a matter of scientific education, which, though it may be given by anybody competent to give it, irrespective of the pseudo-scientific beliefs he holds, does not require intermixture with pseudo-scientific education. This is not to disparage the value of this latter education, it is merely to affirm its immediate irrelevancy to a specific problem. Moreover, this affirmation applies equally to certain of the "exact sciences." Physiology, or biology for example, are no more relevant than are psycho-

analysis and religion. For the problem is essentially that of disclosing a swindle and exposing the swindlers to the swindled; and when examined from that angle the irrelevancy of a long range of subjects of education whose supporters want to incorporate them in the process of disclosure becomes self-evident. Human nature abhors a swindle, and needs only to be shown it in order to react in the appropriate manner.

The truth of the A + B Theorem is not, in itself, what one would call a "noble" truth. It is rather a *region* of truth from which man will be best able to launch explorations into nobler truths. It is something like the highest base-camp of the last Mount-Everest expedition which enabled the climbers to travel with the lightest impedimenta in their last dash up into the mysteries of the summit. The conquest of the summit was a higher order of achievement than the pitching of the camp, but would not have been possible without it. And further; the mysteries of the summit played no part in the process of pitching of the camp: the only non-material factor was the "scientific spirit of inquiry" previously defined.

Pursuing the analogy in another direction the explorers knew, when they left the base-camp, that the unknown task before them was of the same nature as that behind them. The difficulties would be greater, but they would not be of a different *order* from those already met. They would not be the expression of different laws, natural or otherwise, than those of which former difficulties were the expression. The pattern of the unknown was rightly calculated by the explorers to follow the pattern of the known. If they had believed certain of the tribesmen at the foot of the mountain, they would have had to reckon with a new factor of difficulty appearing beyond the highest base-camp, namely the "Spirit of the Summit," a Something which did not want them up there and could interpose obstacles of an entirely new order through the operation of unknown laws of super-nature. That was what these tribesmen believed. They were the pseudo-scientists or supernaturalists in the case, and what they said amounted to a warning to the explorers either to desist from their climbing or else, first, to learn the secrets of the new laws with which they would be faced.

Now, taking Mount Everest as representing the economic system, and the location of the highest base-camp as the position now occupied by the Douglas Expedition (meaning the pioneer climbers and those who have followed in the paths they have cleared and the steps they have cut) the "tribesmen's warning," as described has its correspondences in the babel of pseudo-scientific doctrines tending to suggest, at worst, that further climbing at all is impossible, or at best, that it can only be feasible after investigation of various "higher principles" of climbing. These tend to divide counsels among the climbers and to weaken their resolution.

"Beware the Jabberwock, my son!
The jaws that bite, the claws that catch!
Beware the Jubjub bird, and shun
The frumious Bandersnatch!"
One recalls the famous Oozlem Bird!

The analogy need not be pressed further, for, as already stated, many pseudo-scientific truths are nobler in themselves than scientific truths. The whole issue revolves round their relevancy. All truths which are irrelevant within a given frame of reference are lies when introduced therein. Some of them may be irrelevant in nature—not belonging to the field of inquiry at all, and some of them irrelevant in a time-sense, not belonging to it *yet*. In either case they generate error, and are false. This applies, as previously stated, also to scientific truths; but there is not so much need to emphasise this because it is not anything like so difficult to detect

irrelevancy when science meets science as when science meets pseudo-science.

It may have been noticed that of all the big figures in the political world General Smuts is the one who receives the loudest applause in banking circles when he emerges to make a spacious pronouncement on world affairs. There is nothing sufficiently outstanding in his achievements as a statesman to account for this; but there is something about him which International Finance is only too eager to accredit and exploit. He is a profound philosopher, and an impressive exponent of a philosophy called Holism. He is probably the ablest dialectical interpreter of "life" in its two broad aspects—material and spiritual.

In his book *Holism and Evolution* he says in reference to evolution:

"The lower unit always becomes the basis of the higher unit, becomes, as it were the stepping stone to the next stage. Thus the earlier simple structure of the atom becomes the unit for the molecule; the molecule for the crystal; the complex of molecules for the cell; the complex of cells for the higher organism; while the still more complex groups of cells become the units for higher psychic or personal structures . . ."

In terms of the analogy just used, the series of base-camps extends up and up the mountain-side—the atom-camp, the molecule-camp, and so on and so on. Very good; but—

"But while this newness, this creative novelty arises everywhere, it is at two stages in particular that something utterly new and wholly different in kind and nature arises from the union of pre-existing elements; these are the stages where so-called *life* and *mind* appear."

It is not certain what is meant by this arbitrary statement, and the uncertainty probably extends to the author of it. But it obviously lends itself to the interpretation that life and mind must not be identified with natural processes as a whole. That is, to revert to the analogy, that the experiences gained by the mountaineers while pitching their camps were not applicable to the problems awaiting them beyond. The "Spirit of the Summit" says: Thus far and no farther. The impression engendered by such an interpretation, when brought into the field of economic research, must be that it is not safe to embark on new economic policies until the mysteries of "life" and "mind" have been resolved. Since "life" and "mind" cannot be dissociated from any form of human activity the plausibility of this conclusion is sufficiently evident to compel conviction among the majority of the public. "Scientific determinism" is liable to frustration by the "incalculable human element." Lord Balfour subscribed to this doctrine when he wrote (in *Science, Religion and Reality*, 1925) that the course of human history is "inherently incalculable." So did Sir George Paish when he used to remark that the fundamental obstacle to an efficient economic system was the "human factor." The same doctrine in various forms pervades the whole of banked polemics, and has even coloured the counsels of de-pagandists of Social Credit must "find a grounding for it in the *spiritual part* of man; otherwise they are experimenting in the *dark*, with the *unknown*." Another supporter of Social Credit (without A + B and not so much the same mode of thinking by asking, in reference to Douglas) writing in *New Britain* on January 3 manifests wife and six children would think of a proposal to pay him only the same national dividend as was to be paid to a mining engineer with a wife and one child and earning £1,000 to £1,200 a year. The question implicitly lays down the principle that the scheme must "find a grounding" in the "spiritual part" of this Lanarkshire miner; that is to say, it must require his *passion for justice*. Well, accepting the far-fetched

assumption that he nurses such a passion, the point is whether he would refuse the money on that account, and, supposing he did, what the mother of his bairns would have to say about it. Or is it the questioner's view that neither of them should be given the chance of taking the money and compounding an injustice? And, by the way, if "injustice" must be brought in, it may as well be accurately quantified. The National Dividend accrues at a flat rate to every man, woman and child; so this miner and his family would be entitled to eight units of dividend against only three units for the family of the mining-engineer. Let us hope that nobody will write to *New Britain* to say that this is an injustice to the engineer! Looked at comprehensively, the Dividend collectively ends the master-injustice inflicted by Finance on Humanity. And this collective Dividend, when wholly distributed, does put into the hands of the people new political power in proportion to their numbers. And it is *their* sense of justice then, not that of any one of us now, which will, and ought to find expression in human relationships.

Mr. Hannen Swaffer declared at a meeting, in reproof of a supporter of Social Credit, that "man is *something more than an economic animal*" and that therefore you cannot make him happy by mere monetary and other material devices. No, but such devices will produce circumstances in which he can attain to the happiness that he is capable of experiencing.

It is the existing system which requires to be, and is, "grounded" in the "spiritual part" of man, for it logically requires him to spiritualise the meaning and object of his economic activities. Major Douglas's most concise and definite formulation of the philosophy underlying his Proposals was in these terms:

" . . . economic activity is simply a functional activity of men and women in the world; that the end of man, while unknown, is something towards which most rapid progress is made by the free expansion of individuality, and that, therefore, economic organisation is most efficient when it most easily and rapidly supplies economic wants without encroaching on other functional activities." (*Social Credit Principles*, page 3.)

