

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

On February 17 the Federation of British Industries issued a statement on taxation. In this statement it maintains that the limit has been reached. It shows in regard to income-tax that between 1924-5 and 1928-9 the net produce for each penny of the normal rate has declined steadily from £5,055,000 to £4,583,000; and that the net yield has declined from £273 millions to £220 millions. Thus the revenue, it says, has been "losing its buoyancy." As concerns the burden on industry it proceeds as follows:

"Some idea of the high proportion which industry contributes to the total of income tax can be gleaned from the following table:—

	Per Cent. of Total.
Real Property	13.0
Farming Profits	5
Securities	17.8
Business:	
(a) Mining, Manufacturing, and Productive	22.3
(b) Distribution, Transport, and Communication	17.3
(c) Finance, Professions, and other business Salaries, etc.	6.5
	22.6
	100.0

"It would appear from the foregoing that approximately one-fifth of the total net income is derived *Directly* from mining, manufacturing, and productive industries, to which should be added a substantial proportion of the sums under the heading of 'Real Property' (Schedule A), Salaries, and under the business headings B and C, since the sums contributed by these items in a large measure depend upon the prosperity of industry."

Another section points out that the real weight of debt is not expressed by its financial figures but by measurement in goods, and it asserts that since 1920 the real burden of debt has more than doubled according to the true measure. The following figures are quoted in proof. Column A gives the total debt, excluding floating debt and pre-war

foreign debt. Column B gives the *Statist* wholesale price index (1913 equals 100), Column C converts the figures in Column A so as to express the debt in terms of 1913 values.

	A. £ Mill.	B.	C. £ Mill.
1920	4,955	303.0	1,609
1921	4,848	208.5	2,325
1922	5,236	156.8	3,339
1923	5,479	156.1	3,510
1924	5,453	161.2	3,383
1925	5,456	164.8	3,311
1926	5,475	148.4	3,689
1927	5,480	145.4	3,770
1928	5,501	145.4	3,783
1929	5,448	141.8	3,842

The F.B.I. issues another document for release to the Press on February 19. This comprises an elaborate set of proposals for "rationalising" the trade of the British Empire. The idea at the back of them all is that there shall be a central body functioning for the Empire in much the same way as the League of Nations functions for Europe. This body would investigate how to ration Empire trade between Britain and the Dominions to the satisfaction of them all, having regard to the fact that as the Dominions have gone in for industrial development they are not going to renounce opportunities of exporting manufactures in addition to foodstuffs. There has got to be some bargaining. Are there, for instance, cases of redundant enterprises here and there in the Empire which ought to be closed down as economic burdens on the Empire's prosperity? We should say, from a glance through the whole document, that the contemplated investigation, should it ever begin, will still be going strong a hundred years hence. It is easy to see that—as usual in all such cases—the F.B.I. has availed itself fully of the expert advice which the bankers are so willing to give to designers of new trade-policies. Its proposals are nowhere incompatible with the bankers' objective, which is to get a closer grip on the administrative side of indus-

trial finance. In fact, many of them can be shown to be based on the axiom so frankly formulated by the *Financial Times* on December 30 last: "Real economic progress in a capitalistic world is impossible without ever-recurring writing off of capital."

Let us examine a recent example of this writing-off. The full story occupies a column of the "City Notes" of *The Times* of February 4, and concerns the reconstruction of the English Electric Co. The reduction of capital proposed represents a writing-off of £1,386,690 of Ordinary capital and £368,838 of Preference capital; "but the debenture holders will rightly suffer no loss of capital value." The capital structure of the company after the deductions will be—

First Mortgage Debentures	£
Debenture Stock, 6 p.c.	656,200
Preference Shares, 6½ p.c.	450,863
Ordinary Shares	1,135,874
	1,343,511

"If the scheme is confirmed and the board reorganised," says the writer of the "City Notes," Messrs. Lazard Brothers and Co. have agreed, on behalf of themselves and their associates, to subscribe at par in cash for £750,000 of Ordinary £1 shares in the capital as reorganised. (Our italics.) Now, the Ordinary capital "as reorganised" represents exactly one-sixth of the previous nominal capital; i.e. the original £1 Ordinary shares are to be written down to 3s. 4d., and every six of these are to be "consolidated" to form one reconstructed Ordinary share. The result of this is that for the sum of £750,000 the Lazard group of bankers not only get a block of shares of the theoretical and originally potential value of six times that amount (whatever that may signify practically in the future) but they acquire a controlling balance of the Ordinary shares. Thus the whole company is Lazardised from top to bottom. Lazard will be the external banker; Lazard will preside over the board of directors; Lazard will be trustee for Debenture holders; Lazard will have the casting vote for Ordinary shareholders at the Annual Meetings (if the farce of holding them is persisted in); and Lazard will decide whether the 6½ per cent. Preference shareholders get 6½ per cent. or nothing (for during the first four years Preference dividends will only be paid if "in the opinion of the auditors profits are available for that purpose," and the dividends during that period will not be cumulative; if they are short, no arrears will subsequently be paid). No hazards for the Lazards. They will control the costing and pricing of the company's products; they will prescribe the prior charges on its earnings; and they will allocate the distribution of the balance. For Lazard the banker, so much: for Lazard the mortgagee, so much; for Lazard the ordinary investor, so much. For everybody else as God wills. All that Uncle Three-heads has to do is to trim his cargo of assorted boodle in such wise that he can sail off without a list.

