THE

NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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CONTENTS.

NOTES OF THE WEEK.

"Arthurian's" weekly Manifesto in the *Sunday Referee* is usually a jumble of *obiter dicta* on financial policy and technique. He makes many true and useful statements, but the trouble is that the most attentive reader is left guessing at the constructive principle on which he assembles and presents his information. To a student versed in the Social Credit analysis most of this information will be recognised as useful material for the advocate of the Social Credit Proposals to draw upon for his own propaganda; but when related to what is known of the policy of the *Sunday Referee*—a much narrower policy in scope, apart from the question of its technical soundness—a great deal of the information appears superfluous. Briefly, the policy of that journal is to demand an increase of loan-credit for production on very low interest terms or none at all. It is curious that, with a comparatively simple proposition like this to argue, "Arthurian" manages to become so prolix and incoherent in the performance.

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It is a relief, therefore, to the perplexed reader when, occasionally, the writer turns from the subject of financial technique to discuss financial politics. Presumably the *Sunday Referee* has access to facts which are not communicated to the public, and therefore its views based on those facts—although the facts are not revealed—may help students to test their own hypotheses as to what the credit monopoly is doing and for what purpose. In the *Sunday Referee* of September 21, "Arthurian" informs his readers that the Rothschilds have been protecting France against the secret attacks of Americo-German finance—that this House is holding up the attack until Great Britain has awakened to the necessity of marching up to support the French lines. By fighting this delaying action the Rothschilds are, he says, preventing a war by an American-German-Russian-Italian alliance for European and Asiatic control "to extend from the Baltic to the Cape of Good Hope, and from the White Sea to Ceylon and Singapore." He asks: Can "France and the Rothschilds" hold on until the British Empire wakes up? In his concluding paragraph he invites the House of Rothschild "*to say, and M. Poincaré to confirm, publicly, to the British people*" that these matters and the issues they raise, have "*not been overstated.*"

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Lest the mention of Rothschilds' taking a hand in these high affairs should lead his readers to infer that Jewish finance as a whole was implicated on their side he points out that "*in times of stress there are Jews and Jews,*" and goes so far as to anticipate that "*pogroms will be promoted against the Jews everywhere—even by Jews who are themselves in places of safety—because the Rothschilds have done this great service to mankind.*" The method of the service is described thus:

> Now what is it that the Rothschilds have done? They have placed a tremendous check on the creation of inflationary credit, because they know that credit has to be liquidated and extinguished, and that that has not been happening. Renewals of special credit cannot go on for ever. Each specific credit brought into existence must have a real equivalent and must be put out of existence not later than the real equivalent. . . . The Rothschilds saw that . . . a deadlock was being reached at which everything of value would have passed into the control of its Wall Street promoters and all the paper into the hands of others. . . . Well, the Rothschilds have defeated them, and at least France will be saved. . . . The strategical position of the Rothschilds is that, despite the gold in America, they hold the keys both in gold and to gold. They are holding up war because the nations cannot fight without gold or valid credit. They are holding up trade, because the nations can be so prevented from accumulating the wherewithal to fight. . . . The Rothschilds are holding up credit, because so long as the credit that can be created must necessarily measure against a small reserve of gold, they, as holders of the gold against which abnormal credits have not been created already, control the quantity and quality of all available legitimate credit."

"J. Henry Schroder and Co. know this well. Hence their attack on France for the so-called sterilisation of gold."

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All that can be said of this story is that it is credible in its general form but not convincing in its circumstantial detail. We should like to have been told why Messrs. Rothschilds are being so kind to

France, and by what process they are helping her to accumulate reserves of gold. The bouquet which "Arthurian" hands to the Rothschilds recalls Sam Weller's reference in Court to Dodson and Fogg, Mrs. Bardell's attorneys:

"What a wery gen'rous thing it was o' them to have taken up the case on spec, and to charge nothing at all for costs unless they got 'em out of Mr. Pickwick."

It will be better to assume that if Rothschilds are, as a fact, helping France, they are doing so for business reasons. No doubt later developments will help our readers to test the story.

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Meanwhile it has been clear for several months past that France has disturbed other countries by accumulating gold; and it is not unlikely that the scare now being raised by these other countries about a "world-shortage" of gold proceeds partly from a desire to make her appear responsible for the phenomenon. We notice, incidentally, that M. Moreau was reported on September 25 to have resigned the Governorship of the Bank of France for reasons of ill-health. We hope he had fully recovered on the following morning. On the same day the Press announced that the Governors of the Central Banks of the United States, Britain, France and Germany had arranged to hold a meeting in New York to discuss measures for dealing with the gold-shortage now alleged to be threatening the world. We hope, as one result, that they will issue an inventory of the world's stock of gold under the three heads: bullion possessed by banks; bullion possessed privately (notably the Indian gold-hoards); manufactured gold articles, etc., possessed by ordinary citizens. If it be postulated that gold is indispensable as a credit-basis, and that the economic existence of the world is threatened by a shortage, then there is nothing for it but to make everybody disgorge gold—in fact most people would voluntarily do it if they were convinced of the necessity, especially if they were offered fair terms for doing so. There might be resistance from the Indian potentates, but probably they could be let alone: it would depend on the relative figures.

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Another point should also be dealt with. Are the Central Bankers able to specify what collective quantity of gold bullion would, if they could get it, be sufficient for the world's credit requirements? According to their case, they have enough at present, but will have too little in one year's or two years' (or what is it?) time. Very good. Let them produce estimates of quantities and times. Again—and this concerns the United States and France, where gold is said to have been "sterilised"—what method, if any, is proposed to put an end to this sterilisation? For this word describes a process which amounts, for all practical purposes, to putting gold back in the mines whence it was taken out. Until this is put right the public can have no guarantee that gold-scarcity would vanish even were the output of the mines to be doubled to-morrow. Lastly, apart from whether gold be sterilised or not by any country's banking institution, what measures will ensure that, however great the world stock of bullion, some country may not accumulate so much as to cause a scarcity outside? We used to be told by Free Trade bankers that gold movements corrected the evils of dumping; that when a country bought more than it sold it would have to part with gold for the difference. The theory was that gold flowed automatically from countries with an adverse trade balance to countries with a favourable trade balance, and that this movement caused a reversal of the trade movements which gave rise to it. But this theory of automaticity cannot be upheld to-day. For instance, on what ground is France blamed for receiving gold if the gold has gone to her automatically? Again, how does the theory square with the policy outlined by Mr. Owen D. Young when he told his American audience that the United States would export goods and take "foreign obligations" *instead of gold*, which he said the United States did not want?

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There are other queries which the public would be interested to have cleared up by the banking dignatories who are going to consult in New York, but these are enough to be going on with. There is little doubt that the reason for their meeting is to lay plans for future propaganda designed to conceal the fact that the gold-shortage is artificial. "In the last resort," said Sir Josiah Stamp, "—and I believe this to be indubitably true—finance is only a mode of speech." (This was said on June 2 at a luncheon given by the Academy of Political Science.) "Gold-scarcity" is nothing more than a mode of speech.

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The French reply to Mr. Snowden's Note on the subject of the claims of British holders of French War Loan appears to be an excellent piece of work judging from a forecast of it cabled by Reuter on September 25. One item bears a striking resemblance to a clause in Major Douglas's proposals to Mr. Lloyd George some years ago as to the method of settling our debt to the United States. The French Government maintains—

"That the comparatively small portion of these loans issued in London was *expended in Great Britain* in the purchase of raw materials and munitions, to the *advantage of British commerce and the British Treasury*."—*Evening Standard*, September 25 (our italics).

The other items are as follows:

"That the loans were used to finance common military operations.

"That there is no more justification for suggesting that they should be repaid in gold than there would be for asking Great Britain to pay a share of the cost of restoring the French devastated regions, which the French taxpayer has to bear alone.

"That it would be unjust to differentiate between French and British holders of these loans."

