

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

Mr. Lang's meeting at Paddington (Sydney) on February 23 in support of Alderman Ward's candidature was listened to by 20,000 people in the streets outside the hall as well as those inside. His speech was an admirable piece of work for the end in view, and the *Labour Daily's* account of the scenes of enthusiasm inside and outside the hall does not seem to us exaggerated after reading the verbatim report of the speech. There is an account of the speech in *The Times* of February 24, covering, mainly, Mr. Lang's references to the international aspect of the crisis, but there are further points which are important. One of them is Mr. Lang's attack on Sir Adrian Knox, ex-Chief Justice of Australia, and Sir Henry Braddon, both of whom are now bank directors.

"These two gentlemen are bank directors. In that capacity they instruct the banks to stop country storekeepers' credit so that the farmers will go without supplies. In their capacity as directors they tell the banks to call up the farmer's overdraft to compel him to repudiate the laws of the State by signing under duress a contract that he will not take advantage of the Moratorium. As members of an organisation to stir up the farmers, they urge our primary producers to demand money from the Government, and at the same time incite these farmers to repudiate the laws and refrain from paying income tax. As bankers they try to cut off the Government's revenues by refusing to lend them money except to pay interest with, and as public agitators they try to cut off the Government's revenues by inciting people not to pay taxes."

We referred some weeks ago to this power of the banker to (as we described it) "intercept" money due to the tax-collector. Apparently the power has been exercised, and pretty openly, for Mr. Lang to have made it a prominent point in his speech. There is another power that the banker holds, namely, that of depriving the Government of the use of savings—an illustration of which is afforded by the run on the New South Wales State Savings Bank, reported in the London Press on April 24. Our readers will be reminded by this episode of our description (*THE NEW AGE*, January 22) of the pamphlet about the Duke of Wellington

and the reform agitation, entitled "To Stop the Duke Go For Gold!" The current version of this bankers' slogan could be: "To Stop Lang Go For Currency." Readers in Canada will perhaps be reminded of the failure of the Home Bank, which, though not deliberately brought about by the stronger Canadian banks, nor happening as a result of any political issue, was allowed to take place, when these stronger banks could easily have saved it. Dog may not eat dog, but the big bank will eat the little one whenever this serves to consolidate its financial and political power. When the Canadian depositors lost their savings, nothing was said about "repudiation"; but when Mr. Lang merely suspends interest on loans the word is blazoned from one end of the world to the other. Mr. Lang scored a cheer at the meeting merely by pausing in his speech at one juncture and asking: "What is repudiation?" We can understand the joke, because, exactly a week earlier, the Citizens' Protest Meeting had taken place in the same hall, and the leading speaker was a clerical gentleman, the Rev. T. E. Ruth, who, after explaining that he was "not there as a politician," proceeded to preach a sermon about "moral disgrace," "financial disaster," threat to "integrity," and so forth, ending up with declaring that Mr. Lang had "earned the contempt of all honest-minded citizens." (*Labour Daily*, February 17.) There was nothing said to explain *what* the Protest Meeting was held to protest against, but everything to point out *whom*. The proceedings (which, by the way, were brought to an abrupt conclusion at 9.30 owing to interruptions and ejections of interjectors—it took six policemen to carry one of them outside) constituted a powerful advertisement for Mr. Lang's meeting a week later. Who wouldn't want to go and hear what this villain had to say for himself? And Mr. Lang was not slow to explain what repudiation was, and to explain how it had been adopted in other forms by the anti-repudiationists without being recognised as repudiation.

The word "Repudiation" is being used by the pro-bankers' movement in its narrowest sense of the

breaking of a formal contract. Mr. Lang, they say, has gone back on the terms of a formal loan-contract and has besmirched the honour and credit of Australia. But in February—weeks before Mr. Lang decided to stop interest payments in London—speaking at the meeting in East Sydney, he brought the subject of repudiation into its proper perspective. In one part in his speech that was loudly cheered he said (our paraphrase):

When Australia mobilised for the war, the Government said to the soldier: "Go and fight, and we will look after your family while you are away; and if anything happens to you we will see that they do not want." To the elector the Government said: "Keep us in office and we will see that your wages and conditions are assured both now and when the war is over." To the financier the Government said: "Lend us your money, and we will return it with interest when the war is over." The soldier, proceeded Mr. Lang, took the Government's word, and went to the war. The civilian took the Government's word, and voted for it and worked under it. But the financier did not take the Government's word; he exacted a written contract before he would lend any money.

There were thus, he concluded, three contracts; and Australia was now asked to endorse the repudiation of two of them made with the people, while fulfilling the third, made with the financiers. This is good argument for the five-furlong sprint of an election campaign; but it would be better, over a long course, to show "repudiation" to be an integral part of the existing financial system. The root of all repudiation lies in the automatic cancelling of repaid bank-loans. This causes the destruction of deposits, which amounts to a confiscation of savings, because it taps the fund of purchasing-power out of which savings must be put by if at all. The gilt-edged investment market in every country is supported by continuous confiscations of savings invested in ordinary shares. The numerous reconstructions and writings-off of capital in all parts of the world are examples of repudiation at work. The bankers' substitution of paper for gold currency in 1914 was repudiation at work. In fact the bottom truth is that what is called a "repudiator" is someone who has not been licensed to break his work. If Mr. Hatry had let his companies go smash when they first reached an insolvent condition, he would have been a free man to-day; but because he cheated the bankers in order to avoid repudiating his moral obligation to protect the savings of his shareholders, he is undergoing a 14-years' term of imprisonment.

The slaughter of shareholders in ordinary business undertakings occasions no concern to the bankers so long as nothing happens to weaken the general investment-habit. For the money lost by unsuccessful businesses flows to other businesses and through them reaches the banks as loan-repayments. Therefore the banker, though publicly improving speculation, is all the time privately exploiting it. Speculators and their victims, in the very process of expanding share-values, are automatically contracting the volume of circulating money. Thus, the very preparations made in Britain in 1918-20 to meet a boom in trade were the direct cause of the slump from 1921 and onwards. The bankers must have been fully aware of this, but did not issue any warning. If you control loan credit you can easily lend out sufficient to cause a slight rise in share levels, and thereby create confidence among investors sufficient to enable you to gather in all their spare credit. And if at the same time you get the Press to paint rosy pictures of the coming world demand, you can turn people like the Lancashire cotton operatives into investors also, with the same advantage to yourself.

On April 23 the Speaker of the Commonwealth House of Representatives excluded Mr. Joseph Alexander, correspondent in Canberra of the Melbourne Herald, "from the precincts of Parlia-

ment" because he had refused to say how he had obtained the text of the secret telegrams that passed between Mr. Scullin, when in London, and Messrs. Fenton and Lyons. The text was published last month, and was the occasion of a debate in the House on March 17. Apparently the telegrams revealed differences of opinion between Mr. Scullin and the Labour Caucus over financial policy and over the appointment of Mr. McTiernan and Mr. Evatt to the High Court Bench. When the telegrams were published the Leader of the Opposition moved the adjournment of the House to discuss the "discrepancy" between Mr. Scullin's policy as reflected in them and the policy that he approved after his return to Australia. Mr. Scullin described the publication as an act of "treachery."

It is interesting to recall that in our issue of January 22, when discussing Mr. Scullin's speech at Ashfield, delivered by him on his way back to Canberra after landing from England, we said

"Mr. Scullin, in contrast with his 'bravery' when telephoning defiance of the extremists from (probably) some bank board-room in the City, was very chary of announcing a definite policy. He had been sure of his policy when in London, and no doubt will be sure again when he gets to Canberra, or wherever else the City's observers in Australia are assembled to advise him: but just there, on that day, he got mixed up in his spelling, and talked blots where letters should have been."

And so would have any other responsible Australian politician in the same circumstances. For however convincing the principles laid down for his guidance in London, the natural consequence of carrying them out in Australia were more convincing still—in the opposite sense. As we said recently, even Mr. Lyons, at the head of the massed and munitioned Oppositions of "Little Commonwealthers," is taking care not to commit himself to any economic policy at all, but simply to a moral policy—the "return to honest finance," and suchlike meaningless formulae.

