

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Malayan Banks' Service-Charges.

The Malayan Banks decided last month to make a "service-charge" of ten dollars a year for keeping current deposit accounts whose average balances are less than one thousand dollars. On accounts showing an average monthly balance of under 100,000 dollars interest at 1 per cent. per annum will be allowed, provided that the accrued interest for any half year amounts to at least five dollars; if under, no interest will be paid. On accounts showing an average monthly balance of 100,000 dollars or over, 1 per cent. per annum will be paid on the daily balances. The banks which are members of the Association include the National City Bank of New York, The Chartered Bank of India, Hong Kong and Shanghai Banking Corporation, P. and O. Banking Corporation, and the Yokohama Specie Bank. The depositor whose average balance is, say, 900 dollars will pay the service-charge of 10 dollars per annum, but will not receive any interest, since the amount (theoretically) payable comes to less than 5 dollars in a half-year. The 1,100-dollar depositor escapes the service-charge and gets interest of 11 dollars per annum.

The reason for this new rule would seem natural enough were it the case that these banks were hard up and that they used hand-and-brain labour exclusively for posting up accounts and calculating interest. But they are not hard up. Of all the organisations in the region of economics they are under the least necessity of installing labour-saving machines; and yet rely on them to a greater degree than all the rest. To the innocent observer it may well appear curious that where-as with hand-and-brain labour they could keep small accounts for nothing, with machine-labour they are apparently obliged to make a charge. This paradox will

not trouble the student of the Social-Credit analysis; on the contrary it only goes to confirm the general proposition that under the existing costing-system machinery and insolvency are causally related. Even the banks themselves would be subject to the unpleasant consequences of this technical relationship were it not that they enjoy the prerogative of manufacturing the means of discharging their legal obligations in times of emergency, or, to be accurate, of adopting devices for discharging them by evading them—the evasion consisting in changing the nature of the contractual obligations. "Yes," said the British banks to their depositors in 1914, "we know that you are entitled under contract to receive golden sovereigns from us; but look here, we're going to give you these nice little photographs of the sovereign which the Treasury have printed off for us—they're just as good as gold—look! the King's head is on all of them." The signature of the banking hierarchy on a contract with the public has exactly the same significance as the signature of a testator on his Will—it carries with it the unwritten reservation: *codicils excepted*.

Notwithstanding this enviable privilege the banks act as if it did not exist, as if they were under the same external compulsion to fulfil contracts as rests upon commercial enterprises. The Malayan banks are a case in point. Their levies on small depositors are largely a publicity stunt designed to deepen the general impression that banking is conducted under the same risks and penalties as are other businesses, and that they stand or fall by the balancing of their earnings with the cost of their service. Any population, faced by the spectacle of the banker holding out a tin mug to collect ten-dollar contributions from small depositors, will naturally become proofed against the suggestion that this gentleman is secreting enormous reserves of the very commodity that he is seeking. Incidentally, of course, there will be a saving of labour due to the fact that a multitude of small accounts will no longer have to be analysed for interest-payment calculations, but under the mechanised accounting system this saving is

negligible. And so, in a relative sense, will be the new service-charges. What the banks are really after is to sell the idea that they are doing people a favour by consenting to mind their money!

Apart from this there will be another advantage from the banks' point of view. The effect of the new rule will be to stimulate small depositors to lock up their spare money in investments. The service-charge is in principle a tax on idle balances. These balances, though small individually, are no doubt considerable in the aggregate, and if the depositors surrender control of their little capitals to escape the tax and receive an income, the banks will have done a nice little stroke of deflation for themselves, unloading securities on the investment market and cancelling the monetary proceeds of the sales, as described by Mr. McKenna. Readers will remember that only a week or two ago we were commenting on what appeared to be the policy of bankers in this country of sponging up all the "free" money they could from the population in order to whittle down their power of political initiative, thus completing a financial blockade of incipient obnoxious credit-reform movements.

The Building Societies Act (S.A.).

The South African Government last year passed The Building Societies Act, which came into force on January 1 this year. The provisions of the Act are explained in a circular issued by the Natal Building Society (Permanent) to its members. Under the Act every Building Society is compelled to register. In order to qualify for a certificate of registration it has to adopt a new code of rules. Under these rules it must put itself on a share-holding basis, only shareholders being recognised as members. The Natal Building Society has been run for half a century on the mutual co-operative system in which investors and borrowers were members, and under the supervision and guardianship of Trustees. The Trustees are to be abolished. In their place comes the Union Treasury acting "on behalf of the Government" and exercising "oversight over the financial activities of the Society."

Societies must issue shares of one or other of the classes to be described, and in denominations ranging from £10 to £50. The classes are (a) Fixed, i.e., Paid-Up Permanent Shares; (b) Ordinary Paid-Up Shares; (c) Subscription or Contributing Shares; (d) Special Shares. The first class carry preferential dividends. They are not repayable except at the Society's option. The other classes are repayable after various periods and participate in dividends. Societies must "invest a portion of their funds in defined and approved stocks." They must not at any time receive more money on deposit than the equivalent of three times their paid-up share-capital. They must hold not less than one-fourth of their deposits (i.e., money received otherwise than for shares) in the form of cash, or an account with a bank, or in certain securities defined by the Act. They must allocate each year 10 per cent. of their net profits to their Reserve Funds.

