

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The "revolution" in Argentina opens a fertile field for speculation as to its causes. We may have missed something, but we have not yet come across any reason in the newspapers sufficiently weighty to account for the revolt against President Irigoyen which culminated in his resignation on September 6—we mean, no immediate reason which should move the Argentine people to get rid of him in a hurry. For instance, two items mentioned are that the "general world depression" has seriously affected the prosperity of that country, and that the "last harvest was unsatisfactory." These would be plausible explanations if the revolt had broken out spontaneously among the common people, who might well, in their ignorance, associate Dr. Irigoyen with these phenomena. But this revolt happened too suddenly to have arisen from popular grievances. It was carefully planned by interests powerful enough to carry the military and police heads with them. No doubt they used the fact of Argentina's reduced prosperity to justify their act to the populace; but that this was the motive of the act is too thin a story to deceive even an average intelligence. Another indictment against the President is reported in the *News of the World* of September 7; it is that during the war he showed pro-German sympathies, and refused to declare war against the Central Powers as had Uruguay and Brazil. But assuming that the Argentine people ever wanted such a declaration, does anybody believe that they would have waited fourteen years to punish the President for resisting their desire? The writer of the report, we notice, does not make that suggestion: his reason for mentioning the matter is apparent in his headline: "No Tears From British"—meaning that Great Britain has no call to disapprove the forcible removal of a statesman who refused to support the cause of the Allies. Perhaps not, if that was the only motive for removing him. Whether it was will appear sooner or later in the policy of the new Government.

In the meantime the soundest provisional hypothesis that we can adopt is that the revolt was inspired by interests outside Argentina. Last week we published two extracts from the *Newcastle Journal* of August 19—eighteen days before the "revolution." We will repeat the items covered by them. For eighteen months Argentina has not had an Ambassador in the United States; for thirty months she has boycotted Pan-American Congresses, inter-American scientific, fiscal and commercial conferences, the Pan-American sanitary bureau and the Pan-American arbitration conference. She has also refused to sign the Kellogg Pact. She has recently displayed great enthusiasm at the prospect of a visit by the Prince of Wales as "Commissioner Extraordinary of Empire Trade"—in marked contrast with the hesitancy she displayed when President Hoover paid his visit upon his appointment. We can add two further items from other sources. Recently she has abandoned the gold standard: also, she is preparing to receive a visit from a squadron of the British fleet—and there are suggestions in London papers that the Prince of Wales may be promoted to the command of it on that occasion.

Without inside knowledge, we are obliged to presume that this represented Dr. Irigoyen's policy; for it all took place before the "revolution." To suppose that he did not agree with the policy and that it was carried out over his head would be to rank his influence so low as to make a "revolution" superfluous. Dr. Irigoyen's policy, as we must provisionally designate it, can be divided into two main categories—(a) commercial, and (b) financial. The first category primarily affects statesmen as statesmen; the second primarily affects bankers as bankers. Because of this the interpretation of the President's downfall is complicated. So far as his commercial policy is concerned the evidence shows that Great Britain had every reason to support it and the United States every reason to oppose it. It clearly placed the statesmen of the two nations in opposite camps. But it would not create a corresponding disunity among bankers as bankers.

Bankers form an international monopoly, and it does not matter to them, as bankers, whether markets are won or lost by any particular nation. But it does matter vitally to representative statesmen, who have to account ultimately to their own native populations of capitalists and workers for the consequences of their statesmanship. So, regarding the purely commercial aspect of Dr. Irigoyen's policy we have a picture of British and American national capitalisms in conflict, with International Finance waiting and watching in the spirit of calm neutrality.

Turning now to the financial aspect—Argentina's departure from the gold standard—the position is reversed; national capitalisms are neutral while international finance takes sides. That being so, it involves the logical possibility that British banking interests may have associated themselves with United States banking interests and turned out Dr. Irigoyen at the expense of British capitalism. Whether this speculation reflects the truth or not depends upon whether the British bankers still regard the condition of British industry as of less importance than the maintenance of financial orthodoxy, or whether, irrespective of their views, they have been compelled to acquiesce in the policy of the dominant influence in the international trust, United States finance.

At the same time it would be premature to come to the definite conclusion that this revolt is a rebuff for Britain. If one scrutinises the items which we have enumerated as revealing the trend of Dr. Irigoyen's policy, it will be seen that they are all gestures; none of them is an act. To take off your coat to a man is not the same thing as hitting him: moreover, if you really want to hit him with the best chance of success you will hit him without warning, and not trouble about your coat. While it would be going against the weight of evidence to deny that Argentina had crossed the river of diplomatic neutrality, it cannot be said that she has burned her boats. It is no imputation against Dr. Irigoyen's integrity as a statesman to point out that his pro-British and anti-American gestures might have been a bluff. For, accepting the moral standards universally applied to diplomacy, he would be acting rightly in making friendly overtures to John Bull merely as a means of striking a bargain ultimately with Uncle Sam—provided, of course, that he believed that Argentina's own interests would be best promoted by that policy. Granting this possibility, then the import of his downfall would have no great significance from a British point of view, and, as the *News of the World* remarks, there would be nothing to shed tears about. Indeed, there would be room for speculating whether John Bull had not taken a hand in bringing the event about.

Cables from Buenos Aires on September 9 stated that the new Government had conferred on that day with managers of the local and foreign banks respecting the "guaranteeing" of "funds." This is yet one more reminder of the fact that the first necessity of a Government is to seek the patronage of the banker—after which all other things, like diplomatic recognition, etc., may be taken for granted. It is estimated, said the *Daily Herald's* Correspondent on September 10, that the Government will ultimately have to borrow £20,000,000, and that there were rumours that the United States was "anxious to provide this." We must now wait and see who does provide it.

An article in the *Evening News* of September 10 warns hoarders of sovereigns that they stand to lose

money, not gain it, by pursuing that policy. Should any sovereign now received at the Bank of England be three grains below the normal standard weight, the authorities at the Bank will "deduct eightpence and pay out the original owner only 19s. 4d."

"While, before the war, a well-worn sovereign was worth its full value, the same coin to-day is worth only what it weighs. A banking official said to-day: 'as a matter of fact gold coins have ceased to exist as tokens of currency. A £5 note to-day would be easier to negotiate abroad than a golden sovereign.'"

Our first, and general, reaction to this sort of talk is to take a liberty with Charles Dickens and warn everybody concerned that in economic jurisprudence: *What the banker said is not evidence.* The evidence conforms to the unwritten ruling: *The truth, part of the truth, and something besides the truth.* This can be illustrated by reference to the article referred to. In the first place the article purports, by internal suggestion, to have been received and written by some journalist in touch with the *Evening News*. But nothing has happened recently to make the subject of hoarding topical; so it is most improbable that an ordinary journalist would spontaneously write about it. One of two conditions would lead him to do so in these circumstances (a) that he had been specially commissioned to do it, and (b) that he was aware that articles on gold were as readily saleable in Fleet Street as gold itself is saleable in Threadneedle Street. But there is a third alternative in this particular case, namely, that the article did not reach the *Evening News* through a journalist at all, but came direct from the intelligence bureau of some bank or other. This third alternative is by far the most probable on a priori grounds. They are as follows. There is common agreement that the world has now entered a stage of transition in its economic development which necessitates some change in financial policy for which there is no precedent. The High Command of the Bankers' Army is obliged to devise entirely new conformations, and to ensure that every rank is drilled for its specific function in the general manœuvring. It is therefore inevitable that the Financial Press and the financial editors and experts of the ordinary press should be in the same state of confusion about what to say as would be drill-sergeants and other officers in an ordinary army, which knew the old drill-manual, was in a position to judge for itself what orders to shout in the field. Every newspaper expert could write at discretion in the confidence that his writing would be in conformity with those of other experts, and that nothing would disturb the general plan of the Command-in-Chief. But to-day, when the High Command itself is divided about what financial formations will best meet the onslaught of economic emergency, the old drill-manual is obsolete while the new one has yet to be written. All orders at present must necessarily be emergency orders; they may alter from month to month according to how the parties to the rumpus in the High Command manage to hammer out some sort of coherent and efficient plan. So newspaper expert is certain that he will not make a mess of things if he writes or publishes anything in his own discretion. (Penalty—loss of City advice tising to his newspaper and of a job to himself.) He dare now only paraphrase or reproduce matter which has been initialled by the high financiers. So for practical purposes we may say that what Fleet Street thinks to-day the Mansion House decided yesterday. And Providence alone knows whether the Mansion House will not impugn to-morrow its decision of to-day.

