THE

NEW AGE

INCORPORATING "CREDIT POWER."

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NOTES OF THE WEEK.

We must comment on the *Star's* report of Mr. Snowden's address to the Labour Party Conference at Brighton on October 3. According to that paper's summary of the address Mr. Snowden said that the Government had no influence over the Bank Rate. If that is so, he is guilty of the same fault as that with which he publicly charged Mr. Churchill in 1925, namely, that of disclaiming responsibility for the Bank of England's decision on the Bank Rate.

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In his address Mr. Snowden gave as a reason for the rise the fact that both America and Germany had been drawing gold from Britain. Let us relate this with what happened at the time of the Hague Conference. It will be remembered that at that time the public were told by the whole London Press that because of the mere possibility that France might attempt to draw gold from London for political reasons America had placed a dollar-credit at the disposal of the Bank of England to the amount of £50 millions. That can only mean that supposing France had drawn the gold from London America was prepared to make up the drawings in order to prevent the normal consequences which would otherwise have followed the withdrawal. Thus we are presented with an America which, on the one hand, is willing to send gold to London in order to impose a certain political policy on France, and which, on the other, is actually drawing gold away from London. For what purpose? Is it in pursuance of another and unacknowledged political ramp, or are the British public going to be told that whereas American political objectives inspired the first-named policy, the second-named was an automatic resultant of ordinary commercial transactions between the two countries? What magic is there in this yellow metal, which in one month is nothing more than a medium of adjustment of trade balances, and in another is used as a political weapon irrespective of the course of trade altogether?

Let us take notice of what was said on the other side of the Atlantic at the time that the dollar-credit was arranged for London. This is what the New York Correspondent of the *Financial Times* of Montreal reported on August 23.

> "A responsible banker said that no part of this credit had been actually placed for the Bank of England. The arrangement provides, he continued, that should the Bank of England require gold, it can establish it within twenty-four hours by sending a cable despatch to the Federal Reserve Bank here, which will in turn notify the group of banks party to the agreement, who, it was said, have already the necessary funds in readiness. Without actually having received the gold, the Bank of England stands in the same position as if the credit were on the books."

The question immediately obtrudes itself: If a mere understanding with America could empower the Bank of England to support a drain of gold a month ago without an alteration of the Bank Rate, why can it not now support the later drain by the same means? According to the *Financial Times* of Montreal the drain then to be offset by the dollar-credit was due to "heavy French and German purchases" of gold. According to Mr. Snowden last Thursday the drain now to be reduced or shut off is due to American and German purchases of gold. Cut Germany out as a common element, and you are faced with the result that when France wants gold America will help to defeat her political objective in demanding it without requiring Britain to incur any sacrifice; when Germany wants gold Britain (with her industries) has to suffer the penalty of a raised Bank Rate if she would conserve her stores.

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On the day when the rise in the Bank Rate was announced the *Star* was at great pains to reassure the public that the rise had no connection with the Hatry affair. "It cannot be too strongly emphasised," said the writer of the notes which headed the announcement, that the higher rate has "nothing whatever to do" with the Hatry collapse. He could not let the matter rest there. Within a sentence or two he was at it again; the public should not allow anything on earth to sow the idea of such a connection into their minds. The effect of this hysterical insistence upon insulating the two phenomena was naturally to cause us to be on the lookout for their positions in the circuit. It was against all logic to maintain such a thesis. For when a population of investors suddenly gets a fright such as the Hatry group of companies has administered, what else is it likely to do but to look out for a safe area of investment? And, as a matter of fact, the writer in the above-mentioned issue of the *Financial Times* of Montreal said—a month before the smash—

"Bankers here said that not only heavy purchases were responsible for the ebbing of the Bank of England's gold reserve, but that British investors and capitalists have been sending, in increasing amounts, to this country [U.S.A.] funds for speculation. New York has received $44,000,000 in gold from England this year, and dispatches just received indicate that the Bank of England this week [i.e., August 23] sold a little more than $5,000,000 worth of bar gold here."

If this flow of British investments was taking place on August 23 before the Hatry collapse, who is going to have the impertinence to assert that this collapse did not stimulate the movement? It must have done so. And the logical thing to look for as a result is an authoritative act to prevent it, to wit, a raising of the Bank Rate. All the same, the writer of the notes in the *Star* may have been speaking the literal truth. His assurance to the public is susceptible of the following interpretation, namely that the new Bank Rate was not determined upon *as a result* of the Hatry crash. But such an interpretation does not necessarily disprove their interconnection. On the contrary, it may easily prove it, but in a triangular fashion. If two phenomena may have a common cause it is obviously a matter of conscious deceit for any instructed authority to ignore the third factor and to say that the two phenomena are entirely disconnected just because one of them was not the cause of the other.

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We are going to put forward the following hypothesis: namely, (1) that the banks foresaw the Hatry crash early this year; (2) that they gradually transferred their investments, withdrew their loans, and otherwise disentangled themselves and their associates (e.g., the insurance and investment companies) from commitments with the Hatry companies; (3) that they moved their liquidated funds to New York; (4) that their doing so caused (or was reflected in) movements of gold to America; (5) that this drain of gold made a higher Bank Rate in London seem imperative; (6) that they have now raised the Rate accordingly.

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Let us tabulate a few relevant facts.

(1) The market value of the Hatry group of shares has been declining over a period of several months.

(2) The extent of the decline has been from about £10,000,000 early this year to about £2,000,000 to-day.

(3) £12,000,000 of gold has gone to New York during (roughly) the same period.

(4) The London banks are said to have been operating in these shares to an extent ranging from 25 per cent. to 50 or more per cent. of the total number, on behalf of undisclosed buyers; and as we write the banks are considering whether to reveal the names to the Stock Exchange Committee.

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To the question: Could it be worth the banks' while to risk causing such a crisis as has appeared? the answer is: Yes, if they felt able to localise it. If we adopt the reasonable assumption that they knew months before anyone else the inherent weakness of the group of companies in question, we can hardly suppose that they now possess (if ever they did) a substantial holding of the shares in their own right—or at least we can safely guess that if they do they had got out of them earlier in the year and have re-bought at last month's slumped figures. But it looks probable that other interests than the banks themselves have been the ones to be caught by the sudden collapse. One investment concern has indeed announced as much already. In that case the interesting question is that of how much banker's loan-credit is out against the present estimated security value of the shares. Whatever the amount may be there need be no doubt about the banks' ability to stand the loss, nor about their willingness to do so if the alternative would be the discrediting of the principle of investing among the general public. For one thing, "losses" sustained by banks are purely technical losses, they do not *mean* anything real as they do when sustained by other interests: all that they involve is a little dexterity in adjusting figures in the private ledgers of the bank directorates. It may seem, nevertheless, to be fanciful to suppose that the banks would deliberately do anything to involve themselves even in a technical loss. And it would, if nobody could conceive of anything which would make it worth their while. But there are things so worth their while. They are emerging out of the controversies occasioned by the collapse. One important London newspaper in its City article invited the public to notice the strength of the City's confidence in its ability to weather the storm, and supported its point by calling attention to the fact that the financial authorities were so far from worrying about what had happened that their whole attention was being directed to preventing such things happening again.