The leakage of information under discussion is a reminder of the fact, once alluded to by Rudyard Kipling, that power resides in the control of communications. It is the power to shut down, divert, or short-circuit the flow of knowledge and of things. Like the cat, finance stabs its claws into everything that moves: for movement is the dynamic element in power. Letters, telephones, telegraphs, broadcast-ing, newspapers, on one plane; and gas and electricity for light and heat on another—all these are filaments in the financial web of power, in which they are all fastened up to the radiating main filaments of "communication." There is only one kind of "control of finance" that is not yet under the direct control of financiers: and that is military communication, notably naval power. Armies and navies are the last remaining safeguard of populations against complete domination by financiers. Hence it is potentially a rival spider to the financier. The unanimity with which international finance calls for disarmament, and the strength of support it gives to pacifist organisations from the League of Nations downwards. The bankers' ideal, as Major Douglas has remarked, is a disarmed world in which they will control the only military force—a great economy of effort, for, as Dean Swift might have said, a few bombing-aircraft would be more than a match for a whole world in its shirt.

Mr. Joseph Alexander is excluded from the precincts of Parliament for refusing to tell how he

managed to tap one of the bankers' news-filaments. To put it that way is to supply the answer. Possibly Mr. Alexander does not know. It is quite conceivable that the disclosed text was sent to him anonymously. There was time for it to have reached him directly or indirectly by post from London. But, however it was done, the over-riding circumstance is that the news that leaked out was of a nature to help forward the policy of the bankers—to embarrass and discredit the "inflationary" Labour Government. So whoever blabbed knew he was safe; and we can assume that Mr. Alexander also knew that he could safely take the risk of divulging the news. As a matter of fact the Opposition, in the debate, found fault with the Speaker for imposing the penalty on his own responsibility, claiming that it was a question which the whole House should decide. What a contrast from France who kicked the majestic Hearst himself out of her territory for engineering a similar coup to this—one which, by the way, assisted the bankers' disarmament policy by exposing the projected naval agreement between France and Britain.

Mr. Montagu Norman has just recently come back from the United States with an idea for forming an international financial corporation under the auspices of the Bank of International Settlements. We are not surprised. The centralisation of finance in an international body, to be complete, must cover long-term as well as short-term investment. The business of the banker, as he always insists, is to keep his assets fluid and not lock them up. This of course also applies to the banker's banker—the national central bank—and, by extension, to the banker's banker's banker—the international central bank. The whole system is based on the short-term principle. Now, it is a logical development for there to be a parallel internationalisation of long-term financing, in which the opposite numbers to the three grades of banks would be, in order from bottom upwards, a company, a national holding company in that company, and an international holding company in that holding company. We will not discourse on the beautiful symmetry of the idea, but will proceed to inquire what it is intended to do in its embodied form. We can conveniently begin by observing what happens in British banking. The Bank of England, although its "resources" are only a trivial fraction of those held by the joint-stock banks, is able to control their policy. And by the same reasoning an international bank, if invested with the same degree of initiative relative to the Bank of England and other national central banks, would be able to control their policy without holding more than trivial fraction of the aggregated resources of these central banks. Thus, to illustrate, if the international bank—let us say the B.I.S.—were to be given the power to decide on what should be valid central-bank cash just as the Bank of England decides what is valid trading-bank cash, whatever it chose would possess a multiplied power of control per unit. Suppose, for example, it took powers from all the central banks (the Parliaments would not count—they have all formally renounced the right to interfere with monetary policy) to print and issue an international currency note—the World-Pound or the World-Dollar; it does not matter—then a comparatively small volume of such notes would direct the flow of all the other forms of money in the world. So much for the banking aspect of the scheme.

With regard to the investment aspect, it will be seen at once by any business man that the controlling power of a share could be multiplied in a similar way. Assume, for example, a group of industries of the capital value of £1,000,000. A No. 1 holding com-

pany could control the policy of the group by getting hold of £500,001 worth of shares. A No. 2 holding company could take top place in control by getting £250,001 worth of No. 1's shares. A No. 3 by getting £125,001 worth of No. 2's; and so on until, in theory, you arrive at a topmost holding company with an invested capital of say £5 in a position to say: "Go," or "Stop" to £1,000,000 worth of machinery and thousands of human beings. We suggest that Mr. Norman's "International Corporation" would take the form of a supreme holding company of this sort. If so, it is hardly necessary to say that the Bank of International Settlements and its member central-banks would willingly break with the long banking tradition of short-term credits, and "tie up" as much loan-credit in the Corporation as it could make use of. The Corporation's stock would be virtually indistinguishable from currency itself.

Whatever may be said for or against this view of the matter there is no question that the idea of loaning international gilt-edged credits on international super-holding securities is easy to put into operation. For one thing, the fact that it was being carried out, and the identity of the subsidiary securities indirectly brought under the Corporation's control, could be concealed. The holding of stocks by nominees is an everyday affair. For instance, who are the holders of the stock of the Bank of England? It is a private institution, and its stockholders have always had the right, collectively, to sell or pledge it where they like. We are still waiting, after several years, for an answer to our question whether, as has long been suspected, the Bank is under the majority-control—or may be outright control—of United States financial interests. Apparently no member of Parliament has realised that, whatever are the legal rights of the stockholders, the British public have a right to know how they have exercised those rights. The fraternisation of British and American banking authorities since the war has done nothing to slacken America's open pretensions to supplant this country as a commercial and political power in the world; and the relations between the two countries as trade rivals make it an improper act for anyone to tell the financial secrets of British industry's position unless he bears similar secrets in exchange; and it is a futile act in that case, because even if the bankers' diplomacy got us out of having to fight America, it would be bound to get us into having to fight for her sooner or later against our neighbours.

According to the Financial Editor of the Manchester Guardian (April 13) a preliminary feature of the Montagu Norman Conquest is that "all firms ranked as financially first class (in all the chief countries) should combine to subscribe the ordinary capital of an international company." Only £5,000,000, he says, would be needed in the first place. He might just as well have said £500, because later on he mentions that the public would be invited, on the strength of the first-class names, to put up £100,000,000 against debentures. So the selected subscribers of the ordinary shares (£5,000,000) would of course control the use made of the £100,000,000. The writer says that although to-day money is continuing to be lent, in London, New York and Paris,

"these loans are issued, for the most part, without clear indication how the money will be used, and still less in accordance with any plan for its usage. Sometimes, as with Rumania and Jugoslavia, the London and Paris authorities are openly at variance. Co-ordinated in a plan this lending could be rendered far more efficacious,

while the security would be sounder if the lenders stood by one another." (Our italics.)

This is a beautiful ramp. The ordinary shareholders controlling the Corporation's loan policy will all be sellers of something. When dispensing the £100,000,000 in loans to necessitous borrowing countries they will be in the position to tell them what to buy and from whom to buy it. The writer gives instances of the kind of firms who would participate, namely: Imperial Chemicals, Ltd., the Prudential Assurance, Unilevers, the Allgemeine Electrizitätsgesellschaft, I.G., Farben-industrie, Sofina (the electrical trust with headquarters in Belgium), and the "many sided Swedish concern of Krueger and Toll. In our pamphlet "Key To World Politics," published five or six years ago, we showed in the diagram accompanying it the place reserved for the "proposed Bank of Europe," as we then called it, and also exhibited one function of the League of Nations as being that of "rationing the world's markets." Norman's present scheme is a rationing scheme in the sense in which we then used the word; and probably it would have been left for the League to "discover" and adopt but for the unexpectedly quick development of events (especially Australian), which has called for quicker treatment than a public debating assembly is capable of giving it. From one point of view the plan is sensible enough. If there is only so much trade to be done, and the world's production capacity (with debt-burdens accordingly) is equivalent to two or three times as much, obviously the most reasonable way out is for some accepted authority to allot a quota to each country or international trust competing for the business. But when that is conceded all has been said for the plan. There is nothing to show that any more credit will be lent under it than is lent now. So the claim that it will "help trade" has yet to be made good. On the other hand, the British business community had better consider carefully whether it wants to see the British investor's money diverted from flotations in London for purposes which are known and presumably approved, and entrusted to a cosmopolitan combine for purposes which will not be foreknown and may injure their own interests in the event.