The forecast of the French reply, as a whole, shows that the French Government is better aware of the realities behind financial "modes of speech" than any other Government up to the present time. Readers will remember that some time ago we printed in this journal a French translation of Major Douglas's American-Debt correspondence with Mr. Lloyd George; and we hardly need to say that copies of that issue found their way to a considerable number of journalistic, commercial and financial quarters in France where there seemed a likelihood of their producing the effect we wanted. It is impossible to tell whether the arguments and comments which appeared in the journal came as a novelty to the recipients, or whether they merely served to confirm conclusions which had already been reached independently in France; but that does not matter—the point is that France's attitude on the debt question is becoming more and more distinctly referable to Social Credit principles.

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We do not know if the authentic text of the French Note will be officially communicated to the British or French public. We must wait and see. In the meantime we notice the omission of one item which would have strengthened the Note, namely the argument (which the French Government has used before in other connexions) that the general financial situation which forces Great Britain to pester her European neighbours for money was initially caused by Great Britain's own act in rushing across to New York and funding her own debt without deigning to consult France, or any other European Government, about what should be the terms and conditions of such a settlement. It will not do for anybody to say that this was none of France's business—especially in these days when the British Press is insisting on the doctrine of the economic interdependence of nations. It is all very well for the *News-Chronicle* to wag its cocoa-stained beard and reprobate selfish, nationalistic policies, but what else was the Anglo-American debt-pact but an evidence of that kind of policy? Let the two great English-speaking nations join hands, *The Observer* has been saying, and put the world in order. What sort of order that would be has never been explained.

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Since writing the foregoing we have seen this week's *Sunday Times*. Its Paris Correspondent, writing on the previous day, adds something to the matters already quoted. The French Note, which is due in London sometime this week, will argue—

(1) That the French loan—although issued in sterling denomination in London—was nevertheless a loan in *French currency, and was, moreover, an internal* loan.

(2) "The [British] money subscribed *did not go out of the British Isles*.

(3) "The amount subscribed in England . . . went to the *alleviation of the burden of the British Treasury*. The latter, under agreement, was giving financial assistance to France, for the conduct of the war, and the effect of the British public subscribing money for the same purpose, in the course of the loan, was, it is argued, to *relieve the Treasury of a corresponding amount*.

(4) "If the British holders are to be paid at the rate of 25 gold francs to the £, so, too, must the French holders. If such action were followed the amounts involved are so enormous that the result could only be to *upset the whole result of stabilisation*, and risk bankruptcy for France. If that were to be the consequence of the fulfilment of the British request, it is pointed out, the *situation of the British bondholder would be far worse than at present*."

(5) Granted that the value of the bonds has gone down, the value of the French rente has gone up, and British holders correspondingly benefited. (Italics are ours. The quoted passages are taken from the Correspondent's message.)

We like item No. 3. Its purport is to show that the losses which have fallen on British investors have occurred as the consequence of the action of the Treasury Authorities in choosing to place the burden of the loan on these investors by issuing it for subscription, when they could have made it an official Government loan and thus spread the burden over the whole body of British taxpayers. The reason why the Treasury (of course, advised by the Bank of England) did not do so was because it was able to soak up the cash much more quickly and certainly by exploiting the patriotism or acquisitiveness of gentlemen who were doing their bit in the War and making more than their bit out of it. The Treasury's action, in terms of reality, was this: it collected pounds sterling from British investors, and handed the money to British manufacturers for munitions, etc., exported to France at exceedingly good prices; and these manufacturers then used the investors' money to pay off previous bank loans to the amount of their costs of production, the remainder being their profit, which, after heavy deductions in excess-profits and other taxes, they could in their turn invest in British War Loan or other Government security. The effect was the same as if the British investors had themselves bought the munitions and paid cash for them at high prices; and had then sent them to France on credit at the same price as they had paid for them. France's need for munitions was made a pretext for an act of deflation by the Bank of England. And it is the deflation which has robbed the British investors in French War Loans, not any act on the part of France.

* * *

Another way to look at the affair is to enquire into the identity of the present British holders of French War Loan. Now and again during the last few months the Press has been publishing pathetic letters from comparatively poor people recounting what they have lost through buying French Loan. There is no need to doubt the authenticity of these letters, but there is every reason to dismiss the intended suggestion that the Loan is generally in the hands of poor men. Again, even supposing that the French Government were to agree to repay holders at the rate of 25 gold francs to the pound sterling, whose are the hands which would be held out to receive these golden tokens of justice? Would they be clean hands? It is not in the least likely that the present holders, as a whole, have lost more than a fraction (if anything at all) of the loss which France is asked to make up. To do strict justice we should have to find out all the people who had ever bought and sold the Loan between the date of its issue and the present time, so as to ascertain which of them had lost anything, and how much. For a guess, we should say that the great bulk of the French Loan is in the hands of banks and other financial houses who have acquired it at scrap prices from weak holders. Does anyone suppose that these institutions, supposing that France yielded to their demand, would hand on the money to the people who had actually lost it? No; it will not do. If any *bona fide* British investor has lost on his purchase he must seek redress at the place where he made the purchase, or at the hands of the people who took his cash. That place is not Paris, nor are the people French people. "The money did not go out of the British Isles."

* * *

Last week we drew attention to the comment made by *The Times* Correspondent in Melbourne on Mr. Garden's having "blamed machinery for unemployment." This, he said, was an example of the "'extremists'" state of mind. We invite *The Times* to warn its Correspondent that comments like this are out of date in this country. As proof it may like to reproduce and send him the following extract from the *Star* of September 25.

"Sir Walter Raine, President of the Association of British Chambers of Commerce, addressing the autumnal meeting of the Association at Birmingham to-day, said the *increasing use of machinery had caused to spring up a huge army of unemployed*, and even if trade were at its very best it was very problematical if many of them would ever be employed again." (Our italics.)

Lest this Correspondent should underrate the significance of this support for Mr. Garden's statement let us point out that Sir Walter Raine is in all other respects an extremely faithful upholder of orthodox views on economics and finance; and when he ascribes unemployment to machinery he must be taken as voicing the views of even more responsible and influential people than himself. To establish his orthodox attitude let us quote again from his speech.

"There was an ever-increasing tendency to seek for something for nothing."

This disturbing tendency must be carefully watched, especially now that Sir Walter feels doubtful whether many of the unemployed will ever be employed again; for this must mean that these people will be whole-time and life-time searchers for something for nothing—for food without work. He goes on:

"'I cannot get away from the fact that we are living in a fool's paradise,' he said, 'and unless there is some change before very long we shall some day in the near future, and quite suddenly, awake to the naked truth that we shall have to alter drastically our methods without further delay.'"

This passage will be observed to mean anything you would like it to mean—smashing machinery, or stopping the dole, or inflating prices, or going in for a political Dictator, or asking the Bank of England to handle the job for us, or nationalising the

Bank, or, on the other hand, resorting to the Social Credit remedy and drawing goods while the machines make them. Sir Walter then said:

> "'In spite of all the factors which are militating against trade, you have people seriously advocating less hours, more holidays, and more pay.'"

Well, so far as the less hours and more holidays are concerned, Sir Walter has already said that the use of machinery is compelling people to accept idleness. There does not seem much harm in their "seriously advocating" something already imposed on them, whether they advocate it or not. The position is, of course, altered when "more pay" comes into the question. For Sir Walter can see that more pay means more money spent in the shops and a larger demand on industry for goods; and of the factors militating against trade none is so notoriously injurious than increased trade. If only the workers would stop wanting goods industry would revive at once. What it would make is a secret of the financiers, but Sir Walter is content to believe that whatever the product might be it would be good for them.

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The speech concludes with the following:

> "'*What we want at the present time is more work*, and instead of talking about less hours and more pay let us not place obstacles in the way of carrying out efficiently such work as we may obtain.'" (Our italics.)

Quite so. Sir Walter has, by implication, already indicated the quickest way to provide more work; namely to stop making machines, or perhaps to make machinery-smashing machines. But as this logical procedure would not appeal to him we must presume him to mean (if he means anything) that work ought to be expended on more productive machinery. If workers will only work efficiently to displace themselves, and upon being pushed out of production will renounce consumption, there will be a quicker approach to the wise man's paradise where a population of wantless individuals will sit down and watch machines make machines to make machines to make machines *ad infinitum*. No doubt Sir Walter would say that this was a travesty of his real meaning. But that is the fate of all such exponents of economic truth. Their teachings and admonitions are derived from the bankers, and are so phrased as to be irreducible to a coherent plan, sensible or nonsensical. It is an astute policy because it prevents effective criticism of what they say, and it also gives them the opportunity later on, when things have been put right, to claim that the successful method was always understood by them and forecasted in their speeches.