The writer of the City Notes makes the explicit remark that the English Electric Company has always been economically a strong concern, but has been "unfortunate" by reason of causes "beyond its control." That is another way of saying that whereas its power to make and supply goods remains unimpaired its power to collect money has suffered a decline. There are no suggestions of directorial extravagance or inefficiency, such as have been made against the mineowners for instance: the misfortunes of this company are ascribed to external causes. Nor is it suggested that the original capitalisation was too high as measured by the monetary and trade conditions and prospects at the time of issue. In short, the whole affair is spoken of as being just a matter of bad luck. What is, as usual, kept out of the picture is

the fact that the bankers are arbiters of this sort of luck—in the same sense as the late Dr. Walter Leaf described them as arbiters of commerce. Industry as a whole has to pay for its good luck in terms of subsequent bad luck. The good luck proceeds from expansion of credit, and the bad luck from the contraction of credit. According to popular superstition the expansion necessitates the contraction; or, as the bankers put it:—Trade runs in cycles. Hence is derived the phrase "artificial prosperity." In terms of physical things the phrase has no intelligible meaning except in a case where it can be shown that the prosperity involves the exhaustion of irreplaceable resources. For example, if the prosperity of the world took the form of a consumption of grain at a greater rate than growers could raise grain, the "artificiality" might be allowed—although a correct description of the situation would be temporary actual prosperity. A meal you eat to-day is not the less real because you may have to go without one to-morrow. But at the present time it is next to impossible to cite any branch of economic activity where deliveries of goods are exhausting resources. Of industry and agriculture as a whole the position is exactly of reverse. To coin a phrase, the *index-number of placeability* never stood so high as it does to-day, if we exclude the short period immediately following the Armistice. It is not a far-fetched estimate to say that if every consumer in this country drew out of industry as many goods and services in six months as he now does in twelve, there would still remain a large unemployed reserve of replacement-power; a reserve, moreover, which would have been automatically expanding all the time as the direct result of this spurt in consumption. What is "artificial," therefore, is not the comparative prosperity that the population has enjoyed from time to time in the past (and particularly during the war) but the penury that it is experiencing to-day.

"Reconstruction," and "rationalisation," whether of single concerns, national industries, continents or empires, mean the same thing: they constitute a shutting down of physical energy which should issue in the consumption of energy-products by populations. The supposed compulsion to do so has no more reality about it than if the makers of pressure gauges decided to fix a limit to the maximum pressure that these instruments would record, and then succeeded in inducing engineers to believe that every boiler would burst if the pressure exceeded the imposed gauge-limit. In this illustration, "rationalisation" would consist in the stripping of the tubes from modern boilers and the reversion to the old single-chamber boilers, and the reason would be that the pressure-gauge makers had suddenly decided to reduce the maximum gauge-registration. That is what "Deflation" means. When the bankers decided to force industry back on the gold-standard they were doing the same thing as if they had decided to force motor-manufacturers to get speeds down to the *speedometer-standard!*

This is the sort of nonsense on which Lord Melchett, Lord Beaverbrook, Lord Rothermere and the F.B.I. are basing their various policies. They accept the bankers' speed-limit (rate of consumption) as fixed. At the same time they are scheming to develop speed-power indefinitely. The inevitable result of their success, supposing they were to achieve it, would be the same as if a motor-car designer were to reduce gear-ratios every time he raised the horsepower capacity of his engines, and thus succeeded in getting a car-speed of ten miles per hour with an engine-speed equivalent to a hundred. This would be a sensible enough idea if one assumed that the objective of building a powerful engine was to enable it to smelt its own bearings.

Reverting to the case of the English Electric Company, the cause of its misfortunes was a general one affecting all other business concerns in various degrees, namely, the deflation policy of the banks. It is important to bear in mind that there is no necessity for banks to call in credits to produce deflationary results in prices, profits and capitalisation. It is sufficient merely for them to stop increasing the amount of their loan-accommodation. The reason why this is so is made clear by Major Douglas's analysis of the present principles governing industrial costing. He has demonstrated that while those principles remain unaltered it is impossible for business as a whole to recover all its costs in prices unless the banks are advancing loans in continuously increasing amounts. The instant that the banks call a halt to the increase they inflict actual losses; and if they go further and recall pre-existing credits the losses are, of course, intensified. In these circumstances, even supposing that the bankers were able to prove the necessity for taking this step, they should have taken it only after considerable notice, say, four or five years, if not longer; and even then should have applied the breaks very gradually. Moreover, their duty during the preceding period of inflation was manifestly to warn the business public that deflation was inevitable at some time or other, and to advise them of the nature and extent of the consequences. These matters were within the knowledge of the bankers; so that their silence was deliberate. Not only did they refrain from giving industry a truthful account of its economic prospects. For as soon as the war was over they encouraged (or procured the Press of Britain to encourage) all the industrialists to prepare for a great world-demand for peace-products. Everybody must mobilise, adapt, and develop his plant, equipment and other resources in readiness to grapple with the enormous demand that was about to arise all over the globe for goods to make good the destruction of the war. At the very time they began this development-campaign they appointed a pseudo-independent body, called the Cunliffe Committee, to make financial recommendations to the Government which they foreknew and intended would have the effect of destroying the demand which industry was preparing to fulfil. Beside this "appalling fraud" Mr. Hatry's crime contracts to the dimensions of handbag-snatching.

For look at the consequences. From the top to bottom of industry every concern and every person with any credit at his free disposal parted with it in order to acquire a new earning-asset to be ready for the boom. In Lancashire people without any free credit—to wit, the mill operatives—pledged their homes to acquire shares in cotton-mills. The general net result was that the population parted with good money and got in exchange revenue-earning assets which were predestined to idleness. At the top end the banks were collecting this money as repayments of their loans and as the proceeds of selling out securities. All this money was (as is now realised by students of Social Credit and has been confirmed by Mr. McKenna's formula) withdrawn from circulation and destroyed. The banks had now resumed their power—temporarily impaired by the exigencies of the war—of controlling and directing business activity of every description. The business community, in locking up money which they could have distributed in dividends or higher wages, and which, if they had, they would have received back as proceeds of sales, thus defraying past-costs, burdened themselves with additional costs which they could not hope to defray except insofar as the banks chose to lend more

credit. If the implications of this situation are reflected upon it will be realised that the banks have the power to acquire a controlling interest in every business enterprise in existence for as little a sum of money as they choose to offer. It is simply a question for them of scaling down their loans; because the earning-power of industry is governed by their loan policy; and if any enterprise fails to earn profits its owners will be ready in the last resort to give it away. The machinery-smashing episode in Belfast to which we referred recently is proof of the fact; and as the story is most opportune in the present connection we now give the full version as supplied by our informant.

Future historians will no doubt turn many a caustic epigram at our expense, and they will certainly have some pretty material for satire at their disposal, yet it is likely that the most ridiculous, the most tragic, and the most dangerous results of our economic chaos will never come under their notice. Such things are never published: they "blow the gaff" on humanity too cruelly, exposing the underlying futility of all human endeavour.