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Quite so. And what steps are being proposed to achieve that objective? The chief is the general suggestion of tightening up the Company Laws. The object of the tightening is stated to be to prevent company-promoters or directors from keeping their investors in the dark about the position of their concerns. Already the technique of this precautionary principle is under discussion: it consists, in part, of compelling company-administrators to submit their securities to expert verification and valuation at fairly frequent intervals. Now, our readers will recognise this proposal as one for which the banks have been agitating for some year or two. We have commented on more than one occasion on articles in the financial Press which advocated this reform. At the times when they appeared, however, the solicitude for the investor was not quite so emphatic as it is in the latest editions of these bits of propaganda. The grievance then was that the secrecy of the directors landed the banks into miscalculations when estimating the risks attaching to their loans or overdrafts to these concerns. What the bankers were after, and look like securing to-day, was a law by which the State would act at the public expense as assessors of securities tendered to them for loans. The testimony of that Barclays Bank manager in Court will be recalled: he said that the banks always tried to arrive on the scene [for repayment of loans] before the bottom fell out of the market—a discreet way of saying that it was the banks' policy to land the baby on to the investors. The above new law would spare them even the slight inconvenience of arriving early on the scene in such cases, because it would have the effect of guaranteeing the banks against loss. It might easily turn out that under such a law, supposing the State Valuer made a mistake, the banks might have the privilege of recovering damages out of the public revenue.

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Anyone who understands the credit monopoly can appreciate that the writing off of a million or two in

irrecoverable overdrafts and loans in respect of the Hatry affair would be a cheap price to pay for such a piece of legislation. There is also another idea of the same sort that the bankers were putting round early this year. It was that of the *compulsory insurance of key men in public companies*. The *Financial Times* in particular published a long article on the subject on May 3—curiously enough just about the date when Hatry shares are supposed to have commenced weakening. That, however, is probably a coincidence, because the key men whose insurance was advocated were not promoters or directors, but men whose personal services in business were an important incentive to investments. The *Financial News*, in its article, referred to an interview which one of its representatives had with Mr. W. V. S. Lynn, organising director of Empire Products Publicity. Mr. Lynn stated that he had analysed about one hundred recent prospectuses and had found that in the case of sixty-seven of them exceptional stress was laid on the value of the services to be rendered by "not more than two men." Most of the others "featured one individual," and in only three cases was there "no special mention of such 'key' men." Mr. Lynn's opinion was:

"Surely such men should be insured to protect shareholders against losses that might be sustained in the event of their services being withdrawn by death *or from any other cause*. To protect shareholders by policies covering an amount equal to a year's dividend would cost only a fraction of the salaries, running into several thousands of pounds, paid to such men. The existence of a policy of this kind would be a valuable safeguard for shareholders and would greatly *lessen the risk of a sharp drop in the market value of their securities.*"

This programme reads like a joke. Imagine a "key" man disappearing, and leaving a company with a permanent loss of a considerable proportion of its revenue. The idea that the ordinary investors in that company's shares would be adequately protected by simply one year's dividend (which in many cases might easily be the last they ever received) ought rather to be staged at the music halls than debated in Parliament.

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Mr. Lynn offered another argument:

"Compulsory insurance of the kind suggested would have the additional value, in the case of new issues, that proposals for policies would be carefully examined by insurance companies, and this sieve would serve to some extent to check undesirable flotations."

Needless to say, Mr. Lynn, who had put his idea before "one of the leading Canadian insurance companies established in London" was able to inform his interviewer that the general manager "went thoroughly into the matter and took counsel's opinion" on the question of the legality of such policies. Another very important "United Kingdom" company which he had approached expressed itself as of opinion that "the public was entitled to all the protection that insurance could give them to safeguard their holdings." Mr. Lynn next adduced the following support:

"Three prominent London bankers whom I consulted believed that the compulsory insurance of 'Key' men would give an additional feeling of security to investors, *and place bankers on safer ground.*" (Our italics.)

Three members of Parliament—one in each of the three political parties—said in effect what a shame it was when "small investors, after years of toil" had put their savings in a "first-class security" and subsequently were tempted by "glowing prospectuses" to borrow "money on the security to subscribe for shares," which often dropped in value, and "so made it necessary" for them to sell the original security—"an unfortunate state of affairs from the national as well as the individual point of view." Mr. Lynn concluded with this:

"I hope that as this is a non-political matter, whatever Government may be returned to power at the General Election will take steps to enforce this necessary protection for the unsophisticated section of the investing public."

The Hatry collapse has indeed occurred at a most opportune moment from the point of view of Mr. Lynn's eminent sponsors and supporters. It will give the finest hollow-ground edge to this cunningly-concerted move, which will not only swell the reserves of the bankers' allies, the insurance companies, but will fractionise the few remaining risks which bankers are nowadays left to face, besides investing them with more power than ever to control the direction of public investment. We ought to mention that the whole article from which the foregoing has been extracted was reprinted as a circular and sent round to all the newspaper offices on or about May 25.

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In the August number of *The Plebs*, the organ of the International Council of Labour Colleges, there is an article by H. Norman Smith, in which he said that rationalisation had undermined the stability of the Trade Union movement. He suggested that the Labour movement ought now to investigate the "Douglas scheme" as a "contributory factor to the Consumers' Co-operative state." In the September issue of the same magazine there is a reply by Arthur Woodburn. He remarks that no student of Marxian economics would favour the "inflation" entailed by "Douglas's idea of departing from the gold standard." Further, there is a "socialist objection" to it namely that "it is not our business" to control credit "in order to recreate capitalism." He quotes Marx, who in 1848 laid down as one of the steps to be taken by a Labour Government:

"Centralisation of credit in the hands of the State by means of a National Bank with State capital and an exclusive monopoly."

This item, he says, is now one of the most important in the Labour Party programme. "It implies," he explains, "what exists now in Russia, a managed currency under public control and not in the interests of the private bankers." "*This is an entirely different proposition from the Douglas idea.*" (Our italics.)

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We are only too grateful to Mr. Woodburn for emphasising this fact. He might so plausibly have argued that the Douglas scheme was merely a faulty mechanism for applying Marx's principle. He has spared us that, however, and sees that the Douglas proposals imply a fundamentally different policy. His last sentence runs as follows: "Cut and dried currency schemes of the Douglas variety are Will o' the Wisps and nothing more." Again Mr. Woodburn has done us some service, for the very fact that he is able to pronounce such a definite judgment is a disproof of the insinuation of financial interests that the Douglas proposals are "unintelligible." It is true that his attitude supports the other insinuation that they are "discredited"; but this does not worry us so much. In fact it is of some assistance to us, because, from the point of view of propagandist exigencies, it enables us to point out that both the Mansion House Party at the extremest right and the Marxian Party at the extremest left have discredited the Proposals. For all intelligent observers of political affairs will initially take it for granted that the reasons for rejecting them on the right must be very different from those on the left. Of course these observers would reflect that the two sets of reasons need not be mutually contradictory, but might be mutually supplementary; but in the latter alternative it would intrigue them to ascertain what on earth were the considerations which had tucked up the disruptive Communist in the same bed with the immaculate banker. And as for that great body of ordinary people with a compromising temperament who always assume that the truth lies midway between two ostensible extremes, there is a fair prospect of their accepting Douglas as antecedently credible. Not just yet, perhaps, because they have still to be made fully conscious of the fact that the banker *is* an extremist. Their enlightenment, however, is taking place very quickly, and without our assistance. Nobody can mistake the symptoms of growing public suspicion that bankers and banking are at the bottom of our economic troubles. It is entirely due to those symptoms that the Labour Party, as Mr. Woodburn points out, has a credit policy in the forefront of its programme. The deposits of suspicion are present in paying quantities, as the mining engineer would say.