He here does recognise that there are incalculable factors in human personality which prevent our foreknowing what the "end" of man may be. But he does not recognise in that fact any reason for delaying "supplies of economic wants": on the contrary, he takes it for granted, and goes on to say that the provision must take place under circumstances which free man to adventure into the "unknown." Man's higher and lower nature—his spiritual and material parts—roughly correspond to the phrenologists' classification of human propensities into the self-regarding group and the self-regarding group, or, in common language, the selfish and the selfish groups. Now the bankers repeat in psychological terms the same falsity as they lay down in technical terms when they say that prices must comprise all costs indiscriminately of character or time-price. They say in so many words that the motive power of efficient economic co-operation must comprise all human propensities—those which impel man to seek economic supplies, and those which impel him to renounce them—of course, with special emphasis on the latter group. Now, if it were the case that Social Credit were nothing more than a new design for applying existing basic principles, and thus left unchanged the present apparent necessity for calling in the whole range of man's propensities, then there would be some weight in the proposition that the social consequences would reflect the operation of incalculable psychological forces, and that special precautions should be taken against the risk that the people would bolt into a new "wrong-turning."

But the Social Credit Proposals respond to the fact that economic activities are only one group among other

activities of man, and engage only the particular group of human propensities applicable to a specific limited objective. It is a material objective. Whatever lies beyond its attainment is not the concern of Social Credit supporters, as such, to provide for. It is the job in hand that has to be concentrated upon.

The object decided upon being materialistic in character, it becomes, in Major Douglas's words (*Social Credit Principles*)

"a technical matter to fit methods of human psychology and physical facts, so that that objective will be most easily obtained." (Our italics.)

It is the self-regarding propensities in human psychology which are relevant to this matter of "fitting." These include not only acquisitiveness directed to material wealth, but also such things as the natural impulse to engage in activity of some sort and to excel in it. There is nothing difficult in the technique of assembling them, allocating them to appropriate functional activities, and co-ordinating them in the pursuit of the common objective. Nor is there anything incalculable about the results so far as the efficiency of economic co-operation is concerned. The question of what people may do with their lives outside the economic system is irrelevant to Social Credit policy unless it can be shown that their conduct will impair the efficiency of the system for the object on which (by hypothesis) they are generally agreed. If anyone fears that moral delinquency may result from economic efficiency in its completeness (i.e., the equation of consumption with capacity to produce) he is in the difficult position of having to decide whether to support Social Credit in spite of his doubt, or to oppose Social Credit because of his doubt. To advocate Social Credit subject to moral safeguards is to uphold the principle that the economic system should be an instrument of Government, implying a fixed ideal of what the world ought to be. What Social Credit does is to afford fruitful exercise for the "lower nature" of man, while leaving his "higher nature" to find exercise on a plane where material considerations no longer obtrude themselves. "First that which is natural, afterwards that which is spiritual."

When it is remembered that for many generations mankind have been compelled by fear to co-operate in a system technically embodying two diametrically opposite objectives, does this not constitute an overwhelmingly strong presumption that their psychology is now seen in its basest form, and can only change for the better under a system which substitutes inducement for compulsion and a single purpose for cross-purposes?

American Monetary Policy.

The chief events of the week up to January 20 were as follows:—

January 15.—President Roosevelt's Message to Congress asking that legislation be passed: (a) To vest in the Government all gold within the nation's boundaries; (b) To give the President power to devalue the dollar in such wise as would enable him to revalue it at a level of between fifty and sixty cents on the basis of the present gold content; (c) To set up a fund of two thousand million dollars to be used in the stabilisation of foreign exchanges and in the purchase of Government securities and gold.

Cables from New York since that date have been mostly accounts of reactions to the above Message by the several interests concerned, whether political or financial. Of these one may be recorded as useful. Mr. Glass is reported to have said: "We are creating a Central Bank in the person of the Secretary of the Treasury, and the Secretary is not a banker." *The Times* discusses the Message in its first leading article on January 16.

Lord Harewood on Gold.

In this country the Earl of Harewood must be regarded as having made a little bit of history in the field of savings-bank publicity by his pointed references to the Bank of England, which he irreverently compared with the Loch Ness Monster—"that other monster," as he explicitly defined it. The report of the speech, as it appeared in *The Times* of January 10, will be found elsewhere in this issue. We hear from a correspondent that in the late London edition of the *Daily Telegraph* on the same date a report of the speech appears on page 7 in his copy. But in another copy which he has, and apparently belonging to the same edition, page 7 has been re-arranged, and this particular report left out; and he has not been able to find it on any other page. He has kept both copies by him as an exhibit. There is no call to attach any great importance to this occurrence in view of the fact that *The Times* also carries the story—a fact which disposes of the theory that other papers would be afraid to carry it. "When father says print we all print." At the same time, it is a useful reminder to the public of the fact that there is at any moment several times as much news behind the market as is placed on the market, or as could be so placed except by enlarging the paper or clearing advertisers out of it to make room. Hence one cannot definitely convict any newspaper of sinister motives when occasionally it rings the changes on news as between one edition and another, because the news-editor can always reply that his motive was to get as wide an assortment of news into print as possible within the restrictions of space allowed him. The most striking example of suppression on record was the case of the *Evening Standard* of July 16, 1931, when Low's cartoon, entitled "The Crisis—International Conference of Bankers," which appeared in the early edition, filling half a page, was omitted from the later editions.

"The Times's" Views of the Week.

The editorial policy of *The Times* during the week has been to concentrate on finance and economics, both in its leading articles and contributed articles on its leader-page. The subjects dealt with include the League of Nations, Shipping Subsidies, the Means-Test-Dietary Controversy, Socialist Banking Policy, and League of Nations Loans. Of these we should say that the question of Socialism and the Banks is the one intended to attract the most attention. One reason is that it was dealt with in a contributed article on January 17, and returned to in the first leading article on January 19. The second is that this double reference to what most people would regard as the importance in practical politics at the present time of any project canvassed within a party whose chance of return to power seems grotesquely remote—at any rate, by any orderly and constitutional methods. No doubt the Means-Test-Dietary question is regarded as containing seeds of disorder, a foretaste of which appeared to reside in the hostile reception accorded to Mr. Ramsay MacDonald when he visited Seaham Harbour on January 17. It may also be that the recent acquisition by the British Union of Fascists of armour-plated lorries to carry their speakers about in has an indirect connection with the above risks of disorder. These types of defensive armaments are as easily convertible into types of offensive aircraft. We do not suppose that this convertibility enters into the calculations of Fascist leaders, but that is irrelevant because in a time of crisis all instruments of violence become instruments of State-policy. Naturally, the Cabinet, who have already performed the cowardly action of renouncing their several party allegiances in order to dodge retribution at the polls, would be prepared to go a step further and take measures to escape the odium of repressing civil revolt by violent measures, and the way in which they could do that would be to follow the policy initiated in the General Strike of 1926

and procure the apparently spontaneous formation of voluntary civil collaboration in defence of law and order. This would only be following out the same tortuous pattern of policy as is practised by the bankers when clashes between different sections of capitalists take place or threaten to do so, viz., that of leaving them to fight it out between themselves while secretly loading the dice against the side whose defeat they want to bring about. At the root of the policy is the desire of Authority to avoid at all costs the appearance of using its normal official powers of physical coercion in the settlement of inflammatory issues. In a brief phrase, one might call it "Government by Alibi"—"Please, sir, I wasn't there!"

Socialism and Fascism.