* * *

At the present moment it is premature to speak too definitely upon what the Hitler episode means. Probably Adolf Hitler himself does not know. The dimensions of the electoral support given to his programme seem to have surprised him, and it would not surprise us if we heard him congratulating himself on its having stopped where it did. We doubt if he was ready for the responsibility of victory. With regard to his dramatic outburst at Leipzig, it was not in a form from which anyone can infer anything definite as to his intentions. We do not criticise it for that, because it was made in circumstances where his expressions had to be guarded in certain directions. From an immediate tactical point of view he showed signs of knowing what he was about. His first reference to "heads rolling in the sand" (in a letter read in court) was more a prediction than a threat, especially since he left the question open as to whose heads would do the rolling, Fascists' or Democrats'. It need mean no more than that the Fascists were prepared to press their demands at the risk of bloodshed if necessary, by whomsoever invoked. Hitler seems to put off the time of the bloodshed until after "two or three more elections," whereupon there will be a "Fascist uprising," and a "repudiation of the Treaties." His statement in the Court with reference to "heads rolling" was the following:

> "If we are victorious, then a new State tribunal will be elected, which will deal with those criminals of November, 1918. Heads will then roll certainly."

There is a suggestion here that the "victory" which is to precede this drastic act is to be an electoral victory—else why measure the advance to victory by reference to elections? Usurpation of power by force, if you can command force, does not need to wait upon counting ballot-papers, which only represent people's views—mostly views of the moment which are forgotten the day after the poll—and give no indication of the relative amount of courage and determination behind the several competing electoral programmes. But we need not pursue the matter any further along this line. We are living in a crisis when the importance of an act resides in the time of its performance and not in its theoretical magnitude.

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The *Sunday Times* publishes an article on Adolph Hitler and his movement, written by Emil Ludwig. He speaks contemptuously of Hitler's followers, and says: "Nothing would be more to be desired" than that they should be "forced to govern."

> "Then would Germany and the rest of the world realise that though they could make rousing phrases about chains of slavery and *bondage to the Jews*, they could not long hold leadership at the tribune of the Reichstag or in the Ministerial Cabinet. One need only look at their faces and hear their voices to see that the best of them are idealists without ideas. The *denunciation of the Young Plan*, the military preparations and attack—it is like the rising of schoolboys against their teacher. . . .
>
> "But the programme contains another point—they want to *socialise banks* and mines, though it was from heavy industry that they received the money which made their campaign possible. . . .
>
> "If the winter is cold, if the total of unemployed increases, and *if capital flees from Germany*, the opposition party can recruit millions of discontented people. Of course, its dictatorship would not last four weeks, but the confidence of the world in a new Germany would be shattered." (Our italics.)

This looks very much like an appeal to the cosmopolitan financiers to come to the support of the German Government. Be that as it may the elucidation of the whole mystery is complicated by the attitude of Lord Rothermere, who is acclaiming Hitler and his movement at the top of his voice. Lord Rothermere is not anti-Jew, nor anti-bank, nor anti-Young. And if he were, he is not running his newspapers in Germany and has no ostensible call to go into esctasies about Hitler's programme. Again, the fact that he is allowed to glorify the principle of dictatorship shows that City finance is neutral on the principle and does not object to its recommendation to the people of this country. The *News-Chronicle* and the *Star* have been reproving him, and doubtless so have certain other papers. So it appears that British Press opinion is divided on the academic question of Fascism versus Democracy. This may be no more than a diversion in order to keep their readers chattering. What we are keeping in mind is that in many ways Germany is an outpost of the United States, that France is being arraigned as the cause of Hitler's rise to the edge of power, that Britain has been pinpricking France about debts, and Italy has been quarrelling with her about her navy. The United States finds her an obstacle to the progress of the financial re-settlement of the world on the American pattern; and Lord Rothermere's attitude to her policy has never been friendly and has, at times, been hostile. Hitler is said by Ludwig, in the article quoted from, to have his eyes on Poland; and, in demanding the tearing up of the peace treaty, to have in mind more the abolition of

the "relatively worthless Corridor" than the recovery of the "precious coal lands of Upper Silesia." This is bound to alarm France, and in the view of some observers, to stiffen her resistance to disarmament and her accumulation of bullion. Ludwig remarks in criticism of Hitler that it is futile for him to envisage a German-Polish war as taking place like a "boxing-match" in an "isolated arena" with Europe "looking on curiously" . . . "the only kind of war that can be in Europe is a European war." Lord Rothermere's activities certainly tend to heighten the danger. And if such a war broke out it would certainly assist Mr. Owen Young's scheme for "moving goods out of the United States" in return for "foreign obligations." This rather tempts us to speculate whether Hitler's electoral campaign was not considered a sound dollar investment and dealt with as such.

* * *

It is a long time since we heard of Mr. Barnard Baruch. But we have come across a cutting from *Time* (U.S.A.) dated May 12, 1930, in which is described a speech of his before the Boston Chamber of Commerce a week previously.

> "His specific suggestion was the creation of an *international non-coercive business tribunal*, the conception of which he said arose in the minds of men who, working on the War Industries Board, saw U.S. industry combined 'in effective co-operative endeavour' in order to 'work out a vast problem for the common good.' That this would be *remote from all governmental or political agencies* he stressed, saying: 'Bit by bit we have almost completely bartered away our birthright of economic freedom because industry, unable to solve its own problem, has left *no alternative to an appeal to government*. . . . Mr. Baruch added . . . . we must have a new concept for this purpose, a tribunal vested, like the Supreme Court, with so much prestige and dignity that our greatest industrial leaders will be glad to divest themselves of any personal interest in business, and there serve . . . . Its deliberations should be in the open and should be wholly scientific."

It is important to remember that Mr. Baruch was the ruler of the War Industries Board, and, more important still, that the function of this Board was to control the whole of the United States' war credits as issued, and to ration them among industries as he thought fit. Every scrap of war production depended upon his yes or no to applications for permission. He was, as he himself said, the "Napoleon of America."

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It is a coincidence that in a recent issue of the *Morning Post* there was a prominent two-column announcement of a meeting to consider the formation of a "*National Council of Industry and Commerce*." It was signed by twenty-two conveners, including Lord Melchett, Sir Hugo Hirst, Messrs. J. Gibson Jarvie, P. M. Stewart, and H. Dreyfus. The Council, says the letter, will be "*entirely free from party politics*" and will "welcome assistance from members of all parties." The date for which the meeting was called was September 25. The name of the rendezvous was most appropriate, namely, the Hudson Bay Company's Hall. Lord Melchett, we noticed lately, arrived home on September 17 from a visit to the International Nickel Company in Canada. It looks very much as if not only high-financial but high-commercial policy is to be taken outside the jurisdiction of Parliament. It is an astute thing to do, for there is no doubt that the privilege which the bankers have insisted on of remaining above popular control will lose something of its invidious appearance if the same privilege is extended to a body of representative industrialists. We think the project has come too late to do the bankers much good; but all the same, seeing the mess into which they are getting the country, they may as well try this stunt next and see how it goes.

FREE TRADE.

Signatories to the Reply to the Protectionist Bankers' Manifesto.

II.