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It is a curious experience to see Mr. Woodburn the Marxian standing well to the right of Mr. McKenna and Mr. J. F. Darling on the question of financial doctrine. The central section of his article is a defence of the policy of strict adherence to the gold standard. We are not sure that we ought not to put him to the right of Mr. Montagu Norman himself. For example, he explains that

"An ounce of gold is an ounce of gold in Britain, Germany, France, Italy, and Timbuctoo, and the value of that gold is determined by the internationally socially necessary labour power expended in its production. Gold . . . provides a means whereby sales can be made without immediate payment, and yet the seller has a guarantee that when payment is made it will represent the same as it did when the bargain was fixed. . . ."

"A second very important reason for maintaining the gold standard is that it does afford a very efficient check upon bankers and governments against inflating the currency and thus reducing the purchasing power of all wages and salaries. If the Douglas scheme is to give us an increase after causing a decrease it is no satisfactory solution."

We must pass over the first of these arguments. To attempt to get at what Mr. Woodburn means would involve more queries as to definitions of his terms and phrases than we can find space for. We recommend it to the attention of the Bishop of Chester in case he is again asked by the B.B.C. to broadcast a sermon on the divinity of gold. The meaning of the second paragraph is, fortunately, clear. We agree that Mr. Woodburn is instinctively right in rejecting any proposition which exacts a sacrifice from the workers as a prerequisite to the distribution of a benefit. But Major Douglas's is not such a proposition; and Mr. Woodburn is guilty of carelessness in allowing such an idea to be gathered from his "*if*." The whole controversy about the Douglas proposals centres round his insistence on price-reduction as a parallel policy with credit-expansion. Mr. Woodburn has the choice of two replies: (1) it is not necessary to regulate prices while credit is being expanded; (2) it is impossible to get prices down while credit is being expanded. But he cannot legitimately discuss the contingency of prices being initially put up in the face of Douglas's explicit scheme for initially putting them down. His doing so really amounts to the proposition that the Douglas scheme won't work if it is not adopted.

"For a consumer to get dead drunk on beer is bad; but for an investor to lie, dead, sober, on a bier, is worse."—*Notes of the Week.*

"What is required of the money system is that it shall form a faithful reflection of physical facts."—Major C. H. Douglas.

"Throughout the history of the Bank of England its reserves have proved inadequate at crises, and have had to be supplemented by drafts on the faith of the people."—*Current Political Economy.* By "N."

International Debt-Settlement.

With reference to our comments last week on Major Douglas's proposals to Mr. Lloyd George as to the manner in which Britain should repay the debt due to America, we propose to supplement them. These proposals are of course equally applicable to the debts owing by France and Italy to Great Britain. They are therefore of vital political importance to Europe in general, and to France in particular.

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There is to-day practically unanimous agreement among the economists of all these countries that in the end the repayment of debts and reparations most involve the delivery of goods. Again, every industrial engineer would agree that Germany, France, Italy and Britain are each easily able to defray their respective debts to each other, and their collective debt to America, if allowed to make the payment in the form of goods. Consider Great Britain for example. Nobody will deny that she could manufacture and deliver goods to America to the value of £1,000 millions during a period of a few years. And certainly the manufacturers and workpeople in Great Britain would be very glad to have the opportunity to make the goods. The position is exactly the same in Germany, Italy, and France. There are therefore no physical obstacles at all to the settlement of debts in goods. The debtor nations are willing and able to pay. But the creditor nations are unwilling and unable to accept payment. It is a situation *pour rire*, because a nation which receives these goods receives an increase of physical wealth, while a nation which parts with such goods is decreasing its physical wealth. So when a creditor nation refuses to accept goods from a debtor nation it is really assisting the debtor nation to conserve and increase its physical resources. Such physical resources constitute the economic and military power of a nation. Now, apply this truth to the relations between France and Germany. France expresses the fear of a German revival. Yet at the same time France is refusing to allow Germany to part with her physical resources. France fears a strong Germany, but refuses to allow Germany to weaken herself. In adopting this contradictory attitude France is no more and no less stupid than other nations: we emphasise the case of France particularly because she is the next-door neighbour of her ex-enemy and has a more urgent necessity to safeguard her interests than have her Allies. But it is utter nonsense. When the Allies were fighting Germany they did everything they could to prevent goods going into Germany, in order to weaken Germany's power. To-day they are doing everything they can to prevent goods coming out of Germany, in order to . . . *what?* Lose the Peace after winning the War?

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Yet, as everybody is aware, there are cogent practical arguments why the Allies feel obliged to refuse acceptance of goods. But all these arguments are based on financial considerations and not physical considerations. Hence there must be a fundamental contradiction between physical law and financial law. But since the conclusions which we have derived from the physical facts are unassailable, those conclusions which are derived from financial theory must be false. Therefore it is not surprising that Major Douglas's proposals to Mr. Lloyd George contain some unfamiliar financial provisions, and that in fact he bases one of them on an entirely new financial principle. We refer to his provision for the distribution of credit for the purpose of lowering the price of consumable goods to the population of the country which is repaying its debt in goods.

In this provision is the key to the final and amicable solution of the reparations conundrum. Major Douglas has torn up the Young Report into scraps of paper. He has blown up the Bank of International Settlements. We will not now discuss the reasons for the financial technique, but will confine ourselves to the physical objective which Major Douglas claims to reach thereby. It is this: *To enable the populations of creditor countries to consume the goods delivered by the debtor countries.*

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This does not necessarily mean that reparation and debt payments must be in the form of consumable goods: they may be in any form whatsoever, as Major Douglas indicates in the first of his proposals. It means that for every unit of physical wealth received by a country the population of that country will receive an equivalent unit of *additional* wealth for personal consumption. Consider this in reference to France. The population of France is composed of manufacturers and workers. Together they are the customers for their own production. According to economic theory their combined profits and wages are exactly equal to the collective cost of their whole output, so that if they completely monopolised the home market they could buy all the consumable goods that they were able to make. (This theory has been disproved by Major Douglas, but let us assume it to be true for the purpose of argument.) Now, if Germany should deliver a large quantity of goods into the French market at the present time they would, of course, not be given to the French people; they would be sold to them. But if sold, they would be paid for out of the incomes which they had drawn from their home industries. Therefore the total price value of the home production would now be higher than the total incomes available to buy it. There would be an unsaleable surplus, and then a reduction of production, with accompanying bankruptcies and unemployment. But supposing, on the other hand, that Germany's deliveries into France were valued at so many Francs, and that that number of Francs were to be distributed among the population (1) in addition to their earned incomes (2) without being recorded and charged as additional costs, all the evil consequences just referred to would be avoided. France would grow stronger relatively to Germany during the whole period of the reparation payments—stronger in a *real* sense. The reparations would be transmuted into a better standard of life for every Frenchman and Frenchwoman, and the whole people would experience that recompense for their sorrows and sacrifices which their instinct for justice has led them to demand.

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Nobody will deny the proposition that if there is a way of giving ten apples to a group of ten boys, there is also a way of giving each boy one apple. But quite a number of trained experts will seriously affirm that while France as a "nation" can receive goods for nothing, there is no way in which the *people* of France can receive any share in those goods. The obstacle is financial. If Germany and France had been two nations of aborigines who had never heard of such a thing as money, the reparations would have been paid in full years ago. But in these days we accept our wisdom from the bankers. We are under the illusion that just because we have made them the custodians of money, we are bound to accept their views on monetary policy.

