

# THE NEW AGE

INCORPORATING "CREDIT POWER."  
A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	241	VARIATIONS ON THE HITLER THEME. IV. By Hilderic Cousens.	248
Irish affairs—the Irish separatist Press—The NEW AGE quoted from and a Social-Credit article published.		POLITICS AND POSTURES. By John Grimm	249
IRISH LABOUR POLICY. (Editorial)	244	<i>Life of Lord Oxford and Asquith in The Times.</i>	
CAPITALISM AND CHRISTIANITY. (Editorial)	245	PASTICHE	249
Article in the <i>Catholic Bulletin</i> (Dublin).		REVIEWS	250
REVIEWS OF "TIMES" ARTICLES. (Editorial)	246	<i>World Disorder and Reconstruction. Lenin: God of the Godless.</i>	
SOCIAL CREDIT PROPAGANDA. By P. McD.	246	CORRESPONDENCE	250
Reactions at public meetings.		A. B., Philip T. Kenway, J. G., W. H. Lansdell, Wilfred Townend, W., E. A. D., S.	
THEATRE NOTES. By John Shand.	247		
<i>Too True To Be Good.</i>			

## NOTES OF THE WEEK.

We have received copies (complete and otherwise) of the following publications:

- Irish Freedom* (Frankfort House, Dartry, Dublin. Price 1d.). Date not known.
- The Republic*, dated August 27. Address unknown. Price 2d.
- The Wolfe Tone Annual* (68, Upper O'Connell Street, Dublin), June, 1932. 64 pp. Price 6d.

All three are organs of separatist propaganda directed to the achievement of complete independence for Ireland. *The Wolfe Tone Annual* is a political *Book of Martyrs*, keeping alive, by record and rhetoric, the memory and example of the numerous Republican leaders who have met their deaths in fighting for their faith. Every noteworthy figure since 1798, together with his deeds, is described by a word and portrait in its pages. The effect of such a work on contemporary Irish Republican sentiment is doubtless expected to be that of reminding it that the departed Army of Martyrs have power to add to their numbers in the sense that their example can be followed, and, if necessary, must be followed. Indeed, if the editors of this magazine had thought of it, they might have added a few pages at the end of the volume, leaving them blank, and so suggesting that places of honour still remained open for those with the courage to win them in the struggle now proceeding. This suggestion of ours is merely technical, and must not be interpreted as committing us to Republican objects and methods as at present understood. The time for the offering of blood, if any, is when the achievement calling for it is foreseen by the keenest reason to put an end for ever to such sacrifices. "The war to end war," chanted Wells in 1914. And in a similar sense we can say that the next bloodshed must be the last—that no man's life should be sacrificed for a limited objective. In this connection we must emphasise that even if the Republicans could force Britain to evacuate Irish territory, and could vest the ownership of every scrap of agricultural and industrial plant and equipment in the hands of resident Irish Republicans, they would still have reached only a limited objec-

tive. Something more would remain to be done to make the victory safe; and the danger is that the losses incurred in winning it by violent means would gravely impair, if not completely destroy, the power to hold and enjoy its fruits. The kind of victory to be striven after—and it is by no means impossible to achieve—is one after which the vanquished will realise that they have been lucky to lose!

The hope of such a consummation rests upon the fact that as the result of Major Douglas's Analysis it is now possible for political leadership to comprehend clearly what is the nature of that final objective which alone, as we say, would justify major sacrifices on the part of "reformers" or "revolutionaries" in attaining it. Comprehension of the right objective will show the nature of the right strategy, and once the nature of it is realised nobody will deny the Irish people the will, wit, resourcefulness and courage to carry it out.

We are therefore pleased to note that in the *Wolfe Tone Annual* on this occasion there has been admitted an article which stands out in sharp relief against the background of beatification painted by the rest of the work. It is by Henry T. Gallagher, of Urney House, Tallaght, Co. Dublin, and in it the author seeks to communicate an idea of the analysis of the problem which we know as Social Credit, and of its current political implications. One of his most important observations—important by reason of its heterodoxy from the point of view of Separatism—is this:

"Some will say: 'Oh, all this will be rectified when we break the Imperial connection.' Will it? It is a long time since the Boston Tea Party, and America has been 'free' for 100 years, yet that wealthy continent has few free men. Had the Bankers been thrown into the sea and the tea kept for drinking, the Statue of Liberty might have been a reality."

We select one passage bearing on the technical part of the problem:

"In a material economic system, designed to give citizens the maximum of freedom and the

greatest possible happiness, governments should leave no stone unturned in their efforts to locate the flaw in the accountancy system, and having traced it to the maladministration of the money system, steps should be taken without delay to bring the money system into consonance with the public need."

In another place he says, apropos of the political power of the credit-monopoly:—

"Suppose you owed a man a hundred horses and had only seven horses, and the creditor had all the horses in Ireland under his charge and the sole right of breeding more horses. How could you repay the debt? The answer is, by working for the creditor on such terms as he would dictate." The following words, in a magazine glorifying martyrdom, stand out with special significance.

"The outstanding feature of our economic slavery is that we can remedy it without any upheaval either racial or otherwise, without confiscation, and without interfering in any way with the rights of private property.

The average man need not worry about the details of the necessary machinery any more than we worry about the technique of the trams that we use daily; but serious students with a flair for social study should communicate with the writer if they wish to pursue the subject."

His article closes with this exhortation:

"Has our youth enough courage to face the necessary study to equip themselves to distinguish between the form and the reality of freedom?"

The author deserves hearty congratulations on getting such an article into the *Wolfe Tone Annual*, and so do the compilers of that work for admitting it there. It is the still, small voice after the fires and earthquakes of struggle and martyrdom.