R. L. Barclay, C.B.E., Director, Barclays Bank Ltd.
J. H. Bates, J.P., of Thomas Ambler and Sons, Wakefield.
Bayleys Ltd., Motor Body Builders, London, S.E.1.
E. Belfour, J.P., London.
Charles Bell, of Chas. Zimmermann and Co. (Chemicals) Ltd., London.
Henry Bell, Director, Lloyds Bank Ltd.
Cedric R. Boult, J.P., Landford, Near Salisbury.
Allan H. Bright, J.P., Director, Barclays Bank Ltd.
H. C. Brodie, of Findlay, Durham and Brodie, Merchants, London.
William Brown, of Adam G. Brown and Co., Ltd., Iron and Steel Merchants, Glasgow.
Brown and Tawse, Ltd., Iron and Steel Merchants, London.
L. J. Cadbury, Director, Cadbury Bros., Ltd.
Lt.-Col. S. Chatfield-Clarke, London.
Clarke, Nickolls and Coombs, Ltd., Clarnico Confectionery Works.
S. Condrup, of Condrup Ltd., Fore Street, E.C.2.
Harold Coventry, of Sim and Coventry, Liverpool.
Harold Cox, London.
Laurence Currie, Partner, Glyn, Mills and Co., Bankers.
Thomas Darling, of the Southern Life Association.
A. C. Davey, Chairman, Davey and Co., London, Ltd.
Arthur Davy Ltd., Bradford.
The Dennison Manufacturing Co., Ltd., London.
J. C. Duffus, of J. C. Duffus and Co., London.
Alfred Dugdale Ltd., Hendon, N.W.9.
Leonard B. Franklin, O.B.E. Partner, A. Keyser and Co., Bankers.
J. C. Fraser, London.
M. O. Fitzgerald, Director, National Provincial Bank, Ltd.
F. Hugh Fox, J.P., Wellington, Somerset.
J. Howard Fox, Director, Lloyds Bank Ltd.
Tom Garnett, J.P., Clitheroe and St. Leonard's.
Frank Gaskell, Wolverhampton.
Reuben Gaunt and Sons, Ltd., Springfield Mills, Farsley, Yorks.
G. D. Gibson, Galashiels.
H. A. Giers, of W. Simpson and Co., Ltd., London.
H. N. Gladstone, Partner, Ogilvy, Gillanders and Co., Bankers, London and Liverpool.
G. W. Goodwin and Son, Manchester.
David Greenhill, of D. Greenhill and Co., London, E.C.2.
Henry P. Greg, Chairman, Ashton, Bros. and Co., Hyde.
S. Guiterman, Director, S. Guiterman and Co., Ltd., London.
Michael Gutteridge, Haslemere.
Henry Harcourt, C.B.E., London.
J. L. Henson, London.
F. W. Hirst, London.
W. L. Holland, Adelphi Works, Preston.
Richard D. Holt, J.P., Director, Barclays Bank Ltd.
T. Owen Jacobsen, J.P., of Jacobsen, Welch and Co., Ltd., Hyde, Cheshire and London.
John Jacoby-Ikle Ltd., Regent Street, London.
J. D. Kiley, J.P., of Whyte, Ridsdale and Co., Ltd., London.
Lazarus and Rosenfeld Ltd., London.
Alderman Joseph A. Leckie, J.P., Walsall.
R. Lehmann and Co., Ltd., London.
Hugo Lorenz Ltd., London.
Eric Macfadyen, of Harrisons and Crosfield Ltd., London.
J. W. Mackinlay, J.P., of Mackinlay and Co., London.
David Macmillan, Glasgow.
A. H. Mason and Co., London.
D. M. Mason. London.
P. A. Molteno, London.
J. B. Morrell, Director, Rowntree and Co., Ltd., York.
W. E. Morse, Swindon.
Thomas W. Noad, London.
S. O'Hanlon, of W. O'Hanlon and Co., Ltd., London, Manchester and Glasgow.
The Old Strand Chemical and Drug Co., Ltd., London.
John A. Ormerod, J.P., Blackburn.
Chas. E. Parker, J.P., Penketh Tanning Co., Ltd., Warrington.
Walter R. Rea, Chairman, Rea, Warren and McLennan, Merchant Bankers, London.
Charles Robertson, Sutton Courtenay, Berks.

(To be continued.)

Libel Insurance.

Some time ago we received a circular letter from a responsible firm of insurance brokers and shipping agents. It was evidently circulated to Press editors and proprietors. This was the letter:

"Dear Sir,—

"Recently a plaintiff recovered £500 damages from the Printers and Publishers of a weekly paper on the grounds that the paper had criticised her film productions.

"Counsel in the case included Mr. Norman Birkett and Sir Patrick Hastings and two juniors who, by the rules of the Bar, receive fees equivalent to two-thirds of the leaders' fees. The legal cost must amount to a good deal more than £500.

"The libel was not obvious. It certainly was not intentional. But these things creep in unnoticed, and heavy damages, plus still heavier costs, are the result.

"The moral is that libel is becoming every day a more serious risk for Newspapers, Printers and Publishers, and yet there are still those who have not insured against the risk. Having drafted the Newspaper Society Libel Policy and a Publishers' Libel Policy, we understand libel insurance thoroughly and shall be happy to advise."

"The moral is that libel is *becoming every day a more serious risk*." The moral of this statement itself is a great deal more interesting than the moral it draws. Why and how is it that libel is becoming a more serious risk? It is not because of any new recent legislation on the subject. Statutory law concerning libel has not been modified, so far as our recollection goes, for many years. But case law in recent years has certainly placed new and unexpected interpretations on the governing statutes, as the signatories of the above letter suggest when they virtually say that libels which were not obvious in any Act of Parliament have nevertheless been established as such in the Courts. The moral drawn in this letter is twofold—one part is explicit, the other implicit. The explicit part concerns the risk to editors, etc., of accidentally printing matters which may be construed as libels: the implicit part arises out of this, and is that editors, etc., have no means of telling whether they have overstepped the mark until a Court tells them where the mark is. The Subject, we know, is presumed to know the Law, but so far as the law of libel is concerned it appears that he cannot know it until after he has committed an act in respect of which some one invokes the law to pronounce judgment. If that were not so, the idea of insuring against libel risks would, with one reservation, be nonsense. Insurance companies will not insure a person against contingencies which he has the power to control. A converted burglar cannot insure against loss arising from his possible lapse into his renounced profession. The reservation referred to is that, in respect of large newspapers, there is the possibility of libellous matter creeping in through the neglect of some subordinate functionary. This, so far as the proprietor is concerned, is an accident and would be a legitimate risk to insure.

* * *

We are unable to say what conditions it would have made to prevent a publisher deliberately running risks under the shelter of his policy. But this is not so important a matter as might be supposed, because over the whole field of potential libels which have not yet been verified as such in the Courts the insurance interests have the power to induce aggrieved persons to settle out of Court, or to awe them into renouncing their claim to any redress at all. Especially is this the case when the aggrieved party is in humble circumstances and cannot afford to risk losing a suit and having to pay costs of the dimensions which the defendant (backed by the insurance interests) could afford to run up.

* * *

There is another point about such insurance. Supposing that two newspapers are insured and one of them publishes something about the other which is considered by the latter to be damaging to it, and possibly libellous. What would happen? Insurance companies pool their risks; so there would not be a situation in which one insurance company or group fought another, each on behalf of its client. So it looks as if the logical and easy answer would be for the insurance interests to appoint their own Arbitrator, and so prevent the leakage of their reserves in the form of Court fees and barristers' emoluments. In such an event the issue would be decided by a financial, not a legal tribunal. We are not saying that this would be an unsatisfactory general principle, especially having regard to the fact that—as a solicitor said to us once—"you never know what view the jury will take"—but its application in the case of a journal like THE NEW AGE, which exists to criticise the axioms on which the present financial system is founded and administered—insurance being an integral part of the system—could not be counted upon to work out very satisfactorily.

THE GOLD STANDARD.

"A memorandum has been forwarded to the Government by the Manchester Chamber of Commerce, in which it is stated that much of the depression in industry is due to our monetary policy. This policy is held to be one of the greatest barriers to recovery in trade, and until this difficulty is removed 'attempts to solve the problem of unemployment are doomed to failure.' The Manchester Chamber of Commerce calls for action, but does not stipulate what this action shall be. This, it contends, is a highly technical problem for experts, and the Government is requested to instruct the Macmillan Committee to report on our monetary policy without further delay. The early restoration of the gold standard after the war was due to the bankers, some of whom recently signed a manifesto in favour of tariffs. This vague manifesto was regarded with the greatest reverence in several quarters, but in effect the Manchester Chamber of Commerce tells the bankers that any attempts to solve the problem of unemployment, by tariffs or any other devices, are doomed to failure so long as our present monetary policy is continued. The restoration of the gold standard gave rise to keen controversy, but as this policy was backed by the majority of the bankers, including Mr. Montagu Norman, Governor of the Bank of England, Mr. Churchill followed their advice. The immediate effect was widespread unemployment, and this was part of the price we had to pay for returning to the gold standard. Moreover, the Manchester Chamber of Commerce points out that during the last few years the gold standard has not operated internationally as the bankers said it would act. 'The ordinary business man has been led to suppose that if prices fell too far under the regime of the gold standard the fall would be minimised by the provision of cheaper money, and vice-versa.' In short, the bankers and experts have been confounded, and the gold standard has not operated according to their theories and expectations. The banking world has flourished amazingly throughout these difficult times, but the business world is in a difficult plight; and the Manchester Chamber of Commerce is justified in directing the Government's attention to this problem of finance."—*Liverpool Echo*, September 16.