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We shall lay down this proposition: If a generally approved objective is demonstrated to be physically practicable, the method of recording the steps taken to achieve it cannot render it impracticable. The monetary system is a system of recording economic activities; and if such activities can be extended, it is nonsense to speak of their being prevented by any system of financial recording. For example, take the statement: "You cannot travel by train without a railway-ticket." But if the engine will go and the train is there, and there is room in the train, you *can*. What the statement means is that you are expected to fulfil certain legally enforceable conditions when you travel. But the travelling public would very quickly ignore the law if the conditions were unreasonable. Suppose the clerk in the booking-office announced to a crowd of excursionists that only half of them could travel because he had run short of tickets and therefore some of the coaches would have to be left behind! They would rush the train or wreck the station. Yet the bankers are allowed to control and restrict economic traffic on parallel reasons to this. Whatever you may be able to do, and however much you want to do it, and however useful it might be to yourself and your neighbours, you cannot do it without "tickets of permission" from the banker—credits.

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Major Douglas's debt-repayment scheme assumes the co-operation of the British bankers with the British Government. This co-operation may be secured by agreement or by compulsion. But that is a matter of politics. The point we are making is that if the Government and the banks adopt his scheme as regards the provision of the *two categories of credit*, the co-operation of the manufacturers and workers will take place automatically. There will be no need to ask them to consent to make the goods; they will be ready and waiting to do so, and will begin directly they receive permission.

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It was not Major Douglas's business to suggest explicitly what America could do when the goods arrived there from Great Britain. But he did so implicitly, as we have already shown, by reference to France apropos of Germany. The United States Government and banks would issue credit to enable American consumers to absorb the imported goods without restricting their purchases of American goods. And similarly, in all the countries which are affected by the debt-problem there could be the same principle at work, enabling the populations to consume their potentially surplus wealth. The foreign markets which they are to-day competing against each other to capture would be replaced by expanding markets in their own territories; and none of them thenceforth would wish to sell in another market unless it wished to buy goods to an equal value in that market.

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It may appear strange that Major Douglas should have assumed the necessity for Great Britain to expand the consumption of the British people *during the period when she would be delivering goods to America on such a large scale.* This is partly explained by the circumstance that Great Britain would be receiving goods from France, Italy and Germany. But the real explanation lies deeper than that. Take Germany, the ultimate debtor, the one country that will be delivering goods and not receiving any. Even the Germans would have to expand internal consumption, though not to the same degree as would the other countries. The reason lies in the enormous productivity of modern industrial equipment now existing in every country. More than that: it lies in the almost illimitable degree to which this productivity can be expanded. Every day, Science is discovering some new method of making more goods while employing less labour. Every day, also, manufacturing is being organised into larger and larger trusts and other combinations, thus dispensing with the services of more and more directors, managers, draughtsmen, salesmen, and advertisers. But under the present financial system the elimination of all these workers and administrators means the elimination of their incomes and therefore the contraction of the consumers' markets. The tendency is to create larger and larger surpluses of unsaleable goods, and in fact this result has happened. It expresses itself in the spectacle of populations who are mostly receiving meagre incomes and who are confronted by a terrific sum of capital costs which are due to be charged to them in future prices. The manufacturers in each country realise that they cannot recover such costs unless they supply consumers in other countries as well as their own. That is what caused the last war: that is what is driving Europe and America fast towards the next.

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This disastrous competition for markets is fundamentally due to bankers' policy. We pointed out last week that America was demanding payment not only for the cost of materials supplied to Great Britain, but for a part of the cost of the industrial equipment which still remains in the United States. The same sort of thing happens in the internal economy of manufacturing nations. The consumers are always paying (in retail prices) for a proportion of the cost of the equipment which makes the goods that they buy. The principle is sound, but it is applied unsoundly. The consumers are always paying away their incomes at a faster rate than the industrial equipment is wearing out. This is not the fault of the manufacturers: they are obliged to collect money at this rate because the bankers demand it from them at the same rate. Fundamentally production is carried on by the use of bankers' loans. In the case of, say, a railway, it is clear that by the time when the banker has got back all his loans from the railway company the population in general must have replaced the cost of the railway. Similarly in the case of every other kind of capital construction. It does not matter in what particular prices they have paid away this money: the fact remains that they have lost possession of the money. Yet the owners of the railway, or other capital, will still continue to charge it up to the population in the price of fares or goods, for years after the original bank loans have been repaid. Now, if the bankers kept an accurate record of the history of their loans and repayments and the purposes for which the loans were originally granted, their books would reveal the fact that they were debtors to the population for money which it had paid away in excess of the true economic cost of the goods that they had bought. The amount of that money would be roughly approximate to the cost of the total capital equipment in the country. This would mean that the population was entitled to draw on the banks for this money—not the whole sum at once, but such sums as the capitalists required to recover to replace their factories, plant and equipment. But there is no sign of any such fund in the records which the banks exhibit to the public. This is because whenever they receive the repayment of a credit which they have advanced, they cancel the credit. All that the public sees is a record of (a) how much credit is owed by the banks to depositors, (b) how much is owed by borrowers to the banks. In the case of Great Britain the figure is well below £2,000 millions on each side of the account. And just because the debit and credit items add up to the same sum on each side—even to the odd penny!—everybody thinks that the banks' balance-sheets reveal the truth, the whole truth, and nothing but the truth regarding the relations of the banks with, and their responsibilities towards, the community for whom they act as trustees. A truly national bankers' statement would to-day show particulars which could be roughly summarised as follows:—

	£ mill.		£ mill.
Floating loans to Producers, Investments, etc.	2,000	Deposits of the population	2,000
Balance, being reserve for national consumption account ...	20,000	Present estimated value of the nation's permanent capital assets at original cost	20,000
	£22,000		£22,000

The enormous size of this balance is due to the fact that it represents the accumulation of arrears of what ought to have been actual credit-issues for the promotion of consumption in this country during past generations. It is a measure of the "hidden reserves" which we have frequently alluded to in these Notes. France, Italy, Germany, and America could each produce a similar statement and show a comparable balance. And each of those balances is the "foreign market" which they sought in 1914 with guns, shells, bombs, and poison-gas, and which they have not yet found after fifteen years

* * *

The bankers' anxiety to set up an International Bank on the Young Plan should now be intelligible. In principle this Bank would become the repository of these hidden reserves. In the realm of practical politics the advantage to them would be great. For it would be ten times more difficult for any patriotic group of people to mobilise public opinion to demand a reckoning with an international institution than with an institution situated in their own country. And if it came to a question of coercion, though the British War Office might conceivably send detachments to occupy the Bank of England, it could not send them to Switzerland to call a "Bank of Europe" to order. It is significant that the proposed Bank, like the League of Nations' headquarters, is to be placed outside any of the countries agitated by the reparations problem, and within a country where, whatever happens, there is the least chance of martial law and military mobilisation. Switzerland was an improvised dug-out for cosmopolitan bankers during the last war: it is now being strengthened and consolidated for their permanent occupation

Current Political Economy.