Admirers of Mr. Norman may, if they like, indulge in the reflection that perhaps the plan is part of a policy to consolidate Europe's power as a competitor against the United States. There is no evidence, so far as we know, incompatible with this idea; and there are some allusions in the Press to "coolness" in American financial circles to the plan. Our readers will remember, too, that Mr. Owen D. Young, in his speech at San Francisco to American electricity interests, appeared to think that it was America's exclusive mission to revive all backward nations with American dollars and American equipment. But it is too late in the day to rest hope in any scheme of international co-ordination, because if it were conducted with scrupulous fairness, every nation would necessarily receive a less share of export trade than it needed in order to balance its business budget and keep solvent, with the result that the more powerful would contract out of the co-ordination once more and help themselves to as much as they could—a policy which led to the last war. The proper basis of co-ordination is national—a co-ordination of internal production and consumption.

A Reuter cable from New York on April 16 reported the completion of plans for a new American bank to finance foreign trade. It would be backed by some of the biggest American manufacturers and exporters, and would start with a capital of £2,000,000. It would "carry American foreign

trade financing a step further than it has ever gone, originating new varieties of bankers' acceptances which it would be authorised to create under its charter from the Federal Reserve Board." (Our italics.) This bank, it will be seen, is to function in the same way as Mr. Norman's suggested finance-corporation; and the question is how far the two will work as partners and how far as rivals. Their operations are indefinitely expansible if they back each other, always provided that the economic consequences of their development to countries outside this Anglo-American combine do not provoke warlike resistance. The reference to "new varieties of bankers' acceptances" is interesting; and when fuller information comes to hand it may be seen to throw a sidelight on our above speculative analysis of the probable policy of the Norman Corporation—i.e. the creation of super-credits on the basis of super-shares; and the inter-manipulation and inter-mergence of these two instruments of economic government.

There is one immediate political advantage in the internationalising of lending, which is that a borrowing country will not know the identity of the lenders. Supposing that the debts of New South Wales had been owing to some international corporation: then Mr. Lang would, in defaulting, have used the argument which he has done, about the City of London financiers screwing more interest out of Australia than they had to pay to America in respect of war-borrowings. Again, a default against all the world gives all the world the right of dealing with it, and supposing the method had to be one of military force, the force used should logically be directed by an impartial international body—to wit, the bankers, who want to get control of such force. Further, as the writer in the *Manchester Guardian* said, the security of loans is improved when lenders stand together—which appears to mean, for one thing, that borrowing States shall not be able to play off different lending-groups against each other, or discriminate, as Mr. Lang did, between London creditors (whom he refused to pay) and American creditors (whom he did pay). Lastly, the internationalisation of the financing process completely severs it from any responsible personal agency: it virtually amounts to a super-planetary dispensation of power, directed, if directed at all, by what Matthew Arnold might have called "the Something Not Ourselves Which Maketh for Financial Righteousness."

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#### SOCIAL CREDIT AND THE AUSTRALIAN PRESS.

In the Labour Daily (Sydney) Supplement of February 28 there is a sympathetic and efficient review of Mr. Brenton's *Veil of Finance*. It occupies nearly three-quarters of a column. The writer (S. A. Rosa) says: "As a work of criticism 'The Veil of Finance' is good"; and he quotes passages (a) analysing British war finance (credit creation and debt-creation); (b) asserting that the valuation of a country's physical capital reflects a potential financial credit which the banks could create to issue to the community to offset the debt on that capital which producers need to cover; (c) asserting that every kind of personal income, without exception, could be increased simultaneously under Social Credit without any increase in the general price level of consumable articles. "The Douglas financial system," he concludes, "is ingenious; and appears sound. It merits investigation and study."

## The Films.

### Hindle Wakes.

One of the most interesting British film projects now in hand is the re-making of "Hindle Wakes" as a talkie. In its original form, this was among the half-dozen best English pictures of the silent era, and I would suggest that when the new version is available, enterprising exhibitors should give the public an opportunity of comparing the two. This would be a more interesting demonstration than the showing of a film in more than one language version, a practice that is now becoming somewhat common. Not that I do not welcome the opportunity to see "and hear" a picture in both English and German, or English and French, but it would be still more interesting to be able to compare the handling of the same theme in the sound and silent technique.

### Cain: Marble Arch Pavilion.

This is one of the occasional films to which it is not easy to do justice. It was made by Leon Poirier, the director of Verdun, who in that picture set so high a standard for himself that he is to be judged as a great artist. Unfortunately, "Cain" is not a great work of art. Mr. Poirier chose a theme that he could have handled as a simple and straightforward story, as a satire on or indictment of our civilisation, or as another "Chang." By blending these elements he has, as was almost inevitable, produced something rather formless, lacking in cohesion and failing to grip. There are only two characters of importance, Cain, played by Thomy Bourdelle, who was the German officer in "Verdun," and Zouzour, the native woman, in the person of Rama Tahé, an eighteen-year-old girl who had previously appeared at the Casino de Paris. She is very good. Mr. Bourdelle is not so good, since his performance is too inclined to be stagey, which may be due to over-direction. Mr. Poirier does not seem to have betrayed an excessive interest in the film, with the result that his protagonists fail to interest the spectators. I was frankly disappointed with the picture, which is incidentally provided with one of the worst canned musical accompaniments I have ever heard.

But "Cain" has its distinctly good points. It contains some admirable contrapuntal effects, the Nossi Bé setting is interesting and unusual, and there is some extremely good photography; some shots of portholes contrive, as in "En Rade," to give everyday objects a peculiar beauty. The film is almost without dialogue and also has few titles, and the last reel is excellent. If it had been made in Hollywood one would be inclined to be more lenient; but Mr. Poirier is to be judged by his own high standard.

### Young Woodley: Tussaud's and Stoll.

If even a minority of English films were as good as this, the native industry could claim to have developed an art. I have not seen the play, but as the dialogue for the screen version is also by John van Druten, I presume that it is a faithful transcript. The handling of this story of adolescent love, an extraordinarily difficult theme since it lends itself so easily either to sentimentality or ridicule, is here treated with the utmost delicacy and sincerity, and the result is that very rare thing, a film idyll. It is difficult to apportion credit between the direction, by Thomas Bentley, and the acting. Madeleine Carroll is superb as Laura Simmonds; in this impersonation, which is by far the best thing she has yet done, she definitely places herself among the few really distinguished English film actresses, and more than justifies the hopes placed in her by such critics, including the present writer, who discerned her promise from the time of "Guns of Loos." Frank Lawton, as Young Woodley, makes

a perfect partner, and Sam Livesay is admirable in the role of the complacent, overbearing, pedagogue of a husband, although he is rather inclined to overaccentuate the most disagreeable qualities of the part. The whole cast are so naturalistic as to appear to direct themselves, which is perhaps one of the highest compliments that one can pay a director.

Having bestowed a well-deserved bouquet on "Young Woodley," I am unfortunately also obliged to heave a few bricks. The film is characterised by three of the major defects of the British screen, halting speech, bad—in this instance, flat—lighting of many of the indoor scenes, and the inability to photograph players to the best advantage. Much of the photography, indeed, did a great injustice to Miss Carroll; Hollywood, by taking a little trouble with the lighting and focussing, would have emphasised her looks as well as her intelligence. And when will producers eliminate that most stupidly banal and ridiculous of all film clichés, "I don't understand"? I also wish that Mr. Bentley would not have insisted that in moments of the greatest emotional tension Laura should so far observe our dreadful English politeness as to remark to Young Woodley, "Won't you sit down?" If "good form" is anywhere really damnable, it is on the screen.

### Dreyfus: London Pavilion.

If even a tiny minority of English films were as good as this superb picture, then Elstree would definitely have created an art form. I rank "Dreyfus" not merely as one of the best English films ever made, but as one of the few that can be ranked alongside the recognised masterpieces of the screen, while it is also one of the most successful attempts at historical reconstruction to date. Much of its success must be attributed to the really brilliant direction and editing. With such a theme it would have been easy to become partisan, or to submerge the story in the propaganda; but what Milton Rosmer and F. W. Kraemer have done is to give us an intensely moving human story that would hold and interest the spectator if he were ignorant that every detail was based on fact, or even if he had never heard of the Affaire.