We now pass on to discuss the journal *The Republic* mentioned above. The leading article on its front page concerns THE NEW AGE, so we reproduced it in full. (Italicised parts are the leader-writer's.)

#### THE BANKERS' ARMY.

Dr. O'Higgins's Army made its first public appearance in Dublin and in Co. Cork on Sunday last. When combined with Beasley's force, the Dublin muster was nearly 250 strong. In Co. Cork, it was twice as much. So disappointing, in fact, were the two parades that even those daily papers, which were anxious to applaud, had nothing to applaud.

Outside of the "Irish Times," "Irish Independent," "Cork Examiner," and of course—the cross-Channel dailies, Higgins's Army got a very bad press. "Hitler Higgins Organising Fascist Army," "General Higgins starts 'Salvation' Army"—these samples show how the provincial Press regards the new force.

THE NEW AGE (London) has some interesting things to say on Higgins and on Irish affairs generally. The formation of Higgins's force it attributes to "the Bankers, who won't hesitate to precipitate an economic situation in Ireland which must result in civil war."

#### "Inevitable."

"We advised our readers," it says, "to watch out for a repetition in Ireland of the technique employed by the bankers in Australia to defeat Mr. Lang. We pointed out that Mr. de Valera started with an advantage over Mr. Lang, in that he was backed by a military body, the Irish Republican Army. It was not, nor yet is, clear whether the I.R.A. lead him, or he them; or whether his policy as outlined coincides in essentials with theirs. But there is an indication that a common element exists in their respective policies which the bankers are prepared to resist at all costs. For the bankers have begun to enrol an Army of their own in Ireland . . . the Army Comrades' Association."

"The emergence of a bankers' army in Ireland," it continues, "was inevitable irrespective of whether the I.R.A. existed or not. They could afford to take their time in Australia because Mr. Lang was only armed with a popular mandate. They have had to hurry in Ireland

because Mr. de Valera's mandate has military force as well as popular sentiment behind it. Thus the existence of the I.R.A. has only affected the time-schedule of the bankers' programme; it is not the cause of the programme. The cause is Mr. de Valera's financial policy."

We are glad to see evidence that our comments on the Irish situation are being noticed in Separatist circles. But we hope that the separatist principle will not apply to these political comments in the sense of separating them from the general frame of reference in which we make them. We hold to our view that the White Army is a bankers' army, but it does not follow that it should be the object of a frontal attack by the I.R.A. The immediate leaders and organisers of the White Army are not unconscious of the fact that they are forging an instrument of coercion for the bankers to use if necessary; and the object of our comments was to create such consciousness if we could, not to embroil the two armies—a result which would defeat our object. Leaders of the I.R.A. forces, too, need to be awakened to the inwardness of the high financial ramp; and to the extent to which they come to understand it they will realise that their own army may also become an instrument of bankers' policy. It is most important to bear in mind that the political technique of the bankers is that of organising Donnybrook Fairs, and picking up the property dropped during the rioting. They bring about the riots in such a way that the opposing forces of rioters shall be more or less evenly balanced, so that neither side can win a conclusive victory. Thus they conserve their power to intervene as arbitrators as soon as the rioters get short of breath and become dispirited, when neither side is in a condition to realise the meaning of the arbitrators' decisions or to oppose them if they did.

An effective illustration of this sort of thing was the statement on one occasion by Mr. Frank Hodges, concerning a certain strike of the miners, that "we started it on an overdraft." Needless to say, so did the coal-owners—the only difference being that the owners' overdrafts were old ones whereas the miners' overdraft appears to have been newly borrowed for the occasion. The point is that there was bankers' money on both sides. Similarly we may adduce the case of the General Strike of 1926, when the bankers were financing the men's attempt to hold up supplies, and also financing the masters' attempt to accumulate them (e.g. the advancing of credits to the Gas Light and Coke Company). They ran no risk whichever way the fight went, because (a) they could stop it whenever they wanted by cutting off supplies of credit, and (b) as the creditor of both parties they could dictate the peace terms. They always can: and they always will, until parties to strife of this kind will wake up to the trick and make common cause against the tricksters.

If the leaders of the Republican forces will study these assertions of ours in conjunction with the matters which Mr. Gallagher discusses in his article, they will, we think, begin to realise the necessity of abandoning old forms of strategy—whether political or coercive—and of adopting new ones appropriate to the real facts of the situation.

Mr. Bernard Shaw, who has frequently spoken wisdom by accident—but never in a form or on an occasion when anybody could do something with it—once retorted on a critic of a certain Government who had supported his views by pointing out that "the people hated it," with the observation that "The people hate all Governments." This saying was wise in a sense of which Mr. Shaw was unaware, namely that it is technically impossible for any government to provide economic security and to dis-