The Natal Building Society, during its long and successful career, found that 2-2½ per cent. for Reserve was ample cover for its purpose. Its Chairman, at a special General Meeting held on November 15 last, made the following remark:

"By way of illustration in this regard may I say

that at March 31, 1934, the date of the last-issued Balance Sheet and Accounts of the Society, the Reserve Fund is given as £103,271. If we had been governed in the past by the requirements which will be incumbent on us in the future, our Reserve Fund, at the date named, would have been a sum of £494,848—only £5,152 short of half a million pounds."

The Act provides that the allocation of profits to Reserve shall continue until the Reserve reaches a sum equal to, or exceeding, 10 per cent. of a Society's total liabilities both to shareholders and depositors.

The present capital funds of the Natal Building Society are about £5,000,000—all of which has hitherto been held as deposits. Under the Act not less than one-third of this amount must be converted into shares, that is, about £1,700,000, leaving about £3,300,000 to remain as deposits. And on this basis its holding of cash, bank balances, or specified "gilt-edged" securities must be one-quarter of £3,300,000, or about £840,000. The duty of seeing that the provisions of the Act are complied with rests upon the Registrar of Building Societies, who, presumably acts on behalf of the Treasury which, in turn, acts on behalf of the Government, who in their turn have probably endorsed this bankers' ramp with the same irresponsible absentmindedness as did our own House of Commons the meanest regulations.

The shortest period after which any share may be repaid is two years. The paid-up Ordinaries have to be held for five years. The subscription-shares are purchasable by instalments which last in one case for four years, and in another for eight: and none shall be repayable until the last instalment is completed, nor any dividend distributed. In all cases the repayment of share-capital is subject to notice on either side, and there is no indication whether the validity of the notice on the shareholders' side depends on a majority-demand for repayment or whether the option belongs to every shareholder individually. What is certain, however, is that something like £2,500,000 of money will be locked up and immobilised in respect of this Society alone. Students of Social Credit will see that the Building Societies of the Union are being turned into agencies of concealed deflation and buttresses of the Money Monopoly.

No balance sheet is published in the circular, but one can be roughly reconstructed from the figures quoted. **Liabilities** under the new code of rules will be: Share Capital, £1,700 thousand; Deposits, £3,300 thousand; Reserve Fund, £100 thousand; Total, £5,100,000. **Assets**: Mortgagors' borrowings £4,160 thousand; Cash or Gilt-edged reserve (of 25%) against Deposits £840 thousand; Other securities offsetting the General Reserve, £100 thousand; Total, £5,100,000. Accepting these figures as true it will be seen that, as between the old and the new system of working, the liability of the Society to pay out money on demand is reduced from £5,000,000 to £3,300,000 (the liability for the difference, £1,700,000, being deferred for anything from two to five years), while on the other hand the money available for lending on mortgages is reduced from £5,000,000 to £4,160,000 to provide idle liquid cover of £840,000 against the reduced demand-liabilities of £3,300,000. This "Building" Society is in process of transmutation into a savings

bank, as will be seen if the logic of the Government's procedure is pushed to the extreme, for then the Balance Sheet would show as assets: Mortgages, nil; Gilt-edged cover for Share Capital and Deposits, £5,000,000; Other investments covering general Reserve, £100,000; and the Natal Building Society (Permanent) would have become a Natal Investment Trust (Permanent)! The position is further aggravated by the fact that since the maintenance and building up of the general Reserve Fund are now statutory obligations, this "Fund" no longer represents a liability, for the law forbids its distribution to the members to whom it rightfully belongs: it represents a parcel of loot for preferred creditors (bankers for sure) if it should happen that the Society were forced into liquidation. In due course the "Fund" will have grown from £100,000 to £500,000 on the existing £5,000,000 capital-basis: so that the total liquid cover will then amount to (£500,000, plus £840,000, or) £1,340,000, leaving the still further reduced sum of £3,660,000 available for the original purpose of the Society. The lesson of all this seems to be that in the eyes of the inspirers of this Building Society Act the most solvent Building Society is that which does not build houses! Fantastic as this may sound it is in strict tune with high-financial pseudo-scientific philosophy, which holds, for instance, that a country's prosperity depends on its favourable balance of exports, in other words that a people can feed themselves best by emptying their country of everything eatable

Viewing building societies comprehensively, while it is true that when they utilise their members' deposits to assist borrowers to acquire houses they do not thereby help these borrowers to pay back the debt, it is also true that by accumulating reserves in the way above described they contribute to produce secondary consequences which increase the risks of default on the part of borrowers—and not only that, but consequences which impoverish depositors as well and force them to draw out their deposits. If for every £3 put out on mortgage £1 is put into gilt-edged securities (which is the proportion shown in the above figures) the society doing this to that extent undermining its own stability. It is financing to the extent of that £1 economic activities represented by the gilt-edged security: and of these activities it is broadly true to say that they serve the bankers' ends (that is why the securities are gilt-edged; for the bankers can put the gilt edge on anything they like). Among those ends the important one for our present argument is that of cutting down labour-costs in production. By labour-costs is meant earnings of all sorts—wages, salaries, and other personal incomes. And it might easily happen that the £1 put into a gilt-edged investment by a building society turned out of their jobs both the depositor who had lent the £3 to the society and the mortgagor who borrowed the £3. The solvency of any such society obviously depends on the solvency of the borrowers, and it is cutting its own throat by financing gilt-edged activities designed to confiscate their earnings.

