

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 1968] NEW SERIES Vol. XLVII. No. 5. THURSDAY, MAY 29, 1930. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

CONTENTS.

	PAGE	PAGE
NOTES OF THE WEEK	49	
DRAMA. By Paul Banks		55
The liquidation of the United Citizens' Investment Trust, "Sobs at a City Meeting"—hoarding better than saving—the Midland Bank's safe-deposit scheme. Sir Alfred Chatterton on the hoarding of gold in India—financial circles "alarmed"—the Simon Report and the Financial Government of India. The Women's Public Lodging House Fund—Mrs. Cecil Chesterton's appeal.		
Robeson in <i>Othello</i> .		
THE PRESENTATION OF A + B. By R. L. N.	53	
MUSIC. By Kaikhosru Sorabji		56
The Concertgebouw Orchestra.		
SCIENCE AND POLITICS. By R. M.	54	
<i>Science and the New Civilisation.</i> (Millikan).		
THE SCREEN PLAY. By David Ockham		56
Films without music. <i>The Flying Scotsman.</i> <i>Dark Red Rose.</i>		
EGYPTIAN VIGNETTES. III. By M. C. C.		57
REVIEW		58
<i>The Next Budget.</i>		
LETTERS TO THE EDITOR		58
From W. J. Robins and F. E. Holsinger.		

NOTES OF THE WEEK.

Here is a short story extracted from *The Star* of April 30. It was headed "Sobs at a City meeting." But the proper title should have been "Ruined By Thrift."

Sobbing bitterly a woman, grey-haired, and carrying a well-worn shopping bag, rose to-day at the meeting of the United Citizens Investment Trust, and cried,

"I did not know you were in trouble when I came to you with my little bit of money. I have a boy in Australia."

She paused, her voice choked with emotion, then, with tears streaming down her face, she said,

"A boy in Australia, whom I have not seen for seven years, I wanted that money for him. I think it is cruel!"

A grey-haired, frail-looking man behind her stood up.

"I have been a working man all my life," he said. "I am seventy years of age, and I have been working hard all the time. I have invested my savings in this concern with the hope that it might increase my income for my old age."

"I have got £80 in this concern, and £57 10s. in another concern, which I look on as gone."

The meeting (writes a correspondent) was held at the Incorporated Accountants' Hall, Victoria Embankment, to consider the winding-up of the society.

When the chairman, Mr. Stanley G. Lawrence, told the shareholders that in his opinion as much as 40 per cent. of the Trust's investments had been lost in depreciation, an elderly nurse asked: "Have we any hope of getting our money back in full?"

"No, madam," replied the chairman. "There must be a loss."

Mr. Lawrence said that the Trust had invested money in various groups of companies, and he added:

"Our invested funds no longer represent 20s. of our capital."

"It is no use blinking the fact that a substantial loss has to be faced. Liquidation is the only course open to you."

"We, the directors, have made mistakes, and you are entitled to blame us for them. One thing you cannot do is to question our motives or our integrity."

"We have failed, and that failure is the greatest possible punishment for the directors."

The resolution for putting the society into voluntary liquidation was approved by the shareholders.

The "one thing" that the investors cannot do is to "question the motives and integrity of the directors." It must be a great consolation to these victims to know that their money has been honestly lost. And there is no doubt that their admiration of the manly courage of the directors in admitting that they have made mistakes will do much to sweeten their miseries. For, as we all know, money is mere dross: the abiding thing is *Character*. Mr. Hatry did not possess the moral strength to go into voluntary liquidation at the cost of his shareholders. He could not face up to his duty and announce to elderly nurses: "No Madam; there must be a loss." And through this cowardice he was led to commit an "appalling crime." Instead of extending to those who had trusted him the privilege of sharing with him in an honourable loss, he must needs go and cheat the City to retrieve it. Contrast his position with that of the directors of the United Citizens' Investment Trust. While these courageous gentlemen are facing the awful punishment of knowing they have failed, and supporting the strain of social contact with people who are aware of their failure.

("We have failed; and that failure is the greatest possible punishment for the directors.")

Mr. Hatry has sneaked off to penal servitude for fourteen years. Oh, *Character, Character!*—as Mr. Pecksniff would have said.

Some overpractical people may remark that lowly investors do not possess those finer sensibilities which can distinguish between the feeling of losing money through mistakes or through malpractices. They may speculate whether the "frail man" who lost his £137 would have felt any worse about it if Mr. Hatry had lost it after a dishonest struggle, than he now does after the honest submission of his directors to the laws of "sound finance." They may draw the moral that these investors, if they *must* save, would be better advised to cut out investing altogether, and hoard their money. Whether this advice to those about to invest would be endorsed by *Punch* need not matter. There is a lot going on to-day which justifies the slogan: "Be

a Currency-Collector!" We notice that the Midland Bank has thoughtfully provided means of making the habit safer for the public. At a cost of 10s. 6d. per annum and upwards you can rent a strong box of your own at the Head Office. Into this you can put what you like—notes, gold or anything else—and can go and inspect your possessions when you like. They won't grow at the rate of 5 per cent. per annum; but then they won't shrink overnight by 40 or perhaps 100 per cent. Again, the strong-box does not tell anybody else what is in it, or what has been in and out of it, like the garrulous pass-book. In the case of Goddard, he knew better than to put his night-club money in a bank, and he would not have been convicted if he had not been given away to his own superiors to whom he was obliged to reveal the existence and nature of his hoard. Again, even then, he would have escaped if he had turned his money into non-identifiable Crown currency of small denominations instead of keeping it in identifiable Bank of England currency of large denominations. This illustration should not be construed as a recommendation of hoarding to conceal illegal practices; in fact, we can give another which is incapable of such construction. It is this. There was a case in the newspapers a year or so ago in which a bank official revealed to the employer of one of the bank's depositors that the latter had been having transactions with a bookmaker. The depositor brought an action against the bank for damages, but lost it. By law, betting is legal. By the rule of "administrative lawlessness" as Lord Hewart would say, the banks turn it into a constructive crime and punish it accordingly. The cheque-system is a spy system.

Our reason for referring to the question of hoarding is because we notice that Sir Alfred Chatterton has been telling The East India Association that "financial circles are alarmed" at the hoarding of gold in India. Sir Alfred, whose remarks are reported in the *Financial News* of May 21, is said to be an authority on economic conditions in India. We will quote one or two of his remarks; and while we are doing so let the reader hold in his mind the account that we have given of the "Sobs at a City Meeting."

"The habit of hoarding is a relic of the days when property was unsafe. (Our italics.)"

Apparently the "frail-looking man's" £137 10s. could not have been "property" in the present context. We hope he will get this well into his mind. His savings have disappeared, but Property is safe. In fact we could prove to him that the disappearance of his savings is the cause why Property is safe. We do not mean personal property—nor, we imagine, would Sir Alfred Chatterton after a little cross-examination. And we do not mean collective property in the sense of the physical assets of industry. How can we when Lord Melchett's rationalisation proposals are directed to destroying them or holding them out of action? No: "Property" must be conceived of in the Chattertonian sense, that is to say, as some ideal intangible condition of terrestrial life which passes under the description of "Economic Progress," which, under closer analysis will be found to be "Moral Progress." Property thus resolves itself into *Good-Conduct-Marks*. If everybody would only discipline his mind to receive this truth, and his heart to follow it, he would realise the wisdom behind his hardships and find his highest happiness in bearing them. Bankers' aphorisms would then be seen to enshrine the innermost spiritual truth. Perplexities which now arise about the apparently conflicting mundane implications of the truth would be resolved. Everyone would see in a flash Divine Economy incarnate in Political Economy. How prosaic and disquieting, for

example, was the pronouncement of the *Financial Times* (December 30, 1929)—

"Real economic progress in a capitalistic world is impossible without ever recurring writing off of capital."

But now substitute "True spiritual progress" for "Real Economic Progress," and the poetic content of this beautiful passage inspires courage and radiates peace in every wounded and unruly heart. Mr. Snowden, the highest initiate into the mystery, has, it will be recalled, testified more than once that what moves him above everything else is the heroic fortitude of the poor under the pressure of material deprivation. What should it profit them indeed were they to receive each day their daily bread, and to lose their own souls? What a blessing that the "frail old man of 70 years" of age has been saved from the mortal sin of increasing his income, and at the last moment, when he is on the very threshold of immortality. What divine perfection in a system which turns the mistakes of the old man's directors into the means of his salvation. A few more days shall roll, and lo! he will be partaking in celestial bliss. And if there be such a truth as that the spirits of the dead can speak to the living, we like to think that this old man will come and whisper comfort to his directors as they go mourning through the streets of the City in sackcloth and ashes. "Be of good heart, brethren," we hear him saying. "Ye have not failed. Ye have triumphed. Resume your bright array. And that which ye have done for me, do ye henceforth for others." And so these sad men will come to realise that it was not a Trust that they had been running, but a Church. The "United Citizens" were communicants, their investments offerings, and the offerings God's. Therefore with renewed courage these directors will take up their task and create a new Prospectus, a Memorandum of Consecration to a spiritual objective. And so, to the strains of the Doxology floating out from the grand organ of the Mansion House, let us take our leave of these good gentlemen, and fade out our sound-film.