pense political justice to all of the people all of the time. No Government can keep faith with its subjects without breaking faith with its bankers—and vice versa. There can be no contentment all round unless there be sufficient means of contentment to go round. Major Douglas has demonstrated that a shortage of such means, i.e., of purchasing power, is the automatic outcome of the financial technique of the bankers; that this technique is the instrument of the bankers' policy; that this policy is directed towards an objective which is repugnant to human instinct; and, lastly, that no Government, up to the present, has had the will or courage to interfere with, much less to reverse, the bankers' policy. That is how all Governments come to be "hated." That is how the Cosgrave Administration got thrown out and Mr. de Valera secured the reversion of office. Unless he widens the scope of his policy to cover the control and right direction of credit-policy, his Government, too, will go the way of all previous Governments. Already, as we have shown elsewhere, the Irish Labour Party are making demands for concrete results which, if not satisfied, are bound to coalesce into a collective "hatred" of the de Valera Administration. At last week end, too, the Irish farmers who have been hit by the Norman Tariff against their exportable produce, met together to protest against Mr. de Valera's policy, and are preparing to form an independent party to secure redress of their grievances. Logically of course their action is tantamount to asking Mr. de Valera to resume payments of the Annuities which they themselves gave him a mandate to suspend at the last election. Un- fortunately for him this argument is not going to allay their unrest or persuade them to renounce taking action to save themselves. There is already some talk about their being unable to pay further Annuities and taxes to the Irish Government while their export-revenue is cut off. In the case of many of them this is doubtless true; and neither the I.R.A. nor any other coercive force can collect money out of empty banking accounts. Needless to say, the London in Ireland, whose policy is directed from credits, are not going to advance these farmers Government to pay Annuities and taxes to the Irish of counteracting the London influence in that country. Can his Government make the banks create and provide the necessary credit, or can it go into the banking business itself and do so? There is no technical difficulty—that is to say, the creation of new credits is a costless operation, and does not reduce anybody's holdings of old credits. The snag is political. It consists in the problem of getting the population to realise that bankers' loans do not come out of people's deposits at the banks, but create additional deposits there. If they could be got to realise this truth, they would see that the State could issue loans likewise without having deposits of its own or calling upon the deposits of its citizens. The question is whether the Irish Government itself understand this, and whether, if so, they wish to communicate it to the public. Given an affirmative answer it seems to us that whatever obstructions may be found in the way of the prosecution of a popular educational campaign along these lines should be the first business of the Government to remove. Existing avenues of publicity should be cleared, or else the Government should open up new ones for itself.

Assuming, however, that no obstructions exist, the Government could point out the above facts. Of course the bankers could make the usual reply that the inflationary consequences of issuing new credits would frustrate the intentions of the Government in getting them issued or issuing them itself. But that would be all to the good, for the further the bankers developed their explanation of how credit-ex-

pansion affected prices and otherwise brought evil consequences to the public, the more they would lay themselves open to effective cross-examination on their own evidence. For if they hold that inflation is the automatic result of credit-expansion, that a condition of inflation is inevitably evil, and that its incidence falls upon the whole community, they are tacitly inviting investigation into how they have used their exclusive powers of controlling credit-expansion in the past. If what the banks do affects everybody's interests, then what the banks do is everybody's business—which is to say that banking ought to be administered as an instrument of public policy. If the reply is that no Government is competent to control financial policy, i.e., to look after the interests of its constituents, then let the banks formally assume the powers of the Government and the responsibility to the people for the consequences of their policy.

The argument that new credits automatically cause the evil of inflation, if true, means that they do so irrespective of the purposes for which they are issued. The nature of the evil, the bankers will agree, is that for every new unit of credit you issue you reduce the purchasing-power of every unit previously existing. "The more money you have the less it will buy," said Mr. F. R. Hirst, a prominent banker, on one occasion. What his remark amounted to was that no matter at what rate people receive money they cannot increase the rate at which they draw things out of industry—if your income is doubled the prices of what you buy are doubled. That represents the contention of bankers in general. Very well; let us accept it as a fact for the sake of argument, and a fact that cannot be altered. What then? Well it is still open for us to investigate the purposes for which new credit is issued. We pointed out a moment ago that new credit for any purpose at all would cause inflation, and ex hypothesi the same degree of inflation. That is to say, the inflation-argument applies with the same validity to a purpose chosen by the bankers as to a purpose chosen by the people.

Now whereas in respect of the credit system, the bankers may claim superior technical competence to run it, no knowledge of banking technique is required to decide on the purpose for which new credits are spent. So while the Irish public might regard a dispute about how much new credit could "safely" be issued as a question for specialists, they would regard disputes about what the credit was to be used for as a "public fight"—one in which everybody was free to join.

And they would be right. For any Irish citizen could say to himself: "If it is true that I've got to suffer the evil of inflation in any event, I can at least choose the purpose on account of which I am to suffer." Yet here he would be treading on the banker's corn almost as heavily as if he claimed to be a banker. For the latter not only claims in public to be judge of the conditions limiting "safe" lending, but claims (privately) to be judge of the conditions which on strictly technical principles he could legitimately lend, because he declines to issue credits which on technical principles he could legitimately lend, because he disapproves the object of the proposed expenditure of them. (In the United States some years ago the banks had a huge margin of credit which it was perfectly "safe" to lend, having regard to their holding of gold backing, but which they declined to lend because of "inflation.")

The banker may retort that his discriminating between various borrowers or various purposes is justifi-

fied by the fact that he knows better than they what ventures are likely to "pay" and what are not—the implication being that he must not risk "his" loans (they are not his) in undertakings which might fail to repay them. Such an argument is putting the cart in front of the horse. For the bankers, as a body, by reason of their exclusive control of credit, are able to, and do, create conditions of trade in which certain activities pay and others do not. It was no accident, for instance, that (to quote Denis Gwynn on "Mr. de Valera and His Policy," in the *Nineteenth Century and After*, September, 1932) "all the rich lands of the midlands" were "given up to grazing instead of supporting a large and prosperous peasant population," and that "the cattle trade," in the view of Mr. De Valera's party, "had become the curse of Ireland," and that the general condition of Ireland had come to be that of "dependence upon trade with England." Such evils are not peculiar to Ireland: they can be matched in other countries; and they all proceed from the international policy of the bankers who, looking out over the world, rate the credit of each country not according to how much, but to how little, of its total production goes to "supporting a large and prosperous" population.

