

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The *Socialist Standard* for January publishes an article in which a statement made by a correspondent that bankers create credit is denied. Mr. McKenna's statement is dismissed as a "mere assertion" "unaccompanied by argument or evidence."

"Let us repeat the statement [made previously and challenged by the correspondent]:—(a) banks receive money on deposit; (b) they pay interest to depositors; (c) they lend money at interest; (d) the interest they pay is less than the interest they receive."

Perhaps the *Socialist Standard* will explain in its next issue where the deposits come from which the banks "receive" under item "a)." Britain's banks held £900 millions in 1914, and £2,000 millions in 1918. The difference did not come from other banks, because the deposits of these increased in the same measure in every country in the world. The world's new deposits came from somewhere. If the banks did not create them, the public must have done so. Or did people dig them up like potatoes?

The *Socialist Standard* supports its view by a quotation from the late Mr. Walter Leaf's book, *Banking*, in which he pointed out that between January and June, 1925, the loans and advances of the "Big Five" went up from £746 millions to £775 millions, while their deposits went down from £1,515 millions to £1,490 millions. Apparently, then, the appearance of £30 millions more loans caused the disappearance of £25 millions of deposits—which suggests that a bank loan *destroys* a deposit instead of creating one. Now, since outstanding loans rank as bank-assets, and deposits as bank-liabilities, the bankers apparently need only expand their loans to a large enough amount to get rid of all their liabilities. Incidentally, too, the expansion of loans should cause deflation, and not inflation, of prices. There is surely a snag somewhere, is there not? We suggest that the consultation of any bank balance-sheet will resolve the mystery. It will be seen that the item "loans and advances" is one only of several items

constituting the bank's total assets; and that the item "deposits" is not its only liability. The total of all the "assets" items is always equal to the total of all the "liabilities" items. Nothing can be proved by showing that rise in a selected item on one side is accompanied by a fall in a selected item on the other. For instance, as Mr. McKenna pointed out when discussing the subject, the banks destroy deposits by selling securities as well as by withdrawing loans. And, generally, a little reflection will show that when the recorded liabilities of the banks (including deposits) are diminished, the recorded assets are diminished by the same amount—otherwise the balance-sheet would not balance.

The first High Court action against a London pedestrian in which the issue of "jay-walking" will be raised will probably be heard this term. The claim is one for £500 by a motorist through his insurance company. It is alleged that the pedestrian rushed into the traffic from the kerb, and that the motorist, in trying to avoid him, crashed into another vehicle. At the Street Accidents Conference last week a suggestion was put forward for legislation to make pedestrians liable to punishment for dangerous walking in the same way as motorists are liable for dangerous driving. Both these items of news are significant on account of their financial implications. In fact the whole agitation about the death-roll of street accidents has its source in the ledgers of the insurance companies, and its objects are (a) to lessen the drain on their funds; and (b) to bring them new business. It may be taken as a foregone conclusion that if the pedestrian is made liable for accidents of this sort the penalty will not be imprisonment (which costs the State money) but a fine (which brings the State money). Further, once he is liable to a fine for this offence, it is inevitable that he will be made liable for damages in the Civil Courts, even if he is not found to be so already in the forthcoming test case. These fines and damages are insurable risks; and when about twenty million adults are all rendered subject to them, there opens

up a fine prospect of new premium-revenue for the insurance companies. Since the vast majority of potential victims would leave no money if they were killed, and would frequently be incapacitated for earning money if injured, there is not the slightest doubt that they would be compelled to insure themselves. They would have the premiums deducted from their wages just as they have in respect of health and unemployment.

There are many insurance companies; but one Insurance Trust—just as there are five big banks; but one Banking Trust. And the Insurance Trust is affiliated to the Banking Trust, which inspires and supports its policy. If it gets away with this new idea the position will be as follows. The motorist will pay so much a year to the Insurance Trust to insure his car; and the pedestrian will pay so much a year to the Trust to insure *the same car*. The motorist will also insure the risk of having to compensate innocent pedestrians for inflicting personal injuries; while the pedestrian will be compelled to insure against sustaining *the same injuries*. Of course we shall be told that this theoretical abuse, two-fold premiums for a single risk, would in practice be obviated by a readjustment in premium rates. We shall believe it when we see it. What we now see is that the motorist and the pedestrian will each be paying to cover the risk of *his* being the guilty party *in respect of the same accident*. We conclude by offering the idea to the Government that it join in the ramp by making us all take out walking-licences at, say, 5s. per annum. This would bring in £5,000,000 a year. The licences would of course be subject to endorsement and suspension. Nothing would be more likely to make us take care of ourselves (and the Trust's reserves) than the danger of being told in Court that our licences were suspended and that we must stay indoors and away from our jobs for a month or so. Insofar as we were careless we should be assisting the unemployed, on whom our employers would call to fill our places. If, further, a suspension of our walking-licences were made a disqualification for drawing the dole, there would be an additional saving of insurance funds, and therefore an improvement in the stability of the nation's credit.

Dr. Schacht, President of the Reichsbank, was reported last week to have been beaten in a "duel with the German Government." It is stated that he had previously sent word to the Government that he refused to allow the Reichsbank to take a share in the International Bank unless there was an adjustment of the terms of the reparation settlement under the Young Plan. On January 14 the Central News reports him to have said:

"If the German Government insists that the Reichsbank must take a share in the International Bank, and if this figures in an arrangement made with the other Governments, then as a German citizen I must obey my Government."

The statutes of the Bank of European Settlement at present only declare the participation of the Reichsbank to be "desirable." The German Government will, it is reported, propose that an article will be included, reading, "The Reichsbank is pledged to participate." The *Daily News* explains that

"As the Statutes of the Bank of International Settlement will be embodied in the final protocol of the Hague Conference, they will have the force of law when ratified by the Reichstag as part of the Young Plan."