The lights now being up, we can take another look at Sir Alfred Chatterton. The trouble about India is that the Indian people do not invest. They seem to realise that saving is a good thing. But they commit the vital error of supposing that to keep their savings in their own custody is also a good thing. Sir Alfred tells us about it. Referring to the "alarming" absorption of gold in India he says:

"Marriage dowries and gifts to wives in the form of ornaments are the main reason for this demand for gold. . . . In the main this vast amount of bullion permanently disappears from active circulation."

We may interpose some remarks here. A great proportion of the gold hoarded by rich Indians is in the form of ten-ounce ingots which, moreover, were made in and exported from London under the direction of the leading banks. Seeing that the banks have always had first option on all the gold produced, one must suppose that it suited them to let the vast amount referred to accumulate in India. The bulk of it, of course, came from South Africa. It may yet transpire that some very deep international financial strategy has been behind the continuous drain of gold from the Cape to India. In the meantime we can only note the present "alarm" about the result. This "alarm" may be real or may be simulated according to circumstances. Taking the credit monopoly as a World-Trust the idea of a shortage of gold impeding its carrying out of its proper function—supplying the world's industries with credit—is an absurdity. Even allowing the bankers' doctrine that gold must be the basis of credit, there is nothing to prevent the widening of the quantity-ratio of credit to gold to any degree required. If 10 : 1 leaves the world short,

it can be made 20 : 1 if necessary merely by international agreement between the member Central-Banks of the Trust.

On the other hand, if we consider a situation in which these Central Banks are competing against each other to secure what gold there is, the possibility of "alarm" in some quarters or other becomes credible. But this still leaves it unexplained why the alarm is exclusively connected with Indian hoardings. The expression "sterilization of gold" is a familiar one to students of the credit question. This sterilization is a fancy name applied to hoarding when the banks practise it. It has been going on chiefly in America. It is no use urging that the private hoards in India are causing alarm when banking hoards in America and perhaps other countries are taken as a matter of course. At least let the world's bankers, considered collectively, first show us that they are making the utmost use of the gold they possess, before they come trying to infect us with fear about the gold that the Indians are hiding away. Alternatively, if some of these bankers, through holding gold out of use, are causing alarm to others, let the alarmed ones speak up and tell us all about it. In spite of the eminent economists who learnedly discourse on the gold-shortage, we do not believe it. Economists are bankers' touts on all questions affecting finance, and they only disagree with each other in respect of matters on which bankers do not agree. Economists who disagree with the bankers on principles or policies regarded by the latter as settled, are not "Economists," they are "Cranks" or "Fanatics": in fact, one banker on an occasion suggested that such an attitude amounted to a kind of "sedition."

Again, grant that gold is a foundational necessity for economic development, and that there is a collective world scarcity of bullion, it has to be pointed out that there is as much gold in the possession of populations generally as there is in the vaults of the banks; and that these populations are reasonable enough and even patriotic enough to put gold at the disposal of their respective banks (or Governments) if the terms are reasonable and the emergency shown to be vital. Bankers do not need to be told that it is only a question of advertising. If instead of letting Lord Rothermere dilate on "What India Means to Us"—"us," we suspect, being the bankers—they gave him instructions to tell the public "What Gold Means to Us" that would be quite sufficient.

Sir Alfred Chatterton, after expressing his concern about Indian hoarding, goes on to say what he thinks ought to be done about it. His first suggestion is contained in the following passage:

"The habit of hoarding is a relic of the days when property was unsafe. Widows retain control of their personal property, and it is natural that until the legal range of their possessions is extended, they will encourage their husbands to add to their hoards."

What is wanted is a nice United Hindu and Moslem Investment Trust which will issue delicately-designed share-certificates to attract the feminine eye. Then the husband can tell his fine lady that if she will wear fewer rings on her fingers and bells on her toes she shall have new scrip wherever she goes. If she will give up something solid she can acquire this legal permit to attend a liquidation meeting. Notwithstanding the logical symmetry of this proposition—well, you know what women are—what fancies they get—what silly questions they ask, and all that; so the husband would have his work cut out. The lady would be sure to object (1) that she could not wear share-certificates (2) that they might get lost or burnt; and she would be sure to ask (3)

whether if she altered her mind she could change back the certificates into rings and bells whenever she chose. What a chance! How could he make her understand that economic progress in a capitalistic world is impossible without ever recurring confiscation of rings and bells? And what would he accomplish by making her understand? Alas, she would close the discussion with the answer: "But I don't want any economic development or whatever you call it."

No wonder that Sir Alfred, who apparently has this snag in mind, sighs and says that

"A great change in the mentality of the people is necessary—a change leading to a desire for a higher standard of life." (Our italics.)

a desire, of course, to be realised in Heaven, or wherever Indians go to. We hope that the mentality will not change. Entrance-fee definite and immediate: Reward indefinite and deferred—and mostly indefinitely deferred. That is what the western civilisation has trained the mentality of the people to stand for. Thank goodness there is a practical philosophy out east which conceives economic progress as consisting in ever recurring additions to enjoyable possessions.

Sir Alfred offers his theory of the causes of poverty in India.

"The causes . . . are now well understood, and it is fully recognised by students of the subject that economic remedies alone will not produce any useful result, and will only tend to hasten the day when some natural catastrophe will entail widespread ruin and desolation." (Our italics.)

The only sense we can make of this is that in some unexplained way economic remedies will precipitate a famine. But if they do the catastrophe will not be natural. Of course the contradiction can be resolved at once if Sir Alfred is counting on the intervention of a Ruler of the Universe; for then the natural catastrophe could be sent by Him to punish people for putting their faith in "economic remedies." Thus the remission of the Salt Tax might cause an earthquake. Anything might happen—and the less you see how it might be prevented from happening. That is the sort of quandary into which the bankers' intelligence-men and publicity-experts are constantly pushing the public. These men have only to announce that the bankers are alarmed and everybody shrinks and huddles up with his neighbour, nudging him and whispering: "Hush, we mustn't miss hearing what we are to do about it."

Sir Alfred concludes his address as follows:

The restlessness and discontent all over the country are the outward expression of dissatisfaction with a regime which fails to provide opportunities to engage in a diversity of operations. It seems desirable that there should be established with the Government of India the necessary machinery for the evolution of an active policy of industrial development analogous to the General Staff of the military department." (Our italics.)

In short there must be (1) more new work and jobs; (2) machinery for providing them; (3) the machinery to be "established with," the political Government, but vested in (4) an independent organisation on the military model with powers equivalent to martial law.

All this links on logically with our Samuel-Isaacs-Montagu analysis last week of Anglo-Indian relations during the period 1900-1930. We have every reason for supposing that the edifice of harmless-looking political legislation which these gentlemen have designed and constructed, particularly since the war, conceals a financial gun-emplacement to be used in an emergency. It may be that evidences of the

fact may lurk in the forthcoming interim issue of the Simon Report. Readers of the Report will do well to look out for them. Sir John Simon served in the Asquith Government in the year 1915, and in that year he first, and Sir Herbert Samuel next, held the position of Home Secretary. They are old shipmates and hold common views on the principles of navigation as applied to high-financial piracy. The Simon Report might just as well be called the Samuel Report, Montagu Report, Isaacs Report, Schuster Report, or any other name up to that of Norman in England or Morgan or Warburg or any other financier in America. It will assuredly be an extension of the Montagu-Chelmsford Report, and whatever changes it contemplates will be such as not to infringe the doctrine of the "continuity of financial policy" laid down, inherited or obeyed by former statesmen. It will be interesting to see whether Sir Alfred Chatterton's very carefully worded prescription for India's economic development does not turn out to be a forecast of Sir John Simon's recommendations. Readers of the Report should look out for this also.

