

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### The Buck and the Bonus.

So the U.S. Soldiers' Bonus has gone west once more. The manner in which it was put to sleep recalls yet again the classic boast of Mr. Benjamin Anderson some years ago about the passing of the buck. It will be remembered that he elaborated it by stating that at times measures were passed by the lower legislature in the knowledge that they would be thrown out by the upper legislature. The beauty of this arrangement was (though he did not say so) that politicians who could be thrown out by the electors were (as they still are) able to pledge themselves to all sorts of objects which hit the popular fancy or win the public conscience without incurring odium and penalties when those objects are not attained.

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It may be unfair to suggest that on this occasion the members of the lower house voted for the bonus in the hope or with the foreknowledge that it would be rejected upstairs. There seems to be sufficient evidence for the conclusion that most of them, if not all, were stampeded by the exuberance of their imaginative benevolence, and the impressive dimensions of the intended benefaction, into rushing the measure into the Senate with the impetus of a huge majority. Yet, allowing full weight to this probability, it remains open to question whether, if the financial interests behind the scenes had had reason to fear that the Senate would be unable to withstand its momentum, there would not have been a greater display of what are called "moderating counsels" in the lower house. The Senate, it is true, had all the appearance of wobbling under the impact, but, though an actual majority slipped over the cliff-edge of inflationary extravagance, they had been roped to a heavy-weight minority who had cut foot-holds for themselves and were able to support the jerk. Owing to the two-thirds-majority clause in the mountaineering

code, each Senator on the cliff could support the weight of (up to) two over the cliff; and, since less than this proportion fell over, the remainder stuck fast, the rope held, and the whole expedition was saved. Or, as the London Press put it, "Roosevelt" has been "Saved." In a figurative sense a versifier might allusively hint at the process in the lines—

Will ye no save the President  
Ben Anderson, my Bo?

Well, time must now show whether there is enough decision, perseverance, and ingenuity down below to join the issue again with the powers above. The difficulty besetting proponents of the measure is that it costs many times the energy to renew the attack that is required to defeat it, which is the same as saying that preparations to meet the attack can be completed in a fraction of the time needed to deliver it. Hope deferred weakens the resolution—and all the more effectively when, ranged against the exhaustible purses of those who hope stand the inexhaustible purses of those who would frustrate the hope.

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We are far from preaching that this disparity between the financial resources of the respective sides, and the tactical resourcefulness made possible by these resources, need necessarily and finally settle the issue. "Justice, with courage, is a thousand men." But a check to the courage sets up a challenge to the justice. It lays upon the leaders of the attack the task of reviving the courage. The essence of the task lies in renewing the conviction of the justice which first animated the courage. Now, in political struggles affecting the economic well-being of men that thing which we call justice is an abstraction or a policy according to whether means of implementing it exist, are understood and are feasible. If there be no "how" there is no "what" except in the arid region of speculative contemplation. So the courage based on the "what" must inevitably, when successfully obstructed, be driven back for renewal on the basis of the "how." If there

be no such basis, or if it be not understood, conviction wavers. And conviction is the life-blood of courage.

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President Roosevelt has opened up this fundamental aspect of the issue. When pronouncing his veto on the Bonus Bill he was careful not to impugn the "what," and confined himself to the declaration that there was no "how" that would achieve the "what." And he spoke true words within the given field of survey because nothing has been put forward by advocates of the Bonus that guarantees its effectiveness. As a matter of fact these advocates have been proposing, not a "what" implemented by a "how," but a "how" identified with a "what." "Give the soldiers the bonus," they clamour. They may call this a "what," but it is an interim "what" which becomes a "how"—and the "what" which would really be implemented by this "what-how" policy of theirs would be the dilution of the purchasing power of every dollar in the United States. President Roosevelt did not put it explicitly like this, but he did hint at it (probably without knowing it) when he suggested that the well-being of the soldiers was ultimately dependent on the well-being of the community generally. Unless or until measures for regulating prices accompany measures for distributing bonuses in money the beneficiaries of the money will be those who make prices against those who have to pay them. That is the immediate consequence. The next consequence will be the investment of excess profits; and the final consequence will be the unloading of new Government investment-securities on the profiteers by the bankers who will have advanced the bonus-money, and who will now collect the money back as proceeds of sales, and retire it from circulation. Under the present unregulated price-system it necessarily happens that new money in the hands of the community creates new debts against them without securing for them any extra goods.

#### War Risks.

Lord Hewart at Radcliffe last week, when he opened a Territorial drill-hall, declared that if another war came men would think only of the "nobleness of dying" and not at all about the "wickedness of killing." That is true enough. The Press, Wireless, Platforms and Pulpits would do nothing else but extol this "nobleness"; the Government would thrust it upon every citizen of fighting age; and these various forms of exhortation and compulsion would be defended on the old, old ground that the country was resisting foreign aggression. No Government ever breaks the peace—it is invariably the innocent victim of the fracture! No Government at war is attacking liberties or stealing property—it is defending both against tyrants and robbers! To kill those who themselves would kill is justifiable homicide even under civil law: how much more so under martial law.