This holding of the Press on a short financial tether was evidenced, as our readers will recall,

a startling manner by the overnight change of front on the part of the *Melbourne Age* on June 23-24 concerning Sir Otto Niemeyer's then impending visit. They will find it recorded and discussed in THE NEW AGE of July 10. On June 23 the *Age* was saying in effect: Who is this fellow?—what's his game?—if he thinks he's going to alter Australia's economic policy he's in for a disappointment—Australia is "not in pawn to anyone." On the next day the *Age* had evidently lost its trumpet and had picked up a Jew's harp—an instrument, by the way, which speaks with a grotesquely faithful American accent. The new tune was: We feel sure everybody will give our "distinguished visitor" a hearty welcome—it is "most desirable" that we should have the help of this "eminent" representative of a "disinterested" Bank which has made a so "gracious gesture"—"there is no occasion for panic, or even uneasiness." Our present paraphrasing of the original passages is not overdrawn in the slightest—as anyone may confirm for himself if he will consult them in our issue of July 10. The *Melbourne Age* had been handed a copy of the Ernst-Niemeyer drill-manual overnight, and exchanged it for the old one in the same perfunctory manner in which people change out telephone-directories. The personal fortunes of Australian citizens of all social grades were to be altered in a manner as autocratic and wanton as if the Post Office suddenly allotted a new telephone-number to every subscriber; and the *Melbourne Age* did not notice it or else did not think it prudent to say so. It may be said in defence of that newspaper that, at the time of this episode, it did not know the nature of the policy which Sir Otto has since sought to impose on Australia. We will allow the force of that argument so far. But the *Melbourne Age* has been talking since apropos of Mr. Hughes's outspoken attack on Sir Otto which we described last week. *The Times* Correspondent, cabling on September 12 from Melbourne, says:

"Mr. Hughes's threatened action against the Sydney *Morning Herald* is not preventing further criticism of his pamphlet. The *Age*, in a leading article, describes some of Mr. Hughes's views in the pamphlet as so 'dangerous in doctrine and misleading in tendency that the public should be put on its guard.'"

This by the way is the first news we have seen that Mr. Hughes's views have been published as a pamphlet, and that he is prepared to stand for them in the Courts if necessary. This shows courage on his part because in any litigation concerning libel in relation to political views, the fact of libel is almost impossible to prove. In the present case the newspaper has only to plead that it spoke *without malice* (which is of course true—as true as it is that a local bank-manager requests repayments of overdrafts and that what it said was *in the public interest*. And how could Mr. Hughes counter this second line of defence when the financial powers which would be supporting the defendant newspaper had (as they have, and always do everywhere) already disseminated the idea among the public that neglect of their advice would mean ruin? Once you get the whole Australian Press insisting: How kind of Sir Otto to come here to rescue us from the plight in which we have fallen, how on earth is Mr. Hughes going to be lucky enough to find a jury who had not been influenced by this organised broadcasting? Or, even if he pleads before a Judge, how is that juridical authority able to refer the issue to a purely legal frame of reference? There is no evidence of what the public interest is, other than newspaper affirmations, which, as we have said before, are "what the bankers say" and are not evidence at all. The truth is that no Court could come to a just judgment on such an issue unless it were already familiar (or could be enabled to learn from evidence—which it would

be almost certain to rule out as irrelevant) with the fundamental flaw in the credit-system exposed by Major Douglas.

In such circumstances we would advise Mr. Hughes to let the law alone—unless he thinks it worth while to spend money for the sake of spreading his views. This might be worth while if they proceeded from his knowledge of the Social Credit analysis; but since there is no indication that he has such knowledge, even his success in litigation would not establish their soundness, but only his right to propound them. The whole issue is whether Mr. Hughes can support his views by a policy which he knows that the public would accept, *when actually administered*, in preference to the policy now recommended by Ernst-Niemeyer. No such alternative policy is possible which is based on the acceptance of the present primary axioms of credit-finance and industrial-costing. Once accepted these, and there is no logical answer to the penury-legislation now threatening the Australian people. Their only means of escape from the threatened flood of destitution is through the adoption by the Government of the axioms of Social Credit. The task of every Australian reader of these pages is to redouble his efforts to show that these axioms, stumbling-blocks as they may appear to be to the unthinking and cowed majority, are stepping-stones across which the intelligent and courageous statesman may lead his people safely over into the fields of prosperity.

Let us now resume our examination of the views of the *Melbourne Age*. *The Times* Correspondent continues:

"Refuting Mr. Hughes's suggestion that Sir Otto Niemeyer tried to teach the members of Parliament how to govern Australia, the journal says:—It was difficult to induce Sir Otto Niemeyer to express opinions on any question relating to Australia's internal administration. neither did Sir Otto Niemeyer lecture the members of Parliament on finance. His official utterance was published, and can be judged. It was admirably succinct, lucid, and judicial. Apparently Mr. Hughes sees his only chance to make political capital. Australia's supreme need is iron-willed and iron-nerved leaders, not unemployed leaders who, no matter how brilliant their past, evidently spend their unappreciated time wearing garlands and meaningless applause-seeking phrases."

Now, isn't that just too cute? Our readers will remember that Sir Otto Ernst Niemeyer told the Loan Council that Australian costs had got to come down. He pointed out that unless they did so Australia would not be able to export goods, and would therefore fail to raise the necessary credits to pay the interest and other charges on her borrowings from London. In that case the Bank of England, who had to look after the interests of British and other investors in Australian securities, would have to take direct measures to compel Australian industrialists and agriculturalists to cut down expenses. The nature of the measures had been already indicated by the previous action of the London banks in refusing to discount Australian paper in Britain; so Sir Otto had no need to describe them to the Loan Council. This is the sum and substance of what Sir Otto had to say. What need to say more? He was much too astute to express opinions on questions of administration—for such questions must necessarily relate to the problem of arranging in what sequence and in what degree the various classes in Australia are to submit to having their pockets searched. For instance, in *The Times* of September 12 it is reported that a conference of Australian employers in Melbourne has demanded that the Government must "lead the way in reducing salaries and wages to enable industry to do likewise." This demand can only mean that the Australian civil servants shall head the queue for the guillotine. Presumably the

employers want to be able to point out to their men that since sacrifices have been made higher up the example must be followed lower down. This is one typical illustration of the many administrative questions on which Sir Otto most correctly—in the view of the Melbourne *Age*—declined to express an opinion. There was a great deal more caution than correctitude about his attitude—or at least it was the correctitude of indifference. If a gunman were to hold up a banquet and demand some fixed sum of money from the assembled guests, would anyone suggest that, just because he did not express an opinion on who should contribute to the proceeds of the raid, he was not interfering with “internal administration”? For this is what the Melbourne *Age*'s argument amounts to.

Supposing that the Australian Government decides to cut its own expenditure first, as demanded, one of the economies might easily be the closing of Australia House in London. In such a contingency it would at least be embarrassing for the Agent-General and his staff to be able to ascribe their dismissal and eviction to a specific recommendation of Sir Otto's at Canberra. The latter would, of course, have nothing particular to be frightened of, but—well, you know, it wouldn't be quite the thing, it wouldn't quite do to bring Sir Otto's name and policy into such a direct relationship with an aggravation of our own unemployment problem. No; Sir Otto is a banker: and a banker's proper place is at the table where the mutton is served, not in the slaughterhouse where the politicians kill sheep.