It is useless, in a practical sense, to pursue this analysis, because nothing can be done about it. The law is the law, and cannot be disobeyed with impunity. Even so, the reasons for imposing the law are presented with such convincing plausibility that neither the directors nor the members of a building society are likely to object to it. If we were directors of the Natal Building Society, and could persuade the members to back our

action, there is one option which apparently the new law allows, and of which the exercise would give us much malicious satisfaction. It is that of holding cover against deposits in the form of cash. The amount so to be held is about £840,000. Very good; we should demand currency notes to that amount and tell the bank (or some safe-deposit institution) to mind them for us. Naturally the ordinary director or member of the building society would stand aghast at the proposition, for to both it would mean forgoing dividends to the tune of £8,400 for every 1 per cent. payable on some gilt-edged investment. And, of course, that is precisely why the law allows the option. The bankers behind the legislation know very well that the option to hold cash will not be exercised, so they have allowed it to stand, with the advantage to themselves that it helps to deceive the public as to the real intention of the Act, to mislead them into thinking that the intention is simply and solely to protect the interests of the small depositor. The truth is that the Money Monopoly behind this legislation exists on the slaughter of small depositors. The gilt-edged securities in which the Money Monopoly traffics are so called because they are readily marketable; and they are readily marketable because the small man's investment-capital is continually being written down or entirely confiscated.

The Law of Libel.

An interesting leading article on the subject of libel law appeared in *The Listener* of April 10. We quote the following from it:

"The vagueness which to-day has to accompany writing on all sorts of important public questions, lest vested interests concerned should declare themselves libelled, is not in the public interest. Charges made in good faith, where there is no malice, ought not to expose their makers to complete ruin."

The writer refers to an article in the *Political Quarterly* by Mr. D. N. Pritt, K.C., in which he (Mr. Pritt) points out that although the actual reports of the United States Senate Inquiry on Munitions have appeared in the Press of all the other countries chiefly concerned they cannot appear in the Press of this country because of the fear of libel actions. He suggests that damages should be limited to compensation for actual damage suffered, as happens already in slander actions where a man's business and not his personal character is the subject of the slander. He also suggests that the burden of proof should lie more with the plaintiff, who is in a much stronger position for calling witnesses to his acts.

The death of Lord Gladstone, reported in the newspapers on April 29, recalls his attack on Captain Peter Wright in 1927 in respect of the latter's allegation against the late W. E. Gladstone. Since W. E. Gladstone was dead at the time no libel action could be brought against Captain Peter Wright, but Lord Gladstone and his brother took the step of publicly stigmatising him as a deliberate perverter of the truth, thus compelling him to bring an action himself on pain of the social suicide he would commit if he ignored their attack. It will be remembered that he brought the action and lost it.

Whatever the truth may have been the outcome of the action proved nothing—all the relevant evidence one way or the other had evaporated years and years previously. The proper time to have brought the subject into Court was the time when it was being gossiped

about in the clubs of London. Then the inability of the author of the libel to produce evidence would have been sufficient proof that there was no substance in it, provided, of course, that no ground existed for supposing that witnesses were afraid to come forward and testify. Back in the days when Gladstone was flourishing no doubt it would appear to most people that the private life of a public man was his own affair so long as it did not impair his efficiency and integrity as a public servant. At that time, however, nobody suspected that the visible political Ministry was subject to invisible financial supervision and control. Nor was there any reason why such a suspicion could have arisen, for Ministers in those days did of their own accord such things as suited the policy of the Money Power; so that no occasion could arise for interference by the City. It is only during the last decade that the Money Power has seen fit to threaten such things as "destroying the fabric" of Government finance by "withholding ways and means advances." And that is, of course, because new possibilities for Governmental action have become known through the dissemination of Social Credit teaching. In this situation it makes all the difference how a Minister of the Crown conducts his private affairs. If his political discretion can be fettered by his private indiscretion he can easily be driven into ignoring reforms of urgent public interest even against his private judgment. And if to-day, any such gossip were floating about regarding a contemporary Minister as did float about regarding Gladstone when he was a Minister, it would be a matter of public duty for someone to have the allegation probed and settled one way or the other. Whether he would succeed is another story—and one which is more applicable to a useful discussion of the libel laws; for the crucial point is not so much how they work when invoked as who can invoke them, or prevent their invocation.

Forthcoming Meetings.

Green Shirt Movement for Social Credit.

Wednesday, May 1.—Lecture by Frank Griffiths, General Secretary of the Green Shirt Movement, at National Headquarters, 44, Little Britain, E.C.1., at 8 p.m. "Three Blind Mice—Hisclett, Lewis, and Cole." (An Examination of recent criticisms of Social Credit by Socialists.)