The credibility of this much advertised "defeat" of Dr. Schacht is questionable. Firstly, the rebuff, which is about a matter of no immediate practical interest to the German electorate, follows within a week or ten days of Dr. Schacht's victory over the

German Finance Minister (and therefore the Government) about a matter that was. The Minister had arranged to float a loan in New York, but Dr. Schacht refused to allow it and told him that he must raise the money by increasing internal taxes. Secondly, Dr. Schacht, as President of the Reichsbank, is one only among the members of the International Board of Central-Bank Governors. Within narrow limits his decisions are strictly controlled: and there is no likelihood that the International Board was agreeable to the raising of any serious obstacle to the Young Plan, especially to that part of the plan providing for the Bank of International Settlement. Thirdly, the action of the Governor of a Central Bank in interfering with his own Government's policy is carried out privately, it is not provocatively formalised and widely advertised as this action was. We are, therefore, inclined to think that Dr. Schacht's challenge was a staged affair. From the point of view of international finance it would have the following merits: (a) it would heal the humiliation of the German Government about the loan-veto; (b) it would fix public attention on, and magnify the trivial issue raised by Dr. Schacht, namely the question of the amount of German reparations, and would divert attention from the Young-bankers' real object of getting by with the Young-Plan scheme; (c) it would enhance the reputation of their most useful agent, Mr. Snowden, by making it appear that it was his renewed bold front at the Hague over the same trivial issue that caused the German Government to call Dr. Schacht to order. This is all that can be suggested about this event at the present stage of the negotiations.

Mr. S. S. Hammersley, M.P., in the *Sunday Times* of January 12 says that, in view of the complete ignorance existing as to the functions of the proposed International Bank, this country ought not to be committed to participation without fuller knowledge. He points out that the International Bank will have powers to buy gold on its own account. He refers to the world shortage of gold. He mentions that China is adopting the gold basis. He infers that the scramble for gold must become intensified, with disastrous consequences to England's "free gold market." (We would like to know what a free gold market is.) But he need not worry. Just as international laws of war are ignored when a military crisis comes so will be the international laws of finance when an economic crisis comes. The Statutes of the International Bank will have no more force than had the resolutions of the League of Nations when Signor Mussolini, on the occasion of the Corfu incident, told the League to mind its own business. Mr. Hammersley, as a politician, naturally assigns a high potency to formalised declarations, agreements, and so forth and so on. He is quite consistent in suggesting that if Mr. Snowden signs a document, this country will be bound by it. But he is mistaken. If this country finds the results unsatisfactory it will denounce the agreement. Nothing that Mr. Snowden may sign will render this country impotent. But everything that Mr. Hammersley says tends to create the impression that it will do so. The sound attitude to the Young Plan and the International Bank is to show up the financial objectives behind these schemes, but not to suggest that if we fail to prevent their political authorisation there is no hope for us.

Mr. Roy Hopkins, whose pamphlet *The Control and Reform of the Bank of England* we noticed in an article entitled "Bank Pamphleteering" on January 9, has contributed an article to the January number of *The Bank Officer*. In it he asks and dis-

cusses the question: "What is behind Mr. Snowden's Committee?" He opens with the following passage:

"To inquire into Banking, Finance and Credit, having regard to the factors, internal and international, which govern their operation, and to make recommendations calculated to enable these agents to promote the development of trade and commerce and the employment of labour." In these words Mr. Snowden has charged a number of eminent financiers and experts to probe the reported defects in our currency and credit system."

These over-riding terms of reference are worth some attention. They implicitly exclude from the field of enquiry just those matters which the Social Credit advocate regards as fundamentally important. They assume the truth of an axiom which Major Douglas's analysis has, in the opinion of many people, demonstrated to be false. Let us dissect Mr. Snowden's charge to the Committee.

"To inquire into Banking, Finance and Credit . . ."

This clause can of course mean everything or nothing. Literally it need only mean that the Committee shall obtain evidence of the practices and customs of banking functionaries in the matter of dispensing and handling money. Whether it means anything more than this, and if so what, need not be discussed, because the witnesses from whom the information is to be sought are not obliged to give it. For the examining body is not a Royal Commission; it is only a Committee. It has no power to get any more knowledge than the bankers, as an act of grace, choose to communicate to it. Again; even supposing the Committee free to ask and the bankers willing to answer, there is not one member on it who is capable of putting the right questions. Lastly, the Chairman of the Committee has the power to interpret the terms of reference, which means that he can discriminate between what are relevant and irrelevant questions. The direction in which he exercises this power is implicitly laid down in the next clause of the charge:

" . . . having regard to the factors, internal and international, which govern their operation . . ."

It now becomes evident that "banking, finance and credit" are here presumed to be *things*, or *functions*, whose properties or operations respond automatically to "factors" which are not themselves financial. The real meaning of this formulation of the term amounts to this; that the Committee may ask the bankers what they are doing, but in asking, should bear in mind that they cannot help what they are doing. Our readers will not fail to observe that this is a complete inversion of the principle from which the Social Credit proposals derive their validity. Douglas's charge against the bankers that they are incendiaries posing as firemen. We are not in the least interested in hearing testimony about the pat-tern of the engine, the length of the escape, the quality of the hose, the promptitude in answering the alarms, the consideration exercised in the use of the axe on windows and doors, and other questions affecting the technique of fire-extinguishing. It may be a consolation to Messrs. Vickers or Messrs. Armstrongs, when sadly contemplating the blackened, steaming walls of their gutted enterprises to be informed by the brass-helmeted reconstructors that the basement and ground floor have been saved; but this is a triviality beside the question who was responsible for the fire. Mr. Snowden's charge rules this vital question out. His conception of the bankers is that of a band of watchful heroes

dragged from their beds at all hours of the night to repair the damage caused by the carelessness or unruliness of their fellow citizens.

The remaining clause of the charge is as follows: ". . . and to make recommendations calculated to enable those agents to promote the development of trade and commerce and the employment of labour."