It is a relief to turn from the obsequiousness of a defeatist Australian Press in Australia to the recommendations of the Australasian Council of Trade Unions. They may be technically defective but at least they are a symptom of the will to resist the new policy. The *Times* Correspondent before-mentioned summarises them thus:—

“The Federal Government should free credit resources so as to provide £20,000,000 sterling; the repudiation of the Premiers' Conference decisions regarding wages and hours; the dissolution of the Loan Council which is in the hands of money-sharks, loan-mongers and capitalists; and the reduction of all interest rates, the de-watering of company bonus shares, and the limitation of dividends.” (Our italics.)

Most of these recommendations our readers will be able to assess for themselves. Taking them generally we should prefer to see a rigid line drawn between the financier (the lender) and the capitalist (the borrower). It always confuses the issue to lump together lending and borrowing interests in one category, besides fostering antagonisms between employers and employed, who are *naturally* allies and are so destined to be under the new credit policy. This truth was perceptible during the war. So long as the private consumer had the money to provide industrialists with adequate profits and wages, the wage-earners got their fingers in the pie. This was not because employers were philanthropists (in fact the men had usually to make their demands and threaten to strike before they got their rises) but because they were too busy to risk interruptions to the work and could afford to pay to avert them. They were human beings and did not press money on people who did not demand it. And if wage-earners are inclined to condemn them, let the first stone be thrown by the workman among them who, when he got his rise, went home and told his wife! Employer, employee and consumer have a common interest to defend against the banker; and he has a secret monopolistic power which he uses against that common interest. The sooner that these three realise the

position the sooner will the position itself be altered for the better.

The Council's reference to the “de-watering of company bonus shares” interests us, and we hope that our Australian readers will make it a text in their propaganda. The watering of capital is an act of deflation. Deflation is not an interest—and a capitalist as capitalist, but it is an interest—and a vital one—of the banker as banker. Hence a demand for “de-watering” is technically a demand for a reversal of past deflation. It is, with a certain reservation, a sound demand. The reservation is that the reversal, to produce the desired effect, must take place in association with the price-regulation policy laid down in Social Credit literature. We do not suppose that the Council is aware of this implication of its proposal: we suspect that what it sees is a picture of investors restoring money to the workers or the community representing a substantial proportion of the face value of bonus-shares originally distributed to them. If so this is a pity, because the demand is impracticable. Leaders of the labour movement *must* get rid of the idea that money of which they have been cheated in the past is now floating about in the possession of some person or another. If that were so it would mean that bankers let their loans stay in circulation for years at a time instead of weeks at a time. It is true that the workers have been robbed by the bonus system, but it is not true that the recipients of the bonus shares, or any other investors who may now hold them, have got the money representing their value. The reason is obvious: it is that the original recipients did not receive money, but shares—shares *instead* of money. Bonus shares thus represent money withheld from distribution; and it is useless to demand the redistribution of what was never distributed. It is true that a particular body of shareholders might, received bonus shares in lieu of cash dividends might, and often did, get the cash by selling the shares. But in those cases they got the cash out of other investors, and not out of the workers associated with that particular business. At the time the bonus shares were distributed the money representing them was, as we say, withheld by the management. Let us call this retained money the “swag.” It will be clear that, whether the recipients of the bonus shares kept them or sold them, the place of custody and the amount of the swag would be unaffected. It would, so far, remain in the hands of the management. The proper line of enquiry for the workers who claim the swag is to watch what became of it. What does become of all such swag is that it short-circuits back to the banks and is destroyed without having bought any goods for anybody. The management may invest it in high-class securities or it may use it to extend its factories and plant. Probably it does both, its object being to enlarge its borrowing powers and to do a larger trade. So the swag falls into the hands of contractors and investors as payment for work done or value delivered. Now it is true as a general proposition that on all goods and securities offered for sale at any time there are floating bank-loans due for settlement out of the proceeds of the sale and directly the sale is completed. The consequence, in this hypothetical case, is that a great proportion of the swag is *immediately* taken and cancelled out of existence by the banker. And if not, the balance, if used by the recipient for business purposes—as would probably be the case—would have another large slice grabbed out of it by the banker at its next transfer. If the Australian leaders will take the trouble to examine the facts on which this rough analysis is based they will see that, no matter who immediately robs them of their wages, the ultimate receivers were the

bankers. These are the interests who *ought* to restore the cancelled money; and—what is of much greater importance from a practical point of view—they are the only interests who *can*.

Meanwhile Labour may gain consolation by the reflection that the investing classes in general are always losing money by reason of the constant increase in the value of new shares dumped on to the market as measured against the money resources of investors. The consequence is that the effective selling value of shares in general falls below the nominal price of issue; and, as everybody knows, large blocks of them are constantly being torn up as waste paper. But we do not point this out for Labour to sit down and purr about it. What we hope is that Labour will realise from this reflection that there is an opportunity for it to so formulate its destructive criticism as to cause both the investor and the business administrator to realise that they are, equally with the wage-earner, victims of financial duplicity. Get all three to see themselves in the same boat, and they have enough gumption to get the boat along in the direction they want. They may have to overcome a bankers' strike first, but even so, they will move faster sitting back to face as a crew and using their own hands as paddles than sitting face to face like a drunken beanfeast party pulling against each other with the bankers' oars.

The *Frankfurter Zeitung* of September 3 devotes considerable space on its front page to discussing Ludwell Denny's recent book, *America Conquers Britain*. The following is a typical passage in its article:

“As our New York correspondent has written: ‘In spite of all protestations of peace, of all international treaties, and all solemn pacts, this American journalist, Ludwell Denny, considers in a very tense and alarming manner the prospect of the unthinkable war. He is an expert on the subject of Anglo-American economic relations, and this fact makes his brilliantly written work all the more alarming. His arguments are practically speaking unassailable, and they appear inexorable. Whoever studies them—and everyone should study them—will learn much, and will encounter the most stimulating and also the most depressing ideas. Further, Ludwell Denny advances many facts which compel us to consider historical analysis. Briefly the author's object is to show that the economic war which is being waged between the United States and Britain has already foreshadowed a political war.’”

We have not read the book, but from what is said in this article it would appear that Mr. Denny has collected facts and figures illustrating the decline of British trade in every country in the world including those in the Empire. “*Nay, more,*” says the writer of the article, “*the motherland has already experienced the painful effects of American competition at home. She even threatens to become a ‘colony of American capital.’*” He proceeds in this naïve manner:

“If foreign policies are indeed dictated by economic considerations (!) as Mr. Denny suggests, then Anglo-American relations must have reached a very serious condition.” (Our italics.)

He concludes by suggesting that if financial interests can thus endanger peace, “ought not the public to hear more of all these matters?” “*Is it not the duty of everyone to expose their intrigues? We think that the League of Nations ought to devote some of its time to these questions.*” (Our italics.)