"The ruin of French finance is the object pursued by the Labour Party, whose policy is on the way to ruin the British Empire, and who cannot pardon France the possession today of 'a gold reserve greater than those of the other nations except the United States.' That is to say, greater than that of England."—*Liberté* (Paris), September 25.

The Law and Betting.

By John Grimm.

I. LEGISLATION.

Betting is legal—cash betting as well as credit betting. There is no law which makes it an offence for a person to hand a half-crown to another for the purpose of making a bet with him, even if the transaction takes place in the street.

"A bet made in the street is not illegal, and as such has just as much and just as little validity as a transaction as any other bet" (*per* Fletcher Moulton, L.J., in *Gordon v. Chief Commissioner of Metropolitan Police* [1910], 2 K.B., at p. 1,096).

That is strict law. How is it, then, that a right which is legal becomes a punishable offence when put into practice? The best way of explaining the paradox is to refer to that old music-hall tag: "It ain't wot she says, its the narsty way she says it." We might parody this, and say: "It isn't your betting for cash, its the nasty way you do it." That is to say, the law permits you to bet if you do it *in a nice way*. And the whole catch is in the rules laid down for doing it in a nice way. When you examine these rules you find that the only "nice" way to bet for cash is not to bet at all! To make this clear let us apply it to the case of drinking. Drinking is legal. But suppose that you were told that you must obey the following rules for "nice" drinking:

(a) you must not *loiter* for the purpose of drinking.

(b) You must not *frequent* a public house for that purpose.

(c) You must not *obstruct* the roadway by having the landlord bring your drink out to you.

(d) The landlord must not *keep open a house* for the purpose of supplying drink to persons resorting to it.

(e) No supplier must frequent or obstruct your road by *bringing liquor to your house*.

What would you say? The law might just as well say to you: *You may drink; but you must not get your throat wet*. And that is precisely what the body of laws which regulate betting do tell you. What they amount to is this: that although cash betting is legal, there is no place where it is legal to make a cash bet. As Mr. Justice Channel observed*:

"*The Statute seems clearly to be directed against betting places, not against betting persons.*"

Now the street is a "place"; but the law does not say that you shall not make a bet in the street; what it says is that you must do it without (a) frequenting or (b) loitering in or (c) obstructing the street. With regard to *frequenting*, it is possible for a person to be convicted of this offence if he visits a place more than once (even if only twice!) for the purpose of betting. He may be convicted of *loitering* even if he keeps moving about—the legal interpretation of loitering seeming to be the waiting or moving about of a person in a certain street or area where people who want to bet with him know where to find him. *Obstruction* in the legal sense consists in three or more persons assembling together for betting purposes. It will easily be seen that, in practice, it is impossible for a layer and a backer to come face to face to transact their business without risking conviction of one or more of these three offences. The only circumstance in which it could be done safely would be if a layer and a backer walked through a street where neither had been seen before; and made the bet on the way; and did not appear there to do it a second time. The mere description of this exception serves to show how thoroughly the rules prevent street betting, and it is only worth mentioning because it does prove, as was stated before, that the placing of a cash bet in the street is not, *in itself*, illegal. The illegality must lie in some other circumstance as well.

* Brown v. Patch [1899] 1 Q.B. p. 892, at pp. 898 and 899.

Thus it is that prosecutions are never brought for "betting," but always for *doing something in addition* (loitering, etc.) *for the purpose* of betting. When a layer is searched at the police station for betting slips and money the reason is that these are evidence of his *purpose* in loitering, etc. This evidence would fail to convict him unless the prosecution were able to prove the loitering, etc., as well. Of course when a layer is doing regular business in any locality the prosecution has no difficulty in proving his loitering, etc., because he is bound to loiter or frequent in order to do any business, and is bound to be seen doing so by the police. But the ease with which the prosecution secures convictions with the help of the evidence of betting-slips and money must not be taken as meaning that betting is illegal. Betting is constitutionally a legal act. This is poor consolation for the backer who finds that in practice he may neither place his bet in the street nor call with it at any office—but must bet, if at all, through the post or telephone on credit (if he can get it!). Nevertheless the fact that all betting is legal in principle is of vital importance, because so long as Parliament does nothing to alter it, it can be adduced in support of a demand for the reform of the laws which work in opposition to it. That such a demand can and should be made will become clearer in the next section. The whole business is a money-ramp from beginning to end. We will now confirm this allegation by briefly surveying the development of the legislation referred to.

II.—HISTORY OF BETTING LEGISLATION.

The first legislative restriction on the freedom of people to bet how they liked was enacted by the Betting Act, 1853.

"Prior to its passing, all kinds of betting, whether by professional bookmakers or by the public, were perfectly legal, no matter where the bets were made, or whether carried on upon credit, or by the payment of money by way of deposit on bets, which is called 'ready-money betting.'"

This statement of the position is extracted from a judgment delivered by Judge Smith in *Powell v. Kempton Park Racecourse Co.* [1897]. Now, a few years previously, in the year 1845, an Act had been passed which reduced betting-debts to mere debts of honour. That is to say, the winner of a bet could no longer resort to the Courts of Law to make the loser pay up. The consequence was, of course, a great increase of ready-money betting. Layers, for their own protection, required backers to deposit their money with their bets. Soon a large number of betting houses sprang up. In 1852 the Home Secretary, answering complaints in the House, stated that the Attorney-General was preparing a Bill to deal with the matter. The Bill was introduced on July 12, 1852. The following extract from Hansard's Parliamentary Debates will give the reader a sufficient description of it. Sir Alexander Cockburn was Attorney-General.

"The Attorney-General said he would now beg to move for leave to bring in a Bill for the suppression of betting houses, and in doing so he considered it was not necessary for him to make any lengthened statement upon the subject, as the evils that had arisen from the introduction of these establishments were perfectly notorious and acknowledged on all hands.

"The difficulty, however, which arose in legislating upon this subject was to be found in the disinclination which was felt against interfering with that description of betting which had so long existed at Tattersall's and elsewhere in connection with the great national sport of horse racing.

"But these establishments assumed a totally different aspect—a new form of betting was introduced, which had been productive of the greatest evils. The course now was to open a house, and for the owner to hold himself forth as ready to bet with all comers, contrary to the usage which had prevailed at such places as Tattersall's, where individuals betted with each other, but no one there kept a gaming-table, or, in other words, held a bag against all comers.

"The object then, of this Bill was to suppress these houses, without interfering with that legitimate species of betting to which he had referred. It would prohibit the opening of houses or shops, or booths; for the purpose of betting; and inasmuch as it appeared that the mischief of the existing vicious system seemed to arise from the advancing of money in the first instance with the expectation of receiving a larger sum on the completion of a certain event, it was proposed to prohibit the practice by distinct legislative enactment. The mischief arising from the existence of these betting-shops was perfectly notorious.

"Servants, apprentices and workmen, induced by the temptation of receiving a large sum for a small one, took their few shillings to these places, and the first effect of their losing was to tempt them to go on spending their money, in the hope of retrieving their losses, and for this purpose it not infrequently happened that they were driven into robbing their masters and employers. There was not a prison or a house of correction in London which did not every day furnish abundant and conclusive testimony of the vast number of youths who were led into crime by the temptation of these establishments, of which there were from 100 to 150 in the metropolis alone, while there was a considerable number in the larger towns of the provinces.

"He believed this Bill would have the effect of suppressing most of them, or, at all events, of preventing the spread of an evil which was admitted on all hands.