Wednesday, May 8.—Lecture by John Hargrave, National Leader and Founder of the Green Shirts, at National Headquarters, 44, Little Britain, E.C.1., at 8 p.m. "Social Credit and the Magic of Numbers."

London Social Credit Club,

Blewcoat Room, Caxton-street, S.W.

May 3rd, 7.45 p.m.—Question and Answer Night.

May 10th, 7.45 p.m.—"The Challenge of Social Credit to Modern Woman," by Lady Clare Annesley.

May 17th, 7.45 p.m.—"What Shall I Do?" by Mr. Ewart Purves.

May 24th, 7.45 p.m.—"The Situation in Australia and New Zealand," by Rev. Kenneth Saunders.

May 31st, 7.45 p.m.—"A Simple Outline of Douglas Social Credit," by Mr. R. S. J. Rands.

April Anniversaries.

1934, April 26.—"The New English Weekly" publishes cable from C. H. Douglas (then on Australian tour) on the occasion of its second birthday.

The cable reads: "Congratulations to you. The 'Argosy' is returning home and fortunately not empty.—Douglas."

1932, April 28.—Douglas's address at Aberdeen.

Last recorded important speech in which political pressure through the ballot box was dismissed as futile.

Retiring Free Credit.

I.

A correspondent writes to ask what would happen supposing the National Dividend were paid to private individuals in the form of warrants cashable at the Post Office like Old Age Pensions, and supposing that the banks advanced the credit to cover their amount, and were repaid by the National Credit Authority in the form of new currency notes. He suggests that this would lead to an accumulation of currency in the country reaching an astronomical amount, unless some special provision for cancelling the notes were incorporated in the scheme. He seems to agree that the money would be retired from the public in the process of selling consumable goods, and that therefore the accumulation would be technically innocuous, but fears that the banks, by getting possession of such a huge amount of currency, would misuse the purchasing-power inherent in it to pursue anti-public ends unless they were prevented from doing so by some cancellation-regulation imposed by the Government.

This is an unnecessarily complicated form of question, because it crosses two frames of reference—the technical and the political—in such a way as to suggest that under Social Credit economic initiative can be shared by the banks on the one hand and the people on the other, resulting in a clash of cross-purposes; also that (on the technical side) the use of credit will be superseded by the use of legal-tender currency.

Under Social Credit the initiative starts at the consumers' end of the economic system. It is the money spent in the shops (earnings supplemented by the Dividend) which decides the nature and size of industrial manufacturing programmes. Purchasing-power exerted by the consumer is parallel to voting-power exerted by the elector: the retailer's cash-register is the ballot-box, and the respective rates at which he disposes of various lines of goods decide which production-programmes are popular and worth pursuing, and which are not. That is how Economic Democracy will work, and its superiority over Political Democracy as it works at present is manifest in the fact that whereas people vote for political programmes which they do not understand or want, and then have to put up with during the lifetime of a given Administration, nobody with money in his pocket will buy anything unless he wants it and understands why he wants it; and even in the conceivable case that he gets a raw deal in one week he will get his own back on the dealer in the next week. Under Economic Democracy industry submits to a General Election every week, and the Returning Officers in the retail shops supply the manufacturing directorates with convincing evidence of what the shoppers' mandate is and what will be the result of ignoring it.

Thus industrial policy is constantly hitched by a short tether to public needs and tastes. From this it follows that industrial borrowings from the banks will be entered into solely with the object of meeting those needs and tastes. No public demand at the shops, no borrowing at the banks. The late Dr. Walter Leaf used to attempt to rebut the proposition that "banks create credit" by insisting that it was the borrower who did so; and he was quite right in the practical sense that unless someone is willing to borrow credit the banks do not create credit. He glossed over the fact that the willingness of the would-be borrower did not necessarily result in the provision of the required accommodation, and thus evaded the real point that bank-credit was

loaned or not at the discretion of the banker; but that is another story. What is pertinent here is that banks can only lend to willing borrowers, and that nobody is going to borrow unless he sees a way of getting a profit out of his business. Under Social Credit his profit will depend on his studying the shoppers' wayward fancies, not the bankers' moral philosophy.

So assuming for the sake of argument that it were possible for the banks to accumulate currency-note reserves of astronomical dimensions, that would not add to their power in the slightest. They would have only the power to refuse loans: they could not force anyone to borrow. They could (in theory) resolve themselves into an industrial directorate and go into business on their own account with credit created by themselves as bankers and borrowed by themselves as industrialists; but this wouldn't remove the snag that the shopping public would retain the power to bankrupt their enterprise by boycotting it, which they certainly would do if such enterprise was entered into for "anti-public ends."

(To be continued.)

The Point of the Pen.

By R. Laugier.

No. XXIX.—REALISM AND THE THEATRE.

What is wanted in our modern Theatre is joy: this statement, a truism to authentic artists, will be too simple for the pundits; and, as for our audiences, they have forgotten what joy means. Thus the poet can find no place in the Theatre; for the poet is a child who looks upon the Theatre as a playground of make-belief and naive pleasure.