In its leading article on Socialist policy (January 19) *The Times* sets out to resolve the financial issue raised by Mr. G. D. H. Cole, the late Mr. E. F. Wise, and those who support their policy in the Labour Movement, into the fundamental question of whether this country is to be run by Parliamentary institutions or by "party dictatorship." The writer has no difficulty in showing that for the Socialist policy to succeed that Party would be faced with the alternatives of doing so through the Parliamentary system or of setting up a "semi-permanent executive recruited from and managed by a party clique." He alludes to the force of effective opposition which Socialism would encounter if it tried to work through the Parliamentary system, and concludes that dictatorship would be found necessary for the implementation of the principle of State control of all industrial enterprises and all banking and other financial institutions. He then proceeds to show that the policy of Socialism thus conceived is indistinguishable from that of Fascism. He says:—

"Those who take off their hats to Sir Oswald Mosley . . . must realise that they are saluting not the antagonist, but the spiritual brother of Sir Stafford Cripps. These two knights are charging the same dragon of Democracy under the same oriflamme of their infallibility, and the only difference between them is the length of their spears."

The writer is skating over thin ice when he brings in "spears," because in the last resort the length of these weapons is governed by decisions taken in the Board room of the Bank of England. However, that is by the way. The significance of the above identification of Socialists and Fascists may become involved, both the banks and the National Government will appear to stand as the dispassionate protectors of a hypothetical majority of the population who see in the Parliamentary system a mechanism which, in the words of the writer, "is demonstrably adaptable to modern requirements." Then follows the usual bankster defence of repressive mechanisms, viz., that it is not the system which has failed, but the men. Parliament will give the "right" results if only the electors will return the "right" people! The old dope.

"Interdependence."

The Minister of Agriculture, Mr. Elliott, has discovered that nations are becoming "economically less interdependent." So he said in his address as Rector of Aberdeen University. The truth is that the nations never were "interdependent" in the sense he attaches to the word. There are two meanings to it. You can truthfully say that the consumers in country A are dependent on the producers in country B for certain types of goods, and likewise that the consumers in country B are dependent on the producers in country A for certain other types of goods. Designating consumers and producers by the letters C and P, the interdependence can be expressed in the formula that AC depend on BP, and BP on AP. But there is no interdependence between AP and BP. On the contrary AP strive their utmost to keep AC apart from BP, and BP to keep BC apart from

AP. The reason lies in the finance of production and consumption in general. Under the existing system AP cannot recover costs in full from AC, nor can BP from BC. Hence AP must seek to collect all the money possessed by AC plus some at least of that possessed by BC. But BP wants all the money possessed by BC plus some at least of that possessed by AC. This deadlock of cross-purposes can only be resolved by some device by which the incomes of AC + BC are made equal to the costs of AP + BP. We know how that can happen. When it happens AP and BP can sign a peace-treaty under which they become a sort of clearing house through which AC and BC can, in principle, exchange goods with each other. Unless this happens it doesn't matter two hoots whether nations discover that they are interdependent, or not interdependent, or less interdependent than before.

Mr. Elliott advocates an "Empire Trade Cabinet" (he would!)—and has the approval of *The Times* (otherwise he wouldn't). *The Times* says that this would create an "enormous start" in the solution of the problem of "using abundance to improve the lot of men" (We all speak Social-Credit sentiment now!) "instead of to menace them with recurring unemployment." (But we don't all speak Social-Credit science!) It "ought to be possible," proceeds *The Times*, to "convert abundance from a curse into a blessing" (Impeccable sentiment once more!), but, as is seen, through the employment system. (A futile method, as usual!) Mankind, declares this journalistic Pontiff of Thread-needle Street, "must not be 'crucified upon a cross of glut.'" The article may be cited as the "Norman Encyclical of January 19, 1934." It is most powerful advertising for the Social Credit Movement, but advertising calculated to flood it with undesirable converts.

Social Credit Propaganda.

Popular propaganda of Social Credit is rapidly becoming as respectable and easy as "pie" nowadays, and it will be well for newcomers who undertake it not to over-value the significance of their initial success, and particularly not to attribute it to their own personality, zeal or methods. The present situation along the Social Credit front is due, more than anything else, to the systematic and continuous long-range bombardment of the enemy's key positions by the artillery of THE NEW AGE, commanded and served by thinkers and writers who were enabled to fulfil their task by the continuous loyalty of subscribers and donors to the ammunition-fund. The enemy rank and file are surrendering anyhow, and it does not serve any particular purpose for our own troops to go out to meet them, and certainly not for officers to rush about here and there to the point of physical collapse "capturing" prisoners for the honour of their particular sector of the front. "Propaganda," said Major Douglas not long ago, "may now be left to run under its own steam"—in other words, it can be pursued calmly and at speakers' or writers' convenience. It is no use their wearing themselves out into crocks, and having to be wheeled about in bath chairs.

Farmers' Relief.

A gazette issued by the South Australian Government contains lists, which are reminiscent of the wartime casualty lists, of the names of 2,000 'approved applicants' for relief under the Farmers' Relief Act, 1932. The gazette states:—

"Pursuant to section 18, sub-section 3, of the Farmers' Relief Act, 1932, the names, addresses, and file numbers of applicants under the said Act are published hereunder. Supplementary lists will be published from time to time as occasion requires."

Claims for participation in the distribution of the 1933-34 crop proceeds of these applicants must be lodged on the form fixed by the Bank not later than November 30, 1933.—*The New Economics*, Melbourne, October 27, 1933.

Monsters, Ancient and Modern.

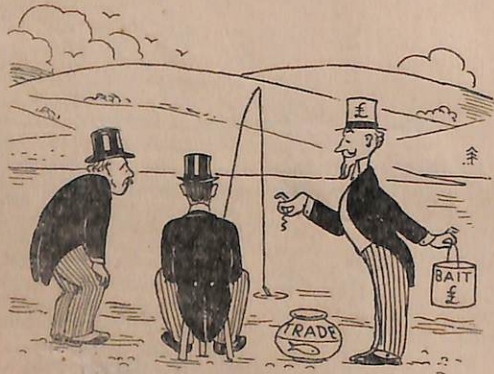
By B. J. Boothroyd.

Let us talk of fearful Monsters, and of the dark depths where they bide.

In spite of the continual publication in the Press of irrefutable evidence, many people still refuse to believe in the existence of the Loch Ness Monster.

I cannot understand this incredulity now that a film has actually been taken of the beast and shown at a theatre. I didn't see that film, but I saw King Kong. What is more, I saw Mr. MacDonald, on the Movie-tone, making a speech about the Trade Revival.

And what I say is, that if you can believe the film of Mr. MacDonald you ought to be able to believe the



IT IS DISTURBING TO ANGLE FOR A TIDDLER—

film of the other Scotch Monst—I mean of the Monster. Both were equally incredible.

Further, they had several points in common. The Press report of the Loch Ness film said, "It shows the creature swimming towards the right, getting farther away as it travels." The film of Mr. MacDonald also showed the creature travelling towards the Right, and getting into deeper water as he travelled. Moreover, the photographers describe the general colour of the Monster as grey with a black tail. Mr. MacDonald's tail-coat was black, too, and the rest grey.

I therefore see no difficulty in believing in the Loch Ness Monster. In any case, I insist on believing in it myself. The idea of extinct monsters walking about in our lakes makes life altogether jollier.

There is no reason why they should not exist. It was said of the Ichthiosaurus, who lived when the earth was all porous, that he fainted with shame when they gave him his name, and died many ages before us.

That reason for becoming extinct no longer applies. To-day we give everybody long names. We even call working men Proletariat. By comparison with that, Ichthiosaurus is a term of endearment. And the working man doesn't die of it. Though you might, if you call him it at close range.

In these days of economic stringency, I feel we need more Credulity. When I was leading a friend home the other night, after ten, he pointed to a petrol pump and said, "What a fine tall policeman!" I was able to prove to him that it was not a policeman. He replied, "You're right, o' man, but I still believe that there are fine tall policemen."