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And in another war a new factor is promised us which will heighten the sense of nobility that will animate the dying soldier. It is that—in this country at any rate—the Government will sternly put down attempts to make profits on munitions, etc. Lord Londonderry has said so, and his Under-Secretary, Sir Philip Sassoon has also said so. Doubtless it would be a beautiful thought to the expiring warrior that no-one had made any money out of his sacrifice. Whether his consolation would be deepened by the knowledge that someone had destroyed

the money which financed the sacrifice would be a matter of how much he happened to know about money at the time. If he knew nothing, then it is probable that the idea of money passing out of existence in company with his own passage out of this life would heighten his bliss. In this reflection lies a considerable and patriotic argument for not telling the potential soldier anything about financial policy and technique. Why prepare a harvest of sadness for his last moments?—not to speak of weakening his hold on the idea that war is an act of God.

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Lord Hewart slips up in his logic. After declaring correctly how people will feel about war if it comes, he asked his audience to conclude that it was therefore "idle" to tell people not to feel that way about it now. If he had premised the absolute inevitability of war he would have been entitled to his point. But since he did not he was virtually affirming the powerlessness of moral suasion to alter an alterable course of events, and inviting the conclusion that there was no choice between a fatalistic acceptance of those events and a seditious resistance to them. It was like saying that because Philip, when drunk, would be an unreasoning animal, it is no use bringing this truth to the attention of Philip when sober. In matters of politics, the abandonment of peaceful persuasion is the abandonment of Democracy. This was illustrated by the militant pacifists some time ago when they got Lord Ponsonby and Professor Einstein to sponsor a policy of direct action by trade-union workers calculated to obstruct munition-making and recruiting on the outbreak of another war. If we remember rightly both these leaders justified their attitude on the ground, now chosen by Lord Hewart, that the war-spirit would capture the majority, and that the peace-spirit would be ineffective unless implemented by the physical resistance of the minority. They soon came to realise, however, that such implementation would itself be ineffective, because the War Government would command an overwhelming preponderance of physical force and would use it without compunction in the name of the majority.

In general, Lord Hewart's advice was sound. That is to say it will bear the interpretation that it is futile to try to prevent war merely by attacking its morality. And he would have won the assent of all readers of this journal if he had declared that war is inevitable unless pacifists can successfully establish the fact that war is unnecessary as well as immoral. It happens, opportunely enough, that Lord Hewart himself provided material for this lesson by his writing of *The New Despotism* coupled with his subsequent behaviour when he and his fellow-judges got caught in its mechanism. In the book he proved conclusively that the liberty of the subject was being filched away by the usurpation of the juridical functions by Departmental officials. The enemy of liberty was the bureaucrat, in a parallel sense to that in which it is popularly believed that the enemy of peace is the militarist. Both are agents of policies which are immoral in purpose and practice. Both make illicit use of the forces of compulsion. Thus Lord Hewart was occupying the same ground of attack as do now the pacifists whom he is calling to order for wasting their time. He was preaching the wickedness of the New Despotism. Well, that was six years ago, and during this interval its agents have been digging themselves down deeper in their bolt-holes; and to all appearance Lord Hewart's efforts to arrest that process

have been waste of time. It is true that on more than one occasion he, and some of his judicial colleagues, have made dramatic protests and gestures in defence of their prerogatives; but disinterested as their motives were, the issues on which they took this action left the public uninterested, because unenlightened as to the practical implications for themselves in the principle of the Independence of His Majesty's Judges. It was what the Irishman would call "a private row." No attempt was made to open out the issue in such wise as to enable the public to see where they came into the story and what part they might play in it. The protesting judges hid their light under a bushel, a practice which is most commendable when you are doing good by stealth, but not when the stealth prevents greater good being done through the force of your example. When the bureaucrats, at the times in question, tried on their new ramps—or the old ones in new directions—resistance to them ought to have been publicly based on the wide factual material and conclusions provided in Lord Hewart's book. No stone should have been left unturned which could be picked up by anybody whose victimisation by Departmentalism had been explained in that work.