The rise in the Bank rate has produced more public discussion than any similar operation previously. Newspapers such as *The Times* are thickly sprinkled every day with speeches and letters commenting on the increased rate; protesting against it for industry's sake, defending it for the sake of maintaining the exchanges, or demanding that some rapid, serious, enquiry should be held to dispel the fog of contradictions. Mr. Snowden, addressing the Labour Conference, fulfilled the true spirit of democracy; he acknowledged that his interest in the Bank rate was slight; he absolved himself as National Treasurer from any responsibility for its movements; he confessed that he knew nothing about the causes; and he defended the increase. These fluctuations in the Bank of England rate of interest, he said, were controlled entirely by impersonal forces to which the Court of the Bank responded only as perfect automata. The Court of the Bank of England, in short, is unique among all corporations engaged in business; for in Mr. Snowden's faith it is in business not for profit, but solely for other people's health. Its gold is as a treasure in heaven where neither moth doth eat, nor rust corrupt, nor thieves break in and steal. It is incorruptible and omniscient, and although so far from being almighty, it is impotent, nevertheless it

is to be accepted as eternal. If this be doubted on the ground that Mr. Snowden agrees to set up a Commission of Enquiry, the reply is that such a Commission of Enquiry will not be expected to find anything out except that the existing system is the best of all possible systems in the best of all possible worlds.

* * *

Commissions of enquiry would not be necessary if those who promote them were either cognisant of, or accessible to, any new idea. At every stage in the history of banking, every new idea necessary for the preservation of the banks has been put into practice without commission of enquiry. Such a proposition as that the preservation of the banks may not be synonymous with the maintenance of British credit can scarcely be discussed at such an enquiry. Mr. Snowden has himself suggested the conclusions which the enquiry will deliver; namely, that the question of revising the basis of credit can be dealt with only internationally, and that the country and industry must wait and see what benefit is to be derived from the European Bank of International Settlements. Nevertheless, an enquiry is promised, and the movement for socialising credit will do all that is possible towards opening the question of the relationship between the well-springs of credit, industry, and, last, but of greatest importance, consumers.

* * *

Reading the comments made during the last week, one cannot help but perceive already a strong movement to prove that the Bank rate has no effect on industry. Mr. Snowden showed that the last increases in the Bank rate were followed by—he did not say, caused—improvement in the unemployment statistics. Mr. Samuel Samuels, M.P., writing in *The Times*, is among many who claim that the journalists who write on the Bank rate and industry know nothing about it, and that the rate of interest makes no appreciable difference to the prices of commodities. An increase of 1 per cent. in the rate of interest on accommodation, he says, would add only one-tenth of a penny to the cost of a yard of cloth costing four shillings, and only fivepence per ton to steel costing nine pounds. This is equivalent to saying that the Bank rate and industry are hardly related at all. By the same arithmetic, an increase in the interest-rate of 10 per cent. would add only a penny to the price of the yard of cloth; and only a little over four shillings per ton to the steel at nine pounds. In addition, it would draw all the gold from abroad, and would increase the value of the British pound in every country on earth. Either Mr. Samuel has missed out something essential, or the Bank rate ought to be raised every week. One per cent. on the rate of interest is, however, where large sums are involved, not only a considerable proportion of the total, but in itself represents a vast amount. Modern industry works on so narrow a margin of profit on total turnover that a payment of 1 per cent. on accommodation may be a serious item, against which price revision is difficult and may be impracticable. What is of far greater importance, however, arises from the fact that the total volume of money in circulation is greatly affected by movements of the Bank rate. A low Bank rate undoubtedly tends towards expanding the total volume of currency, and a high one to contracting it. Either that is true or the whole fabric on which the Bank bases its control of its rate explicitly collapses. Scarce money entails diminished spending power, which is no fit accompaniment for however small an increase in prices due to the higher rate of interest. Unless there is an alternative channel of supply putting spending-power into consumers' hands directly, it is no consolation to them that gold can and must be prevented from going abroad by the policy of raising interest rates at home, since that stops or lowers the flow of spending power into every man's pocket.

* * *

Lord Lloyd, speaking at the Cotton Growers' Association dinner at Manchester, censures the Government for its premature attempt at the

> "realisation of this or the other piece of unimportant idealism . . . (its work is rather) to procure in Eastern markets that reign of order and security which is the essential condition antecedent to all business, and that steady and competent Government which shall increase the purchasing power of the potential purchases of our goods in Eastern territory."

This is a fair statement of Imperialism of the economic variety. It tells us what the world is for from the point of view of mercantile nations which will not organise, both nationally and internationally, consumption. The reason why England is not a planet to itself is that the rest of the planet is necessary to consume England's products. By consuming the equivalent of what she produces no credit-production nation can keep its industries at work. The world is there to take the excess. While Mr. MacDonald is delivering to America unmitigated cant, both England and America are pursuing an economic policy that requires them to have a planet apiece if they are to avoid one another's elbows.

BEN WILSON.

About Things.

Mr. A. S. Leese, the Secretary-General of the Imperial Fascist League, who lectured before the M.M. Club on September 3, devotes his editorial in the *Fascist** for October to an account of his impressions of that meeting. He regards the "Social Credit enthusiasts" whom he met as "mainly people of patriotism" who "regard democracy as a thing without hope." He agrees with their affirmation that the credit of the country belongs to the people as a whole, and not to the banks. He declares also that they have an "unanswerable case when they point out that the economic difficulties of the present day are not of production but of consumption"

> "This, say the S.C. men, is due to the fact that there is always insufficient money to buy the goods produced in the country, and this they would remedy by making the money issue dependent upon the productive capabilities of the country."

On the other hand he thinks that if the national credit is to be put on the correct basis, there is all the more reason for insistence on good citizenship.

> "For why should conscientious objectors, members of the Second International, or aliens share the benefits of ownership of the new national credit?"

He does not subscribe to what he calls the "Utopian future" which the S.C. men build up on the practice of Social Credit. "Nature's imperfections will defeat these hopes." Also; they "build too much on the influence of environment. It is the quality of men which matters most, not the way they satisfy their needs."

> "It is not true that poverty destroys character: privation merely shows up with great emphasis the difference between men who possess character and those who do not. . . . Nor is it true that labour-saving machinery puts men out of work; its adoption always has compensating factors which produce more need for labour."

Mr. Leese concludes with the hope that now the ice is broken the Social Credit men "will take as much interest in Fascism as Fascists do in Social Credit," and believes that "time will bring these two bodies together with advantage to both."

* * *

It would not be fair to examine too critically Mr. Leese's necessarily fragmentary expressions of his

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early reactions to the S.C. policy. There is some frame of reference which would make any one of his sentiments and statements true. But it is the frame of reference which has to be defined before they can be evaluated. For instance, take the statement that privation reveals character. What about it? What use can be made of the revelation? A good deal if you are recruiting men for a task which involves privation. But perhaps none at all if the privation is not necessary. Starvation will reveal vitality. Applied for long enough to Mr. Leese and myself, one of us would die before the other. But why invoke the test to find out which?—unless we were competing for a prize as the champion faster? Nobody would condone a recurrence of the Crimea hospital scandals simply because it might reveal another Florence Nightingale.

* * *

Again, labour-saving machinery can produce more need for labour where its adoption increases the effective demand for the product. That is to say, the theory works in particular cases. But as a general proposition it cannot. Labour-saving machinery is wage-reducing machinery; wages constitute effective demand. You cannot make a reduced effective demand produce more need for labour. It is estimated that during the war the industrial nations, collectively, increased their mechanical production-capacity by, on an average, 30 to 50 per cent. On the theory there should have been a shortage of labour when the armies returned, even had there been no casualties.