It is rather a puzzle to think where this German leader-writer has been living and what he has been reading for the last ten years, for Mr. Denny to be

able to dazzle him so suddenly. Readers who recall our quotations from Mr. Denny's earlier book, *We Fight For Oil*, will be aware that he has a knack of assembling and exhibiting his evidence in a strong light, but that is no reason why leaders of public opinion should be set blinking by it at this time of day. It is twelve years since the sun rose on the post-war world, yet most of them are still yawning on the edge of the bed, and rubbing their eyes. However, let us hope that some of them will make up for lost time and set to work to “expose intrigues” and press the League of Nations to sit up and take notice. At the same time we may as well remind any who propose to do it that “exposure” is not enough: the “intrigues” must be shown to be related to a cause which human skill and effort can remove; otherwise one might just as well “expose” hurricanes and droughts. It is of little use agitating the public about these dangers unless you know a way to avert them without sacrificing the interests of the ordinary individual in the process. For example, in the last analysis, the effort of any national Government to grab markets abroad is to employ and feed its people at home. Not from motives of benevolence, but because there is a point beyond which internal unemployment must precipitate internal war. Neither the people nor their rulers will hesitate for a moment to fight a foreign enemy when the only alternative is to fight among themselves. Moreover, an internal conflict will not only fail to avert an external conflict but will help to cause it. We suppose that nobody has forgotten how the British Press ascribed Germany's decision to go to war in 1914 to the fact that Great Britain was on the point of rupture with Northern Ireland. Further: even supposing that while Britain became involved in civil war other nations were to refrain from launching a military attack on her army and navy, they would certainly exploit her preoccupation at home by raiding her overseas markets; that is to say, they would try to secure, without violence, those very prizes which are the occasion of all modern wars. The consequence would be that Britain would herself declare external war notwithstanding the internal war. And that, it will be remembered, was the basis of the reply made by the German Press to the British Press on the question of which country was responsible for the Great War. It charged the British Government with having picked a quarrel with Germany in order to escape the danger of war with Northern Ireland. The events of 1916 showed that as a matter of fact Britain did not escape trouble in Ireland, but all the same this does not invalidate the German charge that she attempted to do so, especially since the campaign she actually conducted was not against Northern but against Southern Ireland. By the alchemy of the world-war the Northern Irish “rebels” of 1912-3 became the “loyalists” of 1916. “To Berlin by Christmas” was substituted for what might easily have been “To Belfast by Christmas” if our private information about diplomatic plans of the period in question is right. Mr. Churchill could tell us if he would.

There are two alternative ways of meeting the “menace” of American “economic penetration.” The first is to resist it by physical force; the second is to foster and exploit it by means of a reformed system of finance. In terms of real things the gaining of external markets involves a loss of internal wealth, and the losing of external markets involves a gain of internal wealth. What is required is a reform of the financial system which will distribute a gain of internal wealth among the community. The present system does the opposite; it denies people access to their own resources in the same measure as they receive further resources from the foreigner.

Prof. Hobson and Social Credit.

Mr. J. W. Hobson appears to have learned a little (but very little) since he "replied" to Major Douglas just after his participation in the Labour Party Committee's inquiry into the Social Credit analysis and proposals in 1921 or 1922. He has at least come round to a method of analysis which begins by classing rent, interest and profits in the same category as wages and salaries. So far, so good. But for the rest, he shows no sign of mental progress. We base this comment on our impressions gained from reading his article in the *New Leader* of August 29. We rather fancy that he has been called in to rebut the arguments of Major Douglas's supporters, who are now exercising a perceptible influence on the rank and file, if not the directors, of the Independent Labour Party. "The idea of there not being enough money to buy what is produced is, therefore, absurd" is his conclusion, which he arrives at by the familiar process of showing that any given price is the total of incomes paid out at different times in the past. He anticipates the obvious answer: If the community have enough money to pay the prices, and if they want the goods, why don't they buy them? His answer is that "the inequality in distribution of the money incomes is so great as to prevent the system working properly," because you have a "wealthy few" who can afford to save, and actually "over-save," thereby bringing into existence a "capital which is excessive," which leads to "gluts, stoppages and unemployment." Mr. Hobson's case is that while it is absurd to say that an income of 1s. a week for, say, four weeks does not add up to 4s., yet in practice the accumulation of shillings falls short of the 4s. price. So, after all, there is not enough money to buy what is produced. It now remains for Mr. Hobson to explain why savings of money within the community cause a collective shortage of money within the community measured against the price of production. There are two methods open to him (a) to show that a block of savings, for instance £100, can be so expended as to create prices of a greater amount than £100; or (b) to show that while these savings create only £100 in prices they are themselves somehow reduced in amount below £100—which of course would mean that actual money representing the balance had been destroyed. The first explanation Mr. Hobson seems to have ruled out by his dictum that price cannot exceed income. Supposing him to choose the second, it remains for him to show how and by whom money is destroyed. The "wealthy few" certainly do not tear up bank-notes, however rich they are.

Again, Mr. Hobson implicitly commits himself to the proposition that savings themselves—any savings at all—disturb the equilibrium between prices and incomes. He covers this up by using the term "over-saving." This will not do. It suggests that there is a point below which savings have no effect on an arithmetical equation, but above which they begin to disturb it. There is no such point. To save, or not to save: that is the question.

He may say, indeed he does hint, that the discrepancy cannot be eliminated, it can only be reduced. But it is easy to prove that any discrepancy at all, however small, will cause a hold-up of the economic system. Once permit a situation where sellers require £100 and buyers have £99 19s. 11d., and the odd penny will start the process of reduction of output just as surely as if there were a 25 per cent. discrepancy. The restriction will be slower, that is all.

The British Association Meeting.

Dr. Bower's presidential address deserves to be read, for it is full of interest, and a good example of the truly scientific outlook which recognises when the boundary of knowledge is reached, and refrains from hypotheses which are beyond it.

His special contribution was to draw attention to a point which has not received the notice that it deserves, namely, the influence exerted by its size on the history of an organism. Taking plants, as being his field of work, he showed that it was not only the microscopic, but also the visible, size which was of importance, and this, not only for mechanical reasons, but also as influencing the "presentation surfaces" by which the plant touches the worlds from which it draws its nutriment and in which it exerts its effects. This is all too interesting and too complicated to be considered in a note such as this.

He went, however, much further, and pointed out that "the susceptibility to the size-factor resides in the growing-point itself," for immediately below it the tracts which it lays down "possess that form which will aid their function when they are fully developed." Hence the plant must be regarded as a unit, and not a congeries of "phytons," while the operation of the size factor illustrates that "measure of self-direction" which Smuts has ascribed to every living organism. How the growing apex can thus direct its own future we do not know, but apparently it does so. This will bear a lot of thinking on.

Dr. Harrison's address to the Anthropological Section was a great contrast to this, in large measure because he accepts Dr. Elliot Smith as his guiding will o' the wisp, and so limits the field in which all cultural evolution has taken place to a small patch of time subsequent to the founding of Egypt. Thus shackled he is unable to follow the road which mere commonsense would seem to point out.

The problem is, Had the civilisations of which we know independent origins, or were they handed on from one people to another? Incidentally, if we decide for tradition, which was the first people to attain culture?

Dr. Harrison's essential contention is that "there are no common faculties of the human mind that are capable of . . . directing man's progress . . . in various times and places along lines that are parallel." It is quite a legitimate contention, but of considerable magnitude, and whether it is susceptible of proof is quite another thing. So far as some people it may not carry much weight, especially if they remember that about thirty years ago all the Musk in the world (as far as can be ascertained) decided to leave off smelling, as Prof. Hill told the Section of Botany. Indeed, as far as I could find out at the time—for I think it was a letter of mine to one of the gardening papers which first brought the question forward—certain known plants which had smelt did so no longer.

While Dr. Harrison is a traditionalist there are other people who hold that the New World had a culture of its own not derived from the Old. I am not sure that anyone suggests that the New World started quite without any foreign influence, but rather that they imported some almost negligible

germs from Eastern Asia, though their main Culture was native born.

Now it is agreed, I think, by both sides, that the American culture, though it reached a high standard, never equalled that of European culture as represented by Egypt. In Dr. Harrison's words, "it stopped abruptly at many points which were overrun in the Old World." "There was little that he did better . . . and much that he never did at all." "Why was it always the New World man who fell behind in the race, and not his Old-World rival?" And it seems to me that history answers pretty plainly, "Because he was overtaken by a cataclysm, and ceased to exist except as a decadent remnant of a past civilisation, comparable with the Australian bushman, and left the 'Old World' to develop his beginnings."

[Perhaps this was during the period "in which there were earth movements and volcanic eruptions, followed by two wet periods reaching to the beginning of history" (!) which Mr. Leakey and Miss Gardner have deduced from separate observations in Africa.]

But such history as that, even though it was passed on to us by the Egyptians, the shackled mind of lesser Science will not accept. There are many facts coming to light through botany and zoology which demand for their explanation an Atlantic bridge, such as the Atlantian Continent would supply, but rather than admit such a "superstition" there are quite a number of otherwise sensible men who will even go so far as to elaborate theories of how the whole of America "floated" away from Europe and left the Bay of Biscay!