The Report, we are told, is to be a voluminous one. We should have been surprised to hear otherwise. A voluminous document is always non-luminous; and this document is intended to be. It will contain enough C3 information to provide every member of the House of Commons with material for an apparent A1 Motion. Allow everything you like for the complexities of administration in India, and we maintain that every one of them is aggravated, and a large proportion of them caused, and exclusively caused, by the unsound credit-policy which has been fathered on to the Political Administration by the banking-interests. People like Sir Alfred Chatterton talk glibly about multiplying jobs and developing production without thinking it in the least necessary to inquire where and to whom the products are going to be sold. He is apparently unaware that there is such a thing as the "catastrophe" of over-production, and that it is under-consumption which makes it a catastrophe.

The cause of under-consumption is the deficiency in the total of all personal incomes as measured against minimum collective Price (i.e., Cost). The deficiency is apparently caused by unnecessary restriction of bankers' loan-credit to producers; but its true cause is (1) the premature recall and resultant premature recovery by industry of revenue from consumers (2) no subsequent compensatory issue of credit by the bankers to consumers, either direct or through the industrial system, for the purpose of filling the vacuum previously created by (1) and (2). All trade originates in principle with the giving of an order by a consumer. If, when all consignments are at work on production, their power to give orders is wholly withdrawn before the whole of the products are ready for sale, the "unready" balance of products becomes immediately and automatically an unsaleable balance; and no financial operation permitted by the bankers under their present system can possibly make that balance saleable within the orbit of the credit-cycle belonging to that particular act of production. It may be sold outside; but that only aggravates the unsaleability problem in other quarters.

Now all capital production—all fixed assets of every kind—comes under this category of unsaleable production. As everybody knows the whole world is overstocked with plant and equipment when measured against the buying-capacity of the world's markets. The reason is because every producer believes that his problem of selling his whole product is a problem of perfecting his process ahead of the

other fellow. If he succeeds, the result is to put the other fellow's plant out of action. His own economic progress, as the *Financial Times* would call it, is dependent on his forcing the other fellow to write off his capital. But such a result is unsound economics so long as there exists any need for the goods remaining unsatisfied after the perfect process has reached the 100 per cent. capacity of output. Let the best process get first turn at the market (it will do that all right in any case) but it is nonsense to say that the next best shall get no turn at all, when people are still short of the sort of goods that it can make. As soon, on the other hand, as the actual total production exceeds the total needs of the community, then will be the time to scrap the least efficient processes and load the work on the more efficient. In the meantime they should all be working together just as men, women, girls, boys and dogs do in the harvest-field turning and binding the hay and clearing up the rats. And the required change from "should" to "can" is within the power of credit-controllers to achieve. They can do so (1) by issuing the compensatory restitutions of credit that we have mentioned, and (2) by adopting Major Douglas's formula for regulating the retail price-level.

Mrs. Cecil Chesterton, the Hon. Organising Secretary of Cecil Houses (Inc.)—Women's Public Lodging House Fund, has sent the following letter to the Press from headquarters at 11, Golden Square, W.1.

"I should be most grateful if you would once more permit me to draw your attention to the progress of Cecil Houses. On Friday, May 30, at 3 p.m., we are holding a public meeting at the Shaftesbury Theatre (by kind permission of Mr. Tom Miller and Basil Foster), to raise further funds. We have already three houses* established and are opening a fourth very shortly, where for a shilling a night a homeless woman can get a good bed, hot bath, tea and bread and butter, and no questions are asked. We can accommodate 160 women and 34 babies every night—the charge for a cot is 3d.—but these resources do not nearly meet the perpetually increasing demand for beds consequent on the continual stream of women from the provinces and those thrown on the street through the housing shortage. Every night women—some of them with young children—have to be turned away through lack of room.

"If we are to start another house before next winter we must raise the money required for the purchase of freehold, reconstruction and equipment. Once the initial cost has been met each house is entirely self-supporting, paying its own way on the shillings received nightly."

While the economic muddle continues, and measures of relief are necessary to protect the poor from disease and death, even those of us who realise that these private subsidies tend to preserve the credit-monopolists from reproach by concealing the casualties they are causing, cannot allow that consideration to overcome the human impulse to mitigate hardships as best we can as and when we are confronted with them. Logic would say: Let us sew our pockets up and allow the cruel consequences of the present system of organised restriction and repression to work themselves out automatically. But humanity says: We cannot thus condemn the poor to carry the cross of our propaganda. Our ideals for posterity must not supersede our obligations to our living neighbours. In our war against finance we must set the enemy the good example of respecting the neutrality of the destitute. Hence the answer to the question To give, or not to give must be taken as an axiomatic affirmative. There remains the question of discrimination in giving. We can at least grade the charities which compete for our patronage by tests which our knowledge of economics

* Cecil Houses are now established at 35, Devonshire Street, Theobalds Road, W.C.1; 47-51, Wharfedale Road, King's Cross, N.1; and 194, Kensal Road, N. Kensington, W.10.

enables us to apply. For ourselves we should class Mrs. Chesterton's venture among the gilt-edged charities. It is small in scope, localised in area, and has a single object: therefore it can be the more easily supervised and directed in accordance with the intentions of its patrons. It asks no questions, nor preaches sermons. It proceeds on the impeccable principle that the first and last qualification for the relief of a woman's poverty is—her poverty! Is the applicant a bad woman?—No matter: her need hath made her whole. There is little doubt that the resources of our readers are in general pretty heavily taxed by their support of this journal. But there must be some charitable people among them who definitely regard THE NEW AGE as an unsound object of their financial patronage; and it is for these that our notice of Mrs. Chesterton's appeal is intended. The fact that they do not approve our method of repairing the leaking roof of the economic system is no reason why they can't find a pail or two to catch some of the water.

The Presentation of A + B.

By R. L. N.

[This article reached us before the writer could have seen Major Douglas's demonstration of the A + B Theorem in last week's issue. We mention this for only one reason, namely to make it clear that R. L. N. cannot have had the intention of suggesting that Major Douglas's presentation was inadequate. Obviously it is Major Douglas's policy to address himself to the expert; and in the nature of the case in its original form on the mind of the neophyte. The problem which R. L. N. is attacking is that of selecting the most effective way of convincing people with no technical experience of finance. It is a most difficult problem, because the less any person knows about the present system (or believes he sees) in the number of "loose ends" he sees this it follows that the popularisation of the A + B Theorem involves a multiplicity of tyings-up of loose-ends; and the trouble is that before the teacher has tied up the lot in sequence (which takes a long time) the earlier knottings have been forgotten. It is encouraging to see energetic and enthusiastic students like R. L. N. tackling this difficulty. If they cannot succeed completely, they are doing vitally important work in trying to arrive at that method of popular exposition which will come nearest to the point of irrefutability. We have not discovered the complete method yet; and until we can we are unable to say that the best method has been found yet.—ED.]

When the prospective convert has been interested by the pointing out of some of the patent absurdities of the present economic system—such as the co-existence of unemployment and want—it becomes necessary to show how these anomalies arise. A clear, water-tight, mathematical proof of the fact that industry as a whole never distributes enough money to buy its own products is needed: we require to submit the clearest and most concise presentation of the A + B Theorem it is possible to produce. It is not easy to find.

The direct demonstration of the Theorem, after the manner of the classic nut-and-bolt illustration, suffers from serious drawbacks in this connection. The novice is apt to maintain that, although the payments upon factory account do not become effective in the retail market during the period under review, yet they are at some time, either before or after the period, used for the purchase of retail goods by private consumers. Setting aside the raw material charges, which are the greatest stumbling-blocks, even the appropriations against depreciation of plant can be questioned. Although inter-factory sales recover no costs, the critic is apt to point out that probably 25 per cent. of the cost of the replacement is paid out by the machine-making firm as wages, salaries, and dividends, and as such takes consumable goods off the market. It may even be argued that money thus appearing from past de-

preciation appropriations balances money at present appropriated for the same purpose:

Needless to say, these arguments are utterly inadequate, but they can very effectively fog any discussion and not infrequently send their sponsors home quietly happy in the belief that they have exploded another "currency crank." And yet such people, if not given the opportunity of being clever too soon, might often prove valuable converts.

A much less vulnerable case can be made out if the problem is stated from a slightly different angle. The banking method of creating and cancelling currency should first be explained (giving an actual sample of a Loan Account and a Current Account). It should also be mentioned that, the obligation of a bank being to pay out cash on demand, it is against banking procedure to tie up money in long-term loans to industry.