The "agents" referred to are "banking, finance and credit." This clause is consistent with the preceding one where the same "agents" are described as being "governed" by "factors." It goes a wee step towards recognising that there is a personal element associated with the functioning of the credit system, but chooses a word, "agents," which implies that the persons associated with it are servants, not masters—that their policy and administration are shaped and directed by external "factors." Under the guidance of this blatant bankers' bunk the outcome of the Committee's investigations can be foreseen. The result cannot be better described than in Mr. Hopkins's own language:

"This inquiry is considered by many to be of vital importance. Others look on it as unnecessary and the mass of the people remain indifferent, although a currency policy can by one little error place thousands of people out of employment for months. It will probably take from one to two years for the Committee to cover the ground outlined above and the results will certainly disappoint radical thinkers if they look for revolutionary recommendations. In fact, were it not that the Bank of England may derive some useful knowledge and instruction, Mr. Snowden's Committee might be regarded as a strategic comedy. If this is so, it may be asked why has the Committee come into being? Briefly, it is because some of the leading men of this country, to wit, Mr. McKenna, Mr. J. M. Keynes and Lord Beaverbrook, have expressed doubts as to the beneficial results of the present system." (Our italics.)

Mr. Hopkins turns to the question of what views are likely to be put before the Committee, and devotes the greater part of the remainder of his article to a discussion of Mr. Arthur Kitson and Major Douglas.

"For many years two energetic men, Mr. Arthur Kitson and Major Douglas, have spent much of their time impressing upon the country the need for changes. . . . Having paid considerable attention to the theories of Mr. Kitson and Major Douglas, I am doubtful as to whether their adoption would give satisfactory results, and hope that these two gentlemen will pardon me if I suggest that their ideas are somewhat unorthodox. After the amount of time, sturdy patriotism and energy they have spent in studying this question it is hardly likely that the Committee will refrain from giving them an opportunity of expressing their point of view. To be called as a witness is one thing, but to impress the Committee is another. In this respect Major Douglas would appear to be at the greater disadvantage. In the cause of fair play he should be given a hearing; but I entertain doubts as to whether, if he is called, he will carry the Committee with him. Mr. Kitson, however, presents a different case. He is a skilled debater, patient and tolerant to those who disagree with him. Indeed, from many points of view, his exclusion from the Committee calls for an explanation."

Mr. Hopkins is saying that the Committee are not likely to be impressed by unorthodox views, but that if they are it will be due to the politeness of the demeanour and skill in debate exhibited by the witness. If any comment were needed to complete the damnation of the Committee this does it. They are presented as a body of people who have assembled merely to be agreeably entertained. We can only hope that Mr. Hopkins's opinion of them will stir the self-respect of the more independent of them and induce them to get busy and learn something about the nature of their job. It is not a game, in which questions of "fair play" arise; it is a technical enquiry.

Mr. Hopkins speaks fairly and frankly about Major Douglas's theory.

"Major Douglas has a theory which has been explained in sundry volumes and many articles. In his book *Credit Power and Democracy* is an appendix containing 'A Practical Scheme for the Establishment of Economic and Industrial Democracy.' This scheme has been drawn up for special application to the mining industry. As I understand it, for each geological area there is to be created a Producers' Bank, and the whole is to be regarded as an autonomous economic unit. The price of coal for domestic use is to bear the same ratio to cost as the total National Consumption of all descriptions of commodities does to the total National Production of Credit, and later I read that we can sell coal to our own domestic consumers below cost, because the supply of the domestic consumer is the ultimate object of organised society. We can sell coal to our industrial users at cost, because this cost reappears as an increment of Real Credit. Apparently, therefore, Major Douglas proposes to sell commodities, internally, at or below cost, while pegging prices for exports. This is certainly, to put it mildly, a revolutionary proposal, but, frankly, I may have misunderstood Major Douglas, for I cannot understand his scheme."

The word "revolutionary" in these days is often used to convey the idea of unsoundness in ideas, and to create fears of general disruption following their adoption. Major Douglas's proposals are not revolutionary in such a sense at all. When adopted there will have been a revolution, but it will have consisted only in a reversal of the principle on which the bankers now administer the credit system. But the visible effect of the change will not consist in any disturbance to the habits, customs, enterprises or ambitions of the people. Take, for instance, the formula: "Selling below cost." It sounds revolutionary as it stands isolated from its context and unrelated to any principle. But suppose we make the formula read: "Selling below the cost as calculated by the bankers' system of reckoning." This at once opens up a clue to the fact that Major Douglas proposes an alternative system of reckoning. If no such alternative is possible, then it does not matter whether you call it revolutionary or not. What you have to do first is to make up your mind whether he has succeeded in proving its possibility. If he has, you may call it a revolutionary idea to adopt, but you still have to consider the nature of the consequences. The consequences can be summarised in the statement that everybody in the country, whatever his estate or occupation, will be able to buy (let us say) 10 per cent. more goods under the new scale of costing than under the old. Nobody's personal income would fall, but the prices of all things retained for personal consumption would fall. Is that a revolution? Well, it has not been thought of before. But neither were paper currency and cheque-books at one time. Their invention and adoption constituted a technical revolution of the same order as Major Douglas's proposed revision of national accounting. But whereas the other inventions made no contribution to the welfare of the ordinary citizen (and in some respects helped to injure him) the present proposal is designed to improve his standard of living. If that is called a revolution, it is one which everybody in the country is waiting for, and kicking up a disturbance for.

Mr. Hopkins devotes a paragraph to the personnel of the Committee. Lord Bradbury, Sir Cecil Lubbock and Mr. R. H. Brand he classes as conservative. Mr. McKenna and Mr. J. M. Keynes, with the occasional support of Professor Gregory, will press for a little more "elasticity" in credit operations. Two other members—Mr. Ernest Bevin and Mr. Newbold—may possibly side with Mr. Keynes. Professor Gregory will be likely to press for an easily defined liaison between the Bank of England and

the Treasury. Mr. Hopkins concludes with the remark:

"As a body the Committee cannot under any circumstances be said to belong to the whitewashing fraternity, but it must be expected that it will regard as a primary aim the maintenance of the position of London in the money markets of the world, especially in view of the impending struggle for pride of place with Paris and New York."