The Puritan has to be lured to the Theatre by moral preaching—that is by his conception of morality: but the Puritan's morality is outworn and static, and consequently is of no interest to the artist. The Puritan likes a "problem play"; but the modern problem is fundamentally one of joyless living. Will you best solve this problem by dissecting misery, or recreating joy? One great problem of the Theatre is how to get people into the Theatre.

The business-man wants his entertainment, his "dinner and theatre." Dull minds crave for excitement; but the others, a tiny minority, desire beauty: the two things are interecine. And the "worker" has said in his heart, "There is no God, no ecstasy, only the possibility of a living wage." Fortunately, man as a drudge is destroyed, if only by the blind workings of the machinery man has invented. Nevertheless, this same machinery can for a time work against the poet by producing precarious living. As Wilde said, "There is something tragic in the fact that as soon as man had invented a machine to do his work he began to starve." A living Theatre will not be produced by slaves. These dull termites affirm that their life is too depressing for them to wish to see a tragedy; which only means that there is something horribly wrong with their drama and their life. Great tragedy is not produced now, but better the catharsis of make-belief death in the Theatre than the real death of "cannon-fodder" in a trench.

So the Theatre is attacked on all sides and by all classes. There is no aristocracy to preserve fastidious art; there is only a "survival" of pawnbroker's pimps and their women, and these prefer the "pictures." The Puritan would sentimentalise the drama by using it as a mere vehicle for preaching. The fatigued business-man and his worn-out slave desire that faint titillation

of jaded senses and concupiscence which they call "entertainment." The art of the Theatre is attacked by the manager who gambles in rents and professes to "give the public what it wants"; and by producers and directors who would show off their cleverness by means of staircases, lighting effects, revolving stages, and "blackouts." Or by interpretative artistes, who are 90 per cent. exhibitionists, concerned to show their public a handsome profile or a pleasing décolleté. Incidentally, the position of the so-called "producer" in the Theatre is analogous to that of a so-called dictator in an unhappy country; both have arrived at eminence, more through the weakness and ignorance of those around them than through any virtues which they themselves possess. Wise dramatists produce their own plays, but often at the cost of time which could be more profitably spent.

Machinery and mechanical progress can help the dramatist far less than most people imagine. It is the chief preoccupation of the poet to reveal the human heart, and mechanical devices assist him little. The revolving stage, for example, was invented by the Japanese in 1760, and used effectively in their popular theatre: it is of small use to Western theatrical art. It is more a danger than a help. Wiser generations in Europe rejected the revolving stage of Japan, as they rejected the "gang-plank" and actors' entrances through the auditorium. It is original poetic conception that counts in the Theatre, as in all art; and if this conception is poor or ignoble no amount of massed costumes, lighting, and mechanical effects can transmute your lead into gold. (Verb sap to the cinema industry.)

Yet there is nothing inherently wrong in "realism" or mechanical devices in themselves: these things, controlled by artists, will be excellent. But in a bitterly anti-cultural age such as our own, an age despising and fearing art and artists, the elaboration of mechanical and "realistic" effects will be used to destroy or impair the creations of poets. Faithful reporting and exploitation of "experience" is considered "truer" than work of poetic imagination. Here is the danger. The crudity of Elizabethan theatrical production is much exaggerated by the ignorant. As a fact contemporary aristocrats and towns frequently ruined themselves in a costly search after realistic stage effects. But it was on the whole a comparatively joyous period, favourable to artists, and their "realism" seldom went astray.

Forms of "realism" or naturalness begin in the Theatre as novelties, and novelties stimulate the mind. But realistic novelty has ever a tendency to drift towards convention, with the force of mental inertia. Only new, living art can fight the dead forms. Thus Antoine taught his actors to drop "ranting" and declaiming, and to speak their lines "naturally"—with their backs and to the audience, and so on. This was good. But it happened inevitably that from the extreme of ranting, the actor fell into the opposite error of mumbling, as in "real life." And so actors must learn anew how to enunciate their lines, especially verse. Art is not nature; on the contrary it is a grim fight with nature.

Once an actor would play the part of a pick-pocket one night and a bishop the next: then, with our clever "producer" controlling things, an actor who "looked like a bishop" played episcopal rôles all his days. Acting becomes very "natural," and we have no great actors. No longer do audiences remain in the theatre

for an hour, two hours, after the performance is finished, calling upon an actor to come out and address them.

We have a morbid obsession of trade interests, and our corrupt, dreary, incompetent journalism, which fears and excludes artists and even competent, distinguishable writers. Criticism suffers by this journalism as Henry James foresaw would be the case. The gossip writer and mere ignorant bluff are sent to "cover" a first night, and they must write their notice immediately, even though trade exigencies do not permit of their remaining to see the last act. Those few intellectual and literary critics left to us demand from the Theatre a literary and intellectual appeal. They examine the "intellectual content" of a play, and they are not aware that it is the *emotional* revelations of character which are of primary importance. Often such critics discuss the "ideas" that the dramatist had in his mind; and so these critics' reviews are frequently ludicrously like those papers of schoolboys who have been put to the task of rewriting Shakespearean passages "in their own words." The dramatist competes with doctor, lawyer, priest, and sociologist by virtue of poetic insight and not by means of acquired experience and philosophical ideas. According to the degree in which a critic insists upon an intellectual appeal in the Theatre, to that degree will he be alien, and an enemy to the Theatre. Ibsen and Shaw, puritans and intellectuals, attack the Theatre in the theatre, and would drive out devils with the aid of Beelzebub. A clever dramatist who hates the Theatre is a menace to the best things in the Theatre. Intellectuality, like virtuosity, should be taken for granted in the arts; to stress these things is to condemn the artist.