In these circumstances a bank has created and lent to an entrepreneur £10,000 (say) for the building of a factory. When the operation is complete the entrepreneur has no money and the community has £10,000, which we may suppose for a moment to have been saved intact. In order to repay the bank, which will be anxious to recover its loan directly the factory is a going concern, the entrepreneur floats a company, sells all the shares for £10,000, and therewith extinguishes the debt. The community now owns the factory, the repayment of the loan cancels the entries in the banker's ledgers, and the money disappears out of existence. The factory manager is now authorised to borrow £1,000 (say) for working expenses for the first year. At the end of this period he has paid away this sum as wages and salaries, and for raw materials, and has a certain quantity of the product to dispose of. The price he must charge for this is clearly at least the cost to him, i.e., £1,000 wages, etc., and also a charge for the wear and tear of the factory (say 10 per cent. per annum). If he does not recover this in price at the end of ten years or so his shareholders' certificates will be worthless, representing only a worn-out factory. Therefore the minimum total cost of the product will be £1,000 wages, etc., plus £1,000 depreciation, i.e. £2,000. But the public has only £1,000, paid out as wages, etc., therefore the factory can sell only half its product.

This case is practically flawless when it is pointed out that all borrowing from other credit-cycles (such as would naturally take place in practice), or financing out of "savings," can only place the other enterprises, already insolvent by the same reasoning, in a still worse position.

Moreover, in this simplified illustration it is easy to see the cause of the deadlock in the premature cancellation of the original loan of £10,000. If the shareholders did not regard their invested money as everlasting—if they were satisfied to see their shares depreciate each year as the physical assets they represent wore out—then the price of the goods would only be the total of the money distributed in wages, etc. This appears to be the view adopted by Professor Soddy when he remarks that people regard debt as wealth.

There is no need, however, to contemplate the extinction of investments. Suppose that the bank collected and cancelled the original loan only at the same rate as the factory wore out, i.e. £1,000 a year for ten years. Then the builders could keep the original £10,000 and either use it to repay the bank in instalments as the factory wore out, or to pay themselves for making good all depreciation as it occurred. This is exactly the same thing as cancelling the original loan, and crediting the Community's Capital A/c. with £10,000, the value of the new factory.

From this it is an easy step to the Just Price Formula and regulation of price to prevent inflation

consequent upon the increased flow of money. Such a method of presentation of the Douglas Analysis lays a proper stress upon the fundamental, mathematical flaw in which time-lags, personal savings, reserves, and the like are merely aggravating factors, and it shows clearly that favourable balances of trade, bankruptcies, and a constantly expanding volume of bank credit can delay only temporarily the inevitable catastrophe.

Science and Politics.

As long as Dr. Millikan* is the messenger of science, bringing to the public news of the research workers' discoveries, explaining their implications, and confessing their limitations, he is a fascinating teacher. He does not sufficiently illustrate with stories of the method of actual experiments, but he states results, as well as inferences from measurements and calculations, in language so simple as to flatter the reader's understanding. An example is his statement of the implications of Einstein's formula for calculating energy ($mc^2 = E$, m being mass in grammes, c the velocity of light, and E ergs) in conjunction with Aston's curve; which indicates a definite relation between the atomic weights of the elements and the mass of the positive electron as it appears in the constitution of the nucleus of each particular atom. One of the implications is that the "sub-atomic" energy about whose vast possibilities so much has lately been written is a myth, believed in only by wonder dealers such as Lord Birkenhead. To draw energy from elements with a lower atomic weight than, say, 100, is likely to cost more in work than the quantity of energy delivered:

"The great majority of the elements, such as constitute the bulk of our world, are in their state of maximum stability already."

Treating of the more important aspect of cosmic energy, the question of where mass goes to as the result of radiation, and giving the implications of his and Cameron's observations of cosmic rays, Dr. Millikan is again deeply interesting. In the great interstellar spaces, it appears that electrons are again entering into formation as the common elements of the meteors and the preponderant elements of the earth. Indeed the chapters on "Available Energy," "The Last Fifteen Years of Physics" (during which all the ultimate laws of nineteenth century physics have been melted away, with a new ultimate hope of unification), and "The Future of Steel" are valuable chapters which any layman may find joy and enlightenment in reading.

But Dr. Millikan does not confine himself to science. The wrapper of his book says:

Dr. Millikan does not believe that machine civilisation is a menace, nor that man is becoming a slave to the machines.

... the question is "What will man do with this new leisure—will it lead to decadence, or be extinguished in some war of its own creation?"

Dr. Millikan answers this question with an optimism reassuring because it is expressed by America's leading physicist, in a style simple and very clear."

When a scientist enters politics his views do not inevitably command the same respect as in the laboratory. In politics nobody can know all the facts. The method of trial and error has very serious objections. Intuition, with certain philosophic and sociological values, has to be depended upon for action, and not merely used, as in inductive science, as an advance torchlight preparatory to verifying experiment. The statement that:

"the great war profited no one. It injured all the main participants,"

is only a half-truth or less, since it profited America

* Science and the New Civilisation." By Robert A. Millikan. (Charles Scribner's Sons. 7s. 6d.)

in a sense of which every cultivated European is hyperconscious. That

"the nations of the world are forced by the advances of modern science to find some other way (than war) to solve their international difficulties"

is at least as sentimental as the sentimental pacifism Dr. Millikan derides. Before the war Mr. Norman Angell was confident that the war would not happen. The participants, he said, could not afford it. He did not take into account that, whether they could afford it or not, it might be necessary. Will it be used to settle the Indian nationalism question? Would it be used to settle an American secessionist question? Or a violent strike of discontented workers? The nations at their naval and other conferences manoeuvre diplomatically for position precisely as they did. America is not a member of the League of Nations, and there never has been a treaty that could not be broken under financial, economic, or territorial provocation.

The fact is that outside the laboratory Dr. Millikan ceases to be a scientist. Optimism of his degree belongs neither to science nor philosophy, but to the spirit of man in a young country with limitless horizons of possibility. Enthusiasm for science, for example, makes him unconsciously animist when he sings of it. He writes of it as if it were One Person with a soul and good intentions, as well as power. He does not divide it into scientists and science, into men, methods, and applications. "An advance of science is treated as if it were necessarily an advance on the whole part of mankind, for all mankind; and not what it often is, an advance in one place that creates disorder in others because of the refusal to adjust all round. Physics is in the age of light, economics is in the dark ages, with a few lonely pioneers intuitive infinities and eternities ahead. Dr. Millikan, himself an optimist-humanist, anthropomorphises Science as a benevolent and beneficent god in his own image; to the extent of defending it against a charge of "sinning." When he looks round his country's cheerful prospect he sees nothing of the America described by Jim Tully.

R. M.

Scottish National Party.

The Scottish National Party Conference has passed the following resolution unanimously, viz:—

"To appoint a Special Committee to examine and report on the economic policy of the Party with special reference to the Douglas Scheme."

Mr. C. M. Grieve is the convener. The other four members will be appointed by the National Council. The report will be submitted at the next half-yearly Delegate Conference, when there will be a full-dress debate.

Mr. Grieve is to address the Liverpool Wallace Society on the Douglas Proposals next Thursday at the Scottish Nationalist Club, Norwood Grove, Liverpool.

"Mechanisation has produced a new terror for the impetuous. It is a calculating machine which will not let anybody have an over-draft without going on strike as a protest. Not only does this accountant add up debits and credits of an account simultaneously, but it works out the balance, and if the balance is on the wrong side the machine comes to a dead stop until the operator recovers from the shock and presses a button. Then, so that there shall be no mistake, it prints the amount of the over-draft in a deep red ink. 'The operator has nothing to do but press the keys to record the various amounts,' an official of Lloyds Bank, where the machines are being installed, said yesterday. 'The machine does all the brain work. And the machine is always right.' But how often it must go on strike in these days of over-draft."—*Journal of Commerce*, March 26, 1930.

Drama.

Othello: Savoy.

Shakespeare in the West End of London is a desperate adventure. The three unities of time, place, and action, or, as Coleridge preferred to call the last, interest, would cramp the style of the West End audience as much as they would have cramped Shakespeare's. It is, to explain, impossible to present his plays in full since the West End stall-goer refuses, for his stomach's sake, to enter the theatre much before half-past eight; and demands, after two or three long intervals for the sake of his other infirmities, to be outside again by eleven o'clock. At the Old Vic, most of whose audience do not dine, the plays begin at half-past seven (or six o'clock) and go on until they finish. At the Old Vic the audience has had an effective ear-training for blank-verse, and knows how to join with the actors to enjoy it. In the West End the "personalities" whom advertisement turns into audiences' darlings have forgotten their early Shakespeare training under their new habits, and anyway are no longer the darling personalities when they don costume and play characters. The audience has no ear, there is no Shakespeare tradition, good or bad, so that producers at their wits' end put the plays into modern dress and—or—have blank-verse delivered with the public-school accent!