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Why was the conflict localised? The general reason is that other parties than the Bureaucrats on the one hand and the Judges on the other were intent on localising it. The explanation lies in what we wrote in these pages when *The New Despotism* was published in 1929. We showed that the bureaucrat had a defence to Lord Hewart's indictment. We showed that the nature of that defence was such that the bureaucrat couldn't use it without turning King's evidence against the banking oligarchy. The defence was (and is) that the bureaucrat does what he does because he is set to attain a given result within a given time-limit. The result and the time-limit are chosen and imposed by the banking oligarchy. The banking oligarchy are represented in the Governmental System by the Treasury. The Treasury appoints the Chancellor of the Exchequer. The Chancellor holds in trust the power of veto over the Cabinet's policies. He exercises the power in such wise as to ensure that the Cabinet's policies shall subserve the Treasury's policy. The Treasury's policy is predominantly financial and technical. It is concerned with deciding the terms on which the Government may borrow, spend and recover money; and the times when it shall perform these three respective operations. These terms and times constitute the core of a super-legislative code of law. This code is beyond the power of the Legislature to vary by its own will and act. Hence all Parliamentary legislation is so drafted, in intention, as to exclude the possibility of its being interpreted by the Courts in a sense conflicting with the requirements of the "Treasury Code." But even the best of intentions pave the road to litigation: not all the wit of the most expert draughtsman can foresee all the combinations of circumstance which may provoke storms of aggrivement on the restless sea of humanity, and open seams in the legislative vessel. Hence the "New Draughtsmanship" of the "New Despotism," which consists in tacking on to a legislative measure (or insinuating into it) clauses which have the same effect as the letters "E. and O. E." on commercial documents—"Errors and Omissions Excepted." These clauses empower the Departmental officials to remedy "defects" in these measures—that is to alter the

law as they go along. These "defects" may be defined as ambiguities which are found to bear legal interpretations favourable to citizens aggrieved by a measure, and which, if so interpreted and acted upon, would throw out the Treasury's calculations on which the terms and the times of its monetary code had been established. Again, even supposing that a legal interpretation coincided with the Treasury's intention upon a test in Court, the leisurely thoroughness of legal procedure—the eternal vigilance which is the price of liberty—could throw out the Treasury's timing calculations. And so it comes about that the Treasury, from its own point of view, is under the necessity of administering its financial code through a bureaucratic judicature of its own exclusive appointing, its own exclusive training, and its own exclusive direction. The Treasury thus constitutes itself the Bench—and there is realistic significance in the fact that the seats in the House of Commons which are privileged to support the pompous posteriors of His Majesty's Ministers and Advisers should be known as the Treasury Benches. It would be an appropriate extension of the symbolism of this nomenclature if a *Treasury Grille* were to be erected in front of the aforesaid Benches so as to impress upon private members of all parties that when they get inside the precincts of the House they arrive outside the counter of a Bank. Among other effects it would prompt in back-benchers the reflection that the difficulty of catching Mr. Speaker's eye in critical debates matches that of pulling down the Banker's ear in other critical emergencies. However, a speech is an overdraft of publicity; and permission to make it must depend on the security of the applicant. So that's as much as to say: Don't shoot the Speaker: he's doing his best to protect the moral credit of the House, just as the House is doing its best to protect the financial credit of the City.

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Now we come back on to the main issue. By all means let us acclaim Lord Hewart's conclusion as to the "wickedness" of the New Despotism. But what next? What is the cause of the "wickedness"? The cause resides, as we have shown, in the necessity—real or assumed—of the Bank-Treasury policy. If you accept the necessity as real you must accept the despotism as inevitable, in which case the question of its morality is irrelevant. No one can hold it to be immoral to endure what cannot be cured. And that is the true line of criticism to which pacifists expose themselves. Let them declare that war is wicked, but not unless or until they can declare war unnecessary.

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They will readily make such a declaration in one sense. They will quote you Norman Angell; they will point you to all sorts of post-war phenomena which prove the futility of the last war. But to prove war futile is not to prove it avoidable. War, considered as a method of improving a situation already tolerable to a nation, may be avoided when its futility as a method is proved. But war, considered as a means of escape from a situation that has become intolerable to a nation cannot be avoided. In the first case reason can be the deciding factor; in the second reason is submerged by instinct. If the pan is too hot to stay in the knowledge that the fire is hotter will be forgotten.

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Any new war will be entered into by the belligerents in defence of their trade. Each country must trade at

present to a sufficient extent to raise revenue with which to provide a minimum amount of employment to its population. If peaceful trading does not provide that amount the internal political stability of every country is threatened. The Government of that country will be faced with the alternatives either of suppressing internal revolt by force of arms or of diverting the energy of discontent into external war. The one alternative may be as futile as the other, but there is no question that both Government and people would prefer the "noble" futility of foreign war to the ignoble futility of civil war. So it may be taken as a dangerous sign if internal revolt is threatened on a serious scale arising out of economic stresses among the people. Whether the danger materialises depends on what can be done quickly to allay the unrest without injurious consequences to other countries. Something could be done if the Government chose to take the financial law into its own hands, and substitute its own emergency rules for those normally governing its procedure. For instance a system of relief accompanied by a suspension of taxation would ease the situation as between the Government and its subjects. This would of course unbalance the Budget, and thus transgress the Bank-Treasury Code of which we have spoken (for such codes normally operate in all countries, and through the same bureaucratic agencies, with the difference that in non-democratic States the prerogatives of the Departmental officials might be formally reposed in the Dictators). The Government would have to procure the assent of the Central Bank or ignore its dissent. The assent might be given on terms. If so, those terms would in practice be settled by the Central Bank concerned, in consultation with other Central Banks. Taking the whole of Europe as the area in which the war danger arose, the Central Banks of Europe would be in a parallel position of veiled authority to that of the British Treasury, and would allow the Government of the disturbed country to take the above unorthodox action, in much the same way as the British Treasury allowed the British Government to allay the means-test turbulence in the North some time ago. In all probability their influence in the transaction would be camouflaged by their getting the League of Nations to assume the responsibility for initiating the irregularity and the terms and timings of the monetary benefactions. For banks always contrive to appear to be doing what they are told. It keeps alive the illusion that Governments are independent.