Those who produced our Elizabethan drama used realism to the limit, when it was possible; but they could be very simple. They might say to an audience, "This side of the cart is the Forest of Arden." And their audience replied cheerfully, "Of course it is Arden—carry on." Which helped quite a lot. But, as the English become "practical" and "sophisticated," the forest must look more and more like "real trees." With the advent of the films the story is shot in the actual Forest of Arden and "realism" is triumphant. But the audiences' imagination, which has gradually wilted as the forest becomes more "real," finally curls up and dies.

So now, when the artist-child says to his audience, "Let's pretend," the audience answers, "We won't"; or, what is more grievous, "We can't!" And the intellectual critic says to the artist, "Precisely what significance do you attach to the word pretence? Aristotle held . . ." And the poor artist flees in dismay, or dissipates creative energy in vain polemics.

The problem of how far realism should be carried in the Theatre may be a producer's problem; but, since the drama is collaboration, it is also everyone's problem. Photographic reporting in the Theatre aids the cinema industry, not the art of the Theatre. Upon this handling of "realism" depends the imaginative response of audiences and upon that response hangs all dramatic art.

Except ye become as a little child ye shall in no wise enter the Kingdom of the Theatre. The Theatre is not a place of mere entertainment for the blasé; nor is it a lecture-room where intellectuals shall agonise over problems. The Theatre mirrors a world of wired puppets and make-belief, a land of dolls and innocent pretence. In the Theatre the naïve soul of the artist discovers a home,

and here his dreams of love, life, and death may find expression.

Tears may fall, but they sparkle in the limelight; the dead may walk, and rouse only mimic terror. We are only playing, only dressing up, only disarming, even if we reveal, the real horrors of actual existence.

So when Puritan business-man, worker, and journalistic critic come, they creep like serpents into this blessed Eden. By eating of the fruit which grows upon the Tree of such people's wisdom the poet may gain knowledge of a sort, and perhaps wealth: but he will be expelled from Paradise.

And the audiences: they, too, are artists and children, once they are seated in a living Theatre. Let them learn how to find joy once again. We must never question or explain our happiness, for we shall only explain it away.

Sermons in Stones.

In the sweat of thy face shalt thou eat bread, till thou return unto the ground; for out of it wast thou taken: for dust thou art, and unto dust shalt thou return.—Gen., Cap. 3.

For even when we were with you, this we commanded you, that if any would not work, neither should he eat. For we hear that there are some which walk among you disorderly, working not at all, but are busybodies.—11. Thessalonians, Cap. 3.

There has been some controversy how to square the desire for leisure with Paul's injunction quoted above. For one thing food cannot be gained without considerable work and for another should our currency or foreign exchange become worthless in the eyes of nations and dominions overseas then the boasted plenty would become famine in this country in three weeks. We must understand, too, that fast and loose has already been played with values. Professor Robbins is advocating more experiments in Lloyd's Bank Review, all at the expense or ruin of British agriculture. Before the war there were for generations three constants: the pound sterling, a sack of wheat, and a man's wages; nowadays, the sack of wheat is halved in price, while the man's wages have been doubled, he is no better off in pocket, he is now listless and is losing interest in his work. The art of government has been lost, for, next his food, a man must have two things: one is Hope and the other is a Hero, someone to look up to who may be the man's own wife. Talking to an old farm labourer the other day on this subject he said he could remember his father saying, "I wonder what's matter with master, he ain't been to see I to-day." The old chap was genuinely grieved, his Hero had not appeared to excite that feeling of respect without which life became a blank. You cannot get away from it, even the slave returns to his master as we have lately seen. And as regards Hope, that, too, is almost in the same category, that is why Roosevelt, Mussolini, and Hitler will all go down to history as great men, their subjects will endure all kinds of regimentation, discipline and even a minimum supply of consumption goods as long as there is Hope. We, in this movement, long for the National Dividend, but the real spiritual or psychological attribute to be carefully guarded is that there will be more to come, and this delightful tension should last for ever.

St. Paul, of course, was an artist, he was Virgilian, nearer by long strides to nature than any town worker of to-day can ever hope to be. Notice his use of the words would and should, not to be confounded with the Frenchman's "I will be drowned and nobody shall save me."

Paul wrote to his followers, a minority in their land, and persecuted, he gave them an "example" in his own person by working for his food himself, thus enjoining self-respect as a means to gain even respect of enemies. If anyone knows a better way I shall be glad to hear it. The first people to write and speak real nonsense about land were the Socialists—all town dwellers—and, we are continuing the same nonsense; with subsidies, quotas, marketing schemes and the rest. Work on English farms is forty years in arrear and we cannot produce food by looking at the land or by reading about it. Where is the next generation of ploughmen coming from, why must wheat be hand hoed and why does poverty start in the stable? Answers cannot be found in the books. "For out of it wast thou taken," the answer can be heard at the shrine of the Earth Goddess.