Since the method of maintaining London's position in the money markets of the world is that of forcing exports into the goods markets of the world—sacking workers, shutting down plant and reducing output as a means of saving costs and getting prices down for this purpose—it is not to be expected that the Committee will be in the mood to consider the merits of a scheme for increasing the consumption of the population. Mr. Hopkins refers to Sir Oswald Mosley's advocacy of "consumer's credit" and describes his attitude by saying that his suggestion is "that the consumer should be endowed with sufficient purchasing power to make use of the ever-increasing productive capacity of the community," and makes the comment that if the Committee hear him it is doubtful if they will be able to "spare him much time." Sir Oswald's idea is sound, but as his method involves nothing further than an increase of bank-credit on loan to producers the purchasing power of consumers' incomes will not be increased, and might very easily be decreased. It is curious to observe, by the way, how this doctrine of increasing consumers' purchasing power, a doctrine which originates with Major Douglas, has come to be ascribed to Sir Oswald Mosley. That is to say, the part of the Douglas Proposals which is easily intelligible in outline, plausible, and attractive, is credited to someone else, while Major Douglas is credited with the other, and more technical part, which is harder to grasp and to which it has become fashionable in financial circles to impute unintelligibility. We do not suspect Mr. Hopkins of conscious connivance in the game, but he is playing it all the same. Directly he, with his reputation as late Assistant Editor of the *Economist*, and as a writer on financial subjects, confesses, as he does, that he "cannot understand" Major Douglas, the natural effect on his readers is to discourage them from making an independent attempt to do so. The average man of intelligence, when he learns of a new theory, and is told that it is difficult to understand, might yet take up the study of it if he were to realise the magnitude of the practical benefits to himself which depended on it. But Mr. Hopkins does not afford him that encouragement. On the contrary, by saying that he cannot understand Douglas, and leaving it at that, he is conveying the impression that he is content not to understand him; and this conveys the further impression that he, Mr. Hopkins, is of opinion that it does not matter very much either way whether Major Douglas's Theorem can be proved, or his Proposals are adopted. That such an impression would be a false one no doubt Mr. Hopkins himself would concede. His very choice of the word "revolutionary" shows that he recognises the magnitude of the contemplated change in policy involved. Major Douglas is the only potential witness who emphasises the following basic propositions:

- That before you attempt to improve the economic system you must make up your mind what you desire it to do.
- That having got clear about your economic objective you must choose the most efficient financial system for accomplishing it.

In contrast to this attitude is that of all the other potential witnesses. Some of them want only to tighten a bolt or two in the present credit system, others want to improve the design, but none of them

considers it necessary to reflect what it is he wants the improved system to accomplish.

People co-operate in the production system simply and solely to get out of it as much product as they can. With the aid of inventors and engineers they have built up an organisation and equipment admirably designed and constructed in every physical sense to produce a multitude of products and to transport them where they are wanted by consumers.

The bankers, on the other hand, co-operate in the financial system simply and solely to keep as much product inside the production-system as they can. They have built up an organisation and an accountancy-system admirably designed and constructed to hinder production and restrict consumption.

Naturally, the operation of these two contradictory systems side by side must keep a population in a state of continuous strife. And wherever you look you can see strife. There is hardly a problem, from international war to a scuffle in a public house that is not due to a money problem. Every problem is the consequence of money-compulsion—the compulsion to earn money and the compulsion to yield up money. And since the one compulsion clashes with the other—for every penny earned here is reluctantly yielded there—there are conflicts within conflicts everywhere. The moral injunction "produce more and consume less" is superfluous. The more we produce the less we can buy, and the reason is that in trying to adjust our economic activities to the bankers' policy we are obliged to make a maximum quantity of non-consumable goods and a minimum of consumable goods.

Music.

Bartok Recital. Arts Theatre Club: January 7. B.B.C.
In respect and admiration of the incorruptible and lofty ideals of Bartok, so directly, even drastically, expressed in this music of blunt utterance, I yield to no one. I only permit myself to wonder if such a bluntness tending often to an uncouthness, is really compatible with musical expression at its highest. The intensely compressed, concentrated thought of a Sibelius, with its laconicism of expression, is aphoristic, significance-crammed enough in all conscience, like a Yoga-Sutra of Patanjali, for instance; but the expression, laconic though it be, is full of hidden subtlety. It is always (for want of a better expression) essentially musical. This is what I feel lacking in Bartok: it is, it seems to me, a really primitive musical nature expressing itself. There is also an insensitiveness to the quality of sounds in themselves, a crudity of inner bearing that shows itself in the sharp, blunt ugliness of many of Bartok's chord-spacings and groupings, and that I find it impossible to explain on any other basis than the postulation of a certain lack of fine feeling for sonority as such. I apologise for using this word, which has been made to stink by the misuse of it in the hands of the Stravinsky Press agents.

Halle Concert. Queen's: January 10.
The orchestral playing did not, on this occasion, seem to be at all up to the Hallé standard, sounding often much more like that of our too old, too familiar friends, the gentlemen of London. There were uncertainties of pitch, unclear entries all over the place, and a general untidiness in the playing. In fact, the whole concert was marked by a feeling of tedium and dullness in addition to the poorness of the playing. The beautiful "King Lear" overture of Berlioz was intolerably dragged, so that the gramme was nearer twenty, and the work was

made to take on the length of a "needless Alexandrine." My constitutional insensibility to the Beethoven symphonies is, I decline to believe, solely responsible for the genuine martyrdom of boredom I endured during Sir Hamilton Harty's reading of the "Eroica," the like of which I hope not to endure again for a good while: for sound, utterly dull, uninspired, unimaginative, and thoroughly correct musicianship, I suppose it fulfilled all requirements.

The performance by Benno Moiseiwitsch of the threadbare first Tchaikovsky Concerto was equally unsatisfying. Making all allowances for the essential tawdriness and trumpery of this work, much more can be got out of it than Mr. Moiseiwitsch succeeded in getting, and his performance, with its glib, utterly superficial slickness, its entire lack of breadth and singularly poor, unresonant and indifferently carrying tone (not by any means due entirely to the piano from which later Sir Hamilton succeeded in drawing a far better tone) ended by irritating one to the point of exacerbation. This pianist never had, and has not now, the necessary largeness of style for the Tchaikovsky B flat minor, which does demand this quality above all things. How long are pianists and audiences to remain oblivious that this composer wrote three piano concertos, the second a very pleasant and interesting work which no one but Sapelnikoff has to my knowledge touched within the "historical period," so to speak.