We can alter the De Valera diagnosis of Ireland's condition, and say that the dependence he speaks of is not upon trade with England but dependence for a living on competing successfully abroad at the "world price level."

Assuming any kind of production, say live stock, then the country which consumed the least meat in relation to the weight of stock produced would have first pick at the world-market; and, supposing it to produce sufficient quantity to fill the demand of the world, it would be the sole supplier of the world. In that case the price asked by the breeders would be the world-price of live stock. And bankers all over the world would refuse to lend money to breeders in any other countries unless, or until, they were able to produce below that price. Breeding otherwise would not "pay," and would die out in those countries just as agriculture has died out in the midlands of Ireland. And so with the world-price of everything. Neither peoples, traders nor Governments have anything to do with the creation of such conditions—they are reduced to the necessity of surviving under them, and it is because, taken severally, their efforts to do so are mutually irreconcilable that we have clashes of commercial and political policy with their attendant misgivings, bewilderments, suspicions, rivalries, and jealousies, leading eventually to civil commotion and military war.

Mr. Gwynn, in his article referred to, writes:

"For years Mr. de Valera has preached that Ireland must become a self-contained country, and that its dependence upon trade with England must be brought to an end. His record during the past six months shows him to be a realist, much rather than a visionary, in politics. He has even admitted in the past few weeks that trade with other countries than England probably never can be built up. But he has never disguised the fact that such a self-contained Ireland would have to do without many things which it has recently enjoyed. His conviction is that a poor but self-contained and independent existence is preferable to dependence on another country. Such doctrine does not necessarily imply that he is radically hostile to England. He desires only independence and the simple life."

He suggests that it was accordingly Mr. de Valera's policy to provoke the British Government into laying an embargo on Irish exports—that he is not concerned about the loss, which chiefly hits the graziers in the depopulated midlands and leaves the small farmers

west of the Shannon unaffected, for these are "very largely self-contained"—and that he would not mind if Gallagher's, Jacob's and even Guinness's closed down, for they had never been chiefly concerned with the Irish market.

While this policy is understandable it does not indicate a deep understanding of essential issues. And as for astuteness in diplomacy, against Mr. de Valera's initial success (such as it was) in fastening the odium of the embargo on Britain must be set his neglect to make good the loss to the graziers, or to announce any intention of trying to do so—a neglect which, as we have seen, has caused them to fasten the odium on him.

### Irish Labour Policy.

The *Times* correspondent, as reported on September 15, quotes the Irish Free State Labour Party as having issued a declaration of policy in which there is a passage as follows:—

"The question of the land annuities has fallen into a secondary place. The people are shown that political freedom means little, so long as Britain can dictate policy to an economically dependent country, through the exercise of its fiscal powers. The people have resolved that Ireland shall be independent politically. It is now to be tested whether political independence shall be nullified by fiscal dictation from Britain or whether political freedom shall be fortified by a greater measure of economic self-reliance."

It will be noticed that the Labour Party stops at raising the question of financial self-reliance. From our point of view on the Irish problem, which, of course, is that Ireland's freedom must be achieved by Social-Credit methods or will not be achieved at all, we have from the beginning kept our eye on the manoeuvres of the Labour Party. It stands to reason, in view of the identification in the minds of the Irish people of Mr. Cosgrave's administration with "British tyranny," that the bankers will not use the Cosgrave crowd as the visible instrument for undoing Mr. de Valera's policy. They can be taken as calculating that if they did so the Irish Republicans would immediately raise, and with great plausibility, the argument that the British Government would prefer, if possible, to identify Mr. de Valera's frustration with the spontaneous growth of a Labour policy which did not appear on the face of it to be directed against Mr. de Valera.

Against this background there are several significant remarks about the Labour Party's declaration of policy in the report to which we refer. We instance facts. The one we select for emphasis is that the declaration contains no fewer than twelve suggestions for "immediate action." Any student of Social-Credit will be able to see that the simultaneous adoption of these twelve suggestions would blow Ireland up in a week. We say this even supposing that the de Valera Administration were favourable to Social-Credit financial policy. For even under such a policy administrative implementations of it would have to proceed in certain directions, and in a certain order governed by the new financial principles of the policy.

While on this subject we wish to place on record the fact that we took a dislike to Mr. Norton directly we saw it reported that he was visiting London at the time Mr. de Valera first announced provisional suspension of annuity payments. Mr. de Valera had wished to communicate with Philip Snowden not so very long ago.

choice. We did not believe, and do not now, that Mr. de Valera had expressed a wish for any such visit to be paid.\* We do not believe that Mr. Norton's only object was to consult Parliamentary Labour leaders in this country. Considering the impotency in mental calibre and numerical representation in the House of Commons, the Labour Leaders were the last with whom any astute diplomat would seek consultation in an emergency destined to work itself out under the auspices of the British National Government.

On the occasion of his visit to London we recall reading a paragraph in one of the papers which, referring to one of the Labour conclaves which he attended, stated that it was suspended or adjourned because Mr. George Lansbury had to leave in order to broadcast a talk on the Government's Conversion Loan scheme! Did Mr. Norton, we wonder, realise the ridiculous nature of the situation? On the face of it he was consulting with Labour to find an avenue of conciliation or compromise between the Free State and British Governments, and in the middle of the search sees the Leader of the Opposition change from his Lido costume into overalls to go and polish the brass plate of the banking system. Obviously, any agreement reached with British Labour leaders in such circumstances would be valueless unless confirmed by the bankers. So that Mr. Norton was wasting talk and time: he should have consulted the Treasury Officials. The only effective challenge to our criticism would be one which claimed that Mr. Norton, in listening to the advice of Labour, was listening to the views of the Treasury. We suspect that this was, in fact, the case, and we regard the recent declaration of Irish Labour policy as the outcome of the London consultations.