Acting, casting, and photography are alike admirable. The cast itself is uncommonly strong, including Cedric Hardwicke, as Dreyfus, Charles Carson, George Merritt, Sam Livesey, Kay Souper, Frederick Leister, Fisher White, Abraham Sofaer, George Zucco, and Randle Ayrton, even the smallest parts having been given to players of distinction. It is almost invidious to single out individual players, but mention must be made of Mr. Merritt's magnificent impersonation of Zola, while having seen Mr. Livesey (Labori) only two days previously as the schoolmaster in "Young Woodley," I can testify to his unusual versatility. Mr. Hardwicke's Dreyfus is a distinguished example of virtuosity, but he has made the mistake of playing the part on one note throughout; from his first appearance he creates the impression of a foredoomed and beaten man, a victim alike of persecution mania and inferiority complex. Hence his performance is lacking in the necessary contrast between the staff officer at the height of a promising career and the prisoner of Devil's Island.

It is a pleasure to be able to give such unstinted praise to an English film, and to place on record the restraint and sincerity of both acting and direction. There is not a forced or jarring note in the whole production, which is characterised by absolute fidelity to history, and is one of those extremely rare pictures that seem too short in the showing. I cordially recommend "Dreyfus" to my readers, especially to those who have still to realise the extent to which the moving picture may be a work of art.

DAVID OCKHAM.

## A Journey to Jerusalem.\*

The Powys brothers are a talented trio. Theodore, to whom this present volume is dedicated, despatches book after book from the Dorsetshire village where he dwells happily remote from the noisy liveliness of towns. John C. Powys, if not so prolific, has several good books to his credit, including an interesting "Confession" which he published in America. His latest book, "In Defence of Sensuality," has been much talked of. Llewellyn, who in 1909 was attacked by consumption and wrote a delicately humorous description of his experiences in a Swiss sanatorium, has lived to write several volumes since then, and still cheerfully survives to pen this individual picture of a journey to Jerusalem which he calls "A Pagan's Pilgrimage." These brothers, one gathers from their various publications, are most interested in each other and not only, as in this case, dedicate their works to each other, but constantly refer to what t'other said of this and that. Thus John refers to what Llewellyn said when he was in Africa; and not many pages of "A Pagan's Pilgrimage" have been read before we find Llewellyn saying that:

"Sitting with my brother John in the early part of the year on the downs above Ringstead, I had re-opened a life-long controversy. . . . My brother has always held that the basis of the universe is spiritual. . . . Lying by the side of his beloved form, with his deluded cat-head skull silhouetted against a flock of sheep, I listened to his perverse talk in amazement."

These public exhibitions of family affection are most touching. It is nice to think that these brothers know their public is interested in their fraternal amity, and can understand that Theodore is intended by a reference to, say, "The Seer of Chaldon."

In the antithetical title of this book is there a slight flavour of literary affectation? As one dips into the contents there are certainly indications of such a tendency: as in his use of such unusual words as "grallatorial," as in his occasional relapses into the sort of fine writing which is the prose equivalent of the cadenza in music—that is to say, a passage which sounds quite well but means nothing except that the player can use his instrument skilfully. For instance, I notice on page 45 that—

"The streams between the damp, shelving banks murmured softly. It was still daytime, and yet the dew-cool intimation of the classical evening were unaccountably apparent. A benediction as light and winning as wine was suddenly present between the triangular leaves, had encircled the gnarled illuminated olive trunks, had bewitched every uplifted stem in the green fertile plain."

Do these lines mean anything in particular? They remind me of the worst excesses of Conrad's prose, of that Conrad who, sometimes writing like an angel, could at other times so pack a description with adjectival and adverbial qualifications that nothing could be seen for words.

I agree that a few cadenzas are but harmless vanities in a man who, on the whole, has something to say and can say it pleasantly. There is no doubt that Mr. Powys has a subtle if not very original mind, and quite a poet's ear for a dainty epithet. At his best he writes well enough to be compared with Robert Louis Stevenson. And to one who can deserve that compliment ought I even to complain of a few unusual words like "grallatorial"? When I turn to my dictionary I see that it means "of the long-legged wading birds," and the author applies it with absolute propriety in describing a crane

which he found fishing on the banks of the Jordan. I must be careful not to confine another's vocabulary by my own. All the same, if Mr. Powys will excuse me, he will do well to be cautious of verbiage. An editor would have deleted the first two pages, if not the whole first chapter, of this book, which would begin much more interestingly with the concise sentences: "I embarked for the Holy Land at Venice. The European summer had broken up. For several days. . . ."

I suppose it is about time I said something about the pilgrimage. But critics are constantly being asked by authors to be "constructive" instead of "destructive" in their criticisms. I hope Mr. Powys will allow that the above remarks are "constructive," though I suspect he will regard them as impertinent.

To the book then. Mr. Powys is a most intelligent tourist, sees all sorts of amusing and interesting things, is sincerely moved by the historic atmosphere of ancient towns and monuments, comments on what he sees and hears and feels with sufficient individuality, and regards with perhaps rather youthful disdain the average Englishman abroad and anyone else whom he considers stupid. He has one attack of hæmorrhage which disables him for a few days, but when it is over he forgets all about it—or at least allows us to do so, except for a very occasional reference to his disease. He has now largely got over that self-consciousness of the consumptive which in all who write under its shadow—Katherine Mansfield, Barbellion, Stevenson—unavoidably creeps into whatever they are doing. I enjoyed some of the things he overheard much more than his rhapsodies over the Lake of Galilee or his rather sentimental meditations on death and superstition and all that while he gazes at Nazareth. I enjoyed this, for example:—

"We were being followed by another carriage driven by an old man. Our postboy kept looking back at him. 'Why should he still be driving,' he said, 'when times are so hard? His bones are old, they ought to have been in the grave years ago. Yet here he is still taking fares from us and stuffing his guts every evening with expensive macaroni.'"

You will observe the "we" in the above quotation. The author did not travel alone. We learn that in the first few pages. One quite naturally wonders who this companion is, but not until well into the book is the anonymous "we" broken by a reference to a Miss Gregory. So the other pagan is a lady? Is she friend, nurse, or what? Evidently she is not a wife. The question lies unanswered until page 114, when we find that at any rate Miss Gregory sleeps in the same room with the author. But he will not go further than to tell us that, which seems to me to be either too much or too little. We come to the last page without the least description of the woman, without a thing to help us guess whether she is young or old, tall or tiny, blonde or brunette, beautiful or ugly. Really, Mr. Powys, if you think it wise to tell us that you sleep in the same room with your spinster companion, you can hardly complain if we want to know more about her. Did you introduce her to let us know you were a "dog" as well as a pagan? This question of your shadowy companion has been thought unworthy of notice in such reviews of my book as I have read. Perhaps it is indiscreet of me to contravert it. But as you know—for you were once a contributor—THE NEW AGE has indiscretion in the blood, and besides, just because you won't tell me about Miss Gregory, I want to have a description of her, I want to know what she thought of the Holy Land and of you. The only picture I have of her is when she is coolly dodging a swarm of mosquitoes what time you have fled with your hands over your face.

JOHN SHAND.

\* "A Pagan's Pilgrimage." By Llewellyn Powys. Longmans. 7s. 6d. net.

## Music.

Courtauld Concerts: April 15 and 17. Mahler Second Symphony.

Lovers of Mahler's exalted and mystical genius, like myself, it can easily be imagined, availed themselves with glad eagerness of this double opportunity to hear this very typical specimen of the Master's work under a Mahler exponent of such unquestioned authority as his friend and disciple, Bruno Walter. And as far as wholehearted sympathy with and understanding of this strange, ardent, and very beautiful Catholic-souled Jew that was Mahler Herr Walter could not have been surpassed. It was the orchestra who distressed one by their blatant lack of sympathy and spiritual understanding of this music when they did not distress one by their technical gaffes, though on occasion they combined the worst of two worst possible worlds. And in this want of sympathy and spiritual understanding we have a clue to the lack of appreciation of Mahler's work in this country, for the type of Catholic mystic of whom Mahler was so remarkable an example—St. John of the Cross is another, and one with whom I feel Mahler's spiritual kinship is particularly close—has not only never been produced in England (Francis Thompson is not at all of this category), but is something radically alien to the English temperament. And our critics, having not even the mild modicum of insight to perceive this proceed, after the manner of their tribe, to rationalise or, as I would rather say, forge spurious reasons for this and their dislike. Mahler's symphonies are of such "interminable length." The longest of them lasts an hour and three-quarters—the "Messiah" takes at least two and a half, and "Gerontius" the best part of three hours, but no one thinks of complaining.