#### Hitler and Eden.

Mr. Anthony Eden appears to be a sort of "Miss England" chosen by the Bank of England to represent this country in the international bankers' Beauty Contest. The promoters have taken him touring one or two European countries, where he has been put through screen-tests to see how he could register the several characteristics proper to an international Statesman. From all accounts he has given satisfaction to what one may call the proprietors of the Fugger News-Films, and now appears to have been booked for the stardom of the British Foreign Secretaryship.

The latest test was at the Geneva Studios last week, where he was set to play opposite Mussolini in a sketch entitled "The Taming of the Duce." There were several scenes. No. 1 showed Eden writing out a telegram containing the League of Nations' resolution re-

garding the Italo-Abyssinian squabble. No. 2 showed Eden receiving Mussolini's telegraphed alterations of its terms. No. 3 showed Eden re-telegraphing the original resolution. No. 4 showed Eden receiving Mussolini's reply, this time containing fewer alterations. No. 5 showed Eden again re-telegraphing the original version. And so on until at last the original shuttlecock did the return-journey without losing a feather. And since its feathers had been plucked from the wings of the Angel of Peace, the Angel's voice breathed over Eden in celebration of the triumph of rigid firmness over wavering truculence. A most moving picture, which lost nothing in its simultaneous presentation in all the Fugger News-Theatres. "Eden has saved the League" was their common slogan.

This rather puts in the shade another of Eden's screen-tests carried out in Berlin where he had registered patience on a monument while Hitler discoursed on the issues raised by his conscription policy. The outcome of this was Hitler's sudden transformation, last week, from a herald of war in a helmet to a crooner of peace in a halo. One is forced to ask what on earth is happening to Dictators nowadays.

To students of finance there is nothing mysterious about it. The reason is that it is well within the powers of the International Money Monopoly to frame up crises designed to constitute the setting in which political stars like Eden, Hitler, Mussolini can perform their histrionic misrepresentations of contemporary events. For example it is not at all far-fetched to suggest that, before the duel between Eden and Mussolini began, the whole series of telegrams might have been composed by the heads of the Fugger Intelligence Services in London, Geneva and Rome in private collaboration, and handed to the two "stars" for the purpose of the public performance. That they could have done this is beyond question. The only objection to the theory lies in the question why they should want to do it. Well, there are several reasons. One reason, a fundamental one, arises from the fact that the International Money Monopoly depends for its stability and consolidation on the maintenance of peace. Its distant objective is to disarm the world, so that the last means of resisting financial tyranny shall be removed. Now, in order to mobilise popular opinion and pressure in favour of peace it is highly effective to frame up crises which seem to threaten an imminent outbreak of war. True that the immediate result is renewed competition in armaments, but the re-armament is a visible fact which lends circumstantiality to the deception. The only thing that the Money Monopolists have to watch is that the re-armament proceeds more or less evenly as between nation and nation and preserves the stalemate of the balance of military power between potential combatants; also that the financing of the re-armament takes place under their direction and their prescribed code of accounting. This they can assure by starting the scare before there is any real occasion for it; for they have their own means of knowing, long before anyone else, when any nation is likely to be driven by internal economic stress into going to war regardless of consequences. And of course the financing of the re-armament itself lessens international stresses while it proceeds, by furnishing the peoples with more work and wages. But sooner or later there is a bill to pay. And when it is presented the whole forces of pacifism will be provided with an object lesson which

which they can support their case that armaments as a cure are worse than the disease. Even to-day many pacifists are advocating the use of economic pressure instead of military pressure on nations threatening a breach of the peace. Economic pressure is, in the last analysis, financial pressure. Hence the adoption of it would make the Money Monopoly the sole arbiters in international disputes. So re-armament can eventually result in disarmament; especially if the Money Monopoly were to do a private deal with the Governments which were (as they would be) faced with the task of taxing their subjects to the limit of capacity. The League of Nations might be procured to guarantee a Disarmament Loan to offset the re-armament debts!