That, I thought at the time, was the spirit we need to bring about the Trade Revival. In short, we need Faith.

Now, I have taken the case of the Loch Ness Monster because it is an out-of-date monster. And those of you with any sense of civic responsibility will see at once that so long as the common people can keep their attention fixed on powerful and dangerous extinct monsters, the less likely are they to let their credulity

play upon far more powerful and dangerous modern monsters—such as the Productive System.

So far, the existence of this awful Thing has been kept fairly dark. But its existence is suspected, and its powers of procreation openly discussed and estimated by irresponsible people. I therefore demand a rigorous censorship of all reports of this Monster of Production. They conflict with the efforts now being made to arouse national credulity regarding the Trade Revival.

It would be a pity to spoil this great act of Faith. If the Government can arouse national rejoicing by telling the people they have landed a tiddler, it is unfair to spoil the effect by announcing that if they drained the lake they would disclose the Mother of all Tiddlers, ready to hatch out millions of them.

Attempts have been made before to revive trade by the power of Faith. Recently the nation was exhorted to Think Prosperity. It was an attempt to apply to economic ailments the principle of Faith Healing, which is that suffering and evil are mere illusions to be overcome by Right Thinking. The idea was that if a manufacturer's illusion was that orders had ceased, he had only to shut the door, pull down the blind and enter within himself, and after a time there would be a whirring as of wings, and a bevy of orders would flutter down on to his desk.

Unfortunately, the scheme did not work to schedule. To believe that one's own business had improved was more than Faith could manage with its present voltage. It has therefore been decided to inaugurate a system of believing in the improvement of other people's businesses.

I am glad to announce that this has been started. Lord Essendon, the shipping magnate, recently told his shareholders—"It must not be overlooked that to some extent an improvement in trade conditions in Great



—AND AROUSE A MONSTER.

Britain has been brought about by measures which have adversely affected the shipping industry."

This effort of Faith, though easier than the other one, is not without its difficulties. For example: His lordship could see that shipping was bad, but that nevertheless less trade had improved. Further, that shippers are decreased because trade had improved. Shippers are therefore faced with the obligation either of being glad that shipping is bad, or sorry that trade has improved.

It is a test of patriotism as well as of Faith. But I feel sure, ladies and gentlemen, that shippers of England, closely associated as their industry is with all that is glorious in our Empire's history, will have no doubt as to which emotion surges uppermost in their bosoms. Or bosoms, plural.

I look forward to the day when each industry will be convinced by a great effort of the will-to-believe that their own trade has only declined because the others

have revived. Thus will the depression be overcome by the power of Credulity.

If, however, it be said that the strongest faith needs visible evidence for its permanent maintenance, I need only say that the Statistics of Increase are already to hand. I note that the profits of the big banks show an increase for the year and that the figures of suicides have risen to the level of road accidents—doubtless "to some extent brought about by measures which have" benefited the banks.

So here's luck to Credulity!

The Present Financial System.

By Hilderic Cousens.

I.

CREDIT CREATION BY DEPOSIT BANKS.

- (1) "Bankers can only lend what is deposited with them." (Sundry experts.)
- (2) "Loans create deposits." (Sundry other experts.)
- (3) Current, Deposit, and other Accounts: £366,873,557. Cash in hand and with the Bank of England: £51,175,098. (From Barclays Bank, Statement of Account, December 31, 1933.)
- (4) "Bankers' deposit rate, ½ per cent. Old loans were generally renewed at ¾ per cent." (Press account of the day's doings in the City for January 18, 1934.)

The Deposit Banks of England and Wales, i.e., those banks other than Savings Banks, with which the general run of people have dealings whether as private citizens or as traders, comprise five large banks (Midland, Barclays, Lloyds, Westminster, and National Provincial), and two or three other smaller ones. Deposit business is done also by a considerable number of other banks, of whom the majority are branches in London of foreign and British Empire Banks. The Deposit Banks handle most of the money that passes in and out of them in the form of cheques. To deal with the large number of cheques they have organised the Clearing House, which keeps account of their claims on each other. If Bank A holds cheques for its customers made out on Bank B's forms to the extent of ten million pounds, while Bank B holds cheques on Bank A's forms for eleven millions, the Clearing House finds that Bank A owes Bank B one million. The pivot of the English system is that both Bank A and Bank B have an account with another Bank X, not a deposit bank, which can settle the debt by one million by writing down Bank A's credit with it by that sum and writing up Bank B's credit. The Deposit Banks bank with the Bank of England.

Now, just as if Mr. Smith has ten pound notes in his pocket and a balance of a hundred pounds against which he can draw notes or cheques with his Deposit Bank, he considers he has £110, so, if Bank A has £1,000,000 in its tills and safes and £100,000,000 balance with Bank X, it considers it has £101,000,000. And just as Mr. Smith can take out notes for his £100 balance, Bank A can take out notes for its £100,000,000 if it wishes. At least, it assumes it could if it wanted to. From the Deposit Bank's point of view, a pound note in its till is no more and no less cash reserves than a pound credit with the Bank of England.

All the Deposit Banks have many branches. These do rather different proportions of the various sorts of banking business. A branch in a residential town like Bournemouth seems likely to do less granting of loans in its operations than one in a mining town of South Wales or an agricultural town of the Fens. It is also notorious that in recent years Head Office has more and more taken over the direction of loan policy in the bank's branches, so that Rae's Country Banker is out of date. Mr. R. H. Mottram's novel *Castle Island* gives a good picture of this change, based on his great knowledge of the long-established centre of provincial banking, Norwich. We have, therefore, as the scheme of English banking (a) the Bank of England, (b) the head offices of several large banks, and (c) these banks'

thousands of branches. This scheme accounts for both the first and second statements of the relations between loans and deposits, which were given above. A branch bank manager will undoubtedly tend to maintain the first, a Head Office man will perhaps tend towards the second, while the critical outside observer will stick to the second, but often fail to realise what is the apparent justification for the first.

It is unfortunate that sometimes those who are justly attacking our financial system commit themselves to such statements as that "the deposit of so much cash in a bank enables the bank to lend ten times that amount." This is not true. What is true is that the deposit enables the System of Banks to lend ten times that amount, or whatever number of times liabilities exceed cash in hand. In this article I am not dealing with the mysteries of Bank of England reserves, but only with Deposit Bank reserves. In the case of Barclays, as quoted above, their total liabilities to pay cash amount to

Current, Deposit, and other Accounts, including Reserve for Income Tax and Contingencies and Balance of Profit and Loss	£366,873,557
Balances in Account with Subsidiary Banks	11,886,215

Total £378,759,772

Some of this need only be paid after seven days or longer notice, so that to balance this deferred risk we must count in cash what it can get hold of (apparently) in a few days. So that its total cash assets come to

Money at Call and Short Notice	£21,383,300
Cash in Hand and at the Bank of England	51,175,098
Balances with other British Banks and Cheques in course of collection	11,074,888

Total £83,633,286

The ratio of Cash to Liabilities on this basis is 1 : 4½. In the arguments which follow, I will take this ratio to apply to other banks. It is too small in reality, because banks are well known to try to show in their end-of-year accounts a stronger position than is the working normal, i.e., they try to reduce the ratio for the time being. The item, Money at Call and Short Notice, is also doubtful. It is the class of business which is done at the ¾ per cent. per annum which I have quoted above, and represents loan capital for a swarm of financial operators in the City who would be unable to carry on their trade if they didn't get it, and rely on being able to replace a lot of this loan, if called in, by new loans from the banks. If we treat this as largely "Cash only if paid by further loans," we find the ratio rises to 1 : 5½.