Then again the weakness or undistinguished nature of Mahler's themes is alleged. Assuming for a moment that that is true which has to be proved—though to those who really know their Mahler his themes have a character and an individuality that is unmistakable—how foolish is this preoccupation with the quality of themes in themselves, how lacking in any sense of proportion! Themes are no more the beginning and end of composition than subjects or models are of painting; they are of very minor importance at most, a fact that was well realised by the great Flemish Masters who wrote masterpieces around a trivial little popular song. And the magnificence, nobility, and grandeur of the musical structure that Mahler raises again and again out of possibly refractory and unpromising material, instead of being a reason for hurling reproaches at him is a reason for admiring and honouring him the more. Who, for instance, given the opening bars of the third movement of this Second Symphony, with their drily wry, woodwind ejaculations, would dream of the lovely, warmly glowing E major section that is to come with the exquisite trumpet song shot through it, like a gleaming gold thread, the whole effulgent with a soft radiance and luminous serenity—one of the most magical passages in all music—or the shattering climax that arrives at the summit of a movement that is as remarkable for its superb shape as for its musical beauty pared down again to a quiet little enigmatic close that leads with matchless art into the transcendental and rarefied atmosphere of the solemnly beautiful fourth movement with its lovely alto voice part? And how describe that vermillion fifth movement with its astonishing diversity of mood and feeling, yet so finely co-ordinated, planned with such supreme mastery that the ecstatic and overwhelming final pages arrive when they do with a feeling of ineluctable predestination, the inevitable goal towards which the entire mighty

work has been moving with its majestic, richly imaged utterance, dignified yet impassioned? Here, indeed, is one of that tiny number of works a hearing of which is a major spiritual experience akin to the ecstasy of the sages and seers, and it is very well that such works be not popular. . . . lacking that "common touch" of which we have quite unnecessarily much. They escape that too much touching which inevitably makes common, and they remain a precious and treasured shrine to those few who can receive the rare and rich beauties they have to give. The two small but important solo parts for alto and soprano were sung by Mesdames Helletsgruber and Szanthe respectively. Than the first an infinitely better choice would have been that great artist Emmi Leisner, who is very shortly to give a recital here—a superb exponent of Mahler. Mme. Helletsgruber indulged in far too much emotion and interpretation-mongering as a substitute for pure and beautiful singing. Her colleague, Mme. Szanthe, on the other hand, was entirely admirable, beautiful, clear, bright, steady tones riding over the great orchestral and choral masses in the climax with really electrifying effect, while never departing from the mystical spirit of the music. This was ideal Mahler singing. The chorus, a contingent from the Royal Choral Society, did excellently, and sang their German text quite acceptably, for, mercifully, no attempt had been made to pervert this into ballad-blither-balderdash, after the manner of the last notorious occasion when a great Mahler choral symphony was done in this country, when those responsible gave the translation of Goethe's ineffable final choruses from "Faust" to a gentleman whose Muse would have ruptured a bloodvessel in attempting to emulate the "lyrics" that used to serve Mesdames Liza Lehmann and Teresa del Riego.

KAIKHOSRU SORABJI.

## Verse.

By Andrew Bonella.

Mr. A. Newberry Choyce's little volume\* contains better stuff than its pretentious cover of heliotrope and bronze would lead one to suppose. Mr. Choyce does not command the inevitable phrase that belongs to the highest inspiration, or the gift of perfect cadence that marks the ear of a major poet; but, failing these, he has a distinct gift of word and melody. Here is his lyric at its best:

O golden dreamer, you shall rise  
About the time of daffodils,  
When birds are busy with their cries,  
And walk along the trembling hills;  
And startle in the twilight hours  
The loiterer across the lands,  
To see what strange immortal flowers  
You carry in your ghostly hands.

The informality of the following opening has a similar, though a weaker, charm to that of Donne's "For Godsake hold your tongue, and let me love":

I make no bones about it . . . I love you  
In these prosaic, unsentimental days;

but what follows lacks the vigour necessary to carry it off.

Perhaps the best thing in the volume is an epigram which appeared, I believe, in THE NEW AGE:

Epitaph for Chatterbox.

Here lies a little gossip  
Would tell us everything she'd heard:  
And now she has immortal news  
And will not ever breathe a word.

A "Times Literary Supplement" reviewer has reiterated what I believe, under correction, to be a complete misunderstanding of the metre of Chapman's magnificent "Iliad." The mistake, if it is

\* "Not Until Gilboa." By A. Newberry Choyce. (Elkin Mathews and Marrot. 3s. 6d.)

one, carries the weight of considerable age and Matthew Arnold's sanction; but Arnold, at any rate, great critic as he was, had little knowledge of prosody. Chapman's verse, as we all know, is a fourteen-syllable rhymed couplet; thus:

But Agamemnon, foremost still, did all his side exceed,  
And would not be the first in name unless the first in deed.

This measure, says our reviewer, is merely two lines of ballad metre put end to end. Mathematically, of course, this is correct, so long as  $8 + 6 = 14$ . We can print a ballad stave thus and couplet for couplet there is no apparent difference:

Then leaving strife, Earl Percy took the dead man by the hand;  
And said, "Earl Douglas, for thy life would I had lost my land."

But I contend that the difference between Chapman's verse and the ballad stave, as they are ordinarily printed, becomes obvious in a passage of any length.

Without going into the contentious question of how long the reader should pause at the end of the line, it must be admitted that typographical division does affect the reading. If not, what is there to stop blank verse—since there is no rhyme to determine the end of the line—from being printed as iambic prose? Or again, take Commodore Truncheon's epitaph, which is not verse at all:

He kept his guns always loaded,  
And his tackle ready mann'd,  
And never showed his poop to the enemy  
Except when he took her in tow.  
But, his shot being expended,  
His match burnt out,  
And his upper-works decayed,  
He was sunk  
By Death's superior weight of metal.  
Nevertheless,  
He will be weighed again  
At the Great Day,  
His rigging refitted,  
And his timbers repaired;  
And, with one broadside,  
Make his adversary  
Strike in his turn.

Dare anyone deny that the prose has gained weight and dignity by being set in lines?

It might be answered that the difference is only due to imagination. I ask, then, what poetical effect is *not* due to the imagination? To what but the imagination does the line "Over the hills and far away" owe its peculiar and admitted beauty? Read Chapman's "Iliad" as it is ordinarily printed, in the "fourteener" line, and you must admit a sense of strength and speed that the old ballads, with all their beauty, know nothing of. Chapman has his faults; he is by no means entirely Homeric, and sometimes his gallop falls into a jog-trot; but at his best he is capable of effects which are unique in English poetry.

I have thought the point worth making at some length because it is so easy to say in a superior way, Oh, but, of course,  $8 + 6 = 14$ , and therefore the fourteener couplet is only the ballad stave printed another way. Eight and six may equal fourteen, but the two things are not identical, either typographically or conceptually. Break your friend's walking-stick across your knee and give him the two pieces with the remark that two halves equal one whole; the weight of his reply will certainly be on my side of the argument.

Another point; the grouping of the following line does not suggest a break after "on":

Lay Meleager, feeding on his anger, for the harms . . .  
and here are three more in which the break comes in the middle of a word:

The Morn arose, and from the ocean, in her saffron robe . . .

The Greeks thus arm'd, and made insatiate with desire  
of fight . . .

And now they reached the goodly swelling channel of  
the flood . . .

I have not access to whatever original MSS. or copies of the first edition may be extant, but if it were objected that the verse was first printed in the ballad form I should certainly be disposed to blame the printer. Only Chapman's original autograph MS. could convince me that lines such as these were written in two halves:

Each cried to other, Cleanse our ships, come, launch  
aboard, away.

But conquest's garlands hang aloft, amongst th immortal  
Gods.

That thou might'st speak, when speech was fit, and do,  
when deeds were done.

## Conjuring with Gold.

### AN ADDRESS TO THE UNEMPLOYED.

In public discussions on practical economics, beware of anybody who dabbles in expressions like the following:—

The gold standard.  
The purchasing-power of gold.  
Gold values, or gold-prices.  
Gold-backing, gold-holdings, bullion-stocks.  
Gold measurements or gold ratios.  
Gold supplies.