The present production of Othello is timed for quarter-past-eight, and begins promptly; the intervals are reasonable; the play continues until nearly half-past eleven. Even that is not satisfying, since the necessary cutting inevitably deprives both the literary and those with a practical Old Vic education of some good things their palates expected. Very few lines of "Othello" can be spared. The plot expands leisurely. All that happens is explained, in easy stages, by Iago beforehand, and it is the audience's divine omniscience, shining on Othello's cleanliness of spirit coupled with his human ignorance, that generates the pity of it. Dr. Johnson observed that Othello would have been "a regular tragedy" if it had begun with Othello's arrival at Cyprus, and what was necessary of the first act had been worked in as narrative. For my part I prefer the first act where it is, with Othello's narration to the Duke's court of his wooing of Desdemona complete. But as readily try to put Dr. Johnson's note into execution as to cut out almost anything, especially from the lines of Othello and Iago. In the present production Iago suffers badly, so badly that the malicious will, the fiendish determination, with which he pursues revenge for his humiliation, not only on Othello but on everybody loved by Othello, and the crowning cynicism that the advice with which Iago destroys is invariably rational—wisdom in the wrong place—are hardly felt. Mr. Maurice Browne's Iago was not a soldier valued to the degree of lunacy the power who had tactful him below his estimate of himself; he was a poured forth in turgid verse, but to the present-day thinking-aloud theatre; as if it had been written not by Shakespeare but by the late Dr. Bridges.

Some censure has been levelled against Paul Robeson's being chosen to play Othello. Open race prejudice is against the sentimental warmth which Englishmen draw from the false pretence that they abolished slavery. More allegation there has been only a little of this, and more allegation of false realism by reviving Coleridge's "high and chivalrous Moorish Chief" who "must not be conceived as a negro." Apart from the fact that a public which takes imagination into the theatre would enjoy a Norwegian Othello and an African Desdemona, if

well enough done, it remains that whether Shakespeare was so ignorant of ethnology as to misunderstand Cinthio's tale or not, the Othello of the play, if the text is any guide, is black. Brabantio cannot believe that "a maid so fair would ever have . . . to incur the general mock, run from her guardage to the sooty bosom of such a thing as" Othello without "foul charms, drugs, and minerals." Othello, after imbibing Iago's poison, seeks a motive for Desdemona's falsity in "Haply, for I am black, and have not those soft parts of conversation that chamberers have." Othello's aristocracy springs from his character as he has made it, not from breed. He had experienced life, had known slavery, and realised that all he was depended entirely on his merit, as a man of character and action. Granted this, Shakespeare created Othello's character in the assumption that he was black, with the negro's racial sensitiveness and protests against being treated as inferior. Robeson's own life among the whites has been in near enough correspondence with Othello's—though Robeson's achievements are civil not military—for him to be a near enough ideal actor to play the part. The result is not the Othello constructed by happy memory from the white actors we have seen, and into which we have read as much of ourselves as maybe. It is an objective Othello, not in the European decorative style, but in the style of a primitive musician. Mr. Robeson's voice is rich, mellow, and passionate. His accent and pronunciation are clean and virile, with so little of the negro that the blank-verse does not suffer the slightest offence. In addition, the actor allowed the lines to do the work. He had studied their meaning, and had realised that before all the music, and for the sake of all the pity and passion, came the communication of the meaning of the lines to the audience. It is exceedingly rare for any actor to make Shakespeare's lines so easy to understand that the mind is free to give itself over to the enjoyment of the undertones. This Othello was a primitive aristocrat risen to high estate among "civilised" people by excelling them in their chosen virtues, and falling into hell because he was a child against the vice which holds their societies together, the vice of mind-poisoning by equivocation. In one respect only Robeson's Othello seemed lacking. Only at the beginning was he soldierly enough, but this defect went through the whole cast, especially Iago and Mr. Max Montesole's Cassio, the latter of which requires much more work to be done on it. Cassio, it is indicated by the lines, is truly in love with Desdemona, as one loves the unapproachable; and the effect of the play is enhanced by bringing this out. It increases both Iago's cleverness and his devilry.

Miss Peggy Ashcroft's Desdemona shows that she has studied the play, found out what sort of woman the character seemed, and tried to give it flesh.

"To say my wife is fair, feeds well, loves company, Is free of speech, sings, plays, and dances well; Where virtue is, these are more virtuous."

Nevertheless Miss Ashcroft was a little too light; she was only a woman not a Desdemona. A programme note says that:

"In order to retain the quality of Mr. Pryde's paintings no attempt has been made to light the scenes, particularly the exterior scenes, realistically; the sky, for example, has been treated not from the realistic point of view, but from the artist's."

This is a mistake. Once the pictures are used for a stage-setting they must be subordinated to the requirements of the theatre as a medium. The passions of a negro at Cyprus do not go well under a Greenland sky. As the settings are now they give a sensation of height but not of breadth, and of a temperature in which blood would freeze. It is a strange way to produce a Shakespeare tragedy which, introducing a real black Othello, subordinates the tragedy to a theatre convention by presenting one scene as a

masque, and sacrifices the tension of the atmosphere to provide an exhibition for the scenic artist. But all these matters can be quickly remedied, and an "Othello" created out of the spirit which inspires the promoters that will dignify London.

PAUL BANKS.

Music.

Dr. Mengelberg and the Concertgebouw Orchestra.

This, one of the greatest orchestras in Europe, with its conductor, who is among the half dozen supreme artists of his kind, gave, on May 14, 15, and 16, three concerts in the very unpropitious—musically speaking, that is—surroundings of the Royal Albert Hall. It has been enormously interesting the opportunity we have had of late of comparing the Berlin Philharmonic, the Vienna Philharmonic, and now the Concertgebouw Orchestras. The characteristic and distinctively individual quality of each is most striking and marked—to a discriminating and critical ear, that is. All three are superb in their own ways, but for all-round magnificence the Vienna Philharmonic and the Concertgebouw, although so different from each other, carry off the prize. The string tone of Dr. Mengelberg's orchestra has a weight, a solidity, a closeness of texture, so to speak, that the Vienna Philharmonic lacks. The latter, on the other hand, has a string tone of a marvellously velvety silkiness of quality, a clear glowing transparency that is very lovely. The Concertgebouw has the most dazzlingly brilliant and sonorous brass I have ever heard, and the artistry and virtuosity of the players are incomparable.

As I said before, one's temporary irritation and disappointment at the conventional nature of the programmes that these great artist-orchestras have been giving us evaporate in amazement and fascinated delight as one hears revelation after revelation from the scores of familiar works of innumerable finesses, subtleties and details of orchestration that an English orchestra never allows us or rather cannot let us hear. This it is that has misled many people into accusing the conductors of these glorious orchestras of emphasising and underlining subsidiary and subordinate details. The accusation is false and unjust. The perfection, clarity, balance, and cleanness of the playing of these great bodies—qualities unknown and unsuspected here—automatically and inevitably reveal all sorts of orchestral detail that is usually lost in the clotted morass of inchoate sound that is our orchestras' apology for *tutti*. An orchestral score of a great master is not a cocktail mess wherein everything loses its own flavour and identity in a barbarous swill, but a subtly combined *plat* of delicately combined and blended aromas.

It was a source of great disappointment, all the same, not to hear Dr. Mengelberg and his transcendent orchestra in one of the Mahler symphonies in the reading of which he has European fame and pre-eminence. But his programmes were, nevertheless, conducted with a wonderful skill and artistry, and were designed to show the capacity of the orchestra in music of all kinds and periods. Starting with Beethoven and Mozart, we were brought through Brahms, Wagner, and Strauss, to the most recent Ravel work—the *Bolero*. It is difficult to pitch on any one work for the superlative excellence of its performance where the general level was at such a height, but I should be inclined to pitch on the accompaniment to the Mozart D minor piano concerto. The Ravel *Bolero* and the Strauss *Heifdenleben* as the highest of high lights.

Since the days of Safonoff and his marvellous accompanying of Porgno in the Mozart concertos—an unprecedented partnership this—no such

superb subtlety, flexibility and absolute unity of intention with the soloist (Iturbi) has been heard here. The way Mengelberg carried over the pianist's phrases into the orchestra with no perceptible hiatus, break or jar, but as though the whole came out of one mind and person, was a revelation of the conductor's art of an entirely transcendental nature. Iturbi is a very competent, musicianly and accomplished artist, but his style is rather dry and colourless. At a series of concerts such as these, by a great Dutch orchestra and conductor, surely the pianist who is not merely the greatest Dutch, but the greatest of any now living, Petri, might have been engaged. It was noticeable, too, how, like Safonoff, Dr. Mengelberg had his conductor's stand moved for the concerto, so that he could face the soloist and watch and follow every move of the latter.