Let us get this last business clear if we can. Taking token figures which may or may not be properly representative; a farm under grass will feed 100 people and employ one man. Put that under the plough and it feeds 200 people and employs four men. Mixed arable and pasture, it feeds 300 people and employs six men. Now which will you have? In the best farming on a seven years' rotation, with temporary leys, we obtain the best results. If we are to procure the best from the Earth Mother let us join the village pageant of Harvest Home and celebrate the occasion with a feast and small beer. If so, then there is endless work for all of us, our Earth Goddess from whom we have all sprung wants her hair combed, her teeth scrubbed, the drains of her temple cleaned and repaired so as to ensure there is no stagnant water, but always a fresh supply even in a drought, she requires fresh air let into her innermost chambers, she has to be clothed and fed, and lastly, when she has rewarded us with her wondrous bounty, the ploughman talks to his horse in the furrow and the Earth Mother is given a little sleep under that bordered coverlet that we call a fallow.

The farmer, and in front of all others the British farmer, is the one man who produces something out of nothing. A man with an overcoat factory imagines he is a producer, he obtains cloth from the mill, cuts it up and joins it into overcoats. Unpick those overcoats and join the pieces up again to make lengths of cloth, the producer has not as much cloth as he started with. Even that cloth had to be made from wool that the farmer produced where there was none before. Now contrast all this with our farmer who goes into his field with a measure of cabbage seed and when he has finished his task he comes off that field with two measures of cabbage seed. Even that is not all, the inhabitants for miles round have been supplied with cabbages to eat with their dinners.

It is to be hoped I have made converts to the distinctly poetic idea of service to Mother Earth. Is it desirable to work our fair land with the minimum of labour, with machines, and only obtaining moderate results, or is there not a deeper meaning, something in the realm of art that prompts us to think there is a subtle satisfaction in obtaining the most and the best the soil can give us? There is no half-way house on this journey—it must be held right to the end. A rich field of grass cannot be mowed by machine, and no machine built but will jump the swath. If our land is to be fully worked it will have to be with men and horses, plenty of hard labour, and with many men. If any would not work neither should he eat, and the true test would not work neither should he eat, and the true test of Government is whether that work put in is a pleasure and a satisfaction of having produced by work—and

real work is creative—something for the people to eat, not in meagre quantities, but in rich abundance. The worst a dishonest Government can do is to destroy the interest and the unspeakable pleasure in producing something out of nothing which leaves the Earth Mother richer than she was before. V.I. 90.

Velocity of Circulation.

Modern money has two definite and distinct functions. It acts both as a means of distribution and as a medium of exchange. When acting as a medium of distribution money cannot have a velocity of more than unity; but when acting as a medium of exchange it can have a velocity of any number.

Money reaches individuals via the productive system in the form of wages and salaries, etc. It is taken from them in the form of prices. As it is being released from the productive system, it builds up costs; and when it is taken back into the productive system in exchange for ultimate products, it defrays costs. The question whether money had its origin in a bank loan or in a capital account is of no importance to the present consideration. (In this I disagree with Mr. Joseph's description of loan costs and free costs.) No matter whether money originated in a bank loan or in a capital account, there is a debt (a cost) attached to it, and the debt (cost) will remain until the equivalent amount of money is withdrawn from the public in the form of a price.

Money is therefore only free to circulate until it meets a cost. While it is free it can act as a medium of exchange for any number of transactions among members of the public, that is to say, it can have any velocity its possessors like to impart to it, so long as it is only exchanged for articles which are already owned by one of the parties to the exchange. In other words, money can act as the medium of exchange to an unlimited extent, where no costs (debts) are involved; but as soon as money makes a purchase, as soon as it buys an article with a cost attached to it, the circulation comes to an end. The money then starts its journey, via a chain of costs, back to the place from whence it started, until either it repays a bank loan, or returns to some capital account in order to take part in another cycle of production.

Free money under this definition can play no part in trade or industry, but it can facilitate the exchange of private possessions between private individuals. It can also buy the services of individuals, such as those of a doctor, a gardener, or a domestic servant. The buyer of these services parts with his purchasing power, which becomes the purchasing power of the doctor, gardener, or maid. Its velocity may be said to have increased, but its ability to defray an industrial cost remains the same.

It will be seen therefore that as far as industrial costs are concerned the velocity of circulation of money cannot be more than unity. It may, however, be less, for money may disappear from circulation without discharging any costs. This occurs when money is withdrawn from the public for the purpose of making an internal (a B) payment. In such circumstances the public have parted with their money, but the cost, instead of being discharged, has only been transferred from one stage of industry to another.

A given amount of money cannot defray more than an equal amount of costs; but the whole of industry may be regarded as conspiring to induce or compel members of the public to part with their money without discharging even an equivalent amount of costs; and, incidentally, without delivering to the public an equivalent amount of goods. E. W. H.