Economy in the use of gold, or making gold do more work.  
Convertibility into gold.

The person using them is either consciously trying to confuse you or is himself the victim of confusion. In the former case the motive is to discourage you—to make you feel that you cannot contribute anything to the solution of the economic problem without first going through years of deep study of the operation of the "laws of gold." There is not the slightest need to do so: moreover, if you try it on your will, at the end, be further off from the knowledge you want than you were at the beginning. The short proof of the futility of such a study is to be seen in the fact that the banking authorities themselves are divided in opinion even on such a fundamental question as whether the use of gold is necessary for running an economic system, let alone such questions as to how much gold is wanted or how it shall be distributed between various countries.

The truth is that there are no "laws of gold"; and therefore there is nothing to be learnt about them!

Take the expression, the "gold standard." All this means is that the banks have chosen to fix the price of gold; they have decided that the price shall always be, approximately, £4 per ounce. And the method by which they keep the price at that figure is by agreeing to pass legislation for all the gold that may be offered to them. They do more than agree; they have got Parliament to pass legislation compelling them to do so. Supposing that new mines were discovered this year which suddenly doubled the world's production of gold; the banks would be legally obliged to buy the double quantity if it were offered to them.

You may wonder where they would find the money to pay for it. The answer is that they would manufacture the money—in principle they would print, let us say, four new £1 currency-notes and hand them to the seller for every ounce of new gold. These currency notes, you will realize, are not the banks' property; they are public property. Therefore the gold for which they are exchanged is exactly property—public in the sense that everybody in the country is really a part-owner of the gold. The position is exactly as if, let us say, the Bank of England had printed, say, £20 million worth of £1 notes, had given one each to every adult in the country, and these adults had paid the £1 millions to the gold-mining proprietors, and had told the Bank to deliver the 5,000,000 ounces of gold to the Bank for their Bank to mind for them.

Notice one important fact that comes out of this analysis: that the banks have the power to buy anything at all

\* We showed this in our previous article, "The Banks and Unemployment," when we discussed the way in which they manufactured money for the war.

at any price you like to mention, and in any quantity you like to mention. There is no technical limit to the quantity of money they can manufacture, and therefore no limit to the quantity of things they can buy, if available to be bought. Their profit-and-loss account, so to speak, remains unaltered whether they expend one million or a hundred million. The limit is political, not technical; i.e., if the people of this country wish the banks to do these things, the answer, "We can't," is impossible: the only intelligible answer is, "We won't." In respect of monetary policy, where there's a political will, there's a technical way.

Another important fact is that when banks buy gold, or anything else, the result of their doing so is that *new money comes out into circulation*, whereas all other sorts of buying and selling leave the amount of circulating money unaltered. This has been explicitly confirmed by Mr. Reginald McKenna, the chairman of the Midland Bank.

Now for the practical bearing of these facts. Supposing you proposed to the banks that, as well as buying gold, they should agree to buy any and every kind of consumable article at prices showing a reasonable profit to the producers. (Never mind the practical difficulties of arranging what the prices should be and where the articles would be stored; because we are investigating principles here, and are not putting forward a plan of action.) We have seen already that all the money required could be provided. So if the banks agreed to the principle, every producer would know that he could sell everything he could make, and that the more he made the bigger profit he would get. Consequently the unemployed would be called back to work. They would also be paid adequate wages, because (a) the employer would be certain of getting prices which would cover such wages, and (b) the trade unions would be able, if necessary, to use their bargaining-power to secure such wages. The industrial system would soon work its way up from half-speed output to top-speed output. It would have two markets: (a) a market of private individuals with earnings in their pockets, and (b) a market of bankers with new money ready in their tills. Suppose, for the sake of argument, that industry sold direct to the consumers one-half of the output, and charged them prices which absorbed all their earnings. This would leave it with the other half to sell to the bankers. This done, the bankers would be in possession, in charge, or in control of a vast aggregation of consumable goods. And, for reasons we have shown in respect of gold, these goods would belong to the community. The bankers could not claim ownership, nor, if they could, would they be able to make any use of all these goods. On the other hand, the community could and would claim ownership, and would be able to make use of them. Thus there would be, visible to all men's eyes, this great pool of actual articles of consumption—a great national "fund" of goods from which every man could draw his share of, let us call it, a National Dividend. Exactly on what basis the distribution took place does not matter to the argument: what is important is that in a situation like this the arranging of a system of distribution would be within the competence of almost anybody; and the bankers could not possibly pretend that it could not be done, and certainly could not submit any rational argument why it should not be done.

Now, as we said just now, there are some practical objections to the above particular way of financing production and consumption; nevertheless they could be overcome if necessary. One of them is, of course, the enormous trouble it would involve in ascertaining the costs, profits, and prices of the thousands of different articles in question. Others we have already hinted at. But, happily, Major Douglas has discovered a way of cutting them all out and getting the desired result just the same. The reason why we put forward the above imaginary plan rather than his is because it enables you to see more clearly the main principles on which the Social-Credit remedy for unemployment can be based, and because at the same time it discloses the fact that the banking interests hold the key of the whole problem. Incidentally, it affords one or two hints as to how to deal with the bankers' objections to using this key for the good of the community.

Here, for example, is one way in which to cross-examine anybody who stands for the banks' present policy and gabbles a lot of stuff about "gold" as a reason for doing so. Take a country like Canada. We choose Canada because in that country more than enough wheat is grown to feed the population, and because lately some of the very people who grow wheat there have been actually starving. Now, your challenge could take this form: "Why not adopt a bread-standard in Canada?" Why not fix the price of bread at a certain figure sufficient to cover the cost and profit of farmers, millers, and bakers; and arrange that the banks shall buy up all the bread left unbought in the ordinary course of trade; and, lastly, arrange for the

"bankers' bread" to be distributed to the Canadian public under some system or other—whether in equal shares or according to the poverty of the recipient? What is now required is to examine the bankers' objections, objections not to this plan as a plan, but to the principle illustrated by the plan. The principle can be stated thus: If a community makes goods, and if after spending all its money there is a surplus of goods, the surplus is a distributable dividend to which they have a claim without tendering any money at all. To talk about "free gifts" or "something for nothing" in such a case is as much nonsense as if it were said against the paying out of war-loan interest.

Let us summarise the facts about this hypothetical bankers' mountain of bread:—

(1) It does not belong to the producers. They have sold it and got their money. They are not concerned about what becomes of it.

(2) It does not belong to the bankers. They bought it with manufactured money—money which, directly they manufactured it, was everyman's money.

(3) It *does* belong to the community, who are concerned about what becomes of it. Every man needs and wants to have his share of what everyman's money paid for.

(4) The bankers' only legitimate concern with what becomes of it is their concern to get their share, as ordinary citizens, along with the rest.

(5) The banker's duty is to apply some scheme for distributing the bread. If he cannot, there are others who can. If he won't, there are others who know what to do with him.

If you open a discussion along this line with an apologist for the present system you will find, in nearly every case, that he will eventually close the argument by saying: "Oh, what you say might be all right in a country which had no foreign trade; or in a world-state with a single government and banking system: but as things are now your ideas are impracticable." Particularly will he say that gold, even suppose it wasn't necessary for internal trade, would still be necessary for external trade—"in order to adjust international trade balances." There are several answers to this, which we will discuss on another occasion. We can indicate one of them; which is briefly that the bankers (who are fundamentally "free traders") have often advanced the argument that protective tariffs are unnecessary because movements in exchange rates automatically serve the same purpose—that movements in these rates correct over-buying or over-selling by any country, or in other words that in the long run they cause the imports and exports of every country to balance each other. This means that if you wait long enough there will *not be any trade balances to adjust with gold*, because the adjustment will be made with goods. If this is true, then any country's debt owing abroad at any given time is a *temporary* debt which is in process of adjusting itself. If that is so the question arises: Why hurry to send gold in payment? For all international debts are debts between banks: and as banks are internationally affiliated in one Trust, the mere registration of the national debits and credits in the ledgers of the Trust is all that is necessary—no gold need be shipped out of one bank-vault to another. The Trust can wait for the end of the "long run," when everything will, as is claimed, come right. A. B.