In the English system any payment into a bank in any form augments its cash reserve, unless it is an order on itself to transfer credit from one of its customers to another of its customers. If Mr. Smith writes a cheque for £5 in favour of Mr. Jones, his grocer, the latter will pay it into his Bank A, who will collect it through the Clearing House from Smith's Bank B. The result is that (a) Bank A will write up Jones's account £5, and the Bank of England, if there is no equivalent £5, and the Bank of England, will write up Bank A's account £5, thereby increasing its Cash. (b) If the grocer has an overdraft, Bank A will write it down £5, thereby reducing their Advances £5, and the Bank of England will write them up £5 in cash. Cash and Advances both being Assets, the total of Assets will be the same. (c) Smith's Bank B will write his account down £5 and have their account with the B. of E. written down £5, £5 off Liabilities and Assets leaves their accounts balanced. (d) If Smith has an overdraft, his Bank B will increase it £5, thereby increasing its Advances, and will have their account with the B. of E. written down £5, thereby decreasing the Cash £5, but such are the glories of bank bookkeeping, leaving their total Assets as they were and their accounts balanced.

If Smith draws notes from his Bank and hands them to the grocer, who pays them to Bank A, exactly the same things happen to the accounts, and it doesn't matter if the transaction takes place in notes, silver, or

copper (or, in the old days, gold). "Cash in hand and with the Bank of England" means either legal tender or claims which the B. of E. acknowledge to exist against it.

This is a transfer of cash already inside the banking system. But it is obvious that Bank A does not know (except by accident) whether five £1 notes handed it by a customer have been lying in his safe deposit for a year or have that same day been paid out over Bank A's counter to someone else who handed them to the customer a few minutes after. But in order to follow the effect of a deposit and the loan creation connected with it, we will assume that £1,000 in metal or notes has been lying for some time in a hoarder's safe and is now brought by one Grovelgrub to his bank. It is, therefore, a net addition of cash to the Banking System, and, initially, to Grovelgrub's Bank A. As soon as it gets there it is as much and as little transferable as cash already there. The position of Bank A before this deposit was

(1) Deposits, £450,000; Cash (in hand and at Bank of England), £100,000; Advances of all sorts, £350,000. On the deposit being made it becomes

(2) Deposits, £451,000; Cash, £101,000; Advances, £350,000.

If Bank A were the only bank except the Bank of England, this would enable it to make loans until the position were:

(3) Deposits, £454,500; Cash, £101,000; Advances, £353,500.

But even so we must assume that wage and salary payments made in respect of the increased loans did not leave some extra cash in the pockets of the receivers. If it did, then Cash would be a little less and Deposits and Advances likewise, unless the customary ratio were increased. This partly explains the clamour for all and sundry to make their payments by cheque, so that a limited note or metal money may be economised. But if there are other banks, the consequences are by no means the same for Bank A.

Lord Harewood on Gold.

"Speaking at the annual meeting of the York County Savings Bank at York yesterday, the Earl of Harewood said that it was a most curious thing that prosperity should be so easily fostered or checked by the currency policy of the Government and the Bank of England. He supposed that we had finally, perhaps for ever, abandoned the gold standard. He had always wanted to ask expert bankers why it was that we had for so long been linked to the gold standard. Supposing that the gold reserves which at present lay in the cellars of the Bank of England under the charge of Mr. Montagu Norman were to be removed and deposited in the unfathomable depths of Loch Ness in the charge of that other monster, he would like to know what real difference that removal would have on the currency needs of the country. The real difficulty was to find some basis other than gold for our currency policy. He sincerely hoped that the bankers would manage no longer to restrict us in the way they had done in the past, and that the country would be freed before long from the shackle which had been attached to the heels of the trade of the country."—*The Times*, January 10, 1934.

Forthcoming Meetings.

West Norwood.

The West Norwood Social Credit Group is becoming a movement, aiming at making Social Credit the test at the next Parliamentary Election in the Norwood Division of S. Lambeth. The "Press" has been an excellent Forum, but the opposition remains silent for the most part. The next public meeting will be addressed by Lord Tavistock and Mr. Peter J. Hand, at Roupell Park, Tulse Hill, February 7, 7-45 p.m.

Manchester.

Commencing Wednesday, the 24th instant, a short series of weekly instructional talks on the elements of economics, from the Social Credit viewpoint, will be given at G.S. Local Headquarters, 71, Lever-street, Manchester, 1. Time: 7.30 to 8.30 p.m. Enquirers and elementary students of Social Credit will be welcomed.

The Films.

Film of the Week, "Ombres sur l'Europe." Photography by Louis Cottart and Rene Brut. Cinema House.

My selection of this picture as the best of the newest films is not intended as a reflection on "Le Petit Roi" and "Liebelel," both of which are reviewed below, but because it is so extraordinarily good of its kind. "Ombres sur l'Europe" is a "documentary"—that is, it deals with actualities (in this instance, the Polish Corridor), and not with fictions, and it is definitely comparable with two other outstanding films, "Berlin" and "Turk-Sib." Some people may find it too propagandistic, but it was openly made as propaganda, and there is nothing to prevent the Hitler Government producing an anti-Polish counterpart. Not that "Ombres sur l'Europe" should strike the impartial observer as violently anti-German; it merely sets out to prove that this disturbed corner of Eastern Europe is, from the racial and historical standpoint, more Polish than Prussian.

It is beyond the province of the film critic to take sides in the matter, but it is for him to say that "Ombres sur l'Europe" is a masterpiece, and that it will have to be included among the best films of the year. Photography, cutting, and editing are all admirable, as is the counterpoint, and the only defect one can find is that a little further judicious cutting would be an improvement; the working of the international railway traffic through the Corridor and the activities of Danzig and Gdynia are both more interesting and more suitable to cinematic treatment than the speeches of politicians.

Incidentally, "Ombres sur l'Europe" is also noteworthy if regarded purely as a travel picture; it produced on me much the same vivid impression as though I had been journeying through the Corridor.

"Le Petit Roi," Marcel Vandal-Charles Delac production. Directed by Julien Duvivier. Photography by Louis Chaux and Marius Roger. Rialto.

The Rialto has set up the rather unusual record of replacing "Poil de Carotte" by another film by the same director and the same star—Robert Lynen. Probably no two people will agree whether young Lynen is better as the misunderstood child or the etiquette-burdened boy-king of a Ruritanian State. "Poil de Carotte" was the more poignant role, and in his second picture Lynen relies more on subtlety; his sensitive impersonation is a quite remarkable hindrance, and his childlike yearnings of his own age, for his exiled mother and for companions of his own age, are excellently acted.

This is a picture full of beauty. It is excellently directed, and edited (Duvivier is among the few directors who not only insist on doing their own editing, but are also fortunate enough to be able to get their own way in the matter). The musical accompaniment is admirable and the photography superb. Among a long cast, I would, apart from Robert Lynen, particularly mention Julien Clement as the doctor, and Marcel Vallee as the Republican Storek. As is the case with "Ombres sur l'Europe," this picture proves an acquaintance, and I do not know of a better test of a film than that of being able to say that one has enjoyed it more on seeing it for the second time.

"Liebelel." Elite Tonfilm Production. Directed by Max Ophuls. Academy.

Another beautiful Continental picture, based on Arthur Schnitzler's play. "Liebelel" is excellently acted and directed, and has a perfectly balanced rhythm. After a beginning on the lightest of notes at the opera in Vienna (where the whole action takes place) we next see Lohbeiner (where the whole action takes place) we next see Lohbeiner, breaking off with an aristocratic mistress and immediately starting a love affair with Christine. The whole cast is and then tragedy; he dies in a duel with the husband of his discarded mistress. A simple enough story, but made real and poignant by acting and direction. The whole cast is good, and Magda Schneider is delightful as Christine. Special praise is due to the camera work of Franz Planer. The sound recording and reproduction, as is always the case when the Tobis system is used, are remarkably good.