"It had been suggested that the more effectual course would be the licensing of these houses; but for his own part he believed that would be discreditable to the Government, and would only tend to increase the mischief instead of preventing it. He trusted and believed that the Bill which he now sought to introduce, would have the desired effect, and he hoped the House would offer no objection to his bringing it in."

This Bill passed through all its stages in the remarkably short time of five and a half weeks, receiving the royal assent on August 20, 1853. There is no record that the subject of betting was even mentioned in the preceding election (1852), much less made a leading issue to be voted upon. Therefore Parliament had no mandate to legislate on it. In spite of that, not only did the Members pass this Bill unaltered, but *there was no debate on it at any stage of its progress through both Houses.** It was a piece of class legislation passed over the heads of the electorate—for on the showing of Sir Alexander Cockburn's speech it was really a Bill to protect employers' tills by restricting the liberties of the employed. As for his arguments, even a mediocre debate at the present time would upset them. Of course it can be urged that prevention of theft is better than cure; and so it is: but there have always existed laws against theft; and the penalties prescribed by them are the proper means of prevention. What this Bill did was to attempt to prevent a special sort of theft, a theft arising from the abuse of a perfectly legal practice: and in order to do this the vast majority of the public, honest citizens, were virtually prohibited from following it. On such reasoning as this, Parliament might as logically have suppressed drinking or even weddings just because extravagance in drunkenness and large families sometimes led people to commit thefts. The truth of the whole matter is that, for every penny stolen because of high wagering, pounds have been stolen because of low wages—a truth which a Parliament composed of employers was not likely to perceive, or to relish if it did.

* See Jenkins's "The Law Relating to Betting Offences," Stevens and Sons, 1912 edition, p. 4.

(To be continued.)

"It is widely recognised that the serious increase in the number of the unemployed cannot be entirely explained by 'world causes,' but is due in part to the Government's method of administration, which encourages abuse of the dole by those who are not honestly seeking work."—Footnote to cartoon in *Punch*, September 24.

The Positive Alternative.

If we accept Mr. Le Gros Clark's starting-point—his distinction between what is now popularly called "Fascism" and what is called "Communism"—his general conclusions would seem to be correct. But in reading his article ("Natural History of Fascism," THE NEW AGE, September 25) one might imagine that there was no alternative; that Communism and Fascism exhaust the possibilities of non-democratic political action. It would seem as though World Proletarianism and Middle-class Nationalism were the only possible methods of attempting to deal with the politico-economic conditions of this phase of civilisation. And as Mr. Le Gros Clark knocks out Fascism with his final statement—"no sane man can afford to flirt with Fascism"—one might be led to infer that a sane man can afford, if not to flirt, at any rate to look with some intellectual approval upon Communism.

"Fascism, like Communism," says Mr. Le Gros Clark, "is a mass movement; but it is doomed by its nature to a certain fate. . . . It is a mass movement that will inevitably fall under the control of High Finance."

Are we, then, to suppose that Communism, the other mass movement, is not doomed by its particular nature to a similar fate? It would be difficult indeed to show that Communism, in the U.S.S.R., for example, is not under the control of High Finance.

"Since Fascism does not solve the problems of Finance-Capitalism, but merely assists Finance-Capitalism to free itself from the awkward restraints of Democracy," writes Mr. Le Gros Clark, "it follows that the economic disease will only reappear, with greater violence than ever. *There is no solution under Fascism of the price-contradiction*, of the friction between classes and of national and imperialist rivalries." (My italics.)

Are we to understand that Communism *does* solve the problems of Finance-Capitalism? Are we to understand that under Communism there *is* a solution of the price-contradiction? If so, will Mr. Le Gros Clark, or someone, state it in the form of a mathematical formula? Marx certainly does not supply us with a solution of the price-contradiction, and that is why Douglas, in making known the Price Calculus, is of such vital importance. Of course, if it could be shown that Communism has accepted the A + B theorem and the Price Calculus as integral parts of its economic system, it would be possible to say that under Communism there is, or can be, a solution of the price-contradiction. But is that so, and, considering the fanatical Work-complex of Communist doctrine, is there any likelihood of it?

"Communism," says Mr. Le Gros Clark, "—whatever be its incidental mistakes—advances broadly towards a world economy of a co-operative type."

It can hardly be an "incidental mistake" to have no solution of the price-contradiction. It is not even a mistake. It is a fundamental frustration which must mean that Communism does not solve the problems of Finance-Capitalism, since the key to these problems is the Price Calculus.

It can be shown that Communism, because of its fundamental frustration (because it has no economic solution) advances broadly—all too broadly—towards a world economy of a co-operative type (no doubt of that)—a co-operative type of economy that will fall, and is rapidly falling, under the control of High Finance.

If Fascism "is a social phenomenon that may be compared with what the psychologists call 'regression,'" and it may be so, Communism is a social phenomenon that may be compared with what psychologists call "repression." Lenin's economic teaching was based upon the Pauline command: "If

a man will not work, neither shall he eat" (words approved and used by Lenin). It is a workhouse doctrine, and it has resulted in the organisation of the Soviet Workhouse State.

The positive alternative to "regression" (Fascism) and "repression" (Communism) is "expression" (Social Credit).

Two "wrongs" do not make a "right." Fascism and Communism are both wrong in the sense that neither the one nor the other solves the problems of Finance-Capitalism. Both are doomed by their respective natures to a certain fate, which can be foretold. They are mass movements that will (if it has not already happened) fall under the control of High Finance.

Communism and Fascism have appeared as mass movements. Social Credit will also become a mass movement. It is the third resolvent factor of an unworkable and unbearable duality. Social Credit will release the World Proletariat from their "chains"; the proletariat will no longer "have a world to win"—they will have won it (using the word "won" as it is used in the army). At the same time Social Credit will allow Italy to idealise its "antique greatness" as much as it likes—such regional patriotism might result in some gay and healthful pageantry. The application of Social Credit automatically and mathematically removes the economic need for rabid Nationalism; but so also does it remove the political need for such mystic conceptions as "the historic mission of the Working Classes." If, under Social Credit, the so-called proletariat like to parade with banners of Lenin and with red flags and such-like on May Day—well, let them. Why not?

The point is that, whereas Communism and Fascism have found their popular slogans and have become mass movements that are now always very much in the public eye, Social Credit has not yet arrived at this stage of development. That does not mean that it never will. Ten years of steady spadework is not a long time in the generation of a powerful movement.

Social Credit, the Social Credit State (the Economic State, as some would term it), is the positive alternative, the logical alternative, the mathematically correct alternative to Communism on the one hand and Fascism on the other.

One feels sure that Mr. Le Gros Clark agrees with this, for we must all to some extent agree with him when he says:—

"It is necessary now that mankind"—(including Communists and Fascists)—"should adapt itself to a World Economy and to fresh values. This demands an enormous effort; and when the effort fails a community may fall back on the outworn values of Nationalism, Monarchism, Catholicism, and what not."

The "what not" surely covers the outworn Work-complex, Equal-Income-complex, and all the other complexes of Communism arising from the fact that neither Marx nor Lenin were able to propound a solution of the price-contradiction?

S. R.

"Things are awful here, and I cannot but foresee a mighty upheaval only too soon, unless the Douglas analysis be accepted and put into operation. The old financial system seems to have completely broken down: here we are anticipating a record harvest of wheat in Western Australia, about 45,000,000 bushels, and an army of almost breadless unemployed. We pay 4½d. per lb. for sugar from Queensland, and could import it for about 2d. per lb., but are not allowed. Western Australia is hit most heavily by the Scullin tariff wall, as we are essentially primary producers, and a dump for more or less useless Eastern States manufacturers. The talk and feeling about secession from federation is *real*, although opposed by Labour, who are all for unification. Meanwhile our propaganda for social credit is slowly forging ahead."—Extract from a letter of a correspondent in Australia, dated August 9, 1930.

The Films.

Murder: Regal.