### BANKS AND BONDS.

"The American veterans of the world war . . . have been demanding an immediate payment to them of a sum not exceeding £70,000,000. That indeed was the highest figure mentioned during the controversy, and even those who spoke for the veterans were ready to consider a lower total, but the maximum of \$3,400,000,000 or £700,000,000, was generally fastened upon by the opponents of the payment who were out to bring home the perils of the proposal . . . Emphatic opponents of any large-scale payments were such financiers as Mr. Mitchell, of the National City Bank; Mr. Herbert Case, of the Federal Reserve Bank of New York; and Mr. R. C. Stephenson, president of the American Bankers' Association. . . Mr. Case . . . maintained that 65 per cent. to 75 per cent. of existing U.S. bonds are held by corporate investors, and more than half, or 40 per cent. of the total, by banks. All agreed that the banks would have the greatest difficulty in adjusting their portfolios to the new values if the proposal were carried. . . —The Manchester Guardian Commercial, February 26, 1931.

## Sweepstakes and Lotteries.

Our legal system presents a mass of anomalies and anachronisms bewildering alike to native and foreigner. In England an individual may bet by telephone or on the racecourse with impunity, but if he is inclined to bet on the street or in "a place kept for the purposes of betting," he is liable to be prosecuted. If he is a member of a club where cards are played, there is nothing to prevent his losing his fortune at poker, but he must not do so at baccarat. If he makes a losing bet with a bookmaker, the latter cannot compel him to pay it, but if he promises the bookmaker to pay in consideration for not being "posted" as a defaulter, then the amount of the bet can be recovered at law. In Chelsea he cannot obtain a drink in a public-house after 10 p.m., but in the adjacent borough of Kensington he may quench his thirst till 11 p.m., while in the West End he may get drunk till midnight, provided he buys for consumption at the same time a sandwich or some other substance which constitutes "a meal"—which he need not eat! Similarly, it is illegal anywhere in England to sell matches after 8 p.m. for the purpose of smoking, but they may be sold after that hour for domestic use. His dramatic tastes are controlled by an officer of the royal household, whose multifarious duties extend from the licensing of plays for public exhibition to the cleaning of Buckingham Palace windows. But whereas the decrees of the Lord Chamberlain are absolute, any local authority is at perfect liberty to disregard those of the Board of Film Censors. In theory, if he attends a cinema on Sunday, or buys a newspaper on the same day, he commits a breach of the Lord's Day Observance Act, 1781, but in practice he may do either of these things without the slightest risk of being sent to gaol.

Perhaps the most outstanding example of legislative stupidity is provided by the law relating to lotteries. A person may sell a ticket in the Calcutta Club Sweepstake, for instance, but he may not do so in that conducted under the auspices of the Irish Hospitals without infringing the law. Similarly, he may not form a company for the purpose of selling foreign lottery tickets in England (*R. v. Registrar of Companies, ex parte More* [1931], *The Times*, March 10, April 21), but he may form a company in England for the purpose of operating a lottery abroad (*Macnee v. The Persian Investment Corporation* [1890], 44 Ch. D. 306). Again, it is an offence under the Lottery Acts to announce in a newspaper the draw of a sweepstake as an advertisement, but it is not an offence merely to announce the result of the draw and the winning numbers. Finally, a "limerick" competition, in which prizes are given by a newspaper for the best last line, is illegal, and its promoters are liable to be fined, imprisoned, and whipped under the Lottery Acts (*Blythe v. Hulton and Co., Ltd.* [1908], 24 T.L.R. 719). On the other hand, a "crossword" competition which permitted of several solutions has been held not to constitute a lottery (*The New Blind Crossword Case* [1928], *The Times*, Feb. 1 and March 2). "The question in this case," said the magistrate (Sir Chartres Biron) "is not whether there is a large or even predominating element of skill, but whether the question of skill is entirely eliminated. In regard to many of the words, their solution did not require much or any skill, but the puzzle must be taken as a whole. The puzzles must appeal to a great many people of not very great intellectual attainments, and—to them—the problems might present considerable difficulties." But the decision in the first of these two "competition" cases was given on the ground that the editor had an arbitrary unfettered choice as to who would be declared winner, and on principle it is difficult to see why that ground should not cover the second case also.

A lottery has been defined as "a distribution of prizes by lot or chance" (per Hawkins, J., in *Taylor v. Smetten* [1893], 11 Q.B.D. 287). In England the earliest lotteries sanctioned by Government were promoted in aid of public enterprises. Queen Elizabeth is said to have been the first royal patron of a lottery, the profits of which were devoted to "the reparation of the havens and strength of this realm, and towards such other publick goodes workes." Lotteries became increasingly popular in the country till 1698, when an Act of that year (10 and 11 Will. IV., C. 23) prohibited all except state and a few private lotteries, e.g., the Greenwich Hospital Lottery. Further Acts were passed during the eighteenth and early nineteenth centuries forbidding all private lotteries, and imposing penalties for breach of their provisions (viz., in 1710, 1722, 1733, 1738, 1787, 1802, 1806, and 1823), but the object of these Acts was to prevent com-

petition with State lotteries. In fact, until 1824, the Government annually raised considerable sums of money in this way, prizes taking the form of terminable or perpetual annuities. The last lottery loan was fittingly introduced into the House of Commons by "Prosperity" Robinson\* as Chancellor of the Exchequer in 1823, but throughout the remainder of the nineteenth and the present centuries the Lottery Acts continued to be enforced, although their original object had avowedly been the encouragement of State as opposed to private lotteries. From time to time, it is true, Select Committees of the House of Commons were appointed to enquire into the state of the law on this subject, but, like many similar Committees, they wasted time and money, and eventually made ineffective recommendations. The nearest chance any kind of lottery has had of becoming lawful again was in 1918, when Lord Lansdowne's Lotteries (War Charities) Bill, by which officially recognised charities might conduct lotteries to raise funds on their own behalf, was rejected by four votes in the House of Commons, after having successfully passed the Lords.

It follows from the definition given above that the simplest form of lottery is the sweepstake. There has never been any doubt that the promotion of a sweepstake is an infringement of the Lottery Acts—the earliest decision was given in the case of *Allport v. Nutt* [1845], 1 C.B. 794, in which it was held that a sweepstake on a horse race is an illegal lottery within the Acts of 1698 and 1802. As the sale in this country of tickets in foreign lotteries is also illegal, a company formed in England whose object is to sell tickets, for example, in the Irish Hospitals' Sweepstakes, will not be permitted to register at Somerset House (*R. v. Registrar of Companies, ex parte More* [1931]) *The Times*, March 10, and April 21). But the Lottery Acts say nothing about the formation of a company in this country to operate a lottery abroad, so that a company incorporated here for this purpose apparently commits no offence (*Macnee v. Persian Investment Corporation* [1890], 44 Ch.D. 306). Again, it may be observed that sweepstakes, such as the sale of these Stock Exchange, are legal on the ground that the sale of their tickets is theoretically confined to the members of these institutions. Yet it is well known that it is as easy for any member of the public to secure as many tickets as he can pay for in either of these lotteries and sell them to others, as it is for him to secure as many drinks as he likes to consume after he has passed the Statue of Liberty. On the other hand, the sale of tickets in lotteries on behalf of the Irish Hospitals is illegal on the ground that such a sweepstake is a "public nuisance."

As lotteries are "public nuisances" persons setting them up and selling tickets in them are liable to be indicted accordingly. If the authorities proceed against a promoter of a lottery under the Act of 1721 the offender may have to pay £500 and be imprisoned for one year. For selling tickets in a lottery, either domestic or foreign, the offender convicted under the Act of 1823 may have to pay £50, be deemed "a rogue and vagabond," and suffer imprisonment and whipping. Under the Gaming Act of 1802 magistrates are authorised to issue search warrants upon information on oath as to where offences against the Lottery Acts have been committed, and for the arrest and imprisonment of persons found on premises entered in accordance with the provisions of such a warrant. By the Summary Jurisdiction Act, 1879, all offences under the Lottery Acts may be dealt with summarily (i.e., by a magistrate). It seems scarcely necessary to point out that as regards all recent convictions under the Lottery Acts, at least in the case of sweepstakes for charitable purposes, the magistrates have inflicted merely nominal fines, at the same time frequently expressing their disapproval of the law, which their offices compel them to enforce.