Forthcoming Films.

"I Cover the Waterfront" succeeds "The Private Life of Henry VIII." at the Leicester Square to-morrow, when "Little Women" also goes to the Regal. On Friday, February 2, the Empire will show "Fraternally Yours," new full-length Laurel and Hardy comedy.

She Has.

The title of Jean Harlow's next picture has been changed from "Age for Larceny" to "She's Got That Thing." DAVID OCKTASH. Empire Theatre Weekly News.

Music.

B.B.C. Concerts of British Music, Queen's Hall, January 1 and 2.

The opening musical event of the New Year is one of considerable interest, namely, six concerts of contemporary or approximately contemporary British music, and the programmes (for the most part) are far more enticing to the musician than a great many of the B.B.C. Symphony Concerts, which have been unenterprising to a degree. Inevitably such a series will not please everyone, and there will be objections to the inclusion of certain names and works at the expense of other and worthier ones; nevertheless, the programmes as a whole are uncommonly appetising, and will give a further demonstration—were it needed—of the fact that the majority of the finest musically creative minds at the present day are British. This is no part of the "Buy British" movement, but a plain statement of fact which a moment's thought will prove, for who is there of importance beyond Sibelius, Strauss, Rachmaninoff, Medtner, Szymanowski, and (possibly) Shostakovich?

In an amusingly naive announcement, the B.B.C. tells us that "The general character of this series will be on Promenade lines"—save that there will be no promenades!—and that tickets will be reduced in price and smoking will be permitted, while "the actual programmes have been built with the idea of obtaining variety and balance, as those of the Promenades are" (my italics), the inference being, presumably, that variety and balance are not considered in other programmes, some of which, incidentally, strongly support this interpretation. It would further appear that the B.B.C. itself has either little confidence in the music or its reception by the public, for it would hardly have resorted to reduced prices and the adventitious aid of smoketickets. Otherwise, if one can smoke at, say, Smyth, why not at Stravinsky?

However that may be, and despite objections from certain critics, some of us find an all-British programme, if representative, infinitely more attractive than the Furtwängler annual offering with which we shall again be dosed in the near future. The only thing to which exception may be taken is the actual composition of the programmes and the governing principles behind them, but of these I shall speak later.

At the first concert most of the works were familiar, and there seemed little point in repeating such well-known things as Elgar's "Cockaigne" Overture or Lambert's "Rio Grande." On an occasion such as this the B.B.C. would have done these composers a better service by giving their neglected works (if of value); Elgar's "Froissart" Overture would have been welcome, and the over-played "Rio Grande" might well have been shelved in favour of Lambert's new Pianoforte Concerto, which is a work that obviously requires repeated hearings to apprehend fully.

Mackenzie's "Britannia" Overture was a waste of valuable time, and reminded one of other heavy-handed attempts at light-heartedness, such as Brahms's "Academic Festival."

On the other hand, Roger Quilter's as yet unfamiliar Serenade, "I Arise from Dreams of Thee," entirely justified its presence, and deserved a better performance than it received. Mr. Eric Greene, though his tone seemed a little constricted, sang it with insight and feeling, but the orchestra was not nearly delicate enough with the carefully wrought details of this beautiful little score. I am not making any extravagant claims on behalf of Quilter—I do not, for example, say that he is in the Elgar, Delius, Bax category—but I do say that, within his limits, his combination of high poetic feeling and appreciation, fine craftsmanship, and general musical invention is unapproached by any other British song writer, with the exception of the late Peter Warlock.

In a new Symphony by R. O. Morris, who, we are told, is a brother-in-law of Vaughan Williams and an eminent professor of composition at the Royal College of Music, plainly here its derivation and origin, and, like the English gentleman, was thoroughly well bred, but with little to say that has not already been said many times before and much better. It might well be described in the words of Mr. Ernest Newman (apropos of another work), as "l'Après-midi d'un Vaughan."

The most important work of the evening was the Delius "Song of the High Hills," and for sheer sustained beauty of sound and inspiration this amazing composition towered over everything else in the whole series of concerts. The violins are used wordlessly and as instruments of the orchestra, and the effect of the music, as a whole, is quite

overwhelming. The performance was good on the part of the Philharmonic Choir, and adequate but uninspired by the orchestra, under the "safe" guidance of the good Dr. Boult. Music of this superlative quality without the direction of its ideal interpreter, Sir Thomas Beecham, loses a good deal of its point, and it is greatly to be hoped that he will give us a performance next season. A group of songs by Cyril Scott were sung with effect by Isobel Baillie, who has a remarkable voice under perfect control. Mr. Scott accompanied admirably, and it may be noted that the third song, "Summer is Acumen In," is a good practical illustration of this composer's theory of the modernised treatment of folk tunes and old melodies as outlined in his "Philosophy of Modernism." Both the song and the pianoforte version are very effective, but I feel that in both cases the final *glissando* is rather out of the picture.

The piano part in the "Rio Grande" was brilliantly played by Solomon, who was far better than some of the people one has heard playing at it, but he had not quite caught the spirit of the work as successfully as Sir Hamilton Harty, whose piano playing at the first performance in London was exemplary.

The second concert of this series was devoted to the works of Dame Ethel Smyth in honour of her seventy-fifth birthday. At first one was inclined to cavil at the fact of Sir Thomas Beecham being engaged to waste his time and talent on this concert, but on reflection one realises that it is just as well that the Dame's music should be given as good a performance as possible so that in future we shall know whether to ascribe boredom to the music itself or merely to inadequate presentation; and, secondly, in order that the Dame may never again complain that her music has not received its just due.

The first fact that emerged from the proceedings was the immense difference in artistic stature that exists between the composer and her interpreter, and the second was the Dame's complete lack of symphonic stamina, and little sense of continuity, contrast, and climax.

"The Prison" is described as a Symphony for Soprano, Baritone, Chorus and Orchestra, and purports to illustrate a philosophical dialogue by H. B. Brewster (who figures in Dame Ethel's recent "Female Pippings in Eden"), in which the Prisoner communes with his Soul at considerable length, and endeavours to escape from the bonds of Self (the Prison). There seems no reason why this rather Wilcoxian dissertation should have required the assistance of music, and it certainly did not inspire the Dame to any great heights. There were sporadic moments of force which Sir Thomas emphasised to the full, but, like those of Bruckner, they were immediately and invariably succeeded by long, bleak stretches in which it was difficult to keep awake. More successful was Horn and Violin Concerto, though this is of no great moment and is mainly of interest as a vehicle for the exploitation of Mr. Aubrey Brain's virtuosity. It was very well played by both Mlle. d'Aranyi, Mr. Brain, and the orchestra. "Hey Nonny No," for mixed chorus and orchestra, was supremely well done, thanks to Sir Thomas's unflagging energy, but the music, though energetic, was nondescript and lacked originality. By far the best item was the Overture to "The Wreckers," Dame Ethel's very successful opera; this contained genuine musical vitality and was a pleasure to hear.

But the best part of the concert was after its conclusion—if I may become Irish for a moment—when the Dame and Sir Thomas made witty and amusing speeches containing mutual congratulations, in which Sir Thomas noted that one of the chief characteristics of the music of this champion of "downtrodden femininity" was its "uncompromising masculinity," adding that he himself felt like a wet rag after performing it—a condition which one can readily understand—and the Dame said that it was worth waiting to be performed by Sir Thomas—which one can also understand and unreservedly support.

The Dame is a great fighter, a remarkable woman, and a generally accomplished person, but I prophesy that her fame will rest, ironically enough, on her literary works rather than on her music. And I will go as far as to say that had she not been a woman, and had she not made such a noise about it, her music would have been even less performed than it has been hitherto.

CLINTON GRAY-FISK.

SOCIAL CREDIT IN THE "ACCOUNTANT."