The amusing *Bolero* of Ravel was given with a verve, an *entrain* and *brio* that were unsurpassable. The only disfigurement was the fiendish Albert Hall echo which ruined the effect of the continuous side-drum beat that goes on like a pedal point all through the work. Greater precision and brilliance can hardly be imagined.

The final concert contained only two works—the Brahms C minor Symphony, which was given with splendid solemnity, weight and authority, and *Heifdenleben*, of which, as is well-known, Dr. Mengelberg and his orchestra are the dedicatees. It was a performance of the work such as I have never heard remotely approached. Beecham's even is timid and tame compared with it. And the incomparable splendour of the playing, the superb interpretation of the long violin solo by the leader, M. Louis Zimmerman—the prodigious richness and beauty of the brass playing, the glorious clarity of the *Hero's-works-of-peace* section, with its many quotations from other works of Strauss, half of which, done as we hear them usually, are either inaudible or else unidentifiable! The tenderness and pathos of the closing pages, the magnificent grandeur and nobility of the final bars, are things no description can describe. And what a performance of Mahler's Eighth Symphony must sound like under Mengelberg, and with his orchestra, one can scarcely trust imagination to conceive. Homage again and again to this incomparable body of artists and to their presiding genius, Dr. Mengelberg, who has brought them to this degree of perfection.

KAIKHOSRU SORABJI.

The Screen Play.

Films Without Music.

From Harry Wilcox, of the Film Society of Dundee, I have received a letter of such interest that I print it in full.

"I notice that in this week's NEW AGE you make mention of an experiment made for the London Workers' Film Society, who showed 'Berlin' in silence.

"Since you were interested in this experiment, you may also be interested to know that the Film Society of Dundee (of which I was founder and secretary this year) showed this film without its musical accompaniment two months ago, and the experiment was considered highly successful.

"It was my own idea to show certain films without musical accompaniment, as I have always believed that only such films as 'Faust,' for example, which lack any obvious rhythm, can stand in this experiment. It is amazing how such a film as 'Finis Terrae' gains from being shown in silence. After this film's experimental silent showing at our first performance, it was decided at once that the principal film on every programme should be shown in silence—indeed, the orchestra was retained merely as an indulgence to some members whose interest in cinema art was new, and partly because it had been already engaged.

"Among others we have shown 'The End of St. Petersburg,' 'Finis Terrae,' 'Turk-Sib,' 'Two Days,' 'Berlin,' 'Caligari,' and the Japanese film, 'Crossways

—all in silence. I wish you could have attended the performances, because I believe the experiments proved that a good film is no more in need of a musical accompaniment than is a good poem.

"May I add that you are one of the two film critics whose reviews were of any use to me. At the same time I am glad that I was not guided by you in the case of Clair's 'Italian Straw Hat.' It delighted me from beginning to end."

Mr. Wilcox's sound ideas on the relationship of music to films reconcile me to his admiration of the "Italian Straw Hat."

Dark Red Roses: Astoria.

English films (there are no British films) are not on the whole well served by the critics, who either indulge in excessive denigration—thus causing Wardour Street to exhibit a conspiracy-complex—or else greet a mediocre effort as an inspired work of genius. The latter reception has attended "Dark Red Roses," a very patchy talkie which does not deserve half the praise that has been lavished on it. Sinclair Hill, the director, has done much better. A promising theme, capable of being worked up into a strong melodrama, has been saddled by commonplace dialogue, and by obvious economy in production, although some of the interior settings indicate what the art director might have done if he had been given the opportunity. Another characteristic defect of English films is insistence on the irritating trick of endeavouring to emphasise the spoken word by sudden pauses, a mannerism which has nothing to recommend it beyond being inartistic, unnatural, and having the effect of slowing down the action, often when it should be quickened. Some of the photography in this film is very good, and some of it is very bad. The acting is reasonably competent, but stogy, including the staginess of a very stage Irishman who might just as well have been a Cockney or a native of Sussex. The two children, conceived in the best "East Lynne" tradition, occupy the screen far too much, and the attitude of the girl child to her father is stickily sentimental. Possibly this is among the reasons why the film is said to have met with a good reception in the United States.

The sound reproduction is excellent.

The Flying Scotsman: Alhambra.

The making of a good railway film—a field of immense scope and promise—is apparently beyond the power of British producers. "The Flying Scotsman" is even worse than "The Wrecker," which, although a tissue of absurdities, did contrive to have its thrilling moments, plus some excellent photography. The present director would seem either to have had no very coherent theme in his mind, or to have changed his mind as he went along, and he has largely neglected obvious photographic possibilities, while too much of the action takes place off stage, so to speak. The acting is mediocre and characterised by out-of-date stage conventions, the best feature of the film being its sound reproduction.

It is not altogether easy to pick out the worst feature, but I should say that this is on the whole represented by its technical absurdities. Two people, a man and a girl, contrive to walk along the footboards of an express travelling at at least sixty miles an hour, a feat requiring the strength of a trained athlete combined with the dexterity of an acrobat. The villain contrives to sever the couplings between locomotive and train, another herculean feat, with a pocket knife. The heroine eventually shuts off steam and brings the engine to a standstill, although this would automatically have been effected by the severance of the couplings. Finally, the whole melodramatic business of footboard-scrambling would have been unnecessary if the scramblers, both familiar with railway practice, had stopped to remember that locomotives of "The

Flying Scotsman" class are provided with corridor tenders, while the search for a spare fireman to take the train on to Edinburgh would also have been unnecessary if the searchers had remembered that this particular train carries a spare driver and fireman who obtain access to the footplate by means of the aforesaid corridor tender.

Facilities for the making of "The Flying Scotsman" were afforded by the London and North Eastern Railway. I understand that the railway company is not too anxious to acknowledge paternity.

DAVID OCKHAM.

Egyptian Vignettes.

By M. C. C.

No. III.—A PROMISE.

A promise, and an English one, for in Egypt an English promise means one that is never broken, given by two English residents to the Bedouin servant of their greatest friend, to visit his belad or village, to see a fantasia given before the circumcision ceremony of his eight-year-old son, began to have effect one morning at 5 a.m. Outside the gate of the Englishman's suburban villa stood: camels, one; donkeys, three; and from this the man, his wife and son of ten years old were asked to make selection. The man naturally got the camel, which suffering from world weariness, real or imaginary, it later transpired, sat down unexpectedly whenever he got the chance. The wife and the son followed the camel's lead mounted on donkeys, provided with saddles only—neither reins nor stirrups, which the Bedouins and Egyptians themselves never use and had forgotten would be fitting to English people. The Bedouin himself was mounted and acquired speed from his donkey mount by continuously swinging his legs inwards and outwards so as to stimulate the ribs of his donkey by hitting them with his knees. Two donkey boys running alongside the other animals and occasionally giving their attention to the camel, completed the cavalcade.

The way at first led along a good tarred road laid by the British Military authorities some good many years before, and the only decent one around. Then through extensive palm groves of dates, through a mud-walled village and then some miles across the desert, by which time the donkey riders, at least, ached badly with laughing and the want of stirrups, and the camel had already seated himself suddenly and unexpectedly more than once. Fortunately the hour was so early that the first part of the journey was done before the inhabitants began to stir, thus saving the blushes of the riders.

At last an ezba (small farm) outside a Bedouin village, was reached, where was set up a large tent to shelter the visitors and the many guests expected during the day. Nearby the cooks were busy cooking a camel and several sheep in huge cauldrons, placed upon bars with fires in a pit beneath them. Many things strange to the English happened that day. The harem tent pitched some distance away, where the women and children were fed after their lords and masters had eaten in the larger shelter—the ceremonial bathing (not seen by the visitors) and dressing up of the boy Hossein in Arab robes—the procession through the village of the camels, trapped with gay carpets and carrying brightly clothed children and women in sombre black—the newly-made Bedouin son at its head—the dancers, the quarter staff performers and wrestlers—the racing Arab steeds charging at the crowd, only to be reined up in an instant when right upon them—all passing in an interesting kaleidoscope before the distinguished guests.