It may be noted in this context that when Belgium came off gold her Prime Minister said that he hoped that her doing so would eventually lead to the general restoration of the gold standard. Being a banker, his policy and calculations must be taken to reflect the ideas of the Money Monopoly. And if the Monopolists sponsor an immediate off-gold expedient for an on-gold purpose, why should it not sponsor a re-armament expedient for a disarmament purpose?

## The Point of the Pen.

By R. Laugier.

No. XXXIII.—THE BEST PEOPLE v. THE ARTIST.

In this unhappy and muddle-headed land of ours there has just developed an entirely new attack upon authorship and the art of the Theatre. The facts are these: R. L. Mégroz and Herbert de Hamel wrote a play upon Dante Gabriel Rossetti, who died in 1882. Those who know the scholarly, subtle and intuitive work of R. L. Mégroz will appreciate that any treatment of a great artist evolved by this critic will be such a treatment as could add only to the sympathetic understanding of genius: in short, this play was written to the greater glory of Rossetti, by two men most happily endowed for the task.

Originally called "Women Loved Him," the play was sent out in manuscript form and was enthusiastically received by various knowledgeable people in the Theatre, not only in this country but in France and America. Miss Nancy Price put the play into rehearsal, with the intention of producing it at the end of this month—and then, without qualms, the play was sent to the Lord Chamberlain.

Well, the Censor does not actually decline to license the play; he merely states that, before he will do so, the authors must obtain the consent of all living relatives of characters mentioned in the play, down to the fourth generation.

It is a new ruling, provided for our sturdy island race, by a paternal official, who is said to be an enthusiastic lover of the Theatre. It is unique. Like our courtly censorship itself this principle is a thing fashioned in England, and a thing that could be fashioned only in England. Let us therefore examine this gift to the nation, moderating so far as possible, those natural stirrings of patriotic fervour that are, after all, not in the best modern taste.

In the first place the rigours of the law do not threaten the authors of biographical drama. Messrs. Mégroz and de Hamel may, and probably will, have their play produced; but they cannot have their per-

formances licensed by the Lord Chamberlain: and so, in plain language, they cannot obtain the profits of a West End run, or provincial tours, or amateur rights. They can publish their play; they can evulgate their work in any manner not needing the Court Chamberlain's licence; but regular theatre-goers in England may not see the play, because relations of Rossetti object. To be exact, one relative, Mr. Geoffrey Rossetti, grandson of Rossetti's brother William, objects. The relatives of Swinburne, also characterised in this play, have not demurred; but, according to one new ruling of censorship, one single "blackball" from a relative is enough. Write a scurrilous book about a great man who is dead, and you can publish what you like; deal with the mighty dead in the form of dramatic art and your performing rights are at the mercy of relatives, even unto the fourth generation.

I labour to make this clear because its national characteristics are worthy of study from all true Englishmen. It is so much a matter of good form; it is so entirely an affair of The Best People. In its delicate sense of compromise; in its lofty disdain for common sense; in its exquisitely non-committal officiousness, as in its well-bred shuddering away from mere artists and their work, this ruling of the Censor is so magnificently English.

A more insensitive logic might argue that, if a dramatic work may be published and filmed, it might as well be performed in the theatre; a more brutal imagination might question whether the relatives of our glorious dead are best judges of those dead; or even whether such relatives will have the uncommon gift of reading dramatic work and judging how it will play. But we English do not agonise over such refined subtleties. We just don't want any unpleasantness. After all, one is either a gentleman or one is not. If one's ancestor had a wart on the end of his nose can't the thing be forgotten? Draw the nose by all means, but leave out the wart: gentlemen don't have warts. Art? Inspired criticism? Intellectual integrity? What are these things to The Best People?

And polite officialdom in England bows before—a long way before—the storm raised by The Best People. Our sea-girt isle is still the graveyard of talent and the paradise of snobs; where social pull is of more account than genius, and the dinner comes before the theatre. Go West, young Englishman, if you are an artist; go South, North, or East, but get out of England. There has never been an artistic age or an artistic people, but intellectual integrity, at least, may be discovered out of England. All nations are stupid; but the British alone among civilised people are proud of their stupidity and made complacent by the laughter it arouses abroad. As for our public-school Pilates who sit in office, when they have stabbed an artist in the back they go off to the club to wash their hands: the English gentleman is curiously proud of the frequency with which he washes.

### Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

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

## The Problem of International Trade.

By A. S. Elwell-Sutton, R.N. (ret'd.).

It is usual for opponents of Social Credit to declare insuperable the difficulties of international trade should some trading countries retain a gold standard, whilst others had currencies varying in their relation to gold. But it is necessary to regard this problem with a sense of proportion, and some knowledge of the history of trade. That there will be difficulties cannot be denied, but there always have been currency difficulties in connection with international trade, and they were not found to be insuperable.