This question of Oceanic Continents is of vast importance to the understanding of almost all things, and I am glad to see that a certain amount of interest seems to be growing in a Pacific Continent. There are plenty of facts waiting for those who are interested in the idea, not the least of which, it seems to me, is that of all the microscopic islands which infest the south-western Pacific there are comparatively few which do not carry megalithic remains. These in some, in fact, I think, in many, cases reach down below sea level. Is it more probable that they were built by some foreign Power who brought vast blocks of stone in inefficient boats and planted them on inaccessible little islands, or that there was once a large land the peaks of which were fortified, as they are at Cuzco?

Lemuria, the continent in the Indian Ocean, which was deduced from zoological observations by Sclater, some fifty years ago, and which extended from Australia to include Madagascar, has, I believe, been going out of favour, though it was regarded by Alfred Russel Wallace as one of the greatest examples of true deduction from data, and it is to be hoped that some of the new data will bring it recognition again.

The obstacle to all progress in Anthropology and Archaeology is the perverted time scheme which these sciences have adopted, or rather inherited, for there is absolutely no datum by which it can be substantiated, while it deliberately contradicts all that the Ancients asserted—for whom we express an unbounded, if superficial, respect. The Egyptians themselves said, if we are to believe Pomponius, and Pliny regarded him as a good authority, that during their own history the sun had twice set where he then rose, that is at least 35,000 years, while the Indian histories go much further still.

Our time scheme will not accommodate the appearance and disappearance of continents. The real fun will begin when an inconsiderate earthquake raises an island, say in the Saragossa Sea, which, when nudged by a few years' rains, proceeds to disclose monuments such as we now know in Central America!

M.B.Oxon.

Drama.

Street Scene: Globe.

The use of Expressionism was that it enabled artists to present man in the mass as the victim of an overwhelming environment. But it directed consciousness on the environment rather than on human beings, who were necessarily degraded to the status of part of the environment-mechanism. But the motive force of art is not hatred of environment, however crippling it may be; it is love for the human victims. Consequently Expressionism satisfies only a passing mood, and sooner or later the artist has to modify without repudiating traditional technique so as to express his human fellow-feelings. Expressionism takes its due proportion as a modification. The second act of O'Casey's "Silver Tassie," for example, is an instance in which "Expressionism," although adopted as necessary, is prevented from overwhelming the human beings by the author's sympathy for them, which triumphs over the contempt necessary for Expressionism to be the technique.

In Mr. Elmer Rice's best known play, "The Adding Machine," Expressionism is used successfully in the earlier scenes. Afterwards, however, the author breaks down. The required contempt for mankind is not strong enough to last out, and sympathy expresses itself in sentimentality and theosophy. In Mr. Rice's "Street Scene" Expressionism has taken its due proportion as a modification of traditional technique necessary to enable the artist to communicate what is nearest his heart at the present day. Mr. Rice is still treating of the mass of human beings overwhelmed by their environment. But instead of appearing as much like a satire of the human beings as like a protest against their de-spiritualising environment, the play is an expression of pity, sympathy, and love, for the human beings. The author is impotent to help them—that is the source of his naked realism—but his attitude to them is fellow-feeling. His mind is with the human victims more than with the grinding mechanism that violates them.

The street-scene is the outside of a "walk-up" apartment house in New York, on a hot evening and the following day. By means of the gossip on the concrete steps—although Sinclair as Cap'n Boyle in "Juno and the Paycock" did cook a real sausage one night when I was in the theatre with an empty stomach, neither the theatre nor the cinema has yet learned how to exploit smells—by the comings and goings of the tenants and their families, doctors, policemen, milkmen, and bailiffs, Mr. Rice successfully communicates to the audience's imagination the whole lives of these lower middle-class clerks, typists, journalists, stage-hands, and such like, that is, of possibly the most emotionally starved section of the people who support the metropolitan civilisation of New York. And although Mr. Rice succeeds in treating these folk as a fluid mass representative of a whole social and economic class—the applicants for apartments immediately after two vacancies is a master-stroke—the folk are presented individually as well, and evoke a desire in the audience to know intimately each one.

The thread of the plot on which the play hangs is the infidelity of Mrs. Murrant, the wife of the stage-hand, himself one of those hard, misunderstanding Puritans who require absolute moral perfection and gravity in all for whom they feel responsible, that they may vent their Pharisaic pride to the full everywhere. Not love is the basis of their associations, but ambition behind absolute security from scandal. They have a mortal terror of being talked about by their neighbours except to be praised, as good, steady, hard-working, and masters of their

families. His wife, under his frigid influence, longs for human warmth, for kindness in evidence, rather than to be credited to intention by inference, and the daughter resembles the wife. Returning home in the morning unexpectedly, Maurant discovers that the gossip about his wife is well-founded, and kills both her and her lover. It is a trite, common-place enough story that has served as thread for hundreds of plays and thousands of tales, some good but most bad. Yet here it is moving public-opinion, those whose sympathy, as Montaigne said, covers a secret gloating when misfortunes happen to others, and the whole setting render the episode human and moving; and the apartment house had begun to carry on as usual before the evening.

Yet it is questionable whether this much of plot had any right in the play. Murders are not part of the everyday life of such apartment houses, much less so, probably, than deaths from cancer, tuberculosis, and street accidents. The murder of Mrs. Maurant and Sankey, and the capture of the murderer later in the day—whether he goes to the chair or not, according to American justice—are less moving than the imprisonment and emotional starvation of the folk who go on living there, and much less so than that a child is born there. Mr. Rice's "Street Scene" is an appreciable contribution to the spread of self-consciousness and community-consciousness among mankind, is definitely in the succession of Strindberg, Ibsen, and others who tried to awaken the middle-classes to social self-awareness. "Street Scene" joins company with the work of O'Casey and O'Neill and the negro drama, "Porgy," which have inaugurated the same awakening among the folk, of whatever class or race. The most important things in "Street Scene" are those which go on every day, for life without end, and of which Mr. Rice makes us newly aware; which go on, for example, in the middle of winter, no less than on a hot morning in June. Mr. Rice, himself directing the production, appeared to forget the heat on the second day, and allowed most of the English members of the cast to behave as on a September day in London. That, however, is a trifle, and merely indicates that everybody, including producer and actors, had transferred their interest from the weather to the folk being dramatised.

In a very little time the company should become a perfect team, since the matter is there. As Rose Maurant, the daughter on whom the brunt of the murder fell, and who presented particularly the struggle of character in such an environment, Miss Erin O'Brien-Moore acted magnificently. Indeed, one has almost to revise one's opinion as to the necessity for presenting the heat, so true was her jadedness in the stuffy street. As her father Mr. David Landan gave a performance of distinction, as did Mr. Abraham Sofaer of the Jewish-journalist who kept his soul whole by referring all problems, social, moral, and legal, to Karl Marx, and who, in less competent hands, would have been a dull fellow. With the part of Samuel Kaplan, son of the Jewish journalist, and boy lover of Rose Maurant, however, Mr. Leonard Sachs had obvious difficulties. His neurosis was excessive. But the part itself is weak. The beauty-yearning passages do not ring true, as if Mr. Rice, having not yet completely absorbed his sentimentalism, had made the boy the repository of a chunk of it. In a cast of forty, many of the other performances are excellent, including the German wife of a music-teacher, by Miss Grace Mills, the janitor's wife—another fine expression of jadedness—by Miss Karen Christensen, Mrs. Maurant by Miss Mary Servoss, and a magnificent bit of work by Miss Millicent Green as a gay liver. I sincerely hope that audiences will flock to the play for a long time.

PAUL BANKS.

The Films.

Ruining a Masterpiece.