I should prefer to hear Constant Lambert's clever "Rio Grande" again before saying much about it, and in a better performance. It went so lamely and tamely (obviously the whole point of the work is in its scintillance and sparkle) that it is not fair to judge it on this performance. As far as concerned Sir Hamilton Harty's part (at the piano) and the composer's (as conductor) these were excellent, it was the apparent complete inability of orchestra and singers to rise to the occasion or enter into the spirit of the work that damped the thing so sadly. Sir Hamilton's playing of the solo part was brilliant and delightful, and had the rest been up to his level one could better have judged the work. On a first hearing it seems scrappy and disjointed, to have no inner coherence—unlike the "Music for Orchestra" which was such a well-knit, consistent piece of work: as an anthology of delicate and clever percussion effects the piece is most interesting, however, especially in the percussion accompanied *cadenza* for the piano, which is striking and original.

The Musical Copyright Bill.

Since my remarks earlier as to the alleged extortion connected with the collection of performing rights, I have had authoritative information as to the amount of the fees collected annually by the Performing Rights Society from the some thousands of women's institutes, clubs, and such up and down the country. The total was £400, which worked out at 2s. 6d. per club per year for an inclusive performing licence!!! Half-a-crown a year may conceivably appear extortion to those "fair-minded people" who expect and desire to pay one twopence once for all. I should not call them "fair-minded people," however, but thieves. The information as to the figures I have quoted was given to me by a well-known gentleman of unquestionable authority, both from his position and his detailed knowledge of the whole matter of copyright. He has been noted for his championship of the rights of the composer and opposition in former years to the P.R.S. when he considered that its methods were open to question, and he agreed, as most rational people, I presume, would, not that the fees are too high, but too low—grotesquely so, in fact, as the examples I have given demonstrate completely.

KAIKHOSRU SORABJI.

Drama.

The Doctor's Dilemma: Court.

Shaw put at least three themes into "The Doctor's Dilemma." The first, to caricature and ridicule the medical profession for its pseudo-scientific superstition, was no doubt intended to bring about moral, if not scientific, reform. The second theme is an autobiographical note; the discussion on the relative values of character and artistic creation, after which the doctor decides to save the life of Blenkinsop for his honesty rather than that of Dubedat for his unpainted pictures, is a symbolic report of the dispute between Apollo and Dionysos for the spirit of Bernard Shaw. The third, ostensibly to show what power for evil doctors have if they care to use it so, in which Sir Colenso Ridgdon acknowledges to Mrs. Dubedat that he killed her husband to marry her, is a melodramatic smoke-screen to cover up the second theme. Almost the whole of the fifth act could accordingly very well be spared.

In at least one respect the caricature of the medical profession dates itself. Although surgery is even more highly skilled than when the play was written, it is decidedly out of fashion. In Cutler Walpole's day everybody who went to a specialist, and who had a banking-account that would stand amputation, suffered from blood-poisoning, and, if it was not the "nuciform sac" which had to come out, it was the appendix or the colon. The surgeon's application of the Sermon on the Mount was, simply, if they inside offend thee, have it out. What Shaw failed to appreciate was the possibility that the surgeons, by cutting out more and more of the alimentary organs of each generation, might gradually have reformed human beings into the intestineless bag of bones and box of brains that Shaw himself believes in. Perhaps he attacked the surgeons as rivals. Two things, however, brought "the operation" into disrepute, one of them being the obstacle to Shaw's asexual philosophy. First, human nature, learning that whatever disease the surgeon took away left some trouble in its place, rebelled. Finally, both the surgeons and the patients had so much surgery during the war that anything that would do instead was regarded as a blessing. In 1928 accordingly Professor MacLean, of St. Thomas's Hospital, reported that "practically all uncomplicated gastric ulcers can be cured in a comparatively short time with little or no discomfort or inconvenience to the patient"; while Dr. Young and Dr. Hirst, ready to learn anywhere have gone even farther since. In Sir Ralph Bloomfield Bonnington's day the germ-theory was the medical profession's equivalent to the conservation of energy; that it might require modification was inconceivable. Lately I have heard from "orthodox" doctors comments on the germ-theory which were intelligent enough to make me sit up. Lastly, the nationalisation of medicine for the poor has abolished the saintly Dr. Blenkinsop with his humble Christian service, Christian poverty, and pounds of ripe greengages. Blenkinsop himself, after cure of tuberculosis, went to comparative affluence as a M.O.H., with which appointment he discovered, as M.O.H.'s still do, that private doctors are murderers with books of certificates. In Blenkinsop's day, however, the poor paid by instalments to the shilling a week collector, with missings; while the lower-middle classes paid rather more at a time but only when they could. Nowadays the Blenkinsops are well paid without having either to write bills or collect them. The working-man has to pay, ill or well, the State supervising the employer's forced levy. The doctor's only trouble is a protest from the chemist and the State when he prescribes what his knowledge decrees, but what the Administration says is too expensive to be wasted on the prolific poor.

Shaw's caricatures are not so far out of date, however, as to render the play not worth revival. There are plenty of doctors enough behind even the medical profession for the caps to fit some of them; and the moral situations are simply enjoyable by vastly more people than when the majority could not quite settle whether Shaw was a dangerous lunatic or a dangerous mountebank. In the present production Mr. Esmé Percy as Dubedat comes through on his superb confidence, Shavian experience, and rhetoric; and for some reason or other, Dubedat seemed on this occasion a less unconscionable time dying. Mr. Wilfred Lawson's Sir Patrick Cullen was as good as his Petkoff, and was a very fine performance in true character. Two other excellent performances were given by Mr. Vernon Sylvaine as Sir Colenso Ridgdon and Mr. Thomas Pauncefort as Dr. Blenkinsop. As Sir Ralph Bloomfield Bonnington Mr. D. A. Clarke-Smith justified his choice by his command of oratory. But once again Mr. Smith insists on being actor rather than character. His gestures are developing *staccato* on all occasions. He has a fine voice, a fine command of words, and a presence; but he really will have to bring variety into his postures and deportment.

Four One-act Plays: Players'.