This declaration embodies a strategical scheme of action identical with that which we have occasionally pointed out would be effective against the bankers' policy—that is, to push it forward along its line of direction faster than its promoters intend. Thus, for example, we have said that the best way to frustrate the Treasury's economy-scheme is to widen the scope until no room for further economy is possible. The reasoning at the back of this is that when you know that the design of a scheme is unsound in a vital particular the harder you can cause it to be driven the more quickly you cause it to collapse.

The Irish Labour declaration foreshadows this plan of strategy. Whether the Irish Labour leaders are aware of it or not is irrelevant. This is the position in outline. Mr. de Valera declares of the Annuities: "We do not owe these sums to Britain: they must be spent in Ireland for the benefit of Ireland." The Irish Labour party now bob up, slap old man on the shoulder, and say: "Quite right, £3 millions or so withheld from Britain: let's spend a lot more on top of it: here's a list of twelve directions in which to spend it, and we hope you will like them—but whether you do or not we are going to agitate for them."

This clearly leaves open to the Irish Labour caucus the opportunity for withdrawing support from Mr. de Valera at any time without opposing his Annuity-policy, which they have formally accepted. They

\* Since writing this we see that Mr. Denis Gwynn, in an article noticed elsewhere, says that Mr. de Valera approved Mr. Norton's mission as a tactical move to make the British Labour Party believe that he was "still in earnest in seeking a settlement by conciliation," and that "on the day that Mr. Norton was in London the Irish Labour Party voted with Mr. de Valera's followers for the Emergency Powers Bill which has established him as a dictator." He says of Mr. Norton, who succeeded Mr. T. J. O'Connell on the loss of the latter's seat in the Dail, that he "had not previously been of any special note." Neither had Philip Snowden not so very long ago.

put Mr. de Valera in the dilemma of either devising safe technical methods for financing the programme outlined in the Declaration, or of devising political means of defending his own policy and maintaining unity in its support in the face of the discontents and demands likely to be created by Irish Labour's threatened agitation. Mr. de Valera is confronted by forces tending to drive him to seek more loans from the banks or more taxes from non-Labour sources. In either case there is trouble ahead. The only possible way out is that which we indicated in our "Notes."

### Capitalism and Christianity.

An important article over the initials P. C. M., entitled "Christianity and Capitalism," appears serially in *The Catholic Bulletin* for July, August and September. (Published by M. H. Gill and Son, Ltd., 50, Upper O'Connell Street, Dublin: average size, 60 pp., price 6d., postage 1½d.) Douglas advocates who are trying to awaken the Church to a sense of her responsibilities will find this article indispensable. It may be shortly described as a theological-economic dissertation on the text: "Thy will be done on earth as it is in Heaven." The author combines a thorough grasp of the Social-Credit policy and principles of distribution with an authoritative knowledge of the doctrines of the Catholic Church. The result is a weighty, closely reasoned, and choicely annotated thesis which shows that the principles of the present system are against the moral laws laid down by the Church, and which, in the process of doing so, affords unmistakable implications that the principles of the Social-Credit system are consonant with those moral laws and can be applied to implement them.

The author does not refer by name to Major Douglas's Theorem or to Social Credit, his reason being that

"In the domain of economic relations it is not the duty of the Church to suggest definite remedial policies, but only to declare the moral law and to apply its principles to such policies as may from time to time be proposed for adoption. The recent encyclical, *Quadragesimo Anno*, of our present Holy Father, not only reasserts, but authentically interprets those same principles. Economic policies and proposals of reform which run counter to them cannot succeed, provided they are based on an accurate diagnosis of the abuses by which *laissez faire* governments have permitted Capitalism to lead the world into a condition of financially induced famine in the midst of potential plenty, and provided such policies are wisely conceived and judiciously applied for the gradual elimination of those abuses. It is an arduous task for present-day politicians and statesmen. Only, it is quite feasible—with courage and good will. Only, it must be undertaken very soon. For a continuation, in the domain of domestic and world politics and economics, of the policies which led to the last world war, and which were promptly resumed at its termination, can have only one issue. Like causes produce like effects in similar circumstances."

### TRUCK ACT PROSECUTION.

A Co-operative society was recently prosecuted for an offence under the Truck Act. The facts were these: The Society had in their employ a young man. The young man's father was a member of the Society. The charge was that the manager of the Society wrote a letter to the father saying that the latter's purchases from the Society were not satisfactory in amount, suggesting that some of his orders were being placed elsewhere, and concluding with the implied threat that if the father's purchases with the Society did not improve, the son would be dismissed from their employ. The court imposed a fine.

## Reviews of "Times" Articles.

[(1) Date. (2) Title of article. (3) General subject. (4) Particular reference. (5) Nature of commentary. (6) Our commentary.]

V.

(1) September 8th. (2) "Over-taxation." (3) National and local expenditure. (4) Committee of private Members of Parliament studying National Expenditure. Committee representing Local Authorities studying Economy and Local Expenditure

(5) —

(6) Compare the contemplated reduction of the tax-level with our recent analysis of the proposition to increase the world-price-level. The reduction of taxation means the reduction of the volume of purchases which the community makes with itself via the agency of the Government. The abolition of all taxation would simply mean that the banks regulated the total expenditure of the community. Taxes would become prices chargeable against incomes; and the ratio of the prices to the incomes would be no less, if not higher, than had been the taxes. (Cf. our comment on the new-style "Nationalisation" on the model of the Central Electricity Board last week.)