As companion at their meal of food which they understood and which was served on a table in the English manner, the guests had the son of the

Mudir (the Governor of a Province) of the district—an Arab of good breeding and reputation. The boy had quite a command of English and general knowledge on amazingly diverse subjects, as evidenced by the questions with which he generously plied his new friends—who, treating them with all seriousness, tried to answer with circumspection, for they found that they had to live up to the high standard that anything English meant in the boy's estimation. Both sides got to know each other through their mutual questionings and replies, and, before the day was out and the necessity for a further stirrupless ride occurred, a friendship was founded which was to last in the coming years—years during which the youngster was determined, now more than ever, to proceed to an English Military College to train as a soldier under those who were descended from the Kitcheners and the Nelsons of whom he never tired to read or hear, and yet during which he was to teach his English friends much appreciation for those who tried to live strictly according to the ideals of Islam.

And thus we learn that "Little drops of water, little grains of sand," such as these, used in the outposts of Empire by those who care to handle such lowly tools, are capable of being rammed down into much more solid foundations than any official or strong man touch can emulate.

Review.

The Next Budget. By Junius Junior. (Cecil Palmer. 2s. 6d. net.)

This book consists, in the main, of an endorsement of Mr. J. F. Darling's idea (in the *Economic Unity of the Empire*) of instituting two classes of loan-credit, Class I. for productive enterprise, and Class II. for speculative enterprise. Class I. credit is to be plenteous and cheap, and "based on National Real Capital." Class II. credit is to be "restricted in volume to a Gold Basis Capital," and will earn a higher interest. A Board of Control will decide to which class "doubtful applicants belong." Tariff reform is to be adopted to protect British trade. The reduction in prices expected to result from these reforms is this:—"that 8s. will buy what formerly cost 20s." This happy result can be expressed in another way; namely, that an article which formerly cost something below 20s. to make will now cost something below 8s. The implication is that the income of the purchaser will still remain at the high-cost level when the low-cost level is reached—that is to say, personal incomes will have their purchasing power multiplied by 2½. No argument is offered to show how this will take place. No expansion of borrowing facilities, even in an area self-contained as to its money and markets, will affect the psychology of sellers, reflected in the dictum that the price of an article is *all it will fetch*. Manufacturers will only lower their prices when their doing so will bring them a larger aggregate profit. It does not matter a scrap how well able they are to reduce prices and yet make a profit; the question they ask themselves is: What will bring us the most profit? Taking token figures of aggregated industrial costs, let us say:—

Overheads	£	200
Materials	£	25
Labour	£	25
Total	£	250

And suppose that the output be 250 articles, enabling the articles to be priced (if at cost) at £1 each. Now let the output be trebled. In this case the total costs can be put as:—

Overheads	£	250
Materials	£	75
Labour	£	75
Total	£	400

Now there will be 750 articles for which the price of about 11s. each could be charged without loss. But why should industry drop the price? Why, indeed, should it even contemplate increasing its output at all? For its doing so means that it has to lay out a greater total of money and use more energy without the prospect of any better total reward than it would get on the old programme of output. The only practical justification for price-reduction that can be

advanced under the present system applies to the case of individual firms or groups, which may thereby attract to themselves extra trade and money out of somebody else's market. But in the case of industry as a whole there is only one market and one pool of money. Why should industry take the trouble to put 750 articles, costing £400, into a market which (let us suppose) has £400 to spend, instead of putting 250 articles costing £250 into a market which has £250 to spend? There is a theoretical inducement which is, that if there are 750 articles on sale, the producers, in their capacity as private consumers, have, in company with other consumers, three times as much wealth to divide. But the snag is that if they distribute it all, they destroy their borrowing powers. They have to retain within industry the maximum proportion of their output in order to accumulate the largest possible security—value on which the banks are to "risk" their (!) money. And since consumable output is regarded by the bankers as a risky security for them to lend on, the retained output is in the form of capital goods (plant, equipment, and other so-called revenue-earning production). So in the above case the quickened production would be represented not by 750 articles, but by 250 articles for distribution and 500 articles for more or less permanent retention. If any credit-reform is to bring about increased consumption by the population, it must go further than merely facilitate borrowing. It must provide a financial inducement to industrialists to make and supply goods to the public.

J. G.

LETTERS TO THE EDITOR.

THE HOUSE OF ROTHSCHILD.

Sir,—Your recent reference to the House of Rothschild (*THE NEW AGE*, May 15), and the supposed quotation from the book of J. Reeves, impel me to attempt to throw a little more light upon the subject, if possible. I suggest that the "quotation" is made from the memory of the sender, because I have not unearthed the exact words quoted; but a substantial similarity will be observed from my copy of the book in the following: "The Rothschilds; Financial Rulers of Nations." (London: Sampson Low, Marston, Searle and Rivington, 1887.) The book is frankly favourable to the Rothschilds, as it frequently comments upon the characteristic honesty and generosity of the various members of the family, and only expatiates upon their shrewdness and daring in speculation in order to account for their abnormal acquisitions. But the passage in the book which seems to give rise to the "quotation" is as follows (p. 104):

"Little could Mayer Amschel have anticipated that the humble shop was destined to ultimately grow into one of the largest and most renowned banking firms of the world, and that his sons would in after years come to exercise such an unbounded sway that the peace of nations would depend upon their nod; that the powerful control that they exercised on the European money markets would enable them to pose as the arbiters of peace and war, since they could at their pleasure withhold or furnish the pecuniary means required to carry on a campaign. . . . To reach this exalted position Mayer Amschel and his sons required the co-operation of the States, but, when once he had climbed over their backs and reached the height of his ambition, he was independent of all aid and could act with the greatest freedom, whilst the States remained in a suppliant attitude at his feet."

The book also tells the now fairly well-known story of how Nathan Mayer Rothschild, the first head of the London house, was personally present on the field of the battle of Waterloo, whither he had gone to obtain first-hand knowledge of the climax of the event which was to mean so much to the fortunes of the house. After the army of Napoleon had crumpled up in contact with the bayonets of the British he hurried to Ostend; but it was not until he made an offer of two thousand francs that one of the fishermen

"consented to brave the tempest and endeavour to take Nathan Mayer across to England, on condition that the money was paid to his wife before starting."

However, the journey was safely made and "the next day he was seen leaning against his well-known pillar on the Stock Exchange, apparently broken in health and spirits."

The ruse succeeded. "Many pitied Rothschild for the enormous losses he had, as they thought, suffered; they little suspected,

while his known agents had been selling openly, his unknown agents had bought up secretly every piece of scrip they could secure. Far from losing, he had by his manipulations pocketed nearly a million sterling."

Against the above story is another of how

"when he lived at Stamford Hill, Nathan Mayer had as an opposite neighbour a wealthy stockbroker named Lucas, who, on returning home late one evening, noticed Rothschild's carriage standing ready at the gate. Thinking something must be in the wind, Lucas directed his coachman to drive round to the stable and not unharness the horses, but to wait till he sent for him. Concealing himself, he presently saw Rothschild and two companions enter the carriage, the driver being ordered to drive 'to the City.' Hastily summoning his own carriage, the stockbroker started in pursuit, and saw them alight at New Court. A few minutes later he followed, and, reeling past the housekeeper in an apparently hopelessly drunken state, forced his way, in spite of all opposition, to the financier's private room, where he fell prostrate on the floor. Nathan and his friends were not unnaturally startled by the sudden inrush of their unwelcome and uninvited visitor. They raised him, bathed his face with cold water, but without any benefit, the only result being a convulsive trembling and shrinking. They were at a loss what to do with Lucas, but, noticing that he seemed at length to settle into a heavy slumber, determined to let him remain where he had fallen. Time was precious; they had important matters to discuss, so they covered the reveller with a rug, and proceeded with their business. Important news had been received from Spain, and the result of the consultation was to order certain brokers to commence at once buying up cautiously a particular stock. This settled, Rothschild and his companions separated. After they had gone, Lucas began slowly to recover, and although still uncertain and shaky on his legs, and suffering from a dreadful headache, as he said, insisted, in spite of the housekeeper's remonstrances, upon going home. On reaching the street he at once went to his office, where he made arrangements for buying up all the stock he could procure. Rothschild was dreadfully upset by his trick, and used always to refer to it as 'the base, dishonest, and nefarious stratagem' of Lucas."

Both of the above stories are contained in the same chapter, and on comparing them it is not easy to avoid the reflection that Lucas might have fitly retorted *Tu quoque* to Rothschild's moral censure.

W. J. ROBINS.

MR. HOLSINGER ON CREDIT.

Sir,—I am writing to relieve you as quickly as possible of the notion that I am ever going to trouble myself to communicate to you (1) what specific proposals I put forward in any quarter, and (2) what sort of encouragement I meet with. I have more useful things to do.