I had thought that I had plumbed the lowest depths to which the film industry was capable of sinking, but I was unprepared for the announcement that Universal Pictures had perpetrated a "superb dramatic talking version" of that great picture, "The White Hell of Pitz Palu." The addition of ordinary dialogue would have been bad enough, as being worse than unnecessary, but Universal Pictures have done even worse, by making the worst possible out of a bad job. The "dramatic dialogue" turns out to be a monologue, by one Graham McNamee, who is, I believe, a species of announcer for news films with a sound accompaniment. I have no special fault to find with Mr. McNamee's elocution, beyond the fact that he permits his voice too many purple patches, and I do not know whether blame for his libretto is to be saddled on him. But the result surpassed my most dreadful anticipations. The tensest moments of the picture are ruined by sobbing and bellowing, and not only is it impossible to escape the vocal accompaniment, but it almost entirely blots out the picture. It is difficult to speak with restraint of such a deliberate and unpardonable outrage, which represents the worst artistic crime that the sound film has as yet to its discredit, but I would dearly like to hear the candid opinions of Dr. Pabst and Dr. Franck, the directors of the film.

The Yellow Mask: Regal.

This film could be dismissed as beneath notice, were it not for the fact that it is heralded as "something new in popular entertainment," as "one of the outstanding triumphs of the less serious phase of British production," and as "combining the thrill of melodrama with magnificent spectacle, really humorous comedy, and the melody of a first-rate musical play." Such pretensions require some living up to; actually "The Yellow Mask" is a dull and amateurish affair, badly thrown together, very badly photographed, and in general a mélange of third-rate ingredients. The humour is that of the provincial music hall of the "gay nineties," and, save for the adulterous lodger, introduces every witticism of the red-nosed comedian, including that of the kipper. Lupino Lane, who is apparently regarded as England's White Hope screen comedian, can do nothing with such material, while he, or his producers, should really learn that the humour of tripping over rugs and falling down stairs or into water palls on repetition. Warwick Ward and Dorothy Seacombe, the latter badly photographed, are completely wasted on this ridiculous and unconvincing farrago of penny dreadful and imitation musical comedy, of which the music is so ordinary that one forgets having heard it. "The Yellow Mask" is an adaptation of Edgar Wallace's "The Traitor's Gate." If Mr. Wallace, for whose thrillers I have the greatest admiration, had any hand in the production, he would be well advised to abandon the screen and concentrate on tipping winners for the evening papers.

The Love Waltz: Regal.

How much better work is being put into the "less serious phase" of German production is illustrated by the new Ufa film which has succeeded "The Yellow Mask." Good acting, good entertainment, and excellent photography characterise "The Love Waltz," which is directed by Wilhelm Thiele and produced by Erich Pommer, who made "Homecoming," was associated with "Vaudeville," and is one of the very few film directors who handle nothing that they do not adorn. But obviously Pommer takes his job more seriously than so many of our directors, who apparently proceed on the

principle that anything is good enough for a musical show. John Batten, Georg Alexander, and the charming Lillian Harvey, the English girl who made her name in Berlin, are among the cast.

French Leave: New Gallery.

In the pre-historic days before the talkies, that capably-directed English film, "The Guns of Loos," was the means of my first placing on record that in Madeleine Carroll we had an English screen actress who could act and had intelligence in addition to being good to look at. Miss Carroll has since then become something of a symbolic figure in the British film industry, and there is but little exaggeration in the constantly-repeated statement that no English screen play is complete without her. It is regrettable that an artist of her gifts is denied the opportunity of a really suitable rôle. The screen version of "French Leave," a not over original farce, is not particularly cinematic, but is worth seeing for the acting of Miss Carroll and her associates.

DAVID OCKHAM.

Social Credit in Australia.

LETTER FROM A VETERAN AUSTRALIAN PROPAGANDIST.

II.

I should have told you the Australian Association for the Advancement of Science is a body relatively the same as the British Association. Now for the last item, and the best. Early in May I received a letter from a convert (a secretary of one of the largest firms here and a director of three companies) asking me to call and see him without fail, date and time named. I was there. "Mr. — wants to see you." "Who's he?" "You know him; well, you will when you see him. He's heard of your lectures, and read an article of yours in *Building and Manufacturing*." He's on the council of "The Accountant and Secretary's" Educational Society, and it's about a lecture. I knew the man. He came to see my house with a party, being interested commercially and otherwise in the methods of treating Queensland timber. "I've been very much interested in your article," and he tapped the journal on the table. "I wondered if you'd give us a lecture." "Only too pleased." And so we talked for a while. "Now, about the title, but for God's sake don't mention economics; our members are frightened of it. We had a man from the University and he talked and talked, and when it was over none of us knew what he'd been talking about." "Ah, mine won't be like that, although it's economics. What about 'Credit—Debt—Cost—Price'?" "That'll do well, and ought to get a good crowd." He said where it was to be held. I asked, "They have a reflector there for diagrams?" "Yes. Mr. —, the Engineers' secretary, works it. He's half a convert." "Ring him up and tell him I'm going to lecture and ask if he'll work the machine." "With pleasure," was the reply; would I call round and see him? I did. "That'll make it better still," says the secretary, "diagrams talk if they're the right sort; we're going to have a real good time."

I laboured at the composition of that lecture, to suit the audience—to make my points clear, concise, and unanswerable, and made five diagrams, one an Australian "Inverted Pyramid": that went home; another, an analysis of A. and B. costs taken from a manufacturer's profit and loss account. They could grasp that in one. Another thus:

Total production and Exports.	Public Works Imports	Capital Production Consumption goods	Total Cost	Loans and overdrafts	Purchasing Power distributed 33% (based on Statistician's figures). (It's really less)
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This being against aggregate production. This went right home through its obvious applications to the state we are in just now. The other two diagrams were Douglas's in *Economic Democracy*, and the price regulating formulae. Well, the night came. I had received a letter from the secretary saying the President of the Council would be most pleased to welcome any friends I wished to invite, and they had invited the Associated Bankers, the Chamber of Manufacturers, and the Chamber of Commerce. Fortune had favoured me in preventing a lecture that had been proposed for the Chartered Accountants alone. I'd got an audience

after my heart's desire. I was going to make the very most of the occasion, and let myself go, at the same time keeping a hold on myself. Such an occasion was not likely to come my way again.

As you know, a message depends a mighty lot upon *how* it is delivered, and as I stood up after some very kind remarks from the chairman (and, by the way, he not only welcomed the visitors but expressed a desire that they take part in the discussion). I had:

"No thought of flight,
None of retreat, no unbecoming deed
That argued fear; but on myself relied,
As only in my speech the moment lay
Of Victory."

Not once, for an hour and a quarter, was there a cough, a sneeze, a shuffle of feet; indeed, hardly a turn of heads excepting when the diagrams were thrown on the screen; that seemed a relief from the tension. Those diagrams made a great impression. The chairman and secretary, who sat at the table by my side, moved very soon after I began to a place where they faced me. When I sat down I should say the applause lasted through a whole minute! I had had nothing like such a meeting before. I was almost satisfied. The lecture may get printed.

Discussion there was none! Questions—plenty, and my answers to hostile questions were such as seemed not to encourage further questions from the questioner. . . . Then came my expert salesmanship, as . . . calls it. The result: 5 doz. pamphlets sold and a lot of *Freedom*s given. How's that? When selling them I heard a man say: "He knows his subject"; and another: "I liked his language." Straws! yes, but worth noticing.

Discussion, or questions rather, continued on the pavement till the last tram. The extraordinary interest shown by the audience was patent in the fact that their usual meetings close at 9.45, and the clock said 10.45 when we finished. The room holds over 200, I was told; and, excepting maybe five or six chairs, all were occupied. A good sprinkling of five or six bankers, and commercial men were there, and two bankers, but they opened not their mouths, or, like Brer Rabbit, "lay low and said nuffin."