Alfred Hitchcock is the most arresting and the most irritating of British film directors. He has sincerity and enthusiasm, an individual technique, and an innate tendency for experimentation, all characteristics of which the screen was never more in need to-day. Yet, although he has made many good films, he has not yet made a great film. Some quality or combination of qualities always seems to interpose between his conception and execution. "Murder," adapted from Clemence Dane's "Enter Sir John," is typically Hitchcock. It has an immense amount in its favour. The technique is admirable, as is the camera work, although the use of the moving camera is a trifle overdone. Mr. Hitchcock has also overdone the contrapuntal method; his expressionism is of a kind which represented a notable advance in technique two years ago, but the method should be sparingly used and not introduced for its own sake. Mr. Hitchcock should also break himself of the habit—one of Hollywood's worst mannerisms—of allowing his characters to talk against a background of loudish music which is not only largely irrelevant, but also makes it a strain to listen to the dialogue. That the story hinges on a completely unconvincing conception is presumably the fault of Miss Dane, whose book I have not read.

Mr. Hitchcock has presented the most convincing back-stage scenes yet shown on the screen. It is true that the stage is here an essential adjunct, but the director has created exactly the right atmosphere, not straining after effect, and achieving perfect naturalness. Unfortunately, so much of "Murder" is spoilt by low comedy, which English directors should quite obviously leave alone; whenever they introduce it they fail to get beyond the worst type of antiquated provincial music-hall humour.

The reader will note that I have not attempted to disentangle the good from the bad. That is precisely the effect made by the film; from saying "how excellent," one passes without transition to "how cheap." Finally, the tempo of "Murder" is too slow and the rhythm unequal. Possibly more judicious cutting and editing could effect an improvement here.

The acting is superb. Herbert Marshall's Sir John is one of the most completely satisfying performances I have seen for a long time; Norah Baring, in a very difficult part, again shows herself to be one of the three or four outstanding British film actresses; Esme Percy contributes an absolutely perfect character study; and Edward Chapman's Ted Markham is the good-hearted, rather vulgar, touring actor to the life. I look forward to seeing much more of Mr. Chapman's screen work.

Lest I have unwittingly done Mr. Hitchcock an injustice, I should make it clear that "Murder" is a film which I recommend everyone to see. But—the little more and how much it is.

The Big House: Empire.

This is magnificent, full-blooded drama, an affair of primal passions and emotions, a chunk of red-blooded life. It rises very nearly to greatness, but somewhat tails off towards the end. Although the prison mutiny is thrilling, I found the previous crowd effects so exciting as to make the high spot somewhat of an anti-climax. The crowd handling is, in fact, superb; it challenges comparison with "Mother" and "The End of St. Petersburg." This film is curiously objective. It would have been the easiest thing in the world for George Hill, the director, to have introduced propaganda, as de Mille would inevitably have done. Instead, he shows us

American prison life just as it, presumably is, with its curious mixture of brutality and Prussian militarism with humane treatment. Prisoners are confined in dark cells until they are in danger of insanity; first offenders are herded with human tigers in overcrowded cells; yet while at leisure the inmates are permitted a degree of conversational freedom which strikes an English observer as remarkably liberal, and they are apparently allowed to smoke all day. The result is that the spectator comes out of the theatre with precisely the same ideas on the prison system as he may have had when he entered.

The acting is magnificent. Wallace Beery's colossal and dominating personality is admirably contrasted with the smoothness of Chester Morris, known in the Pickwickian sense as "Hollywood's suavest killer." Mr. Morris took the name part in "The Case of Sergeant Grischa," and the difference between these two roles testifies to his remarkable versatility. Lewis Stone, as the prison governor, adds yet another to his long list of finished impersonations which are as natural as they are sophisticated; Robert Montgomery is sincerely moving as the young "hero," in the most strictly conventional sense; and George Marion, as an elderly and kind-hearted warder, is again cast for a role in which sentimentality is mingled with buffoonery. Go and see "The Big House"—if you can get into the Empire, where, I am told, it is breaking box-office records.

DAVID OCKHAM.

Music.

The Promenades.

The orchestra is undeniably better this season than I ever remember since the War, but that is no reason for going into patriotic hysterics, epileptics, and three-cornered fits of ecstasy after the manner of some of those egregious Press notices the B.B.C. is indiscreet enough to be so proud of that it thinks it politic to reprint them. No, gentles, the B.B.C. Symphony Orchestra is not the equal of the Berlin Philharmonic, plus the Vienna Philharmonic, plus the Concertgebouw, plus the New York Symphony. . . . Brahmanic doctrine asserts that eighty-four lakhs of incarnations are necessary before complete spiritual evolution is accomplished. . . . The progress from a mineral to a vegetable state of existence represents a sufficiently immense progress, doubtless; but Boddhisatva-ship is not drawn *very* much nearer thereby! Let us, however, concede quite willingly that the orchestra has passed from a mineral to a vegetable stage of existence; let us, as Mr. Huxley would say, make that constatation with surprise and pleasure. One of the most stupid, vulgar, blatant and offensive compositions in existence, the Brahms Hungarian Dances in G minor and D, is more adapted to test the capacity of a steam-organ of a merry-go-round than an orchestra. Indeed, one can imagine this repulsive composition being an adjunct of immense effectiveness to the entertainment of that vagrant, but portentous caravan procession whose refinement, elegance, and selectness are impressed upon one in gilded rococo lettering from every van, and which wanders to and fro along South Hampshire and Dorset every summer. The *crux* of the programme, its only and entire point for a musician or a cultivated musical listener, the Sibelius Violin Concerto, showed us through how many of those eighty-four lakhs of incarnations the B.B.C. Symphony Orchestra has still to go before it reaches the Boddhisatva-ship that will enable it to play, and playing, understand musically and spiritually such a brooded reticent, such an immensely and individualistically original work as the Sibelius Concerto. Mr. Newman is right—this is the greatest of modern violin concertos without question, whether one considers the strange directness of expression of very subtle recondite musical thinking, the very reverse of modern musical practice which is to present thought of childish obviousness, infantile insignificance in the language of a Meredith multiplied by a Henry James raised to the Joyceth power, that recalls no analogy in European art or literature, and for which one must go to Pantanjali for a parallel, or the stark, almost hieratic, lines of the form, the unique colour of the orchestration, the dark beauty of the harmony. But Mr. Catterall is not the violinist for this work, which demands, above all, broad, large, firm, bright, virile tone, a nervous force, an urgent, insistent vitality of style, a forceful bigness of style that he does not command. Indeed, he gave us a good deal of indifferent playing, bad intonation and scratchy tone. Why does not Miss Jelly d'Aranyi perform this work so suited to her style and temperament? And through what desert of violinistic trash and trivialities—Lalo, Vieuxtemps, Max Bruch, Saint-Saëns, Tchaikovsky and so on—have we to pant before again we are allowed to hear this noble and moving work or that glowing jewel, the Szymanowsky? Most of the insulting and derogatory things said of singers could, with equal justice, be said of violinists . . . . and pianists. These latter gentry will soon be thumping or wriggling their way (according to their "method," merciful heaven!) through the *Etudes Symphoniques*, the *Appassionata*, the *Ballades*, one or two Rhapsodies (the wretched man wrote *eighteen*, but what does *that* matter to our concert pianists?), and the enterprising ones through "Jeux d'Eau," just like last season, last season but one, but two, but three, four, five, six. . . . And if I am thought harsh or unjust, an eye over the advance programmes for the coming season will convince the most obstinately kindly-disposed of the truth of these strictures. The thing is no longer an Art, but a wholesale business indifferently conducted.

KAIKHOSRU SORABJI.

Towards National Guilds.

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ONE of the most difficult propositions to understand is that you can sell below cost and still make a profit. It becomes less difficult, however, if it is approached the right way; for, in fact, on examination of the case, we find illustrations of the proposition at every turn. We no longer charge the cost of elementary education, for example, on its immediate recipients; in other words, we sell education not merely at a price below cost, but at no price whatever. And we do this in the belief that the provision of free education is a good investment; and that the price below cost at which we sell it will be more than compensated in the superior skill of an educated proletariat. To "free" education, we can add many other so-called public services which are distributed either below cost or freely provided. These also are examples of good investment arising from the provision of services without money and without price. Note, however, that the *cost* is defrayed, be the price something or nothing. "Free" public services are not *given* by the persons who render them; their costs are, in fact, fully met. It is only the price charged to the consumer that is in question; and it clearly appears, in the cases cited, that the consumer may be supplied with goods and services at *less* than cost price, to the *profit* of the community at large.