Just three years ago a certain firm of linen manufacturers in Belfast went into liquidation. The chief cause was, of course, the policy of credit restriction pursued by the banks; the immediate reason appeared to be careless administration. It was said that the managing director gave too much of his time to the various municipal activities and social services of the city. This would have mattered less had his subordinates been well chosen and efficient, but, as they were not, his affairs moved rapidly from difficulty to crisis. The business was unable to meet from the banker's demands, and had finally to file a petition in bankruptcy. In anticipation of the Receiver's questions the managing director made, in the circumstances, the one effective retort in his power. He went to bed with a severe chill, developed pleurisy and double pneumonia, and died within the week.

Unfortunately for the linen industry he could not take his factory with him, and the silent plant hung over the trade like a guilty conscience. No one was safe so long as a modern and efficient plant could be bought at a scrap price, for with negligible overhead costs the speculator could undersell everybody.

At this dark hour the banks once more saved industry by selling the concern to three "strong" firms—presumably with one eye upon the overdrafts of their "weaker" clients, which any increased competition would transform into bad debts. It is not too much to assume that they inspired the last act of the farce.

A few hundred pounds worth of plant was taken by the three buyers to supplement their own equipment; the remainder, the best of its kind that money could buy and in perfect working order, never produced cloth again. Half-a-dozen navvies, with heavy sledge-hammers, smashed everything in the buildings; all was utterly destroyed, and the fractured castings carted to the furnace and melted down.

The trade breathed a huge sigh of relief. To be sure no manufacturer liked to think of the "many thousand bodies" lying "rotting in the sun," but the reply to all questions and arguments echoed Old Kaspar's final judgment:—"Nay, nay, my little child," said he, "It was a famous victory."

Notice that the bank had become possessed of the factory, for it was able to sell it. Notice, too, that the buyers did not want to buy it. The reason for their doing so was because otherwise the bank could easily have formed a syndicate to run it virtually free of overhead charges and to undercut their prices. Notice, lastly, that what they really paid to the bank for was not the factory but the right to destroy it. It is not at all improbable that the bank lent them the money to do so. It would have been the same in principle as the action of American banks in forcing wheat-growers to put land out of cultivation as a condition of granting them loans.

The Royal Bank of Canada has something to say which bears on this analysis. It circulated a letter to the Canadian newspaper-editors on January 29

(which they were asked not to "release" before February 6) which ran as follows:

The Royal Bank of Canada.
Head Office,
Montreal.

January 29, 1930.

Dear Sir,—To a considerable extent the immediate prospect for Canadian business depends upon business conditions in other countries. A world-wide depression would bring on a serious depression in Canada, and a revival in world business would serve to stimulate activity in Canada. *A decline of price levels seems particularly timely, because, through control of price levels, the central banks have the means to regulate international business activity.*

This Monthly Letter deals with the situation suggested above. We hope that it will be of interest to you.—Yours truly,

DONALD M. MARVIN,
Economist.

[Our italics. The Monthly Letter referred to is a document dealing largely with the question of the supplies and control of gold.—ED.]

The first part of this letter, if interpreted on the assumption that "business" means volume of production and consumption (which, of course, it ought to mean) may be paraphrased something like this:

"To a considerable extent the immediate prospect for you fellows to grow and dig potatoes depends on what the other fellows do. If they slacken off, you will have to; and if they go ahead, then you will be able to do the same."

How it is that this self-evident nonsense as a physical proposition is accounted wisdom as a financial proposition? The answer is quite easy if you admit the postulate that e.g. Canada's solvency depends on her receiving money from other countries. Then of course a "world-wide depression" would mean a depression in Canada, because the term "depression" means in this context much the same thing as deflation, i.e., "no money about"; and if there is no money about outside Canada there is no money to come inside. In that event Canada would not only be short of the credit necessary to defray her costs as a going concern, but, because she was short, her own bankers would shorten their loans and cause her to be shorter still. Prices, profits, share-values and wages would fall in "sympathy," as they say, with the external situation.

This brings us to the concluding portion of the Royal Bank's letter. A decline in price-levels cannot take place under the present financial dispensation without involving investors and wage-earners in monetary losses. Very good: and what does the community buy with this sacrifice? The writer defines it as the means by which the central banks can regulate international business activity. It is rather an obscure formula, but the meaning of it is not far to seek. As we pointed out just now, the further that prices decline the stronger the control of the banks over business policy, and the more instant the response of industry to the banks' policy. In the case of the English Electric Company the manner of the control and direction of its activities is clearly exemplified. We can usefully add another item here. It is that the Lazard group (so the investors are given to understand) are expecting to bring important business to the reconstructed organisation. Since the Lazard group virtually owns the organisation we consider the suggestion not unlikely. No doubt the Lazard group owns plenty of other enterprises which use products that can be made by the E.E.C.—in which case the right contacts can be easily established, and the exchanges and circulation of credit can be kept within the family.

There is a delightful *naiveté* about the Royal Bank's remark:—"A decline of price levels seems particularly timely." It almost suggests that the de-

cline happened by accident. It ought to start further back and say:—"A restriction of credit seems particularly timely," because the decline followed upon the restriction. In the Monthly Letter to which it refers it starts, by implication, further back still, because it seems to be proving that the restriction of credit was caused by a shortage of gold. In that case the shortage of gold becomes the timely factor.

It will be interesting to glance at a few figures relating to gold-production which are given in the Monthly Letter.

Gold Production by Regions.

[In values calculated on the basis of 85 shillings per fine ounce.]

	1926 £ mill.	1927 £ mill.	1928 £ mill.
Transvaal	42.3	43.0	44.0
Rest of World	39.7	39.5	40.0
World	82.0	82.5	84.0

Utilisation of Gold.

	1926 £ mill.	1927 £ mill.	1928 £ mill.
Industrial Arts (Europe and America)	16.0	15.0	15.0
India	16.1	15.1	18.0
China and Egypt	0.4	0.4	0.5
Total consumed	31.7	30.5	33.5
Balance available for money	50.3	52.0	50.5
World	82.0	82.5	84.0

World's Stock of Gold Money.