The only reason why I wrote to you was that, in commenting upon the proposals I had put before the Australian authorities in London, you had criticised them. I thought, therefore, that you would be interested in knowing what exactly they were, in order that you might thereby acquire an idea of what my ideas on Money and Credit are.

If you do not understand what I have written, I can only answer you as Dr. Samuel Johnson retorted to a similar complaint, "Sir, it is not my business to find you an understanding." Although in my book I have—to your immense satisfaction—exposed some of the most appalling nonsense that has ever been put into words, I have nowhere pretended that I did not understand what the authors meant. If you do not understand what I have written, you do not know the first thing of what they are talking about.

To accuse the author of "The Mystery of the Trade Depression," whom you have so warmly commended for all the time, "of dancing behind a bush of jargon on the subject of Money, is scarcely impressive. What do you mean by 'jargon'?" Jargon is the use of words in a sense different from that in which they are ordinarily used. Where are the words of jargon in my letter?

You say that your interest in my remedy is due to the fact that I have "so quickly managed to attract attention to it in influential quarters." If that is so, I shall tell you my secret. It is that I do not go about my business as Social Credit reformers do. Although I have no doubt whatever that my analysis is absolutely right, I am always prepared not only to listen to what anyone has to say to me, and to answer all questions, but also to show the connection between the ideas that I attack and the ideas that I hold. I

thus help those whom I want to convince to correlate my ideas with their own ideas.

You say in your footnote that you know exactly what is wrong with the economic system, and that you do not want to hear anything more on the subject. If I went about my business in that way I should get chucked out of the quarters in which I am entertained as unceremoniously as Social Credit reformers evidently are. No self-respecting people will tolerate such intellectual arrogance as you affect, and, moreover, the most indulgent people will never be able to associate your ideas with their own unless you are willing to show them how your ideas are related to their own.

The attitude of Social Credit reformers is the attitude of all monetary reformers. I find that they simply run away from coming to grips with me on any issue. Of all the people with whom I have discussed Economics, I have found the genus monetary reformer the most bigoted and evasive. The attitude of the monetary reformer is just this: "Here is my remedy. Accept it without a word or be gone." I am not surprised that the whole subject of monetary reform has, as a result, been brought into unmitigated contempt.

The Social Credit reformers are not prepared to discuss Money *either with the bankers* [Our italics.—Ed.] or with such individuals as myself. I wish to know with whom on earth they want to discuss the subject. If you do not want to discuss the subject with anyone, you can hope to get your ideas carried out only by an armed revolution.

If there is one place in which the subject of monetary reform should be discussed, it is the columns of *THE NEW AGE*. As soon, however, as I have stated my views, you bar and bolt your columns against any further contribution—even from your side!—on the subject. Every impartial reader will assume that you are convinced that discretion is the better part of valour.

If my ideas of Money and Credit are wrong, I shall *only expose my own folly* [Our italics.—Ed.] in your columns. Moreover, you will have an opportunity of restating your analysis in relation to those ideas that I am disseminating. Apparently you think it safer to keep repeating a slogan that has hitherto cut little or no ice. You may continue the pastime, but you must not be surprised if Social Credit makes no progress.

I have offered myself as a target to Social Credit reformers, but you are terrified by the prospect! I am too old a journalist to be impressed by your references to the virtues of brevity. What passes for brevity nowadays is intellectual bankruptcy. Brevity, so-called, has been assiduously cultivated during the past decade, and the only result has been a rising tide of unemployment.

In scientific controversy I never mince my words. The tilt-yard of Economics is no place for people who want neither to break bones nor to risk the breaking of bones. In "Money Unmasked" I hope to make a ruthless exposure not only of the orthodox ideas of Money, but also of all those ideas associated with the names of Douglas, Kitson, Keynes, and others. I desire to thrash out the issue raised by the works of Major Douglas in your columns before I complete my book. You refuse to accept the challenge. That is the position.

FREDERICK E. HOLSINGER.

[With reference to the above two italicised passages:—

(1) Mr. Holsinger is misinformed about the bankers. It is they who are unwilling to discuss Social Credit with us.

(2) It would not further our objective if Mr. Holsinger were to "expose his folly" in *THE NEW AGE*. At present he represents nobody but himself. If and when he can get an authoritative financier to adopt his contemplated refutation of Major Douglas's Theorem, and *publicly stand for it*, we shall be ready to answer it.

"Exposure of ideas" about money is of itself purposeless. In the end the questions will still remain: (1) Shall the existing system be altered? and (2) If so, how? That is to say, supposing the Social Credit Proposals to be unsound, what alternative proposals (if any) are offered to supersede them? Dissertations about the inwardness of this and that won't answer the question: What do you want to do? Any reformer who comes and says that he cannot make that answer briefly has not found it. He may need a lot of space to explain the reasons for the proposed action, but certainly not to formulate the action itself. His "orders for the day" may take weeks of planning, but they must be read during breakfast. Mr. Holsinger keeps his sealed up in an envelope which he says in effect he is not going to trouble himself to open. And this is what he calls coming out into the "tilt-yard."—Ed.]

THE "NEW AGE" CIGARETTE

Premier grade Virginian tobacco filled by hand in cases made of the thinnest and purest paper, according to the specification described in an article in this journal on January 23.

Large size (18 to the ounce). Non-smouldering

Prices: 100's 7/6 (postage 3d.); 20's 1/6 (postage 2d.)

Price for export ex English duty quoted on minimum quantity of 1,000.

FIELDCOVITCH & CO., 72, Chancery Lane, W.C.2
(Almost on the corner of Holborn and Chancery Lane).

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

SET A.

Comprising:—

Social Credit in Summary (1d.).
The Key to World Politics (1d.).
Through Consumption to Prosperity (2d.).
Great Britain's Debt to America.
Post free, 6d. the set.

SET B.

Comprising:—

Set "A" above.
The Veil of Finance (6d.).
Post free, 1s. the set.

CREDIT RESEARCH LIBRARY, 70, High Holborn,
W.C.1

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.

SUBSCRIPTION RATES.

The Subscription Rates for "The New Age," to any address in Great Britain or Abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

CREDIT RESEARCH LIBRARY

Books and Pamphlets on Social Credit.

BRENTON, ARTHUR.

Social Credit in Summary. 1d.
The Key to World Politics. 1d.
Through Consumption to Prosperity. 2d.
The Veil of Finance. 6d.

COLBOURNE, M.

Unemployment or War. 12s. 6d. (Procured from New York to order.)

DOUGLAS, C. H.

Economic Democracy. 6s.
Crédit Power and Democracy. 7s. 6d.
The Control and Distribution of Production. 7s. 6d.
Social Credit. 7s. 6d.
These Present Discontents: The Labour Party and Social Credit. 1s.
The Engineering of Distribution. 6d.
Canada's Bankers and Canada's Credit (Reprint of Major Douglas's Evidence at the Government Enquiry in Ottawa). 2s. 6d.
The World After Washington. 6d.

DUNN, E. M.

The New Economics. 4d.
Social Credit Chart. 1d.

H. M. M.

An Outline of Social Credit. 6d.

HATTERSLEY, C. MARSHALL.

This Age of Plenty. 3s. 6d. and 6s.
Men, Money and Machines. 6d.

POWELL, A. E.

The Deadlock in Finance. 5s.
The Flow Theory of Economics. 5s.

SHORT, N. DUDLEY.

It's Like This. 6d.

TUKE, J. E.

Outside Eldorado. 3d.

Critical and Constructive Works on Finance, Economics, and Politics.

CONNOR SMITH.

Where Does Money Come From? 1s.

DARLING, J. F.

Economic Unity of the Empire: Gold and Credit. 1s.

FOSTER, W. T., and CATCHINGS, W.

Profits. 17s.

HEWART (LORD).

The New Despotism. 21s.

HORRABIN, J. F.

The Plebs Atlas. 1s.
An Outline of Economic Geography. 2s. 6d.

MARTIN, P. W.

The Flaw in the Price System. 4s. 6d.
The Limited Market. 4s. 6d.

McKENNA, RT. HON. REGINALD.

Post-War Banking Policy. 7s. 6d.

Instructional Works on Finance and Economics.

BARKER, D. A.

Cash and Credit. 3s.

COUSENS, HILDERIC (Editor).

Pros and Cons. A Guide to the Controversies of the Day. 3s.

Address: 70, High Holborn, London, W.C.1.

Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C.1 (Telephone: Chancery 8470), and printed for him by THE ARGUS PRESS LIMITED, Temple-avenue and Tudor-street, London, E.C.4.