* * *

I see that *The Times* (October 3) has given ten inches to Mr. Samuel Samuel, one of the M.P.s for Wandsworth, for a solemn letter reproving "certain papers" for their outcry against the raising of the Bank Rate. His argument is briefly: What does the extra one-per-cent. amount to anyway? On cloth costing 4s. a yard, a mere one-tenth of a penny. On a ton of steel plates costing £9, a paltry 5d. This method of approach is rather dangerous. For instance, I remember being told some startling figures relating to various Sheffield products, showing the incidence, not of interest charges but of *wage charges* on the final prices. I have forgotten them. Perhaps some Sheffield friends will repeat them to me. I remember that THE NEW AGE once published an analysis of the price of a motor-car costing £1,000 or more; and the wage-item—bless me, you had to push your nose down to see it. I would very much like to know what would happen to the general price level if all the wages, salaries and dividends in the country were raised by 1 per cent. This is the kind of work that the Labour Research Department ought to do—in regard to wages and salaries at any rate.

* * *

All racing enthusiasts are engrossed in the problem of divining the Autumn Double. For the benefit of the uninitiated, this means finding the respective winners of the Cesarewitch (October 16) and the Cambridgeshire (October 30). For any readers who have a fancy to trust an inspiration proceeding from their belief in Social Credit, the two horses they are trying to find choose themselves:

Finance in the Cesarewitch (50).
Clear Cash in the Cambridgeshire (66).

The figures in brackets are the latest ante-post odds that I have seen. How about a 2s. 6d. double beforehand and 2s. 6d. each on them singly on the day of the race—with a shilling added for THE NEW AGE Guarantee Fund? Just for a bit of sport. The odds for the double ought to be more than £100 to the shilling.

HERBERT RIVERS.

The Screen Play.

The Wrecker.

Those people who derive pleasure, as I do, from the spectacle of express trains travelling at high speeds will find the railway scenes in "The Wrecker" (Marble Arch Pavilion) most agreeable to watch. And most people will enjoy the smashes, which are realistic in the extreme, since they were made with real engines and trains on a real railway, and not with studio models, although they fail to achieve the stark thrill of the marvellously-produced accident in "The Spy." But photography, as I shall continue to tell the industry, does not make a good film, and "The Wrecker" is not a good film. Its story is frankly incredible; it suffers from an excessive number of subtitles; many of the situations are held too long; Carlyle Blackwell, as the villain, is so stagey that I for one do not deplore the fact that he has gone back to the theatre; and Benita Hume, that most talented actress, is completely wasted in a part that has no *raison d'être* save that of providing a quite unnecessary love interest. But all these defects are minor blemishes in comparison with the absurdities on which the plot hinges.

The hero, played by Joseph Striker, who smiles quite engagingly throughout the proceedings, is on one occasion believed to be travelling on a train which is about to be wrecked by order of the villain. (Incidentally, the conception of the general manager of a railway who is also the proprietor of a motor-coach undertaking, and causes railway accidents all over the Kingdom in furtherance of his Travel by Road campaign, is as grotesque as any of the major fantasies of mediæval theology.) The villain's female accomplice, played by Pauline Johnson, whose idea of displaying emotion appears to consist in giving an imitation of a solo mannequin parade (for which her director may, of course, be responsible), has an attack of belated remorse. And what does she do? Telephones, not the police, but the house of the young man whom she believes to be in the express approaching destruction. But that is nothing. In the final scene, the villain, the hero, and the heroine (the last of whom clings on to the footboard of an express throughout its journey) are on a train which is also to be wrecked by the villain's orders. The villain's presence, I should explain, is accidental, presumably on the principle that it is a wise general manager who knows his own trains. The villain, holding a number of passengers at bay with a pistol, tells them to prepare themselves for sudden death. It apparently does not occur either to him or to anyone else that trains are fitted with communication cords which automatically apply the brakes, and that brakes are also fitted in guard's vans, and it is left to the hero to avert disaster by climbing on to the footplate over the tender. We are told that the Southern Railway co-operated in the production of this farrago. Pity that the co-operation did not go a little further.

In justice to "The Wrecker," I should add that the musical synchronisation is extraordinarily good, although the reproduction of other sounds, such as those of burning wood and of the exhaust of a locomotive, are untrue to nature. Our producers have apparently still to learn that fidelity in sound reproduction is often best attained by the deliberate faking of effects, as is commonly done in American studios. This film as a whole is inferior to "The Ghost Train," based on an earlier play by the same authors, and the real hero is the Southern Railway's "King Arthur" locomotive. I look forward to the "Flying Scotsman" film with the gravest apprehension.

DAVID OCKHAM.

Drama.

The Bachelor Father: Globe.

When Schopenhauer said that you might call an Englishman anything except a liar, he must have known only English gentlemen. You may call the English bourgeois anything but "no gentleman"; and the English lower classes anything, as the bandmaster found out, but bastards. That a bastard is a favourite of nature, inasmuch as his parents were probably genuinely attracted to one another, and not merely together from habit, is one of those esotericisms which aristocrats keep to themselves; no doubt because it is just as well to encourage the poor to be content with little in all matters. Sir Basil Winterton, V.C., K.C.B., K.C.M.G., whose handles hall-mark him as an English gentleman, at least for the Americans for whose uplift he was created, was proud of his bastards. As these were scattered over all the points of the compass, he had a right to be proud, too, for having left his mark, in the form of his image, everywhere, I expected him, indeed, to compare himself, in proportion to means, with the village idiot who had a bicycle. To mother a Winterton b—— (the word almost wrote itself again) was not a bad career for any far-seeing grandmother to obtain for her daughter; since any such daughter, possessing ordinary business ability, gained a minimum settlement of a thousand a year for the production of one baby, a rate of remuneration for natural motherhood beyond even the demands of Shaw—who has always talked of motherhood as if he contemplated it—in "Getting Married." By the time the play opened Sir Basil, presumably no longer capable of replenishing the earth, and weary of all known alternative pleasures, longed for new diversions, offering greater prospect of humour than do beef-steak, old port, gout, and fishing. In interviews with his doctor he was suddenly inspired to want his children about him; and to send his solicitor, as a Pied Piper of Hamelin, to draw them from the four quarters of the earth into Rooksfold House, in Surrey.

For the next three scenes the play moves about the world in the manner of a musical comedy, so that the audience witnesses the difficulties experienced by the solicitor in fetching Geoffrey Trent, budding composer, from Cheltenham, Maria Credaro, budding operatic soprano, from Italy, and Tony Flagg, telephone-operator (her mother was too proud to accept tainted gold), from her slum lodging-house in New York to the stately home of their father. Tony was a great kid, gold with platinum contacts, a modern girl with no nonsense about her, and of the sort who stand by a pal in distress. Her one ambition was to be an aviator. Certainly Sir Basil Winterton's brood was no argument against free-love for aristocrats, and it was Tony (Antoinette in full) who settled for me that Sir Basil, rather than his money, had to be congratulated. After meeting Tony I had the impulse to suggest to Dean Inge a complete revision of his theory of eugenics; so that this now decadent country of Britain might be saved, negatively, by the de-potentization of all lower- and middle-class males, and, positively, by the parade from village to village of the proud scions of the aristocracy with streamers in their manes. Tony, then, vindicated heredity against environment, as well as the eugenic explanation of the eagerness of American heiresses to wed English milords. It was she who organised and led the bastards to democratize the authoritarian household of Sir Basil; who helped out the tongue-tied English solicitor with the right words when he wanted to marry her and could not say so; who became an ace-aviator; and who nearly broke her loving father's heart in grief to mend it again more whole than ever. For the once gouty old toper, now a dear old boy, teetotal, tennis-playing, tea-serving, and speech-making, had been in danger of losing all his children; Maria to the opera, Geoffrey to an unknown guardsman, whom his mother said was the actual father, and Tony either in an air-collision or to the English solicitor. Tony's miraculous escape from injury in the air collision, and two weddings that brought everybody home, brought about the ending that makes for comfort.