All the pieces in this play-bill have been seen before, but as all of them are worth seeing again, and at least one of them is too little known, that is no defect. The one in question is Miss Susan Glaspell's "Trifles," the other three, including two by Tchegov, "The Bear" and "A Swan Song," and Pirandello's "The Man with a Flower in his Mouth." Miss Glaspell's "Trifles" is almost a perfect one-act play. The events before the curtain rises, the strangulation of a childless woman's husband in his bed with a rope at a lonely farm house, are communicated to the audience briefly and as part of the play, with all the characters on the stage. The dramatic moments are perfectly timed and proportioned. While the Sheriff and State Attorney search for a motive in the man's bedroom, two women neighbours find it downstairs in a strangled canary, which they hide and finally take away with them. "Women think only of trifles," says one of the self-important investigators. It is a trifle feminist, perhaps, but it is a good psychological drama. An excellent, natural performance was given in this play by Mr. Arthur Brander, who found the way to deliver a narrative while acting. As the tearful old actor—worn-out actors are more pathetic than other old men for obvious reasons—Mr. Roy Graham spoke and acted with intelligence and understanding, which he uses in all his work, but as "The Bear" he was out, if not of his depth, of his breadth. In this piece, however, Mr. Rodney Millington's performance as the butler struck the right Russian buffoonery note. In "The Man with the Flower in his Mouth" Mr. Graham did not insinuate his misery sufficiently between my bones, nor make a definite enough contrast between the grumbling of "the other man" about minor irritations and his own attitude to sentence of death from epithelioma. "The other man," who is, of course, only a foil for the man with the flower, looked as though he would have preferred to leave the stage when not speaking.

PAUL BANKS.

"We can obtain more than all the food we require from our own Empire, and Empire produce will not be subjected to taxation at our ports. The Empire, after satisfying the whole of its own requirements, has a surplus of 20,000,000 quarters of wheat. There is more beef available than we can consume."—Lord Beaverbrook, on Empire Free Trade, at Lord Rothermere's dinner to the staffs of the Northcliffe newspapers, January 4.

Economic Fermentation.

By John Hargrave.

It is a mistake to under-estimate the importance of what may be called the "economic fermentation" now going on in this country, in Europe, and the world. In terms of chemical action, a ferment is an agent capable of producing fermentation, such as yeast or diastase—a zyme.

It is usual to divide ferments into two classes: (1) *Formed* or *organised* ferments, which are living organisms (molds, bacteria, yeasts), and (2) *Unorganised, structureless, or chemical* ferments, which are chemical substances and belong for the most part to the class of complex soluble organic compounds known as *enzymes* or *soluble ferments*. The action of many, if not all, organised ferments is probably due to enzymes formed by them.

It is now known that yeast secretes an enzyme, zymase, which decomposes the sugar in alcoholic fermentation, and it seems probable that other so-called organised or living ferments act by the same means.

The present economic system has produced its own unorganised ferment. The new economic movement preaching Common of Credit is a structureless enzymic result; it is the product of a highly organised economic system which is in ferment.

When we speak of "economic fermentation" we are, of course, speaking of the ferment, or chaos, of economic ideas, both orthodox and unorthodox; ideas generated, kept going, or modified by the present interplay of economic cause and effect in the present system. This chaos, or ferment, of economic ideas is increasing throughout the civilised world, and is demonstrated daily in every legislature, in every industrial dispute, in every election programme, in every newspaper, in every Budget, in every balance-sheet, and even in banking policy itself. It may be seen in the fact that the word "economic" now appears as an accepted term in the popular press; whereas, only a very few years ago, any journalist who used the word in an article for public consumption would have been stared at aghast in the editorial sanctum as a blank dolt. The Hatry case, the Wall Street collapse and recovery, and the Financial Inquiry Committee are recent indications of the general economic ferment. The ferment in action may also be seen seething, heaving, bubbling in the enormous output of books, brochures, reports and articles on Economics, Banking, Finance, Wealth, Poverty, Money, etc.; some of which are written by bankers, financiers and orthodox economists to explain or to defend a system that enforces financial poverty in the midst of stupendous real wealth. The ferment can be recognised also in the fact that almost every type of "currency crank" and "utopian faddist" lost in the financial reformist maze, is producing his own pet monepanacea, all-heal and universal remedy.

The result of a mathematically unsound economic system is this economic fermentation. It is an unorganised, structureless, soluble ferment. But, we must remember, there is always a ferment within the ferment.

Life in any case can be looked upon as a process of fermentation. Life restricted, made difficult, made desperate, made all but impossible, and in some cases made quite impossible, by a financial system based upon a scarcity policy, because of the intensified struggle for existence that more and more comes to be recognised as unnecessary, produces economic fermentation.

This general ferment we have already indicated. The ferments within this general ferment are the

processes which will determine the final transformation.

The process of chemical fermentation brings about a change, a transformation, such as the action of ferments in the souring of milk, the ripening of cheese, the formation of vinegar from cider, or of sugar from starch.

Within the general, world-wide economic fermentation, a particular enzymosis sets in: the New Economics. The economic enzymes (new economists) may be said to agree only upon one point: *that there is a shortage of purchasing-power.*

Within this ferment there is yet another which, by a process quite beyond its control—the process of idea-conflict—has been drawing further and further away from the general body of Monetary Reformers as such. This smaller grouping is that which adheres strictly to the Douglas Analysis and Proposals. This grouping, or ferment, not only agrees that there is a shortage of purchasing-power, it holds that there is only one correct analysis of the present economic system (by means of the A+B Theorem), and only one guiding principle that can solve the present impasse (the application of the Scientific Price Formula). It holds that the analysis and solution are correct because they conform to mathematical exactitude and cannot be disproved in mathematical logic. The thought-process, or ferment, within this grouping—again by the inescapable conflict of the struggle of ideas—tends to "decompose" the thought-processes in the wider grouping of Credit Reformers in general.

Within the "A+B" ferment appears yet another ferment—a ferment which is striking and peculiar to itself because *the economic technics are not in question.* The grouping is solid and unified in its economic analysis and solution. In this case the ferment within the ferment may be called "political." Indeed, it is because this grouping of thought is solid in its economic theory, and because no further idea-conflict on this plane can take place, that it is—again quite inevitably, by a process beyond its control—not only able, but driven to leave the plane of economic theory and to pass logically to the plane of the politics, or application, of the theory; from considerations of the present economic system to considerations of transforming, or adjusting, the system.