	1926 £ mill.	1927 £ mill.	1928 £ mill.
Total	2180	2232	2282

In another table the world's stock of gold money is given as £519 mill. in 1867; £774 mill. in 1893; £1,909 mill. in 1918. The proportion of the world's output of gold mined in the British Empire was 70 per cent. in 1926 and 71 per cent. in 1927 and 1928. The Transvaal mines contributed 52 per cent. in each of the three years, while Canada, Australasia and Rhodesia made up the balance. In regard to the consumption of gold, India has taken on an average £25 millions worth a year since 1922, the peak year being 1924 when £52.4 mills. went there. The last three years, already given in the table, are the three lowest.

If the world's economic life is being held up for want of gold, how is it that such a high proportion of the annual output is taken for the arts or sent to India (where it goes mostly into private hoards)? The table is so constructed as to suggest that the banks are the last in the queue, and receive only the "balance available for money." The truth is the reverse. Mined gold is delivered in bulk to refiners, the actual purchasers being the banks' disposal. The whole of the refined gold is at the banks' disposal. The South African refinery, for instance, when it receives a consignment, has to pay the bank for it. The bank lends it the money to pay. When the metal is refined the bank buys back what it wants and the loan is cancelled for alloying. The balance of the metal is retained for its disposal and rolled into sheets, drawn into wires, beaten into leaf, or made into chemical compounds, and disposed of for use in the arts. The gold sold to India is sold by the banks; and if such were their policy they could refrain from selling it. Further, the fact that they could halve or quarter the quantity taken for the arts. It only requires them to signal the fact that the security of trade is being undermined by this use of it, and get Buckingham Palace, Westminster and Fleet Street to appeal to patriotism in favour of

the renunciation of gold, and the public response would be ready enough. The Germans responded like this during the war

There is not the least excuse for the British Empire to be short of gold, whatever may be said of other countries. There is not only the accumulated hoard in India, and the quantity in private possession otherwise, but there is something like £55 million pounds worth produced every year by the Empire's mines. But what is the use of fidgetting about gold supplies when we know that gold held by the Federal Reserve Board is demonetised and monetised at its will. Why, again, choose a policy which will merely empower the Bank of England to expand credit, unless you are able to guarantee that the power will be used for that purpose? The check does not lie in the quantity of gold but in something else which is disclosed in the following paragraph in the Monthly Letter referred to.

"It should be possible within narrow limits to prevent either a rise in the value of gold, which is the same as a fall in the price level, or a decline in the value of gold, which is advancing prices. It will be apparent, however, that if a Central Bank by an easy money policy attempts to raise the level of prices, non-cooperation from other Central Banks will lead to an outflow of gold, which, if continued, will compel the bank to reverse its easy money policy." (Our italics.)

This of course implies that if the Central Banks agreed on an easy money policy, and applied it contemporaneously in their respective areas, there need not be a movement of gold. But co-operation would do something else as well; it could establish a larger ratio of credit to the gold basis. Lastly, it could do the best thing of all, which is to base national credit on national productivity, and use it to expand the national consumption market. The reason why none of these things is done is because the international ring of Central Banks has agreed not to co-operate to do it. Mr. Montagu Norman, as the Governor of the Bank of England, "can't" do this or that because Mr. Montagu Norman, as a member of an international group of Governors, is pledged not to make the attempt. Thus the national Spenlow excuses himself by reference to the international board of Jorkinses—that is, when he chooses to open his mouth at all.

About Things.

In the *Scottish Co-operator* of February 15 there is a full-page report of an address delivered by Mr. J. P. Hay before the Glasgow and District Conference Association. The subject of the address was the State Control of Credit. Among the several points made by the speaker one was particularly emphasised (and it is a point that many speakers on the money question omit even to mention), namely, that—to use my own paraphrase of Mr. Hay's argument—the cost of capital development is currently borne by the consumer through inflation of prices arising from what he described as the "incursion" of credit created and advanced by the banks for that development. Taking as an example the construction of a railway by a community whose consumption was eggs, he showed that while the railway was ostensibly built by the use of bank credit in reality it was built by a levy on eggs. Mr. Hay devoted a good third—and the opening third—of his address to an exposition of this truth; and I congratulate him on his sagacity in choosing it as the foundation of his general case. His second point was also well chosen. It is reported as follows:

"Referring to the profits made by the banks, the speaker said he might be told that all that the banks did was to lend out money which others had loaned to them. That was not the case. Some had paid-up capital of £12,000,000, yet showed loans to their customers of £300,000,000. Only a bank could do that. It was done

by 'ghost' money. . . . Their [the banks'] credit was really national credit . . . and they were now trading in a public commodity. The time was now ripe when the nation should come into the national bank, and when we are all to be shareholders in this exceedingly lucrative business."

Mr. Gallacher, of the Scottish Co-operative Wholesale Society (whose speech on an earlier occasion was noticed in THE NEW AGE), was present, and opened the discussion. He said that the real solution of the economic problem was that "the Bank of England should be nationalised and that the State should control prices." The meeting was held under the auspices of St. George Society and was presided over by Mr. J. M. Biggar. The report says that there was a large attendance of delegates and visitors. This stirring up of interest in the credit question is of all the more importance because the Co-operative Movement has a bank of its own in one sense though not in another. The C.W.S. Bank ought to be a self-determined organisation with the same legal rights and privileges as are accorded to the Big Five. Fundamentally the credit system is based on goods, not gold. It is goods that depositors ultimately want money for; and even in panic-times when they have run after gold, goods were their real objective. Yet to-day the C.W.S. Bank, which alone has a backing of goods, and of goods-producing plant, is subordinate in prestige and function to the joint-stock banks. The time appears ripe for the movement to consider this anomaly.

According to a United States newspaper, Dillon Read and Co., New York bankers, have concluded a loan of 14 million dollars to the German electric firm, Siemens, Halske and Co., for a period of 1,000 years. The loan will be issued as debentures having a par value of \$400. The issue is at 233 per cent., which makes the total of the loan \$32,000,000. A large block of these debentures will be taken by the American General Electric Co. The report says that financial circles declare this operation to be a forerunner of a "world electric bloc."