VI.

(1) September 17th. (2) Sir Ronald Ross. (3) Obituary. (4) His discovery that the parasite of malaria fever is carried on the body of the female anopheles mosquito—which is now "rendering the tropics safe for the white man."

(5) "To the end of his life he believed that too little had been made of his discovery as a means of eradicating malaria. His last years were full of efforts to awaken a more active interest in mosquito control and in methods of prevention. He criticised, for example, the rigid adherence to draining systems as the only way of destroying the breeding-places of the anopheles mosquito, and expressed the view, based on the work of younger men, that drainage may actually encourage the breeding of mosquitos in certain areas. King Edward's phrase: 'If preventible, why not prevented?' was constantly on his lips and in his mind. It may be that he over-estimated the powers of Government, and that his demands were too high; but it was difficult to escape from his logic, and more difficult still to justify the existing state of affairs. That malaria is a preventible disease cannot be denied. Ross held that the waste of life, of health, and of wealth occasioned each year by malaria was greatly in excess of the expenditure necessary to put an end to it. He did not spare his opponents, and took no account of the bitterness which his attacks and challenges often aroused. Future generations will not hold him in less honour on this account."

(6) Italics are ours. For "malaria" read "poverty"—for "mosquito" read the "financial system"—for the "parasite" (see under "5") read "flaw in accounting"—for "drainage system" read "—flation" whether "in-" or "de-" or "re-" or "auto-" or "hypo-" or "ortho-" or any other member of the tribe of flations. Then tell us if this is not a beautifully exact epitome of the history of Social Credit. What Ross was up against sticks up like yacht-masts all over the story. His unsparing attacks caused bitterness because they were directed against the wrong people. It is amusing to read *The Times's* solemn assurance that future generations will not hold him in less honour for being rude to his opponents. We should say not—and we will take this assurance to ourselves also; for in doing our own work we are completing Ross's.

## Social Credit Propaganda.

## REACTIONS AT PUBLIC MEETINGS.

The reactions of various types of people who attend Social-Credit lectures have been for some time a source of speculation to me. Following upon a very lucid and well-reasoned statement of the S.C. position in an address by the Marquis of Tavistock in our Town Hall (Glasgow) on Tuesday, September 13 (this week), I have tried to analyse these reactions as an indication of usefulness of lectures on the minds of an average audience. Here are a few of the results.

The question-time after the address lasted for one hour and five minutes—we had allocated half-an-hour on the agenda—and the Marquis responded very adequately, leaving a fine impression.

The questions revealed abysmal ignorance of finance, new or old; truculent opposition from Communists who suspected it was "dope," eager inquiry by people who had caught the idea but were lost in the technique, and well-informed questions from some who understood something of the existing financial system and were trying to fit the new idea into their own notions of orthodox economics.

The tit-bit of the evening, however, was a query by a very obvious Communist who, under pretence of asking a question, wanted to make a speech advocating his own views. The chairman pulled him up after a bit and asked him to state his question. He said he was coming to that, so the chairman allowed him another spell of irrelevant talk, then pulled him up again, and told him to come to the point. I will give you his words.

"Well! ma question is this: Wull Mr. Tavistock, the speaker-r-r, no' admit that the Dooglasites are jist a bunch o' hauf-wits?" . . .

The most illuminating reaction came the following day. To explain: The committee, in addition to giving 300 complimentary tickets to the unemployed, had invited to the platform the head of every industrial concern in the town, the Town Council, and all the ministers of every denomination in the Burgh. Five parsons had come, and all of them wore the clerical collar.

Next day, on the tram, I met a school teacher—a Socialist—who had been at the meeting. The following dialogue ensued:—

Myself: Well, how did you like the meeting?  
Teacher (a little dubiously): Oh; I thought it was quite good, you know; but do you know the thought that came to me when I saw all the parsons trooping on to the platform?

Myself: No. Perhaps you thought we were to have some religious dope handed out to us?  
Teacher: No; it was just this. I said to myself: Here's something coming that can't be of any use because it's not going to hurt anybody.

Need I relate to S.C. readers what I said to him? I did, however, among other things, ask him very pointedly if he was of opinion that the only way to help any idle or starving man was to hurt some other person. It was the most illuminating remark I have heard to show the revenge-complex from which the average Socialist suffers.

There are other reactions, of course, such as a request from a young stockbroker for further light on credit-creation. Then there was the joy of a local solicitor that he now saw the simplicities of the Douglas Analysis more clearly than ever before, and above all, the dozen or so groups of idle men and above all, the dozen or so groups of congregated after the meeting who, until midnight, congregated about the "town cross" and vigorously pursued the track of the "real enemy" on which they had been put for the first time.

The "Douglasite hauf-wits" are no' hauf-pleased wi' their first venture, and are of opinion that the momentum of the S.C. gospel grows.  
P. McD.

## Theatre Notes.

By John Shand.