In this it shows itself to be a potent ferment. It begins to know itself as a transformer, a social-economic zyme. No other grouping of Credit Reformers has, so far, been driven by its own logic from the theoretical to the practical plane.

This change within the ferment could hardly be expected to take place unless the mathematical logic of its theory had been logic-tight at every point.

When a political ferment takes place within a grouping or school of thought it is usually the beginning of the final stages of fermentation. The ferment of thought on the political plane is just as acute, may be even more fierce in idea-conflict, and may take just as long or even longer to mature as the ferments on the theoretical plane which preceded it. The grouping can only become effective in action when its political logic is emotionally true; which is exactly the same thing as saying: when it is logic-tight at every point. Political logic—right policy for action—depends upon (a) the emotional tempo of the many created, as a rule, by economic conditions playing upon individuals, and (b) the form of words used by the Few, modified, revised, and re-formed time and time again by a process of trial and error.

It will be seen that, whereas on the theoretical plane (which, be it noted, is the fundamentally practical plane) the guiding principle is an exact science, mathematics; on the active or political plane

there is no such guiding principle. It must always be a matter of rapid adjustment to circumstances, states of mind, emotional stress and strain, periods of apathy, and all the imponderables of individual and mass psychology. The political plane is the psychological plane, the plane of psychic complex and counter-complex.

The most important and the most interesting ferment of thought in the New Economic movement is this latest ferment which has made its appearance within the "A+B" ferment, because it is upon the outcome of this struggle of ideas on the political plane that the future success or failure of the whole movement may depend.

It is just because a wrong decision might make all the difference between success and failure at some later date that the idea-conflict is bound to be, and shows every sign of being, acute and stripped bare of the superficialities of academic debate, even to the point of so-called trivial matters of individual personality and idiosyncrasy.

The psychologist, whether speculative or operative, is aware of the terrific forces of the "ego" and the "id," and the idiosyncrasies of the articulate individual who has focus, energy and determination are factors that only ballot-box democrats try to ignore, and will play as determining a part in the establishment of Common of Credit as in every other great social reform.

The Screen Play.

Hallelujah!

For once in a way the superlatives of Hollywood have been justified. This film (Empire) is indeed epical; it is a production beyond the possibilities of any other medium but the screen; it portrays religious fervour and revivalist hysteria as they have never been depicted; and it is so outstanding and distinguished a sound picture, that I am inclined to pay King Vidor, its director, the immense compliment of regarding him as having done for the talkies what Griffith did for the silent film in "The Birth of a Nation." For this is emphatically a film which would be incomplete without sound, and in particular, without music. Here the music illuminates the very soul of the American negro, to whom religion is real, and to whom heaven and hell are as real as the tobacco plantations of Carolina. It is possible that for this reason "Hallelujah" may not enjoy the success it deserves in England, where religious fervour and emotionalism are regarded as ridiculous or being in bad form, and fit only for the Salvation Army and for street-corner preachers.

"Hallelujah!" is superbly directed, but it detracts nothing from Mr. Vidor's skilful and sympathetic artistry to say that his players, most of whom are not professional, largely directed themselves, as is shown by their natural behaviour before the camera. The crowd work, for which the director must be given full credit, is magnificent. This film has something of the cumulative sweep of "The Birth of a Nation," and also something of the compelling atmosphere of "En Rade." It is unusually long, and might perhaps be cut to advantage in the opening scene, but after the conversion of the principal male character, admirably impersonated by Daniel Haynes, the rhythm gradually quickens. From the rest of an extraordinarily good cast I select for mention Nina Mae McKinney, an actress of seventeen who makes most of the white vamps of the screen look like amateurs, and who has an unusually wide emotional range. Her performance and that of the rest, including the "extras," demonstrate that the negro has a greater artistic scope on the film than in any other medium.

I recommend all my readers to see "Hallelujah!"; even those not interested in films in general or who dislike talkies in particular should not miss a great artistic and emotional experience.

Condemned.

Here is another film (London Pavilion) which is artistically notable, Wesley Ruggles, its director, having mastered about the most intelligent and promising sound technique I have yet encountered. One little detail may be cited, the use of a cut-back in speech instead of picture. This is the real contrapuntal method, of which "Condemned" protraps numerous other examples. The film tells a human story, and has an unusual setting in the shape of Devil's Island, although it fails to convey the atmosphere of that grim penal settlement. Possibly the relations between France and the United States would have been strained to breaking point if it had, and certainly our censorship would never have passed a film which faithfully portrayed the French methods of dealing with transported law-breakers.

According to the blurbs, "You'll think about 'Condemned' for weeks to come! You'll relive its mad moments of love! You'll take your friends by the arm and insist that they see it, too!" And "you'll adore" Ronald Colman, "the talking screen's most fascinating star," in "his greatest romantic role!" I didn't. Mr. Colman plays his part in a ladylike way which entirely deprives him though it is gratifying that Hollywood should have selected an English actor for the part, its imperfection will not heighten the player's reputation among the judicious, even if typists and ladies in the dangerous age are deliciously thrilled. The film is stolen from Mr. Colman by Dudley Digges, who gives an admirably convincing performance as the prison governor (as I translate "Warden"); Louis Wolheim is good in a relatively small part, and Ann Harding, the original Mary Dugan in the stage play, is charming and sincere in a role which does not give scope to her gifts. This is a good film, which should be the popular success it deserves to be.

"The Late Matthew Pascal."

This film, based on the novel by Pirandello, is of quite extraordinary charm and interest, is essentially cinematic, and has a most arresting atmosphere. It was made in 1925, and shown to the Film Society the following year, but has not hitherto been available to the English public, whom the Avenue Pavilion management has thus placed under further indebtedness. It is admirably directed by Marcel P'Herbier, who makes very skilful use of mixes, which are employed with great effectiveness to indicate the passage of time and the species of incident in a fashion embodying a species of screen shorthand. The scene in which Matthew lays the dead body of his infant daughter in the arms of his dead mother is one of the most admirably things I have ever seen on the screen.