In the *Accountant* for January 13 last appears a two-page article entitled "An Introduction to the Douglas Social Credit Proposals," by A. Hamilton McIntyre, C.A.

Reviews.

Poverty Amidst Plenty. (Second Edition, 1933.) By C. F. J. Galloway, B.Sc.

Pamphlets compiled by experts have a definite value in Social Credit propaganda. Each of them being written from a particular angle is addressed to a potential public to whom this point of view appeals. Nobody can pretend to have thoroughly grasped Social Credit till he has read and re-read Douglas himself, but it is probably better to introduce the average seeker-after-knowledge to a pamphlet before he attempts to tackle the stiffer paths of "Economic Democracy" and "Social Credit."

No one is better qualified than Major Galloway to take in hand this initial education, and I can thoroughly recommend this new edition of his booklet for the purpose of giving to someone who wants to know about the Douglas proposals a clear general idea of the present economic situation and what is wrong with it. The author has made no attempt to elaborate the technical details of either the A + B analysis or the constructive remedy. Probably quite rightly he refers his readers for these to the works of the master himself.

The pamphlet is interestingly written, and impresses one by its obvious sincerity, as well as by the lucidity of its argument. The emphasis placed on Douglas is an improvement on the first edition. The only constructive suggestion that I can offer for the next edition is that a list of the 12 sections, into which the pamphlet is divided, should be placed at the beginning. C. E. M.

Economics for Everybody. By "Elles Dec." (38, Museum Street, W.C.1. Price 4d. post free.)

This pamphlet discloses nothing in its title, and it is interesting to discover whether Mr. Elles Dec. is going to enlighten the fog on economic matters or only increase the existing confusion. I confess that when reading the short introduction I was almost deceived.

The booklet represents a verbatim report of the cross-examination of an "expert" on financial matters by an "intelligent enquirer" and the resulting contradictions by the expert are both interesting and amusing. Banter is, I think, a better description than satire or sarcasm, and many of the three hundred pertinent questions are worthy of committal to memory by those who seek to lead their opponents into carefully laid traps. G. C.

Soviet Literature. An Anthology. Edited and Translated by George Reavey and Marc Slonim. (Wishart and Co., London. 8s. 6d. net.)

Taking them all round anthologies are irritating productions. No matter how carefully compiled they only reflect the taste of an individual, be he never so scholarly, and no two of us like exactly the same pabulum, physical, mental, or spiritual. If they were the work of ad hoc academic selection committees they would be even more indefensible, so let every lover of literature be his own anthologist and damn the consequences.

When we add to this protest the fact that the particular anthology under consideration is an English version of Russian, a language which has no affinity with our mother tongue, then we are indeed seeing through a glass darkly no matter how well the difficult task is performed. All who have tried their 'prentice hand at translation will appreciate the insuperable difficulties Mr. George Reavey and Mr. Marc Slonim have had to encounter, especially in the poetry section of the Futurist School whose writings, according to Mr. Reavey, "are full of subtle phonetic effects which it is impossible to render, even very approximately." Which suggests a counsel of perfection; if you wish to understand and enjoy a foreign literature—learn the language.

So much for the general, now for the particular. What are we to make of this "New Spirit in Russian Literature" when its protagonists, the L.E.F. (Left Front) group of writers under the leadership of Mayakovsky announce that, "We refuse to see any distinction between poetry, prose, and everyday language."

"We know only one material—the word—and we are using it in our immediate work. We are working for the phonetic organisation of the language for polyphony of rhythm, for the simplification of verbal construction, for the invention of new thematic devices."

And a good deal more to the same effect; all of which leaves an old wayfarer in the pleasant meadows of prose and the high lands of poetry—gasping.

But let the gentle reader judge for himself. Here are two specimens:—

(a) "Children are selling lily of the valley at the stations. There is the fragrance of lilac everywhere.

Dawn is brimmed with an icy dew. A harsh, glassy gurgle ripples in the clay throat of night. Nightingales purr and purr through the night till dawn. They are not afraid of the train. A highway of lilies of the valley and nightingales. Ufa, Saratov.

(b) Play, accordion! Play, my unending!
And you, bitch, come drink, drink!
I'd much rather have the one with the bubs,
She's more stupid.

You're not the first woman
There's a crowd of you.

But it's the first time
With a bitch like you.

One of these is "prose"; the other is "poetry." Which is which? Maybe the distinction is obvious in the vernacular; so learn Russian and find out
J. S. K.

Ice: A Tale of Effort. By Lennox Kerr. The Bodley Head. 6s. od.

This is an unusual book. Mr. Kerr, who writes of the sea, and in particular of the Arctic, with the knowledge of the experienced sailor, deals here with only three characters of importance—Captain Forester, his ship, and the ice that fights them both. Forester has been responsible for less of life on a Polar exploration. He temporarily gives up the sea, and takes to drink. Then he obtains command of another Arctic-bound vessel, the "Aurora"—"there was only one way he would find relief from his torment. He must face and defeat the ice, or be destroyed by the ice." Ice surrounds the "Aurora," her propeller breaks off, and Forester orders the abandonment of the ship, but stays with her himself. With incredible labour, he brings up the spare propeller from the hold, and we leave him—"Man Irresistible"—as he is preparing to fit it to the shaft as the ice is again closing round the "Aurora."

The theme would have appealed to Conrad. Mr. Kerr is more subjective; nature forces are to him not impersonal, but demonic, and Forester's battle against the ice is not a battle against the elements, but with malevolent forces consciously seeking his destruction.

"Ice" is much more ambitious than the author's "Backdoor Guest." But I do wish Mr. Kerr would occasionally use longer sentences. The short sentence is vivid, but a style so consistently staccato tends to defeat its own ends.
DAVID OCKHAM.

LETTERS TO THE EDITOR.

BANKS AND NEW CAPITAL.

Sir,—Readers will judge for themselves as to the consistency or otherwise of Mr. Augustus Baker's statements. As it is my contention that Mr. Baker is either unwilling or unable to appreciate the significance of his own arguments, I shall attempt to follow those arguments to their logical conclusion.

It is probable that Mr. Baker would agree with the following three points:—

(i) Loan money distributed as wages and salaries in course of construction of large works, etc., must be repaid long before the last proportion of book cost of such works, etc., is recovered from the public via prices. (In point of fact the loan would probably be repaid by the issue of a further loan, but that aspect will be ignored meantime.)

(ii) That such wages and salaries add to the fund of purchasing power in the hands of the community—which, for the sake of argument, we shall assume was already equal to total prices on consumption market—and that prices will rise to absorb the surplus.

(iii) That the surplus profit will be re-invested eventually in one of the following:—

(a) More capital or intermediate goods,
(b) More goods for consumption, or
(c) The purchase of Government bonds.

It matters little for our present purpose to which of these surplus profits tend to be directed, but it cannot be disputed that as far as (a) and (b) are concerned new costs have been created in respect of which there is no additional purchasing power.

Now, in spite of the ingenious devices employed by our financial rulers to retard the appearance of every cost in prices of consumption goods, all costs must eventually appear in those prices. As a consequence, subsequent production will result in the margin of net surplus (by the amount of proportion of (a) and (b) charges included) for re-investment becoming smaller and smaller.

And what a pretty little revenge-phantasy Mr. Collins has constructed to compensate himself for his ruffled feelings! I am to fall ill and then be cured by Dr. Groddeck and received into the fold, quite in the manner of Satan

profits and re-investing them), it follows that unless other

factors intervene, instead of there remaining a free surplus for re-investment a deficiency of purchasing power will be the outcome.

That these other factors do intervene will be admitted by all, and are recognised readily in the form of capitalisation of unrecovered costs (War Debt); selling at a fraction of cost (instalment purchasing schemes); bankruptcies and exports.