Trade with China has been carried on extensively for over 200 years, although China used, and still uses, ingots of silver having no constant relation to the gold which had become generally current in England with the arrival of the "guinea," first coined from African gold in 1663. The reason, of course, is that trade is just barter, and the merchants were able to exchange clocks, spy-glasses, and other specialised articles for tea and silk. If, as in fact happened, the Chinese were not always anxious for sufficient quantities of the former articles, the merchants brought lumps of silver, and sometimes Mexican and Austrian (the well-known "Maria Teresa") silver dollars to make up the balance. Later on, when an import of cotton and woollen goods, besides the questionable opium, began, it was the Chinese who handed out the lumps of silver or the dollars. Conditions in the trade with India were very similar. India did not "stabilise" the rupee in terms of gold till 1899. Its "price" was then 1s. 4d. Even after that there were changes. It was "fixed" at 2s. in 1920, and altered again to 1s. 6d. in 1927. In 1931 it "followed" sterling. Before 1899 the rupee changed literally daily (the writer of this article was out there in those years), just as the Chinese (actually "Mexican") silver dollar does now. Some may retort that this shows gold to be more "stable," which is pure moonshine. The holder of silver has just as much right to say that it is gold that varies when he has to give more or less silver for it, as the holder of gold has to accuse silver of changing. Gold does, of course, vary in value, like silver or anything else, according to its cost of production, the supply of it, and the demand for it. When prices varied in the 18th and 19th centuries, producing the classical and inept "boom" and "slump," those stupid phenomena were due to progress in productive capacity on the one hand, and the success or failure of some adventurous or lucky person in finding gold on the other. There was neither inevitability nor necessity about either "boom" or "slump," but prices, anyhow, never have been stable under a gold or any other metallic system. That is a plain fact, bluntly declared by history. Germany went on the gold standard in 1873. There must still be some living who can recall the "slump" caused by the new demand for gold, bringing the rise of its "value," and the consequent fall of prices. And international trade had been going on before 1873, with Germany on a silver standard.

The gold standard, during its comparatively short history, did, however, appear to give a common norm of exchange for those using it. The price of corn and wool might vary, but it was, broadly speaking, a "world-price," and since merchants measured the values of their goods in money, none felt aggrieved so long as he got his £100, even though the £100 might buy

much less than the actual wealth consumed in producing the articles he had sold. Yet, so strangely is the mercantile mind compacted, that if a man got only £80 for what he had charged £100 he would cry out, though that £80 would buy him more actual wealth than he had expended in getting his "£100 worth" of goods on the market.

It is not indeed suggested that either of the situations just described is a desirable one. Yet the first continually arises under a so-called "stable" gold-standard system; the second is possible where some countries are on a gold standard and others are not. If neither is exactly good, one is no worse than the other.

Under Social Credit the aim is to manage money so as to give a real stability of prices. This may not be easy, but at least the attempt will be purposeful and logical, not merely capricious as it is at present, where stability depends on chance discoveries of gold (and one may always discover too much or too little!) or the quite inconsequent policy of Central Banks.

It is intended to issue enough money to bring the purchasing power of incomes into correspondence with the producing capacity of the country. If the amount can be successfully estimated the general level of prices will be stable. Probably there will not be complete success, but fluctuations can be controlled much more effectively than by the ponderous and uncertain process of the Bank-Rate. It is, anyhow, unlikely that the fluctuations will be so great as under the gold standard. On the other hand there will, of course, be changes in the relation between the gold value of money in a country having a managed currency, and one on the gold standard. But even these will be gradual and estimable. It is unlikely that they will ever reach the sudden violence of a "boom" or "slump" such as the gold standard so frequently offered, or as those that occurred in 1931 and 1934, when Great Britain and the U.S. respectively went off the gold standard. And even on the latter occasion the earth did not fall into the sun.

Nevertheless, until all countries have managed currencies designed to equate spending power to capacity to produce and keep the general price level stable, there will be certain inconveniences. Let us then examine them in relation to, say, Great Britain and Holland, on the supposition that the former has a managed sterling and the latter a gold-standard "gulden."

At present\* (ignoring small fractions) a "gold" pound would be worth about 12 gulden, whilst the rate of sterling is about 7½.

Suppose that at this rate an English merchant exports £1,000 worth of goods to Holland, to be paid for after six months. Ignoring, for simplification and without affecting the argument, the action of intermediaries and discounts, the Dutch merchant receiving the goods has, in six months' time, to buy bills on London that should cost him 7,500 g. During the six months the increase in the quantity of money in England owing to the issue of a National Dividend, has reduced the value of English money in relation to gold, so that sterling is now worth only 5 gulden. Nevertheless, the general level of prices in England has not, *ex hypothesi*, altered in terms of sterling.

The Dutch merchant will, however, now only have to pay 5,000 g. for his bill wherewith to buy the English £1,000. But the English merchant will still receive £1,000, and it will buy just as much of all articles as before, except gold (and we may assume that his teeth

\*This article was written some months ago.—Ed.