Cast and production are alike good. As Sir Basil Mr. C. Aubrey Smith dominates the play, for Mr. Smith has brains not only in his head. They are at work besides from his feet to his monocle. But there are in addition several other first-class performances, particularly those of Mr. Rex O'Malley as Geoffrey Trent and Miss Miriam Hopkins as the lively Tony. Mr. Francis Lister as the solicitor walks through the part as an actor worthy of harder tasks, as does Mr. Fewlass Llewellyn through that of Sir Basil's butler. The performance of Adriana Dori as Maria did not please me. Her manner was appropriate to a smaller part; with so much of her her falsetto voice became too insistent. In spite of the excellency of the production as a whole, however, the play does not appear likely to repeat the great success it has achieved in New York since Mr. David Belasco presented it a couple of years ago. For the first two acts the dialogue is clever, in a manner only describable by the term "slick." But the appeal of the play seems rather to American than English sentiments. For the London public Tony Flagg ought to be a cockney-waitress—a "Nippy," in short; and, if Sir Basil was to forfeit the actual paternity of one of his children, it should have been one of the two girls, and not the only boy. The scene in Florence, in which the mother of Maria sings on a balcony, other singers being heard off, and in which the darkened stage is gradually rendered brilliant, is a sentimental combination of singing, dialogue, and spectacle of a kind popular enough in music-hall and revue. Here it interrupts the play, and seems less likely to profit the play by provoking the gasp of wonderment in London than in New York. The greatest commercial handicap of the play is that the last of the three acts was written after all the juice had been squeezed from the idea, so that it gives the impression of a cricket team batting time out.

PAUL BANKS.

Music.

Mr. Ernest Newman, in a series of profoundly interesting and subtle articles in *The Sunday Times* during the past weeks, has provided the most stimulating and thought-provoking contribution to musical criticism that I have seen in years. His articles have taken the form—he calls them Ideals of Criticism—of what I should rather be inclined to call a *Versuch einer Grundlegung philosophischer Kritik*—only the weighty import of German seems adequate. To my exceeding great joy he makes mincemeat of the "interpreting music in terms of life" school, the sort of people, that is, who will trace for you Hugo Wolf's syphilis in his songs, and stresses the fact that ought to be obvious, namely, that our concern is with the man's work and that only, by and in itself—no matter that one thinks with gleeful malice of the occasions when at a loose end for copy Mr. Newman has poked industriously about in the sexual life of Wagner and Mozart! All this, of course, is not to pretend that Wolf's syphilis or any disease or ill-health does not have psychological repercussions. This would be inept but merely that such repercussions are not the business of the man who is making a critical examination of Wolf's work as an artist. Assessing the particular kind or amount of twist given to a man's thought by those things would quickly lead to a cloud-cuckoo land like Aleister Crowley's picture of the *Four Red Monks carrying a Black goat across the snow to No-*

where, as far as the critic is concerned. And the people qualified, if there be any, to do it—as perhaps, for instance, the psychiatrists and psycho-analysts, invariably show the most fantastic incompetence and ineptitude when they attempt to discuss an artist's work. Mr. Newman has given us many an instance during the past few years. He then goes on to point out—amazing that this should be necessary yet it is—that remarks like Debussy's about Grieg and Wagner's " Ring " are utterly meaningless and worthless as *criticism*, although earlier conceding quite rightly that the expressed reactions of this type have undoubted interest when expressed by a person of rich mental and emotional life, that is to say, when expressed by one who is plainly not a nonentity. But of the evident difficulty of the " elucidation of the composer's mind as revealed in the musical working of it " which Mr. Newman lays down as his *beau idéal* of criticism, no better evidence could be found than that provided by Mr. Newman himself in his criticisms of certain new works concurrently with these very articles of his of which I have been speaking. Thus speaking of Walton's " Sinfonia Concertante," he says he has heard few new works lately which have given him so much pleasure—that it has an English flavour (what on earth is that, by the way?), and that its slow movement probes deeper than anything of its kind that he has heard for some time. I submit that these observations tell us absolutely nothing of the working of Mr. Walton's mind as resonated in the musical functioning of it—that made by any Tom, Dick or Harry they would not be worth the paper they are written on, but being made by Mr. Newman they are of great interest *and* value, *and* (this, of course, will support Mr. Newman's contention that in the last resort such criticism as he envisages would appeal and be comprehensible to none but the cultivated musical *connoisseur*), to a musician who knows the work, these remarks of Mr. Newman are illuminating and suggestive.

Against what he calls the " sensitised plate " method Mr. Newman is right to inveigh when it becomes what Bernard van Dieren so well calls sentimental impressionism, but his own critical work swarms with examples of it, and in so far as this method excites the interest of other men *bonae voluntatis*, to the extent of urging them to become acquainted with what has given rise to, or rather inspired this particular sort of criticism, it is justified, and I think has merit and value—apart from the information it conveys about the work that is its subject—in so far as it is an index of the potentiality of the work in question, to rouse a response, to " excite reactions " in our modern cant phrase in a fine, highly trained and cultivated musical intelligence, assuming it to emanate from such. Under all other circumstances I am tempted to agree with Mr. Newman that it is utterly worthless.

The programmes for the B.B.C. Symphony Concerts (*olim* Queen's Hall Orchestra Symphony Concerts) are now out, and are not especially exciting except for the revival after some sixteen years of the *Sinfonia Domestica* of Strauss on October 25, the Delius *Mass of Life* on November 1, and, marvel of marvels, *two* Mahler symphonies, the 4th on March 7, and the 8th on April 11 of next year. This mighty and sublime work, one of the grandest monuments in all music, was delayed from last year, and although so long ahead let me urge all readers, *bonae voluntatis*, not to lose this gracious and in all probability unique opportunity of hearing one of the last works to contain that spaciousness, breadth, and sweep that has been the mark of all great music since *Dies Irae*, and in which the music that is being written at this time is so conspicuously lacking, as it is in the intellectual staying power required to keep going for more than five minutes with consequence, logic and cohesion. The most important event in the near future is the Delius Festival from October 12 to November 1, a series of six choral and orchestral and chamber concerts, at which several unfamiliar or hitherto unheard works are to be done, including the lovely *Songs of Sunset*, the *North Country Sketches*, and that wonderful *Fleur-du-Mal*, the *Arabesque*.

KAIKHOSRU SORABJI.

Pastiche.

" YES-BUT " PHILOSOPHY.

[" *Yes, but is it necessary for one to come to any conclusions?* " (overheard remark).]