## TOO TRUE TO BE GOOD.

It is told of Mr. Shaw that when he first set about to write a play he went to his friend, William Archer, and asked him for a plot. Archer was willing, and supplied the would-be dramatist with the rough draft of a piece he had himself had in mind to write. Some time later Mr. Shaw astounded Archer by a request for "another bit of plot, please," as he had used up all the scenario in the first act. Archer, who had a nice sense of humour behind his Scotsman's gravity, answered that any play designed by him, even in its skeleton form, had the child of his invention had been adopted by an eccentric Irishman, and was evidently to be brought up in a way he could not approve, he disowned the bastard. Or words to that effect. Thus was delivered "Widowers' Houses," the first-born of the Shavian muse. "Too True to be Good," at the New Theatre, is Mr. Shaw's latest play; and what happened before to Archer's plot has happened again to a plot which—one has reason to believe—is of the author's own devising; all of it has been used up in the first act. But no longer a novice in the theatre, Mr. Shaw does not pause to ask himself for "some more plot, please." He boldly continues without a plot. He takes pride in plotlessness. At the conclusion of the first act he announces that "the play is now virtually over, but the characters will continue to discuss it at great length for another two acts." And we are delighted that it shall be so. Dramatists were not made for plots, but plots for dramatists. If Mr. Shaw can give us more pleasure and can better exercise his peculiar genius by riding free, who shall strive to clap a bridle on him? Not I. Certainly the first act of this new play is the dullest of the three—as dull as the first act of "Widowers' Houses." But as soon as the plot is over and the play begun, all is well.

The second act is most vivacious, robust entertainment, full of sharp wit and buxom humour; of observed human nature, of quick-playing intelligence, of the shrewd candour of a mind still so exceedingly much brighter than the most of us dull, and "wisecracks" that set the rabble (I include myself) in a roar, but which horrify, for instance, the high-minded critic of the *Morning Post*, who found the Shavian ribaldry "excruciatingly vulgar" after the delicate wit and nice morality of the masterpieces with which he is evidently regaled by other dramatists. The *Times* was sniffy. Can we really afford, we theatre reporters, to adopt a superior attitude to one of the great comic dramatists of the English stage? Is a gentleman on an evening newspaper or a weekly review condescendingly appraising Mr. Shaw, only to find him wanting, a man on an evening newspaper or weekly review? Would not a little modesty in the presence of pre-eminent talent become us better—especially those of us who can always find superlatives for the second rate and good words for all the average rubbish of the stage? I am no idolator of the Shavian creed, which, indeed, so far as I know what it is, interests me no more than any other creed or philosophy: that is, hardly at all. I take no delight in the abstract; and my bump of veneration would be noticed only by the most sensitive phrenological finger. Mr. Shaw may have no great merits as a thinker. That, too, is no unforgivable fault to one who, like myself, prefers reading to

thinking, and walking the hills to meditation in the study. The Shavian theory of economics is, I believe, fit only for an intelligent woman in search of a guide to Socialism. But as a comic dramatist Mr. Shaw is supreme in the contemporary theatre, and probably will still be making audiences laugh when all we poor scribblers of the daily Press have fallen from the noisy obscurity of newsprint to the quiet oblivion of the grave.

As an artist who can observe his fellow creatures and can transfer a living part of them in dramatic speech to the theatre; as an expert stage craftsman who knows exactly how and nearly always when to raise easy laughter to refresh his audience, breaking the tension with the same sureness as he creates it; as an orator who, using various mouthpieces, can command the full vocabulary of the English language to express his thought and feeling, and can rise on occasion to swelling heights of eloquence—I have nothing but admiration. And what makes these Shavian orations on the moral bankruptcy of European civilisation, on the decay of scientific determinism, on the horrors of luxurious idleness, on the pathos of youth born amid the ruins of Victorian prosperity, on the futility of the modern politicians who do nothing but talk while the world decays, who "hob nob together over the week-ends at Geneva of Chequers" like so many rooks cawing in an elm—to name some of the topics discussed in this play—what makes these orations pieces of true eloquence rather than mere windy suspirations of forced breath, is that they are based on common sense and supported by common knowledge. They expound with rare lucidity much that is being vaguely felt and vaguely said wherever one goes—they give us, in brief, "What oft was thought but ne'er so well expressed."

As yet I have made no attempt to describe the play, and this would be a fault were it not deliberate. For I hold it a rule in criticism not to discuss what has not been at least summarily described. But there is no point in giving an account of "Too True to Be Good." The plot is used only to bring the characters into some rough relationship with each other, and to attempt to describe the speeches would be absurd. They are, as I say, fine pieces of oratory, but they drive one to no particular conclusion except the general one that things are in a mess, and they point no moral except the general one that if we don't get out of the mess we shall go under. There is probably a great deal more matter for deep thought and intelligent discussion than I suggest, but then no one can see more than his limitations will allow. I go to the theatre for entertainment but not instruction, and I find Mr. Shaw's lectures entertaining but not instructive. The characters are a parson-burglar, son of a God-fearing atheist whose sermons compete with his son's in length and brilliance. The parson's partner in bed and burglary is a young nurse from (I think) Brixton, amorous, shrewd, frankly vulgar, with a wanton eye and a pleasing absence of hypocrisy. A rich young woman who runs away with the criminals to escape from overfeeding and a mother's constant care; a thoughtful army sergeant who though engrossed in the apparent decline of civilisation is not above kissing a pretty wench with one eye even if he is watching for doomsday with the other; a private who salutes the colonel while he runs the company, and a colonel who takes the salute but prefers painting in water colour; the constant mother; a microbe and a doctor, these make up the cast. The parson-burglar is little more than a walk-ing gentleman with a great deal of interesting things to say. The microbe, too, is a mouthpiece only; and the author has not bothered to find anything but a conventional mask for the doctor, the mother, her daughter, and the atheist. But the sergeant, the