I hear that Mr. John Hargrave has accepted a contract to write a series of twelve articles on health and economics to run in *Health and Efficiency* (Health Promotion, Ltd., Efficiency House, Paternoster Square, E.C.4. Monthly, 6d.). The articles appear under the heading "There is No Health in Us," and are announced as "A Series of Outspoken Articles, revealing the fact that Artificial Poverty lies at the root of a Nerve-Racked Nation." The first article appeared in the January number. It was entitled "First Things First," and was based upon the statement that all life on this planet depends upon Food, Warmth and Shelter. The February article is entitled "Food," and shows that the Food Reform problem is, in reality, a Credit Reform problem. I have seen the second article, and like it. I should say that, in addition to the soundness of its arguments, it is the most entertainingly written feature in the magazine. It gains a good deal of force, too, from the humorous drawings by Mr. Hargrave which are embodied in it. It is satisfactory to hear, as I do, that the initiative as regards the running of the articles came from *Health and Efficiency*: Mr. Hargrave was specially invited to contribute this series on health and economics as a business proposition. This little transaction is an indication, I think, of a tendency among publishers to devote more space to economic questions, and to firms an idea that I have had for some time that students of Social Credit who can handle their pens efficiently will find before long increasing opportunities for turning their knowledge into money.

HERBERT RIVERS.

Drama.

Dandy Dick: Lyric, Hammersmith.

Sir Arthur Pinero's share in making the theatre a flexible and living medium, in touch with actual life, is rarely acknowledged at its full worth. He ought to be reckoned the forerunner of the moderns. He had not, of course, developed that anti-romanticism which later became, and is still, the foremost of dramatic values. The sociological view-point had not yet begun to dominate the growing arts. But as a craftsman of the theatre, Pinero undoubtedly belongs to the first rank of the moderns. In "Dandy Dick," which, although called a farce, is an alternation between farce and good comedy, the author brings off credibly a number of situations which might have daunted without disgracing even so great a magician of the theatre as Barrie. Once Pinero has obtained the situation, he exploits not its farcical, but its comic possibilities, with the result that "Dandy Dick" is true criticism of Victorian manners and morals. Anybody might have perceived that the introduction of a number of race-course folk into the Deanery of St. Marveils was an idea fertile in comedy, but few would have believed it possible to bring them there for so much as an afternoon-call, let alone to lodge them in the house, and their race-horse, Dandy Dick, in the deanery stable. The problem of communicating to the audience necessary information about what happened before the rise of the curtain is tackled by Pinero with as much knowledge of its difficulties as was shown by Ibsen, and with more success than Shaw achieves, who postpones it to the second act, and nearly always does it badly. The entrance into the play of Georgiana Tidman is as well prepared as any incredible thing in Barrie; it is so striking when it happens, and so disarming of criticism by the interest it creates and maintains, that her right in such a setting is not questioned. Her entrance is, of course, farcical, but the subsequent contrast of manners between her frankly acknowledged interest in life, excitement, gambling, and roguery, on the one side, and the Very Rev. Augustin Jedd's Victorian propriety, is excellent comedy. "Dandy Dick" was produced first at the old Court Theatre in January, 1887. For the bright young people who pass their lives shooting more holes into the corpses of the Victorians, the play is a lesson in history. In Sheridan, Pinero, Shaw, and all the English satirical comic writers, the Englishman is not distinguished merely by his eagerness to rob his neighbours of enjoyment and to frown with Mrs. Grundy. He is branded by his ability not to let his right hand know what his left hand doeth in all matters, in short, by his perfidy, which, far from being at its worst on the subject of sex, is worse on, for example, world-altruism and imperial benevolence. The moral hypocrisy of the Victorians was as evident to the few enlightened people of that day as it is to the jazzing hedonists of to-day. The picture of the Rev. Augustin Jedd putting his savings on Dandy Dick in the desperate hope of paying his promised donation of a thousand pounds for the renovation of the cathedral spire, and thus keeping in the running for a bishopric is deeper criticism of the Victorian Englishman than are those present-day pictures of his repeating, "Thou shalt not question," to his children. Indeed, much of the pleasure of seeing this revival of "Dandy Dick" comes from the wealth of Victorian ideas and institutions at which it laughs, with epigrams as modern as "You'll feel wickered when you've had a little nourishment," and, in reply to the maiden's receipt of a proposal with, "I have never taken marriage seriously," "People never do till afterwards." The pleasant evening in an English home, in which each person, to the accompaniment

of singing and music, occupies himself fully in meditating on his own worries, and on finding a way out, is as good "expressionism" as has been done since.

On the stage, however, the English do not ridicule things with the object of altering them, but rather with the object of continuing to bear them. For years the stage has made humour out of the straits of the hard-pressed debtor whose respectability renders his descent to vicious ways of raising the wind so comic. Throughout all English comedy and farce the English have derived consolation for the severity of their marriage-system by hearing from the stage in jest just these comments which all wanted, but were forbidden, to make in earnest. As Emerson said, no married Englishman can be persuaded to give a serious opinion of the institution of marriage; he is too anxious to preserve his reputation as a gentleman. Possibly the reason why the English was held for so long in such obloquy by the English was that from the stage much the same things were said about them and their institutions as by the "dirty" foreigners.

The continuous laughter of the audience testifies again to Sir Nigel Playfair's capacity for re-creating the atmosphere of a period so that it comes alive again in the theatre, and to his flair for reviving the right plays. His own Very Rev. Augustin Jedd, D.D., is bewildered enough under the torrent of events around him for them to seem as natural as they are at bottom farcical. In spite of his temptation, fall, imprisonment, and rescue by pickpockets and cardsharppers, he never ceases either to be very reverend or very human. Mr. George Skillan's Major Tarver was also a very true and human capture of the melancholy army-officer who had left his liver in India, and who, if called to service again, would somehow strap himself together and toddle along afterwards. "George Tid," as presented by Miss Marie Lohr, was a fine, manly, striding, horsey figure, but it lacked the humanity which, farce notwithstanding, was attained by the others. Mr. Basil Moss as Mr. Darbey, the younger officer, ought to have been able to make himself thoroughly objectionable to the Dean, without making himself equally trying to the audience. The art of acting such a part is to show the character as unaware how difficult to others he makes himself, whereas Mr. Moss, by the monotonous insistence of his gestures, and the exaggerated stiltedness of his speaking, caused it to appear as if Mr. Darbey was making himself a nuisance purposely.

PAUL BANKS.