?

yes no yes no yes no yes no Perhaps yes no perhaps.
? psychologically yes
yes but
psychologically no
but why Why come to any conclusions about it
about it about and about it and about
how does one know one knows one knows one knows? Does one?
One cannot tell, two cannot tell, three cannot tell Can one?
psychologically no
but yes If one could one could if one could
yes but One can't if one can't can one? But can one if one can?
psychologically no One cannot
but does one know one cannot if one cannot?
perhaps yes
yes but
perhaps not Subconsciously yes But
one need not One need not what Exactly what is it of which one is subconsciously subconscious?
sublimated subconsciousness yes
yes but Does one know one is subconscious of one's subconsciousness subconsciously?
ego, I, ego id but not beyond one's subconscious ego-complex
Yes no yes but
but what but what but what but what but what but what
?

DOOA DOOLA.

LETTER TO THE EDITOR.

SOCIAL CREDIT PROPAGANDA.

Sir,—I have read with great interest D. H.-de-L.'s letter in which he states that he perceives a certain change in the attitude of Credit Reformers.

He sees us no longer spending our time in querulously debating this, that, and the other matter which we shall have to settle, " when by a miracle " the thing has taken place, but seriously considering courses of action necessary even to lay the the very foundations of the means to bring it about.

I trust he is not oversanguine in summing up the result of his observations, for there is a good deal of quite honest resistance among us to any such change of view.

Some say, " It is certain to come, so why bother? Let us eat, drink, play mental ping-pong meanwhile." Others say, " We are all talking magnificently to our friends and some even in Hyde Park. There talks will permeate everywhere and in God's good time all will be well." Others again say truly, " You cannot instruct the common people fully in the scientific theory of finance, and our consciences will not allow of any leading of a mob that is not informed to the least detail." Moreover, there are yet those (and who shall blame them?) who dare not, for their livelihood's sake, make any even semi-public profession of their faith, and a very small remnant of comfortable souls who say, " We are quite happy in our monthly debating society, why on earth can't you let us alone?"

Human nature being human nature, we cannot be expected to alter our course all of a minute, but the mere fact that any such change is being openly debated is all to the good.

P. T. K.

ANSWERS TO CORRESPONDENTS.

Mr. Snowden's Financial Inquiry Committee.

H. J. D. T.—We noted what you point out, that Mr. Snowden's reference to the Committee of Inquiry into finance contained no information on (1) the personnel of the Committee, or (2) whether the price-aspect of the question would be investigated. No doubt the gentleman you name will consider the question of mobilising I.L.P. support for the Social Credit case to be brought, whether by means of a petition as you suggest, or in some other way. In any case this sort of work comes rather within the function of the Economic Party than THE NEW AGE; it would require a good deal of organisation. We suggest that you communicate any further ideas on the subject to Mr. P. T. Kenway.

Retrospect.

OCTOBER 8, 1925.

The Labour Party Conference—split between the Parliamentary and industrial schools of tacticians.

Bishop Welldon finds that " selfishness " is the cause of England's condition. Economic " selfishness " (consumption) necessary to balance " sacrifice " (production)—the *Consumer*, the *Producer*, and the *Accreditor*, are the three Persons of the Economic Trinity—our recital of the Athanasian Creed to this effect—as in heaven so on earth.

A threatened Prohibition campaign. Beer and the price-system.

OCTOBER 7, 1926.

The celebration of the septcentenary of St. Francis of Assissi—the true lesson of his life for modern civilisation.

Sir Philip Cunliffe-Lister estimates that the coal-stoppage has cost £200 millions—the relation of this loss to Earl Balfour's reflections on foreign trade.

The Imperial Conference—the Dominions and Empire war.

Guardians' borrowings in coal areas amount to £10,000,000.

OCTOBER 6, 1927.

The Polish loan fails. Bankers' professions of impotence as regards fixing prices for credit.

Brazil's £20 million loan—America lends the greater part.

Sir George Paish on thrift.

Unemployment insurance legislation—the Blanesburgh Report incorporated in a Bill.

Concerted hiring of credit by Labour and Capital suggested by Mr. Ernest Bevin instead of financiers' hiring of both.

Mr. Seymour Hicks on theatre-rentals.

The United States and the British Empire.—II. By C. H. Douglas.

The Relativity of Thrift. By A. B. (How can Labour reconcile taxation of earned incomes with its advocacy of thrift?)

OCTOBER 4, 1928.

The American Note protesting against the Anglo-French Naval Pact.

The charge in *Britannia* against Mr. Garvin, of the *Observer*, that he had, as editor of the Encyclopædia Britannica, carried out proprietorial instructions to allow Americans to write the articles on British foreign policy in the East. Mr. Garvin's indignant repudiation and protest in the *Observer*. (Mr. Gilbert Frankau, the editor of *Britannia*, subsequently vacated the chair by some arrangement with the Inveresk Paper Co., which included the payment to him of a substantial sum of money.)

Psychology in Vacuo. By C. H. Douglas. (The five senses as the ultimate means of apprehension.)

Psychology and Social Credit. By Philippe Mairet.

A consecutive introductory reading course in Social Credit is provided by the following sets of pamphlets :—

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THE GROUNDWORK *of* THE ECONOMIC PARTY

The Groundwork of the Economic Party is summed up as the One Principle:—

THAT THE ECONOMIC SECURITY OF THE INDIVIDUAL CAN AND MUST BE ESTABLISHED.

The One Principle is arrived at from the following facts:—

(1) That all life on this planet depends upon Food, Warmth and Shelter.

(2) That the raw materials for Food, Warmth and Shelter contained in the earth and as direct solar energy are practically inexhaustible.

(3) That the productive organization of our mechanised civilisation, using less and less human labour, is capable of producing an ever increasing supply of goods and services up to each individual's actual physical limit of consumption.

(4) That there is a shortage of purchasing-power due to a defective mechanism of distribution which reduces whole communities to a state of artificial poverty.

(5) That this defect can be corrected by the equation of consumption to production, thus ensuring the economic security of the individual.

(6) That, given certain circumstances and states of mind, such an economic adjustment can be made in any one country, thus breaking the scarcity complex of the present international financial system, which is the cause of the defect; and that such an adjustment would, in time, bring every other country in the world into line with the One Principle of economic security.

The Economic Party accepts the One Principle as essential to the continuance of civilisation. The Party recognises that unless this principle is accepted and put into action, Mankind is foredoomed to a succession of international wars and internal revolutions, threatening to plunge the world into a New Dark Age of industrial, economic and cultural collapse. The Party, therefore, sets forth its World Economic Policy to be interpreted in the form of a regional Plan of Action in each country:—

WORLD ECONOMIC POLICY:

(1) The credit power of a community belongs to the community as a whole and may not be restricted or withheld by any private individual or group whatsoever.

(2) The total cash credits of the population of a community shall at any moment be collectively equal to the collective cash prices of consumable goods for sale in the community.

(3) The sole function of finance is to make available for consumption the total goods and services producible, and therefore—

(4) Banking organisations shall act as Public Accountants to each community, and not as private monopolists of the community's credit power.

(5) A National Credit Account Office shall be established in each country in order to carry into effect the above proposals, putting into operation the Exact Price Formula, and:—

(a) The issue of an Industrial Dividend to each individual without distinction, such Dividend to be based upon the productive capacity of the community.

(b) Payment to those employed by productive organisations of salaries *over and above* the National Industrial Dividend.

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