You'll see the Press reports in *Freedom*. I sent them the lot on. Had I known, again I might have got excellent reports elsewhere, as two reporters were waiting for me, hoping to get the points I wished mentioned, in their reports, but there was no time, and the chairman was waiting for a five-minute chat before the lecture. If you want a good report here you write it yourself or get a friend to hand it in. But this I must tell you: I've got Douglas in all the papers. And letters are being frequently published quoting Douglas, McKenna, and poor me! and phrases and terms unheard a little over twelve months ago are quite common now up here.

There are two little stories I'd like you to have before I close. A large butter exporter—a convert—lunches at a table every day with some half-dozen others; and the talk got on to finance, and my friend sat until the others had finished, and then remarked they were all barking up the wrong tree. "Oh!" said the one who began it, "and what do you know?" "Not much, but I'm learning, and I'll tell you so far as I have learnt." So he began, and kept on; and the interest was good, and time passed to the extent that the waitress came along and said, "Gentlemen, I shall have to charge you twice for monopolising the table."

Another: . . . was going home on the tram; and a discussion was started about money. "After a while I chipped in and told them things they didn't know; and the whole tram folk got interested. Presently, the tram then being nearly empty, a man said to me: 'Have you read Douglas?'"

I have shown you these various straws, my friend, so that you may see and judge how things are going. On the whole I am more than content, and I sometimes feel that the messenger is not altogether unworthy to deliver the mighty message of Social Credit.

(THE END.)

Particular inducements are required to make people save when they have been caught once by an inflation and many times by stock exchange slumps. In all the financial re- constructions that have recently taken place, the banks always seem to have benefited at the expense of the public.— *German Industrial Progress*, by Denys Felkin. *Fortnightly Review*, September, 1930.

Economic War.

[Address by Mr. Owen D. Young, author of the Young Plan, to the National Electric Light Association, San Francisco, June 19, 1930.]

II.

The enemies of the rapid realization of that desired end in America are suspicion, a narrowness of sympathy and point of view, both political and economic, a tendency to treat other peoples as our economic enemies rather than our friends, a threatening nationalism which in its extremes is dangerous to peace and good will. All of these things are too often played upon for selfish ends by racketeers both in economics and in politics. This country and the world has no use for them. Racketeers in finance are not one whit better—in some cases they are worse—than the gunmen who likewise take their toll from society. At least it may be said of the latter that they show physical courage. And the political racketeer is certainly no better than the rest. He gambles recklessly for his own advantage with destructive policies both at home and abroad, which ultimately ends in the very economic depression which we seek to avoid. There is no success for the American people through destructive policies based on suspicion of another's motives, or on envy of his success. I have great hope, Mr. President, that the good sense and fine spirit of America will overcome promptly these poisonous infections, and that we will destroy those would-be leaders, both in public and in private life, whose chief stock in trade is the public or private assassination of American goodwill on which our prosperity must be based.

How can we market either our agricultural or industrial surplus to the world so long as we act on the principle that we are not interested in the welfare of anyone but ourselves? I had hoped that that old doctrine of narrow and self-destroying selfishness was being supplanted in this new day by a consciousness that men helped themselves the most by helping others too. Isolation in our politics, exclusion in our tariff, means that we will retain, as a just penalty to our own littleness, the surpluses which we might otherwise market to the peoples of the world, and which, so long as they stay with us, destroy our own prosperity.

And now, Mr. President, let me speak of the use of our savings, that is to say, our fund for investment. Shall we use it exclusively at home, as many so strongly urge, or is it wise in the national interest and in the interest of the individual investor to use some part of it abroad? It has become a habit in certain quarters to malign the so-called international bankers. They are charged with selling the financial resources of America abroad to make a profit for themselves. A moment's reflection will prove that the attacks made on them are either ignorant or malicious. The first I can forgive; the second I can ignore, because intentional malice in America will soon make a victim of the man who uses it.

Let us see what the international bankers do. One thing they do is to offer in the American market bonds or other securities of foreign governments or businesses. What is taken out of America in payment for these obligations? One would think, to hear many of the charges, that the international bankers loaded ships with American currency and sent it abroad in payment of the securities sold here. They forget that American currency would be of no service to the foreign borrowers. One would think that the international bankers loaded ships with our gold to pay for the obligations sold here. And yet, in the last ten years, something like ten billions of dollars of foreign obligations have been sold in America, and during that period our net stock of gold has increased. Well, if we do not send out in payment of foreign securities our currency or our gold, what do we send? The answer is simple. We send American goods. I venture the statement that these much-maligned international bankers have done more in the last ten years, and will do more in the next ten, for the relief of our farmer and our industry than all the government agencies which have been or can be employed. The further development of our international finance, the better development of the world's credit facilities, will more than anything else create actual buyers for our surplus of wheat, cotton, and the products of our mines and factories. Just as our own banking facilities have promoted the purchase by our own people of larger quantities and more diversified kinds of goods, irrespective of where they may be made in the United States, so an improvement in international credit machinery will be of the greatest benefit to the United States as a creditor nation having surpluses to sell. In fact, either international finance and credit must be developed to a much greater degree than now, or our tariff will have to go if we wish to sell our agricultural and industrial surplus abroad. Something must come in if wheat and cotton and

meat are to go out. In the long run the only things to come in are either commodities, including gold, or foreign obligations. We have restricted the import of foreign goods, and we do not wish the unsettlement that might come from a further large flow of gold this way. It is natural, therefore, that the volume of our merchandise exports during the past ten years should have followed broadly and strikingly the volume of foreign security issues in our markets. During the past ten years the foreign obligations sold here were about fifteen per cent. of our exports for the period, but that fifteen per cent. was a most material contribution to our prosperity. The dividing line between prosperity and the want of it is so sensitive that all our surpluses vitally affect it. They may represent only a small percentage of our total volume, as in fact they do, but unless they are wisely and intelligently handled they are bound to create disaster. In fact, our surpluses are a kind of governor of our economic engine. Either they blow off at the appropriate time or the engine blows up. That is the reason why I think it worth while to pay so much attention to them tonight. Any use of our credit which will move these surpluses at the right time and in the right volume is one of the most effective services which our surplus savings can render to the prosperity of this country.

But someone says we cannot go on always taking foreign obligations for our exports. There will be an end in time. Yes, but if our credits are wisely extended, the ratio of our foreign obligations to the capacity of the world to pay will be a diminishing one.

In this connection, Mr. President, I am prompted to mention the great service to the economic development of the world which is now being made by men in your own industry. Electrical power plants are now being engineered and financed and managed by you in many parts of the world, and the result will be that you will duplicate there what you have done here. You will multiply the capacity not only of the worker through the substitution of electric power for his own, but relieve the drudgery of housewives by substituting electric power for their own. You will develop the productive and consuming capacity of every community which you serve. This industry is showing the way. America can do a helpful job in the economic development of countries less advanced in technical fields than our own. When you think you are sending hundreds of millions of dollars to develop electrical plants in other countries, you are not sending dollars at all; you are in the last analysis sending American goods, and every wage-earner, every farmer, and every citizen of the United States is being benefited by the work you do, as well as the country to which you go. The goods may not go to that particular country in which you build a plant, but they do go out of America.

My friend, Sir Josiah Stamp, has helpfully called our attention to the fact that the pieces of paper which serve as bonds, notes, bills of exchange, and certificates of stock, are not things of consequence in themselves. They are merely the symbols of something which is taking place. Their use reflects in some form human effort and the distribution of its produce. This great movement of pieces of paper, which we reckon as international finance, amounts to nothing except as it evidences a great inter-change of goods and services throughout the world. Therefore—and this is a point which I wish to drive home—when foreign obligations are coming to America, American surpluses are being moved out. Farmers and industries are being benefited. Instead of diminishing such movements, America needs right now to have them increased. It will aid our salvation of any farm relief program. It will help our industries and our mines. It will help with our unemployment. This means that we should use some part of our surplus savings wisely to increase the consuming power of other peoples.