The Dinner to Major Douglas will take place at the Holborn Restaurant, at the corner of Kingsway and Holborn, on Friday, March 7. The time will be 6.30 for 7 o'clock on this occasion. Applications for tickets (Price 10/6) should be sent to the Manager, The New Age, 70, High Holborn, W.C.1. The organisers will be glad if readers who intend to come will send an early notification to the same address, because the accommodation is not much more than sufficient for the average attendance of the last two years.

Readers who have already applied for tickets are advised that the printing of them is held up in case the Dinner has to be transferred to Frascati's Restaurant to secure larger accommodation. Evening dress is highly desirable on this occasion.

The next Meeting of the M.M. Club is on Wednesday, March 5th, in the Oak Room, Kingsway Hall, at 6.15 p.m.

Verse.

By Andrew Bonella.

II.

This article is to conclude the brief examination of Dr. Bridges' prosody in "The Testament of Beauty" which we undertook last week. The two main points which we held over were the inversion of the iambic foot and the elision of extra-metrical syllables. I quoted this line as a simple alexandrine: "But virtue in the soldier is the martyr's heart." It consists of twelve syllables which can be split up into six iambic feet. We may note in passing that even this line shows a certain variation. Although there are theoretically six stresses, the line being easily scanned thus:

"But vir/tue in/the sol/dier is/the mar/tyr's heart." the real speech stresses are more like this:

"But virtue in the soldier is the martyr's heart." Thus the speech rhythm beats against the metrical structure of the line, without obscuring it in the least; the metre can be recognised at sight. In the following line the first foot is inverted; it is not even theoretically an iamb, but a plain trochee.

"Flushing/ all av/enues/of life/ and un/ awares" This line, too, is easily recognised; the inversion of the first foot is so common in blank verse, especially Milton's, that the ear is quite accustomed to it. Here is inversion of the first three feet, the final O of "to" being elided before the initial I of "immortal":

"Sang his/throbbing/passion/ t(o) immor/tal sleep/ with coy"

The line begins with a trochaic or falling stress and breaks half way through into a rising or iambic stress. And this, too, reads easily enough, possibly because the change of gear takes place exactly in the middle; and the effect is magnificent, far finer than this iambic version of the line would have had:

"His throbbing passion sang/t(o) immorttal sleep/ with coy"

In passing I must quote a very famous alexandrine which shows how well Spenser knew the effect of judicious (or shall I say inspired?) inversion: "Ease after war, death after life, does greatly please." The first and third feet are trochaic.

So far so good: none of the lines I have quoted has been harder to read at sight than, say, Milton's which has the first two feet inverted. But we now come to a point on which Dr. Bridges' prosody differs from Milton's. "In Paradise Lost" the last foot is very rarely, some say never, inverted; on the other hand Milton allows the "hanger" or extra (eleventh in blank verse, thirteenth in the alexandrine) syllable, which is so common in Shakespeare and the other dramatic poets. For example:

"Of Rebel Angels, by whose aid aspir(ing)."

Dr. Bridges has, to use his own phrase, got rid of this anomaly; he never allows the hanger, but he does invert the last foot. Now this is a trap. The reader, whether he knows it by name or not, is accustomed to the hanger: inversion of the last foot gives a similar falling stress to the end of the line: and so the reader tries to read the line as if it had thirteen syllables, when, in fact, it has only twelve. In case I have not made this clear, take the following line:

"Reason can bring no more; (and) it addeth nothing." That is an alexandrine with the last foot inverted; but take away the bracketed "and," and the result is a blank verse line with a hanger. Hence the possible confusion, which is most apparent when there is any question of elision in the previous feet, as we shall see.

I shall follow the Laureate's own practice in using the term elision to cover both the disappearance or slurring of the final vowel, and the "smearing together" (synaloepha) of two vowels within the word. The most obvious instance of the first is found in "the," the final E being frequently dropped by many poets and replaced by an apostrophe; for instance:

"Th' eclipse and glory of her kind." The second is found in such words as "power," which may be monosyllabic, and "mutual," which may be disyllabic. Every syllable over the twelve in strictly syllabic verse must be accounted for by elision. The vowel may be elided both when it is open and when it is followed by a "liquid" consonant. Thus "gaudily," "business," "suffering," may be taken as disyllabic. This is admittedly a metrical fiction, which some prosodists deride as metrical nonsense; but we need not take sides in a highly theoretical argument, for it makes little or no difference to the reading whether we speak of vowels being elided or anapaests being substituted for iambic feet.

The practical trouble in Dr. Bridges' elision is that it is optional. Often one can tell at a glance whether to elide; but sometimes, particularly if one suspects an inversion, one has to read the line over twice before being certain of the poet's intention. Take this line:

"hallowing brute instinct, symbolizeth approach."

How many syllables does "hallowing" represent? Not long before we have had to telescope a similar word, "following"; suppose we do the same here. But that gives us an odd number of syllables. Very well, let us elide the O in "symbolizeth": this gives us an iambic line, it is true, but unfortunately the result is a line of blank verse, whereas this is an alexandrine by hypothesis. We must therefore give full value to both; there must be no elision. This brings us back to the inverted last foot, for instance: "hath this falsification of her true soprano."

The easiest way to scan this is as six feet and a hanger; but that is against the rules. We are therefore forced to elide the last syllable of "falsification," giving the line quite a different rhythm. Such pitfalls are strewn about the poem, particularly the combination of inversion and elision. If there is no doubt of the number of syllables it is easy to spot the inversions; and if the stress is normal it is easy enough to manage the extra syllables; but when we strike the two snags together we are driven to wonder whether the Laureate, in the excitement of the experimenter, has not forgotten the first axiom of the rule of versification: that no variation of the metric rhythm shall be such as to obscure the metrical structure of the line. No doubt he finds the structure plain enough himself; but then, let alone the fact that he himself made the lines, he has an ear far better trained than he has a right to expect in his readers.