The Social Credit Movement Reports.

Major Douglas is now in Canada where he is to study how Social Credit could be introduced and administered in the Province of Alberta conformably with existing constitutional law, or, alternatively what changes in constitutional law are necessary for that purpose. This is his first visit as technical adviser to the Albertan Government since his appointment. The population of Alberta is about 500,000.

The New Economics (Melbourne) of March 15 publishes tributes to the late editor of that journal from several correspondents, who variously express the hope that his retirement will not be permanent, and the determination that in any case the journal shall be maintained in existence. In this issue the following articles are reproduced, with acknowledgements, from THE NEW AGE: "The True Cost of Living" (editorial), "The Plain Man's Case for the National Dividend" (Lt.-Commander A. S. Elwell Sutton). The first-named article is the one which *The Bank Officer* (London) reproduced soon after publication, and reference is made to this fact in an editorial preface. Additionally an article entitled "Intuitive Commonsense of the Masses," by John Hargrave is reproduced from *New Democracy* (U.S.A.), and one entitled "Money Magic" by Neil Montgomery from *Purpose* (London). Mr. W. H. Rhys, the Leader of the Green Shirt Movement (Queensland) describes a visit to his home by two officials of the Criminal Investigation Department who had been instructed to inquire into the objects and methods of that Movement.

The New Era (Sydney) of March 7 contains an interesting account of the work of Father Coughlin in Detroit who was a pioneer in using the wireless to disseminate his religious teaching. In April, 1934, he began to advocate Social Credit, and this subject is now a regular feature of his broadcasts. He is said to receive as many as 10,000 letters a day, and sufficient cash to pay easily the cost of hiring broadcast stations. Lately R N Y Los Angeles has been re-broadcasting his addresses (the wave-length is 285.5 and power 25,000 watts. Time—2 p.m. Pacific time, Sundays). *The New Era* also publishes an account of the visit of the Green Shirts to Mr. Lloyd George's "New Deal" meeting at Bangor on January 17.

LETTER TO THE EDITOR.

Jews and Finance.

Sir,—From Mr. McNab's letter in your issue of April 18, it appears that it is Fascist policy to control our Money Lords and our banks. Yet he has little to say against either. The villains are the Jewish international usurers.

The Bank of England lent £4,000,000 to Austria a couple of years ago. It then foisted the loan on the British taxpayer. Being the supreme finance authority any international usury must take place with its consent, connivance or encouragement.

The Big Five are not responsible for international usury, says Mr. McNab. True; they are good hands at the game, nevertheless. They have, between them, locked up on deposit in Germany, lured there by high rates, a big sum, bigger probably than all the money the Jewish merchant bankers could muster out of their own resources. They hold masses of foreign securities.

When Rothschild is allowed by the Bank of England to do one of his jobs of receiving subscriptions for foreign loans on commission (at present he is not being allowed, so that's

that), the Big Five take a nice packet. They have branches, agents, correspondents, in every part of the world. They finance directly a very large part of our international trade, even the transit of the sweated goods of the East, exacting "usury" in the process, and indirectly by advancing money to the London finance houses at the same game. The acceptances and bills discounted for the ten London clearing banks (not one Jewish) totalled £326,000,000 in January, 1932, the only figures I have by me at the moment.

Mr. McNab names five Jewish (apparently) merchant bankers and bullion brokers who are guilty of international usury, although a German name does not make a Jew, not even Niemayer. He does not mention the Gentiles Hambro; Brown, Shipley; Baring Brothers; Morgan, Grenfell; Roger Cunliffe; Sharpe and Wilkins, etc., why? Hambro and Grenfell, by the way, are directors of the Bank. Norman comes from Brown, Shipley.

Mr. McNab's knowledge of our financial mechanism appears faulty. The five firms (three Jewish, two non) who "fix" the price of gold are agents for the world's gold. They get what price they can. It depends on the exchanges. The exchanges depend on what the Bank of England is doing or is refraining from doing. At present the Bank is "manipulating" the exchange through the Exchange Equalisation Fund. It could send the pound slithering down to nothing, as the German Reichsbank did to the mark. All the Jews in England could not do that. All the Jews in the world could not stop it. The bullion brokers have nothing to do with it. Mr. McNab should consult a work on the London Money Market or the Foreign Exchanges, or study the market. Why does Mr. McNab ask me to investigate the ownership of the Bombay cotton mills? Why not the ownership of other Indian mills; Chinese mills, Japanese mills? Japan has 9,530 spindles to India's 9,613, and they are owned by Japs, financed by Jap bankers, subsidised by the Japanese Government. Why does he choose cotton? Is it because the life of western civilisation hangs by a thread? Is not thread also made of rayon, the enormous development of which in Japan is causing anxiety to European producers?

Apart from the representatives of the Big Five, the chief banking house in Calcutta and Karachi is the Imperial Bank of India (170 branches), connected with the Indian Government, with deposits greater than those of all other Indian joint-stock banks put together. In Hong Kong, Shanghai, Hankow, the chief banking house is the Hong Kong and Shanghai Banking Corporation (forty-two branches). They are both non-Jewish. P. MAMLOCK.

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