And so, Mr. President, my final word on this subject is this. When our political policy in international affairs becomes co-operative in spirit, which need not involve us in entanglements or alliances; when our economic policy looks to the economic development of the world as a whole and the improvement of living standards everywhere; when our tariffs and our treaties are made to evidence this spirit (because we are under suspicion now); then we may hope for effective plans for farm relief, for reduction of our surplus of raw materials and manufactured goods, for relief of unemployment, and for what is most important of all—a better spirit of all nations towards us and towards each other. That means peace, and peace thrives in a world of contentment and mutual welfare. It cannot live in a world or in a nation where there are great inequalities and injustices caused by man-made barriers.

What shall our policy be? Whatever it is, it must be a large and all-embracing one. We cannot have a world-

wide economic program if it is to be defeated by a narrow political policy. It does no good for businesses to send their representatives to foreign countries to sell our surplus goods if, politically, we ruthlessly offend the very customers they are trying to create. We may tax ourselves in huge amounts to buy a farm surplus, but we will have to move it out of America or that program will fail. After all the consuming power of the world has to be raised but little to take care of the surpluses which cause so much disaster to ourselves.

We, more than anyone in the world, need an era of good feeling, not only in our own country, but elsewhere. I beg the leaders both in politics and economics to cultivate it. He who makes bad feeling at home or abroad is not only a destroyer of our prosperity to-day but he will be the cause of far worse things to-morrow. America has no use, nor has the world, for professional manufacturers of bad will.

Your industry, Mr. President, has been the beneficiary of great scientific achievement. It has functioned in this greatest of domestic markets in a period of prosperity. Your future growth is bound to be very great, but as your industry enlarges its applications to all others, and more and more as you furnish power for all other industries, you will feel directly and you will reflect quickly the basic economic conditions of the people whom you serve. So I have felt at liberty in this interval to-night, which was intended to be occupied by another, to express to you my views on these basic matters. If they have interested you, I am gratified. If they have not interested you, I am appreciative of your courtesy.

(THE END.)

LETTERS TO THE EDITOR.

THE "MANCHESTER GUARDIAN" AND THE AUSTRALIAN CRISIS.

Sir,—In the "Manchester Guardian Commercial," of August 28, in the columns of which journal a controversy on financial policy has been proceeding for some time, a letter from me was published suggesting that the views of its readers on the activities of Sir Otto Niemeyer in Australia, which had already resulted in a reduction of 40 per cent. in British exports to Australia, would form a practical commentary on the matters under discussion.

The only reference in subsequent correspondence to this letter consisted of two laudatory references to Sir Otto Niemeyer and his policy from Mr. Frederick Holsinger and Mr. Geoffrey Biddulph, the style of whose communications is probably familiar to your readers.

It is, of course, ridiculous to suppose that the only comments received on a matter so highly controversial as the policy of Sir Otto Niemeyer in Australia would be those justifying the action of the Bank of England. The storm of opposition with which Sir Otto Niemeyer's advice has been received in Australia is, in itself, sufficient evidence that the trend of the Bank's policy is more widely understood than probably the authorities on this side expected.

The practical importance of this incident, however, lies in its confirmation of the impression which is conveyed by the correspondence. To the extent that the discussion of financial questions is inevitable, publication of conflicting views is permitted, since a perusal of the printed contributions must, in the main, convince the average reader that the subject matter is so complex as to be quite insoluble other than by experts, and because it affords, probably more by unprinted letters than by those from contributors whose names appear almost weekly, some indication of the growth of public opinion and some warning as to the steps necessary to thwart it.

I am sensible of the difficulties under which a commercial undertaking such as the "Manchester Guardian" (75 per cent. of whose revenues from advertisements can be cut off should it offend the banks and insurance companies) must labour in conducting a correspondence of this character. But the incident should afford a practical demonstration, if such is needed, to any of your readers who feel that the situation of the country, so far as it is the result of financial mismanagement, is not due to the fact that our masters are seeking for advice and cannot find it. I am sorry to put the matter so bluntly, but the conviction is growing upon me that, in the main, they are merely seeking methods of perpetuating their own policy and for indications which will help them to defeat any proposal which would alter it before such proposals can obtain the ear of the mass of public opinion.

C. H. DOUGLAS.

MR. WELLS AND MR. VOWLES.

Sir,—I note the long letter from Mr. Vowles in your issue of September 11. Imagine collaboration with the writer of such a letter.

The "number of Mr. Wells's fellow craftsmen" who consulted Counsel was the Secretary of the Society of Authors. The writ issued very improperly by the society was withdrawn after a special meeting of the Council to consider the action taken by its management in this affair. The Council then arranged for an arbitration in accordance with an offer I had made at the outset of the dispute.

The sum of £800 paid by me to Mr. Vowles as an advance to support him was practically never in dispute. He had had it and spent it. He claimed a further £5,200, and was awarded £700 over and above the £800 already paid him. From this the Society of Authors deducted a commission of 10 per cent., leaving Mr. Vowles £630, and his MS., such as it is. If the sum recovered was £1,500, then Mr. Vowles owes the Society of Authors £80. As his letter admits, his rôle was to toil hard and do what he was told, and he was offered by substantial inducements to work to the utmost. The conception of the "Science of Work and Wealth" is entirely mine. Mr. Vowles was given every reasonable opportunity to continue his work under me, but he preferred to stick to his claim for a gross £6,000. I was rash to take on Mr. Vowles in this enterprise. I trusted unduly to the assurances of admiration, devotion, loyalty, and a desire to co-operate with me, with which he has plied me in an extremely one-sided correspondence for the twenty years preceding this affair. I am very well satisfied to be released from my entanglement on the terms stated.

The work is now going on quite satisfactorily. What good it does Mr. Vowles to continue to advertise his association with it, and his dissociation from it, I cannot imagine.

H. G. WELLS.

AMERICAN FISCAL INQUISITION.

Sir,—I have recently heard from authentic sources of two instances in which textile firms in this locality have been interviewed by a U.S. Treasury official who practically coerced the firms into allowing him to examine their trading books. In one case I understand the interview closed with a broad hint from the U.S. official that any increase in their exports to the U.S.A. would probably result in an increased tariff on their class of article.

R. W.

(Scotland.)

OFFICIAL MISANTHROPY.

Dear Sir,—In "Economic Democracy" Major Douglas points out that the attitude of statesmen and officials to the people in whose interests they are supposed to hold office, is one of scarcely veiled antagonism.

Two recent experiences of mine illustrates this attitude. A fellow motorist had done me a good turn late one night and refused to be compensated. Determined to reward him, I took his number and applied to the registration offices of the London County Council for the name and address.

I was given a form to fill in and charged one shilling. One of the items in the form demanded to know the reason why the information was required. This I completed truthfully. After some delay I was told that the name could not be given because that was not among the official list of reasons for conceding the information. I was successful, however, in getting it, but only because I insisted that some person of authority should exercise his discretion in the matter.

The second fell out as follows. In my capacity as Consulting Engineer I had occasion to advise clients to make a certain "affirmation." It was a particularly honest and out-spoken document. When presented to the Inland Revenue Office for stamping, no "category" could be found for it, with the result that its legal value had to be attested by affidavit.

VELOX.

THE "AGE OF PLENTY."

We are glad to see that the "Age of Plenty" has been able to overcome the difficulties which caused its suspension a month or two ago. It reappears in a new form, namely, twelve pages, of dimensions 8½ x 5½, instead of the former 2-page broadsheet. This is a great improvement: it is easier to handle and easier to store; and, in addition, the print and make-up give it an appearance of responsibility. In the current issue Mr. Hargrave writes an open letter to the unemployed; Mr. Hattersley writes a review of the Reparations question, and the editor, Mr. Ludlam, writes on the Trade Union Congress and financial reform. The editor also invites members of the Economic Party to regard the "Age of Plenty" as their "connecting-link," and to consider the publishing-office at 12, Grantham-street, Coventry, as their headquarters. Current events—particularly those in Australia—are turning the credit question into first-class politics; and there ought, therefore, to be a wider popular market for the "Age of Plenty" to exploit than ever before. We wish it success in this effort.

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

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