Let us take another, and, this time, an imaginary, case. Suppose of two men, A and B, A has a machine by means of which, with the aid of coal, he could produce commodities sufficient for himself and B, and, perhaps, for others as well. And suppose that B is in a position to supply coal. B, it is clear, can provide the coal for A on several different sets of terms. He can (a) advance it to A in exchange for an I O U promising B a defined share in the output of the machine; (b) he can take payment in two forms, as a sum on account *plus* a share in the product; (c) he can demand the full price of his coal—that is, a price equal to its cost; or (d) he can demand a sum on account *plus* a promise from A to sell to B the machine-made goods at a price lower than their cost. Operation (a) amounts to B giving A *credit* for the coal. Operation (b) amounts to selling the coal at less than cost in the expectation of recoupment by a share in the product. Operation (c) is the common custom of commerce of demanding for commodities their cost-price—with additions! Operation (d) amounts to selling at less than cost in return for a promise on the part of A also to sell at less than cost. In all save one of these operations, the same essential fact is to be observed, namely, that the coal changes hands at an immediate price less than cost, and it is assumed, in each of these operations, that more will ultimately be gained by selling below cost than by demanding cost-price or by not selling at all.

We are not proposing that everything should be sold below cost to everybody. We are simply saying that the operation is possible, and may, in some cases, be highly desirable. We say further that, in many cases, selling below cost would actually *pay* the community. Let us consider another theoretical example. Suppose it were the case that hundreds of our manufacturers, each with an elaborate plant at his disposal, and a market awaiting his products, could not get on with his work owing to the high price of coal. It is conceivable, under these circumstances, that a wise public policy would provide these manufacturers with coal below cost, if not for nothing. Certainly, if the manufacturers had no "money" in hand and no means of raising it, to set them going by providing them with cheap or free coal would be a commercially profitable undertaking. The miners would obtain their costs, but these costs would not be defrayed out of the price of coal, but out of commodities in general. The low price of coal would be recouped to the nation in the low price of other commodities. We hasten to say that the foregoing illustration is unreal; and that it does not represent our view of what *should* be done. Coal, like every other raw material, must be sold to the manufacturer at cost price, if only as a safeguard against his use of it for his own personal profit. But the operation of selling below cost is clearly seen to be possible; and, in the case of the ultimate, if not of the intermediate consumer, the policy is wise, and, indeed, necessary.

Price, we repeat, is simply a means of distribution. Suppose you have an entertainment-hall, whose seating accommodation is a thousand; but suppose you know that, on a particular occasion, ten thousand people will wish to get into it. You can limit the company to the accommodation in several ways: by issuing only a thousand tickets (free or not, as you please); or by putting up the price of the seats beyond the reach of nine thousand of the prospective applicants. You have, in the second case, accomplished your distribution of seats by means of price. Against this method, however, there is much to be said. In the first place, you have been tempted to make a profit out of the mere fact that ten thousand people want what is only enough for one thousand people. And, secondly, you have made admission to your hall depend, not on the *need* of the applicants, nor upon their *deserts*, but merely upon their ability to find the money. This, undoubtedly, is the method of distribution adopted by the price-fixers of modern society. They raise prices for the sole purpose of excluding the many from possible purchase. By controlling price-fixing they do, in fact, determine the distribution of commodities and choose who shall have or not have.

But if Price can be employed to distribute goods cheaply among the rich, it can equally well be employed to distribute goods cheaply among the poor. If Price can be raised as a class-barrier to divide the goods of the community into two unequal halves—one and the greater half going to the rich, the other and the lesser half going to the poor—it can be *reduced* to make the distribution of goods equitable over the whole community. Whoever fixes prices determines the lines of the distribution; and if, as we have seen, high prices tend to distribute all the goods to the rich, then low prices would tend to distribute goods equitably. Observe that word, equitably. High prices *rob* the poor of their fair share of the communal production; but low prices do *not* rob the rich. The rich are not prevented from buying because prices are low; but the poor are prevented from buying when prices are high. The welfare of the poor is thus seen once more to be *not* at the cost of the rich; it is only at the cost of the *injustice* of the rich.

Clearly, if Price-fixing has the power over distribution that whoever controls Prices controls society, it is important to know, in the first place, who it is that fixes prices to-day; and, in the second place, who ought to fix prices; and, in the third place, how we ought to proceed to displace the present authority, and to set up the right authority. As we have said before, it is Distribution rather than Production that is defective in modern society; and it is, therefore, with Distribution that we must deal primarily. And if we have now seen that Price is the means of distribution, we must be prepared to deal with Price as a means to better distribution.

NATIONAL GUILDSMEN.

The World's Gold Bullion.

According to the *Business News* (the first number of which appeared on September 26) the largest holdings of various countries were as follows in June of this year:

	Amount. £	Per cent. of total.
United States	835,600,000	39.17
France	345,400,000	16.20
Great Britain	153,600,000	7.20
Germany	124,800,000	5.85
Spain	95,400,000	4.47
Argentina	88,000,000	4.12
Japan	86,800,000	4.06
Italy	54,800,000	2.57
Russia	40,600,000	1.90

Seven other countries (named) and twenty-eight others divide the remaining 20 per cent. The world total is given as £2,133,800,000.

LETTERS TO THE EDITOR.

SIR OTTO NIEMEYER.

Sir,—My attention has been drawn to the letter from Major Douglas, headed: "*Manchester Guardian* and the Australian Crisis." May I point out that my reference to Sir Otto Niemeyer could in no way be taken as "laudatory." Major Douglas suggested that the falling off in Australian exports was a result of Sir Otto Niemeyer's visit. I pointed out that the fall in prices was the cause of the diminished exports, Sir Otto merely a consequence. To couple me with Mr. Holsinger,* whose remarks on the subject might perhaps be described as complimentary to Sir O. N., is rather absurd, for our views on monetary reform are diametrically opposed.

I am as sorry as Major Douglas that the correspondence in the *Commercial* should have been so largely concerned with irrelevant matter, but the way in which Mr. J. S. McConechy's article of May 29 approached the problem gave the propagandists of the late Major Phipson's theories an opportunity of attempting to identify the views of the Manchester Association of Importers and Exporters with their own. Flattering as is Major Douglas's idea that my contributions were selected for publication out of an immense number of communications received, the style of some of those that have been printed inclines me to believe that none can have been rejected.

GEOFFREY BIDDULPH.

* While replying at tedious length to other correspondents in the *Commercial*, this author has discreetly avoided noticing my criticism of his opinions.

[Mr. Biddulph's letter is so courteous and reasonable that we feel we must congratulate him on his alternative literary style, which, we note, extends to the opinion in the concluding passage of his letter. The *Manchester Guardian* has always been noted for the literary quality of the contributions, and we feel that Mr. Biddulph's association with it can only be of lasting benefit.—ED.]

ANSWERS TO CORRESPONDENTS.

A.W.—There is a limit to the amount of credit which a bank *may* lend, but none to the amount which it *can* lend. The limiting factors you enumerate all proceed from rules which the banks have mutually agreed to impose on themselves. But there is no *technical* impediment to the lending of credit to any amount. Take one point: there is no technical necessity for there to be five great banks operating in this country. One bank would do the work more economically and easily. The reason why there are more than one is because each of them is limited as regards its lending credit by the action of the others. For instance, if bank "A" issues a loan of, say, £100, and there are four other banks operating, the average chance is that the deposits created by this loan would be spread over the five banks to the amount of £20 each. In that case, bank "A" is liable to pay £80 to the other four, and to pay it in a form of credit which is arbitrarily restricted (Treasury notes, banknotes, or other media which the Bank of England chooses to recognise). On the other hand, if bank "A" were the only bank in the field, it would receive deposits equal to its loan, and instead of being liable to pay out £80 of cash to other banks, it would be liable to pay out only such proportion of the £100 as its depositors happened to require—a proportion which, as you know, is a very low one. This sort of situation could also arise supposing that five banks were operating and they each lent £100, in which case each might get £100 of deposits, and none would be liable to pay cash or receive cash from any other. The only check on their lending would be the demands of their depositors for cash.

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

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Comprising :—
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The Veil of Finance (6d.).
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The Social Credit Movement.

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

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

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