And yet, admitting the difficulties, the poem is a great piece of work. Let us consider the poet's task in tackling such a subject. He has set himself to discuss whatever subject comes within his line of argument, from the fertilisation of flowers to man's first love; the latter is comparatively easy, for poets always have written about love; the difficulty is to work prosaic subjects into verse. A modern has given us, in the course of a long didactic piece, this line of blank verse:

"The baby ape is very like a child." which may serve to warn all future poets how easy it is to achieve bathos. Coleridge gives the reason in his remarks on the theories of Wordsworth, who, as we all know, turned out some shocking stuff in his time: "as the elements of metre owe their existence to a state of increased excitement [those who heard the Spirituals in the recent production of "Porgy" will appreciate this], so the metre itself should be

accompanied by the natural language of excitement." To express a paltry thought or action in the metre of "Paradise Lost" is courting trouble: "people expect a 'marked rhythm,'" says Bagehot, "to imply something worth marking; if it fails to do so they are disappointed." Here, I fancy, we have a clue to what some have called the prosaic quality of certain passages in "The Testament of Beauty"; here, and also, perhaps, in this couplet of Dryden's which comes at the end of a long polemic work:

"And this unpolished rugged verse I chose
As fittest for discourse and nearest prose."

Dr. Bridges has made of his "loose alexandrines" a metre flexible enough to be "fittest for discourse and nearest prose" at the top of the page, and yet, half way down, to take wings and rise to great lyrical heights. There is just enough beat behind the "prosaic" passages to avoid the break that would be caused by alternating between actual prose and verse, but he has completely avoided the bathos of the "baby ape"; an achievement beyond the powers of any other living poet in a work of such scope. Having had to state the theory so briefly I must cover myself on two points. First, it is possible that if, as I suggested in my former article, this form of syllabic verse is generally adopted, future generations will find it as easy to read as we find Shakespeare. Second, Dr. Bridges himself might very likely disown my "nearest prose" suggestion; and yet, from the standpoint of the common reader, I might still be right.

In conclusion, if, after this preliminary canter, you feel inclined to attack the Laureate's prosody yourself, I suggest that you adopt the following means of accustoming yourself to the metre: take the toughest line you can find, scan it, read it over, distorting the pronunciation, where necessary, as if it were a perfect iambic line of twelve syllables, read it again, emphasising the beat a little less, and so on until you have reached the ordinary speech rhythm, when you will find that the basic metre is still beating in your ear. Do this with every difficult line you meet for several pages, and you will be on the way to reading the verse as Dr. Bridges would have it read. The poem is, as I think, worth the trouble; but even those readers who differ from me in this and leave the tougher passages alone, will agree that it earns a permanent place on their bookshelves as a splendid miscellany of beauty and wisdom.

Marshall Hall.

By Eric Montgomery.

I.

"I mean to specialise in the two biggest gambles there are," a young barrister once remarked with great earnestness: "life and death—freedom and imprisonment. Facts not principles for me. I don't know much law but I can learn what there is to be known about men and women." The speaker was Edward Marshall Hall, then in his twenties, but destined to become the leading criminal advocate of his day, and crowning a career packed with a vast experience of human ways and woes, to die in harness in his seventieth year. Among the millions who followed his doings for over a quarter of a century he was known, *par excellence*, as "The man who could get you off." Here, indeed, was a valiant knight who by his service assuredly saved the lives and fortunes of more of his fellow beings than few if any of his peers can have done in any age. And yet behind all this great work loomed the shadow of a great tragedy—his own life. No callous opportunist here who once he had started upon his career never looked back, as the popular saying goes. Marshall Hall not only looked back, but fell back, though he always succeeded by some amazing feat in recovering all his lost ground. Hostile encounters

with the Bench; the shattering of political hopes; for a time the enmity of the Press; and saddest of all, perhaps, a pitiful domestic tragedy—these misfortunes though they darkened his life with much suffering and prevented him from snatching any of the glittering prizes which every lawyer supposedly has in view, did not sour his perennial good spirits nor cause him to drop out of the race in disgust. In fact, it is to be doubted whether he really desired any of the glittering prizes. His reward stands large in the criminal annals of this country in whose courts he saved by his forensic skill and dramatic art so many from the gallows where a more cautious and more timorous man would have failed to convince a jury, a body of men which this great-hearted advocate never omitted to take into his confidence.

Mr. Marjoribanks's excellent biography* has admittedly more of a legal than a personal flavour about it, for the biographer has realised, as he himself says, that as a man's soul is expressed in his work more than in any other activity his biography should be chiefly the story of the advocate's cases. Mr. Marjoribanks has had full access to Sir Edward's notes and papers, and possesses the further advantage of having known his subject personally and of actually having appeared behind him in court. From the Camberwell murder in 1884, which gave him his first chance to the "Stella Maris" case in 1926, which crowned one of the most brilliant careers of advocacy in the world, the wonderful series of *causes célèbres* are faithfully described in these pages with a wealth of detail and idea which cannot be found in the newspaper reports of the cases.

Marshall achieved his efforts like Thomas Carlyle, by the extreme subjective method, by identifying himself with the central figure of his case, speaking as if the prisoner's thoughts, actions, and impulses were his own. He pleaded not as a historian, but as an actor or a Homeric rhapsodist.

He appeared in some of the first cases tried after the passing of the Criminal Evidence Act, 1898, which allowed all prisoners to give evidence in their own defence. This privilege, sparingly exercised at first, ultimately became a two-edged sword, and frequently proved the cause of a prisoner's undoing. e.g., as in the case of the poisoner Seddon. Marshall shall Hall always asked his client whether he wished to go into the witness box, since he considered a responsibility which no counsel should take upon himself to discharge. The modern judicial practice of commenting heavily upon a prisoner's neglect to go into the box to explain his conduct was considered not to be in accordance with the purpose of the Act. He had, however, his successes in the Civil Courts (notably in the Russell Divorce case in 1923), and refused to be treated solely as a criminal lawyer, though the public was always inclined to regard him as such.