After this incident the film, which has hitherto been naturalistic, turns to whimsical comedy, so that this story of the man who would be free and is continually entangling himself is really two films. But, unlike "The Little Match Girl," the joining is so well contrived that there is no loss of unity. "Matthew Pascal" is neither repetitive nor does it demand cutting. The title role is excellently played by Ivan Mosjoukine, whose impersonation is so much more sincere and sympathetic than in any other film in which I have seen him, as to suggest that he has been both mis-cast and badly directed ever since he went to Hollywood. The décor is by Cavalcanti.

DAVID OCKHAM.

Street-Named Schools.

English children are obliged to attend school for nine years. Most progressive people want to extend this period, and quite a number want to extend it at both ends and rake in the toddlers of two and three.

If I were an English boy or girl, I would like to be consulted over this business. "Is school such a healthy, happy place that I can stand another year, or perhaps two?"

Grown-up people take the State schools for granted. They do not even look at them. How many people exercise their rights as British citizens and ever visit them, unless they are obliged to let their own children be educated there? Motoring through a village, they may glimpse a small, solid building with a yard round it. "A village school," they think. Do they note how high the windows invariably are, and in many of them how few there are? In the big towns they see huge square buildings rising up out of yards, surrounded by a ten-foot wall. In the wall are gates, which are often locked in school time, but at noon a mob of released children surges out with wild yells, and scatters unthinkingly across the street, shepherded by kindly policemen, who take the unruly mass as much for granted as we do. Other schools do not behave in this manner.

In the middle of the morning the children have a break, and use what an eminent educationalist once called "the shoving yard." They simply dash about, shouting and screaming, and showing and whooping, because the short freedom literally goes to their heads like wine.

This yard is furnished with water taps and mugs, a roofed-in shelter, lavatories as far removed as possible from the school, and several dustbins, placed for preference in the sunniest, most sheltered corner. The sight of sky overhead is absolutely the only thing that can be said for it. No wonder the ten-foot wall is round to hide it discreetly from the people. The price of bricks has gone up, they say, on account of the further schools that are to be built, and the further surrounding walls, I suppose.

There is no space to describe the buildings, with their class rooms facing north whenever possible, and their stairways, cloakrooms, and stock rooms on the south, but this I know, that many of the children inside are aching for the day when they will be fourteen, and able to leave. The outside world may hold worse in store, but, compared to the prison of the school, it is freedom. A great many of the children who got on well at school, who liked their teachers, and enjoyed their lessons, left when they were eleven to go to central schools, or with scholarships to secondary schools, or their parents have paid for them to go a last year or two to a private or secondary school, knowing full well how difficult it is to get the better kinds of employment straight from a street-named school.

The children left behind have had three years since their more scholastic comrades left, and they want no more of it. They might revel in a year spent in the country, learning to farm and learning to look after themselves. England would not need bricks for that. Teach boys and girls to manage the essentials of their lives in a happy camping community, and the results might well reveal and correct the existing schools.

Then for the toddlers. If we can get garden schools for them with push toys, and young teachers who are controlled enough not to pet them, to leave them alone whenever they can manage themselves alone, and patient enough to teach them personal hygiene, and how to blow their noses, not *en masse*, but individually, as the need arises, why, then, bless

such schools, but if it means another classroom in an already huge block, full of sitting babies, with one teacher who dare not leave her classroom an instant, and is obliged to let these little ones go journeying all alone to an outside lavatory that is not even provided with toilet paper, then do not do it. What is the use of the notoriously expensive Montessori apparatus in a school where the essential needs of children cannot be attended to? Little ones must have help with their bodies, they must be free to run about and make a noise, they must have sunlight and fresh air.

How many children I have seen with good homes and sensible mothers go to school at the age of five, sturdy and well, and, after six months or less of sitting still and confinement, be very much poorer in health.

"I never had any trouble with her before she went to school," a mother will truthfully say, or "He never caught colds, and now he always seems to be having one."

Stacks of stuff have been written putting the other side of all this. I know there is another side. For the very poor people whose homes are wretched in the extreme, school seems even luxurious in comparison. But State education should be above that sort of comparison.

Children are all mixed up together in the same school. A child of a well-to-do artisan or small shop-keeper is sat next to a real ragamuffin with no language except the casual loose sentences of the street urchin. A teacher with imagination may do his or her best at arranging the class, but it is lamentably true that the parents very often speak much better than do their own children. "They talk like that at the school," these parents will tell you, not as an excuse, but as a well-known reason.

Small right has England to impose another year of compulsory attendance unless she means to change the character of her schools. We may not be rich enough to scrap our unsuitable buildings. Need we repeat them?

D. M.

Economic Party Meeting.

[The following is a report contributed by a member of the Economic Party. We print it for what it purports to be, namely, a minute of the proceedings at the meeting. Two points in the chairman's "historical sketch" need correction. (1) THE NEW AGE announced the Conference re-ferred to, but neither supported nor opposed any programme or organisation. (2) The M.M. Club has "proved to be" what it was formed to be, namely, a discussion circle.—Ed.]

The meeting of Credit Reformers called by the Economic Party took place at Ludgate Hill Station Café on Wednesday, January 15. There were seventy-seven people present. The chairman opened the proceedings by giving a short historical sketch of the progress of the movement. He described its hopeful beginnings, and its failure to organise, despite successive conferences held for that purpose, and the invaluable support of THE NEW AGE. After the fiasco at Swanwick and the foundation of the Economic Freedom League nothing was left of the once-flourishing groups in the North and in Scotland and Ireland except a few isolated and despondent individuals. In London, the M.M. Club had served to keep them together, but it had proved to be, no more than a discussion circle. Ten years had passed by, and they had made no visible headway with their propaganda. The chairman then introduced Mr. J. Hargrave to the meeting.

Mr. Hargrave opened his speech by stating the three stages through which the movement must pass in its march towards the establishment of a Social Credit State. He asserted that the first of these was already accomplished, and that it was the desire to linger in it that prevented them from entering upon the second. This was the stage of widespread propaganda. To become an effective propaganda instrument, the movement must take on some form of organisational unity. Such unity did not mean control of the individual's activities, but simply his acceptance of a common basis on which to act, such as that embodied in

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The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books.

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