Some reference must be made to the Post Office, a public institution which derives considerable revenue from the transmission of "bookies" telegrams, while refusing to transmit any communication respecting "sweep" tickets. The statutory order which gives the Post Office authorities a general power of control over all such communications is a typical example of departmental obscurity. Under the Statutory Rules and Regulations, 1923 (sub. Post Office No. 575, Rule 7), the Post Office is forbidden to deliver any letters or open packets containing indecent matter or such as "would be likely, in the opinion of the Postmaster-General, to embarrass the officers of the Post Office in dealing with the packet in the post." The regulation gives the express authority to open such a communication, but exactly

\* Frederick John Robinson (1784-1859), afterwards Viscount Goderich and Earl of Ripon. The only English Prime Minister who never called a Parliament—the "transient and embarrassed phantom" of Disraeli's *Endymion*.

how a postal clerk is to know what a letter contains without opening it, so that he may register his "embarrassment," the official who drafted this piece of bureaucratic casuistry does not deign to explain. In addition, of course, the Postmaster-General may always obtain "an express warrant in writing under the hand of a Secretary of State" authorising the opening of any postal packets in transit for a particular purpose (Post Office Act, 1908, Section 56), which warrant the Home Secretary has issued before recent Irish "sweeps." But even here the Home Secretary, in saying that breaches of the Lottery Acts "have been brought to his notice" by the postal authorities, acts disingenuously, since it was on his instructions that the specific search of letters was made which led to this revelation.

Opposition to the repeal of the Lottery Acts comes principally from two classes in the community, but they base their reasons on widely different grounds. First, there are a number of organised religious denominations which consider that lotteries are immoral, and, furthermore, that in the case of sweepstakes for charitable purposes, their legislation would result in the institutions so benefited ceasing to obtain the financial support of those individuals who are in the habit of subscribing to them. This view is taken by a large number of people who have indisputable claims to being "right-minded" citizens. But the main opposition to the revival of lotteries comes from those interested in gambling and racing, just as the most powerful of those who oppose the repeal of the 18th Amendment to the American Constitution do so from similarly interested motives. It is felt that lotteries legally organised on a large scale would injure bookmakers and commission agents, and would even diminish speculative dealing in stocks and shares. Also the Jockey Club has expressed disapproval of large "sweeps" which give prizes for all starters, since this opens up the danger of fields becoming unnecessarily large, and of a dishonest owner demanding some of the "sweep" money from the individual who has been fortunate enough to "draw" his horse—or the horse will not start! At present there is nothing to prevent such an owner from acting in this way, and a change in the law regarding lotteries is the only legal method of eliminating the risk of such a grave abuse becoming prevalent.

Sufficient has already been said, on the one hand, to show the illogicality of the present law, and, on the other, the disinclination of the judicial authorities to enforce, and of the public to observe it. From the historical point of view, the object of the Lottery Acts, which are all over a century old, was to encourage State lotteries by prohibiting private ones. When the Government ceased to raise revenue in this manner the Lottery Acts should have properly been repealed. From the practical point of view the Lottery Acts are very difficult to enforce; first, on account of their inherent fusion and lack of codification, which has frequently mystified the Bench; and, secondly, because the authorities are quite unable to cope with the various means directed by the members of the public towards their circumvention and the consequent sending of large sums of money out of the country. The repeal of the Lottery Acts and the legal recognition of lotteries (they already possess social recognition) is a reform which is being called for in many quarters. It is to be hoped that when it comes it will be so qualified as to ensure the most scrupulous protection of the public interest.

ERIC MONTGOMERY.

## Reviews.

**The Australian Banking and Credit System.** By A. L. Gordon MacKay, M.A., M.Ec. (P. S. King and Son, Ltd.)

Mr. Gordon MacKay is perhaps the outstanding authority on the subject treated in this book of 255 pages, which contains all the information necessary for a survey of Australian finance. The earlier portions of the book are devoted to a presentation of the statistics of the existing and defunct Australian banks, followed by an examination of the various financial crises which have passed over the country. There is an interesting commentary on the incursion of the United States into the Australian loan market, and the book concludes with a valuable essay on central banking, in connection with which Mr. MacKay makes the following remarks: "A study of the constitution of twenty-six central banks that have been set up since the war leaves one with the impression that all central banks suffer from a complex against inflation. . . . Let it not be imagined that, in learning to control inflation in Europe by means of how to control currencies, the central bankers are making a serious contribution to the problem of how to control credit. This is Australia's problem, to the solution of which Australia can hope to make as great a contribution as the peoples and bankers of the older countries."

C. D.

**"Beans Spilt in Spain."** By Jan Gordon. (Hutchinson, 7s. 6d.)

Lionel Masson, an artist with a keen colour sense, is disappointed in love, and seeks refuge from his thoughts in a train journey across Spain. He is about to eat some tinned beans, when it strikes him that their colour is just that of the hair of the girl who has "turned him down." Impulsively he throws the beans out of the window—full into the face of the ticket collector, who is working his way along the footboard! To avoid legal complications, he takes refuge in an obscure fishing village, and falls in love with the daughter of the local mayor. The mayor, doubtful of his financial position, discourages the match, and gets him put into jail. . . . The rest of this high-spirited story is vastly entertaining and full of amusing character-studies. Under the cover of "most excellent fooling," it is, too, a very profound study of life in Spain—not "the humanistic easy-going exterior of the country . . . that almost mocks itself . . . but . . . that other Spain . . . of baked acres on which men often plucked the wheat ear by ear." He shows us the power of the busy-body and local Jack-in-office over the common man, and the dreary lives of the peasants, marked by the birth, and often the death, of the annual baby. It is a graphic picture of the realities of mediæval peasant-proprietorships, to which certain writers would have us return. But penetrating study though this book is, it is first and foremost a rollicking tale of picaresque and Bohemian adventure in the open air and the sunlight.

I. O. E.

**Lies and Hate in Education.** By Mark Starr. (L. and V. Woolf, 2s.)

An exhaustive account of the manner in which education is used to convey class and nationalist prejudice. The author glances at the ideals of the first educationists and shows how every subject, even arithmetic, can be "adapted" for controversial purposes. On the grounds that "one should first clean one's own doorstep," he devotes most of his attention to these islands, giving examples of attempts to victimise teachers who refused to doctor their instruction with jingo propaganda. Especially notable for chauvinism is the *School History of England* produced by Mr. Rudyard Kipling and another, though there are few school histories from which it is absent. From a consideration of British textbooks he passes to "dangerous ceremonies and atmospheres," including Empire Day Parades, the O.T.C., and the Boy Scouts. (In this connection Kibbo Kift is included among "pacifist and non-military youth bodies" that have "met with small success.") He deals more briefly with France, the Central Powers, with Russia and the smaller countries. His suggested remedy is generally on the Wellsian World-History lines, and he includes Bertrand Russell's cynical recipe for "de-bunking" the childish mind. An appended "White List of Textbooks" that are not too unsatisfactory from the author's standpoint is followed by some useful suggestions for lessons and lesson material. The ultimate remedy is, of course, deeper, for "the good school cannot exist in the bad society."

I. O. E.

## LETTERS TO THE EDITOR.

### RETIRING CONSUMER-CREDITS.

Sir,—The article appearing over the initials A. B. in your issue of the 16th, dealing with the criticism of Social Credit Theory contained in the *Sydney Morning Herald*, raises in my mind a question of policy. A. B. obviously bases his reply on the assumption that Social Credit would in operation require some machinery for financing production along the line from raw materials to finished goods, as outlined (but, I have always understood, by way of illustration only) in Douglas's *Economic Democracy*.

It is the tacit assumption underlying A. B.'s argument that makes me wonder whether it is proper to presuppose the adoption of any particular form of "machinery," seeing that Major Douglas has himself suggested alternative methods of operating his proposals. I cannot help feeling that replies to criticisms should be answered by arguments which do not imply any particular method of application, unless it is expressly stated that the method assumed is selected for illustrative purposes from a number of others.

This may seem a quibble, but to my mind it is a source of strength to the Social Credit position that it is not tied down to any one set of concrete proposals. When the time arrives to inaugurate the era of prosperity, the means and machinery to be then adopted will depend on the circumstances of the time and place.

C. MARSHALL HATTERSLEY.

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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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