## Second-Hand Sales.

Sir,—On page 70 of The Douglas Manual there is the following statement:—

"Sales between consumers are an important though frequently overlooked factor in distribution, and require that the money-value of 'second-hand' goods shall be in existence until the goods have physically disappeared."

This statement appears to require some explanation: for, as the money with which second-hand goods are bought, unlike money with which new goods are bought, is not cancelled by repayment of a bank loan, there seems to be merely a transference of purchasing power from one point to another.

Does not a similar process of reasoning apply to the question of saving and investment? Social creditors usually argue that if savings are invested, two lots of goods are produced, of which only one can be bought because the buying of the first lot leads to cancellation of the money, which is then no longer available to buy the second lot; but surely there is always some money available, and as it will not be cancelled in buying the second lot of goods, it can continue to circulate. As in the previous example, purchasing power will merely be transferred from one point to another, and it is not clear that a deficiency must arise from this cause.

R. S. S.

The meaning of this proposition depends upon the definitions of "consumers," and "distribution"; and also upon certain assumptions as to the timing of the "sales."

The definition of a "consumer" may be formulated thus: One who buys, hoping not to sell again. A person who buys, hoping to sell again, is not a consumer but a retailer. A person who buys with the intention of consuming and afterwards decides to sell what he has bought, becomes a retailer. (Notice the time element involved in the italicised words). He crosses over, so to speak, into the category of "producers" and with him he brings his property, the cost of which becomes an addition to the general costs of industry.

The effect of this is a matter of time. Thus: if you imagine the whole body of "consumers" to go to the shops simultaneously and buy goods to re-sell, then, at the moment that they complete their purchases, none of them can sell anything to any other, for none of them has any money. All they can do is to exchange their property on the barter-system. The only way in which they can turn their property back into money is to sell it back to the shopkeepers. This is true of each one of them as well as all of them.

Suppose next that they all go home for (say) a week, and again come simultaneously to the shops, bringing with them their property of last week and their wages of this week, they can ignore the shopkeepers behind the counters, and hold a market of their own, and at the close of the exchange-proceedings go home with their re-shuffled property and money—leaving the shopkeepers with all this week's stocks on their hands.

These absurdly extreme suppositions serve to show that, under the present monetary system, the private selling of second-hand goods has the effect of intercepting revenue which industry requires in order to recover costs of new goods.

To give an example: if "A" buys a car for £500 this week and succeeds in selling it to "B" next week, and if (as would be the case) the car-dealer, having sold a new car to "A" buys a second new car from the manufacturers, "A" has intercepted £500 which the car-dealer needs to receive. At that point the motor

are already stopped and his wife possesses a wedding ring). He has no grievance. But England as an importer has only acquired the power to buy 5,000 g. of Dutch goods. The Dutch, in fact, will be buying cheap and selling dear, and will therefore score—for the moment. The competition for trade will, however, at once compel a lowering of prices in Holland, and a general cutting of wages there, which very soon will make the 5,000 g. gold just as valuable for the purchase of real wealth as the 7,500 g. was before, and so restore England's buying power. This is, in fact, exactly what is happening in gold-standard countries now, though but slowly and unwillingly. No doubt usage—if the countries still remain "gold"—will soothe the painful process!

Now take the opposite case, occurring contemporaneously.

An English importer buys £1,000 worth of goods from Holland when the exchange is 7½. He agrees to meet the bill of 7,500 g. in six months' time. In that period, as before and for the same reason, the exchange has fallen to 5. The importer has to find £1,500 for his bill when he had only expected to pay £1,000. Obviously this will not work, but there are some compensations. First, the fall of sterling in England in relation to gold is the result of an increased supply of both money and goods in England. It will be easier to meet the larger charge for the Dutch goods. But certainly actual trade could not go on with Holland unless the Dutch exporter in making his contract agreed to lower his prices in relation to gold to the natural level of English prices. Competition again would compel this. Then the 5,000 g. which the English £1,000 could buy would be worth as much in goods as the 7,500 g. was before.

The inconveniences are nevertheless obvious. The point to note, for an advocate of Social Credit, is that in both cases the balance of disadvantage is with the gold-standard country. Whether as buyer or seller it finds itself in the weaker position and is impelled to lower prices, and make all the consequent adjustments in wages, interest, and rents with all the bickering and friction that involves. Only if the gold-standard country has a monopoly will it have an advantage, as of course any monopoly has anyhow. Fortunately, there are not many monopolies of products these days, and even Italy, with her monopoly of art and beauty has been compelled to lower prices to maintain her tourist traffic.

Once then that Social Credit has started in any one important country there would be a steady economic pressure on others to give up the fluctuating gold standard and come into one capable of being kept stable on rational principles.

There are, of course, other causes of fluctuations in exchange besides that due to varying quantities of money. They are speculation, and failure to achieve a balance of trade.