In spite of these, however, as soon as a conscious policy of deflation is pursued, even the above-mentioned subsidies to the consumption market become insufficient to enable current incomes to equal consumption book costs. The consequences are familiar to all.

It will be seen, therefore, that the more one develops Mr. Baker's own arguments the nearer does one get to Major Douglas's A + B theorem.

But Mr. Baker is quite liable to claim that he and other economists have long been familiar with all of the foregoing, and that his case against profiteering capitalists who invested their profits in Government securities has not been answered. Frankly, I am in agreement with Mr. Baker in his description of the growth of War Debts.

Bank loans granted to purchase War Loan securities tended to return to industrialists by way of prices, thus cancelling the original bank loan, but leaving the nation in debt to the industrialists.

But what Mr. Baker overlooks is that as soon as our financial rulers decreed in favour of a policy of deflation, industrialists in general found the capital value of their trading assets shrinking to a fraction of their financial cost price.

In spite of their holdings of War Loan, some became bankrupt, while others were saved from this fate only by community or mortgage of their securities. Which section of the against these War Loan securities?

What deceives Mr. Baker is that he knows of individual war profiteers who "got out" before the slump, and who will continue to enjoy a life of luxury so long as War Loan holdings pay them interest.

If nobody made fortunes out of our financial system it would have no upholders.

Yours faithfully,
"ACCOUNTANT."

DR. GRODDECK.

Sir,—As your readers may have gathered, I am not greatly impressed by Dr. Groddeck's writings, but it never occurred to me to insult him by thinking that he is unfit to be allowed in public alone, without the prefatory control of Mr. Collins. Consequently I read Groddeck and not Collins. Apparently I missed a good thing. I might have learned, what I should not myself have suspected, that the way to please readers whose minds are "merely second-hand" is to model oneself on Mr. Collins's version of Whitehead's idea of what a critic should be.

I wonder where Mr. Collins got his authority for the statement that I think a six years' medical course a remarkable thing? It's news to me, but neither am I unduly impressed by Dr. Groddeck's "dramatic record of success with chronic cases given up as hopeless by orthodox and specialist medical remedies called "Aqua Pumpa" or "Sum-wa-tah." And with names like Dr. Flonkaflopper, who retail marvellous even if the claim is well founded in Dr. Groddeck's case, it does not affect my opinion that his book is pernicious non-sense. I do not, like Mr. Collins, make statements of this sort merely to relieve my feelings and without giving any reasons for them. My reasons for this one have been detailed in my article. As for assumptions of superiority, in a school of rebels that anyone who does not subscribe to their tenets must be blinded by "orthodox blinkers"? In any thing about one's views is not whether they are orthodox or heterodox, but whether they are true or false. Thus, for instance, when Dr. Groddeck says (p. 110), "Pleasure lies in childbearing (Entbindung), and I would beg all women not to force it on that and to have patience. The child does your readers who may have experienced this exquisite pleasure herself, or who has heard the cries of joy with which her sisters welcome its approach to the maximum, will know in which category to place this view of Dr. Groddeck's."

And what a pretty little revenge-phantasy Mr. Collins has constructed to compensate himself for his ruffled feelings! I am to fall ill and then be cured by Dr. Groddeck and received into the fold, quite in the manner of Satan

returning to Heaven. Sorry, I can't oblige at the moment, since I happen to be in excellent health and spirits.

But I'm sure we all hope that Mr. Collins had a nice time in Baden Baden. N. M.

Sir,—There was a time, not so long ago, when THE NEW AGE had the reputation of being the leading weekly paper in its appreciation of new cultural and social values. This reputation, by no means undeserved, attracted a distinguished, if small, clientele, namely, those individuals sensitive to the disharmonies of the present age and seeking their solution. They bought your journal week after week, seeing in it a worthy herald of the new age it hoped to inaugurate. Alas for their hopes.

In your issue of December 28, 1933, appeared an article entitled "Groddeck on the Unconscious." In itself the article is unworthy of notice, let alone mention. As an illustration of the fall from the high, impartial standards already mentioned it is a compelling indictment. The article purports to review Groddeck's book, "Exploring the Unconscious." Instead, there is a bitter polemic against psychoanalysis and the Catholic Church (the reviewer couples them!); there is talk of heresy—how often that word is used by the ignorant reactionary fearful of losing his illusions against those innovators who reveal new territories of life; there is a vicious personal attack on Groddeck, only possible by one ignorant, yet frightened, of his writings. The reviewer does not hesitate to use those artifices of the vulgar struggling for their existence, of which he so erroneously accuses Groddeck, who actually pursues his noble task serenely indifferent to mongrel yelping. It would dishonour Groddeck to take up the cudgels on his behalf against such deniers of life. As Swift said: "The appearance of a man of genius in the world can always be known by the virulence of dunces," only one does not expect to find their virulence in the columns of THE NEW AGE.

A worthy opponent commands respect, a mere villifier is not even worthy of contempt. Take care, Sir, lest the remaining shreds of reputation still attaching to THE NEW AGE disappear, as they will assuredly do, from the employment of reviewers who for knowledge substitute ignorance, for impartiality prejudice, for truth misstatements, and for humour a coarse and vulgar depreciation of what is beyond them. MORRIS ROBB (Dr.).

91a, Harley-street, W.1.

Sir,—The genial ragging of Dr. Groddeck's "Exploring the Unconscious," in your issue of December 28th, was an easy task, but the reviewer's fundamental attitude should be examined. Each of N. M.'s references to psychoanalysis implied a whole-hearted condemnation, which he plainly assumed was shared by your readers, and without troubling about *pros* and *cons* I think they should know the present standing of that body of doctrine and technique.

Psychoanalysis, first propounded by Freud in 1895, met with the bitterest opposition. Medical journals from 1916 to 1919 were unanimous in the vigour of their onslaughts, and demands were made that its practice should be officially suppressed. At a later period the lay press took up the attack, and it was the fashion for more or less eminent physicians to interview reporters and warn the public of the terrible dangers of psychoanalysis.

Now the professional journals handle the subject as impartially as any other, and the lay press is indifferent. The battle is ended. Psychoanalysis has survived an ordeal as strenuous as any that a scientific theory ever passed through and is becoming incorporated into the general body of medicine. As evidence of this may be cited the "British Medical Journal," once hostile, in which an editorial article a week before your review, discussed quite favourably the therapeutic results of psychoanalysis, and described its opponents as 'heresy hunters.' The time relation forbids the assumption 'its damnable heresy that the unconscious is more powerful and more important than the conscious mind—a heresy which cuts at the roots of all European values.' (How dreadful!! And when everything in the garden is so lovely.)

As an expression of opinion and not an invitation to controversy, may I say that psychoanalysis will stand out in the history of medicine as one of its most important advances? Opponents are still numerous, but they nowadays remain silent even in the face of such challenges as the B.M.J. leader. I think it was Huxley who noted that no scientific man over the age of fifty at the time of its publication was able to accept the principles of Darwin's "Origin of Species." Psychologists distinguish between chronological age and mental age; mentally your reviewer is surely no chicken.

Please do not think I regard the general acceptance of any view as evidence of its truth; but your readers have the right

to know what is the actual situation.—I am, Sir, yours faithfully,
SECATEUR.

GLASGOW D.S.C. ASSOCIATION.

Sir,—Owing to re-organisation of the above Association, duties other than those of Secretary have been undertaken by Mr. W. Jones. Correspondence relating to the Association should be sent to me at 160, Bath Street, Glasgow.
H. C. MUNRO, Hon. Sec.

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Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C.1. (Telephone: Chancery 3470), and printed for him by THE ASSOCIATED PRESS LIMITED, Temple-avenue and Tudor-street, London, E.C.4. (Telephone: Central 3701.)