Edward Marshall Hall was the son of a Brighton doctor, and from his father the advocate inherited considerable knowledge of medicine, which stood him in such good stead in the courts. He was sent to Rugby to be educated, but he left the school before he was eighteen owing to his housemaster's success in convincing Dr. Hall that "Edward was doing no work and would only be remaining at Rugby for athletic distinction." Edward was therefore, apprenticed to a firm in the city to bring him to a more practical state of mind. Some years afterwards, when he had become a promising junior, he was returning one fine spring morning from Mark-borough Street, where he had successfully defended a client in a notorious case. He stopped in Regent Street to buy a paper to read his own cross-examination. His old housemaster saw him and spoke

* "The Life of Sir Edward Marshall Hall." By Edward Marjoribanks, M.P. With an introduction by the Right Hon. the Earl of Birkenhead. P.C., etc. 25s. (Gollancz.)

to him. "Just what I should have expected of you, Hall," he said, "loafing about in Regent Street at 12 o'clock with nothing to do except spot winners." While in the city he gained a thorough knowledge of jewellery and antiques, as well as of all kinds of firearms; indeed, his graphic demonstrations of the working of the latter in such cases as those of Lawrence, Mme. Fahmy, and the "Stella Maris" murder did much to turn the scales in his clients' favour. With six months' drudgery at an office stool, he was fortunate enough to escape to St. John's College, Cambridge, where he took a pass degree in law and got married. Before he was called to the Bar he varied his studies with a year in Paris, a trip to Australia, and vigorous games of cricket with the Gentlemen of Sussex, while he refused an offer of Messrs. Tiffany's, the American jewellers, to manage a branch of their business which they were opening in Regent Street.

(To be continued.)

The Screen Play.

The Godless Girl: Tussaud's.

It has become the fashion to be somewhat snooty, as George Jean Nathan would say, about Cecil de Mille. I trust I shall never be so churlish as to follow that fashion; de Mille is one of the pioneers and Great Masters of the screen, and if he cannot cure himself of an almost Dickensian devotion to anti-climax which often leads to bathos, if his sentimentality sometimes cloy, he is none the less a patient sincerity. To some extent, I think, they are also due to his possessing so essentially cinematic a mind; he thinks in pictures, but his pictures are conceived with an eye to working on the emotions of humanity as a whole, and this characteristic, added to the emotional streak in his own nature, causes him at times to lay the trowel on too thickly.

"The Godless Girl" is far more likely to please the public—it deserves to be a success—than the average professional critic or the highbrow. It is melodrama, and at times stretches coincidence too far. The latter defect is, however, common form, and I have no patience with people who are intolerant of melodrama, provided the melodrama is good. In this instance it is very good, and the interest of the spectator is maintained throughout by the gradual quickening of the rhythm. Good craftsmanship is in which de Mille is as great a master as Griffith. Too much use is made of parallel scenes and action, which can be as overdone as contrast, and the parallel action, which is largely symbolic, is here certainly effective. The photography and the crowd scenes are masterly.

Most of the action of "The Godless Girl" takes place in a reformatory for youthful lawbreakers of both sexes. Here is the atmosphere of the real thing, with its brutal and stupid discipline. The prison is a prison, not the cardboard affair which makes the Devil's Island of "Condemned" so completely unconvincing. As social documents, these reformatory scenes are hideously impressive. A worse than Prussian militarism, ranging from face-washing at the word of command to the less amiable habit of chaining up female prisoners in solitary confinement with their arms tied above the head, does not strike one as proving that God's Own Country is so much in advance of Europe as it thinks itself to be. If this medieval barbarism be typical of American prison administration, it is to be trusted that de Mille has done something to shake the complacency of Authority.

The principal female parts are admirably played by Lina Basquette and Marie Prevost, and Noah Beery gives a vivid impersonation of the brutal head warder. George Duryea and Eddie Quillan are

competent in rôles which do not provide their players with opportunity for much individuality. The film is silent, but is presented with an unnecessary accompaniment of canned music, for which I do not hold de Mille responsible.

All Riot on the Western Front: Tivoli.

The title of this film makes it unnecessary for me to waste time on a description of it. As a counterblast to the flood of war novels whose authors are so largely pre-occupied with latrines, disembowelled human bodies, and smut, we are now also being plagued with Cockney stories which seek to emulate the "War is a bloody fine picnic" spirit of Ian Hay. The makers of this film appear to agree with the author of "The First Hundred Thousand." The result is an insult to the intelligence of any ex-soldier, war-widow, or civilian whose memories of 1914-1918 have not completely been submerged.

Happy Days: Tivoli.

This is another of the innumerable talking and singing shows which are differentiated from each other only by such trifling variations as may exist in the precise nature of their banality. Its cast includes Edmund Lowe, Victor McLaglen, El Brendel, Charles Farrell, Will Rogers, George Jessel, Gilbert Emery, Janet Gaynor, and Marjorie White. As none of these ladies and gentlemen have anything in particular to do, one can explain the inclusion of so considerable a galaxy of talent in so unremarkable a film only on the assumption that as they are on the maker's salary list, the makers might as well get their money's worth. If President Hoover, Babe Ruth, Dean Inge, and the author of "General Crack" had only been roped in, the production would have had the assistance of all the leading thinkers of our day.

DAVID OCKHAM.

Music.

B.B.C. Friday, 31st. Queen's.

The too-rarely heard *La Mer* of Debussy under Ansermet, who understands the work perfectly, and all things—the orchestra and its players among them—considered, gave a very good performance of it. The work is full of magical beauty of colour and scoring—one passage may be indicated, in the first movement, where a solo 'cello in the treble register plus a *cor anglais* sings a lovely melody through exquisite slow-moving divided string harmony. For the benefit of owners of the miniature score the passage in question occurs at the *Très modéré*, ten bars before the sign 14 in the first movement. The entire movement is a miracle of delicate and subtle evocation—if a sunlit, sparkling Mediterranean (no grey northern sea here for sure) were to change itself into music here is the music for it to change itself into. The last movement, indeed the whole work, with its lovely wave-like rhythms, is as great as anything Debussy ever wrote.

A very moving and deeply felt work of Dr. Vaughan Williams, *Flos campi*, preceded. This is easily one of the finest and maturest of its composer's works that I have ever heard—although it makes no secret of its indebtedness to Delius.

Birmingham City Orchestra, via B.B.C. Feb. 13.

Once again the ineffable *Lied von der Erde* of Mahler, of which I bitterly regret I was only able to hear the 5th and 6th movements. From what I could judge by means of a small set the orchestral part of the affair was very much better done than in London a few weeks ago; indeed, the fact that in spite of defects of transmission it sounded better than a performance heard direct is sufficient indication that it really was.

As far as the singers were concerned, Mr. Stuart Wilson the tenor and Miss Astra Desmond the contralto, the positions regarding merit were exactly the

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