An Exchange Equalisation Account will work just as well under Social Credit as it does now. If there is a demand for foreign money, whether owing to excess of import or speculation, the fund sells it till the market is balanced. If there is a demand for sterling the "notes" are calmly produced and offered. The actual process was ingeniously described in the City article of The Times of October 8, 1934. The demand for sterling had been thus met. Presently the foreign holders wanted to sell again. The Account calmly bought the notes in, and these (we now quote) "being no longer required were quite properly cancelled." Further comment is superfluous. The reader may ponder if he will on "how money is made."

industry has lost £500 because "A" has gone into the business in competition with it.

Subsequently "A" could invest the £500 or spend it on acquiring other private property. If he invested it, no shopkeeper would get it, and industry as a whole would carry this unrecoverable cost of £500. If he bought (say) furniture—this time meaning to keep it—the furniture industry would receive a revenue-windfall to that sum. Thus industry as a whole would be square on the account. But in the last analysis this statistical equilibrium would have involved the writing off of the motor industry's loss, or at least a slowing down of its operations while the car remained unsold. This shows that second-hand selling not only diverts revenue needed by the industry making the same type of goods, but causes that industry to diminish its expenditure on producing them.

As shown previously, if all consumers simultaneously went into the second-hand trade the shopkeepers would sell nothing; and directly that happened all consumers would be thrown out of work and deprived of their incomes.

A. B.

## The History of Fire and Flame.\*

The best books, like the best meals and the best wine, cannot be reviewed without offence. They can only be enjoyed. The best compliment to pay a good meal is to eat it, and the best wine, to drink it, raising the glass with glad thanks to the feast master who kept the best to the last. Mr. Ellis's book is meat indeed, and the intellectual flow is drink indeed; at least so it seems to me, for here one sees the true poet in the real power house, without the least incongruity.

The style is redolent of Emerson, the substance of Douglas. Neither name is mentioned, but the power is unmistakable, for the self-conscious human spirit, which is typified in antique graven stone, in later written scroll, or modern literature as incarnate in the body of a flame, moves and breathes through the pages as the author traces the history of man's mental reactions to primal phenomena.

Knowledge always inspires reverence. When Moses glimpsed the principle of indestructibility in the burning bush which was not consumed, he removed his shoes in reverence of the earth beneath his feet. Fire and flame had been well tamed in the worship of the Egyptians. Doubtless Moses had seen the fires kindled on the altars generating steam in concealed boilers whose pressure opened the temple doors by devious ways; as well as the steam turbines which rotated the horizontal discs like gramophone records, causing the feet of the images to move as in dancing. But such fires went out, and steam condensed, while only prayer could restore heat and thus give life-like motion to things considered dead. The idea of perpetual flame without loss is the poetic anticipation of what modern men call protean metamorphoses, and the genius of this book lies in the linking up of ancient and modern thought into a cycle of perfect unity.

Dr. Ellis traces and shows clearly the differences and similarities between ancient and modern conceptions of primal matter and energy. The differences seem to be chiefly in nomenclature, but the similarities are striking, for blood and gold, water, fire, salt, wood and stone, all come in for metaphysical treatment and are always related in some way with the powers of the gods in the minds of what superior moderns call "primitive man."

Numerous illustrations and diagrams pervade the book, and although the reader's mind is made to converge upon that of primitive man as a microcosm before the dawn of calligraphy, the author turns the mind completely round in the later chapters, causing it to diverge with radiant con-

fidence into a vast orderly cosmos which is altogether friendly to mankind. Indeed, the book might well be called a thermodynamic anthology in poetic prose.

The Poetry Lovers' Fellowship is to be congratulated in issuing so valuable a book. Such a splendid piece of research will always be required for reference, and in this connection it is noted that care has been taken not only to mark the paragraphs in numerical order, independent of chapters, but to provide a detailed index covering nearly fifty pages.

J. E. G.

## LETTERS TO THE EDITOR.

### ROYAL POVERTY PETITION.

Sir,—I should be glad to be corrected, if mistaken, as to the following claim, and if other churches besides St. Peter's, Coventry, have stolen a march upon us.

But, so far as I know, St. Peter's is the first church to display for signature by the public the Empire Petition to the King and Privy Council in connection with the demand for a national dividend and the just price. This was done recently, and up to Jubilee Day over 100 signatures had been obtained.

Since then the local campaign to get the Petition displayed in other churches (to say nothing of other organisations of all sorts) is proceeding very successfully.

As I write, two other churches have joined the movement.

PAUL STACY.

### "RATS, LICE AND HISTORY."

Sir,—I omitted to state in my article last week that the cost of the above book is 10s. 6d., and the publishers Messrs. Routledge.

R. Laugier.

## Forthcoming Meetings.

### London Social Credit Club.

Blewcoat Room, Caxton-street, S.W.

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

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\* Oliver C. de C. Ellis. (Simpkin Marshall.)