private, the colonel, and particularly the nurse are all drawn from the life, and if they are not like any particular human beings, are typical examples of humanity—which is all, surely, we expect of a dramatist? Dramatists are not photographers: they are artists. I do not understand those who complain of Mr. Shaw that he can't draw human beings. Why it is like saying that Epstein cannot draw a human body! Mr. Shaw has met all kinds of men and women, and, like Iago, "knows all qualities, with a learned spirit, of human dealings." No lower middle-class London girl has ever said all the things said by the Shavian nurse, nor has she ever said so many things so perfectly in keeping, nor would she say some of the lines at all—for in life she is naturally unconscious of herself. But that this character is true to life is proved by the delighted appreciation of the audience. This nurse is the best acting part, and Miss Ellen Pollock plays it with the vigorous assurance of a comic actress whose executive talents joyfully recognise the rich material handed to her by the dramatist. Mr. Ralph Richardson as the sergeant also realises all the opportunities in his part for acting and endows the man with a slow bucolic gravity that fits him well. Mr. Walter Hudd, as the efficient private, and Mr. Scott Sunderland, as the inefficient colonel, are both very good. Mr. Hardwicke, as the parson-burglar, has a part which, however unsatisfactory as a medium to display his powers of characterisation, has too many long speeches to it to displease any actor worthy of the name. And Mr. Hardwicke is especially good in the delivering of these bursts of Shavian eloquence. That fine last speech—as masterly a piece of lucid rhetoric as Mr. Shaw has written—is delivered by the actor with a skill hardly less masterly. When he has found a more subtle shading to his *diminuendos* and *fortissimos*, graduated his pace with more discretion, and completely avoided that fault he is ever occasionally prone to—the telescoping of one word into another—there will be everything to praise in his performance. What makes Mr. Hardwicke so good in these Shaw plays is this: that just as Mr. Shaw, when he introduces a character supposed to be very intelligent, is able—unlike most dramatists—actually to give one positive proof of the character's intellectual superiority, and does not merely require one to accept it without evidence, so Mr. Hardwicke is exceptional among actors in that he seems not to be merely repeating clever lines, not to be adroitly disguising by elocutionary skill the possession of a brain quite incommensurate with the wit the mouth is uttering, but seems to comprehend what he is saying and to be only thinking out aloud. Thus he gives a tremendous feeling of significance to that final speech which closes "Too True to be Good," and though I have now but the faintest notion what it is all about, I felt strongly impressed at the time—which is all you can require of the actor and the author-orator. Mr. Shaw, as one of the characters expresses it, can explain anything to anybody, and loves doing it. And I love to hear him doing it, for, as the same character tells us, he has "the divine gift of lucidity." Whether it is divine or not, the Shavian lucidity is certainly one of the great pleasures of his dialogue, and it is a very necessary auxiliary to a pen that can write such enormously long speeches.

### Notice.

All communications requiring the Editor's attention should be addressed directly to him as follows:

Mr. Arthur Brenton,  
20, Rectory Road,  
Barnes, S.W.13.

## Variations on the Hitler Theme.

By Hilderic Cousens.

IV.

Hitler is to many Germans their saviour. In him, that is to say, they see the man who is to free them from their material and spiritual stresses, the man who is to confer on them a state of grace in respect of all the tangible and intangible blessings they haven't got. He is vicariously to free them from their own sins and realise all the dreams they dream of what they would like to realise but can't. All the evidence goes to suggest that he is neurotic and the most unrealist of dreamers himself, the incarnation of German delusions, not their dissipator and physician. He is the most prominent disproof of the Simon-pure doctrine of political equalitarianism, and a standing rebuke to such nonsense as Mr. H. G. Wells was lately reported to be preaching.

Mr. Wells, I read, said that men and women were not meant to have leaders (in this sense, at least); they were not born with hooks in their heads. Whatever they were meant to have or to be, the vast majority of them have mental hooks by which they are attached to one another in the relation of leaders and led, in some aspects of life. In any assembly of small children, it becomes apparent that a few lead in any activity and most follow. Leaders and led may be different from one sphere of action to another, but there they are even in such comparatively self-regarding creatures as small boys and girls. And in fact unless there were those who would and could give a lead, human association outside the narrowest limits would be impossible.

The deplorable fact that so many "leaders" are and always have been second-and third-raters, is not so important as the other deplorable fact that this "leader-led" relation is so very frequently not functional but emotional. If a cricket team chooses its captain, a predominant, though not the exclusive, basis of its choice will be that the man chosen will know a good deal about the game and the management of the team for purposes of its matches. The more complicated and less assessable the functions a leader is supposed to exercise the less will judgment of his competence decide his choice, and the more decisive will be his capacity to give satisfaction to the delusions of persecution and grandeur which afflict his associates with kings and priests, and erroneously believed that the end of kings and priests would be the end of human woe. He failed to see that the continuance of royalty and priesthood rested on the desire of the apparent victims for their continuance.

It is one of the cultural tasks of leadership in general to reduce the emotional basis of *les clercs*, and increase the functional. A labour of Hercules, but necessary. The trouble with reforming teachers and priests—with what Julien Benda calls *les propagandists for The Good Life*—that they like those they try to educate—are all too often concerned with changing the leaders—Marx for Christ, Adler for Freud, Roosevelt for Hoover, Montessori for Froebel, and *vice versa*. They do like the Old Gang, in short, and cry up a New Gang—a process which suits the book of that selected band of cynics whose interests are bound up with collective neurosis.

### PUBLICATIONS RECEIVED.

*Socialist Review* for Autumn, 1932. Voucher copy Credit, by F. W. Friday. Article on Social  
*Nineteenth Century and After*, September. Mr. Eric  
with erratum-slip, facing p. 257, correcting Mr. Eric  
ridge's recent statement implying that THE NEW AGE had  
ceased publication.

## Politics and Postures.

By John Grimm.

On September 9 *The Times* commenced a series of articles extracted from the forthcoming *Life of Lord Oxford and Asquith* by J. A. Spender and Cyril Asquith. These articles are worth attention because they cover a period which we have discussed in this journal in order to underline important lessons for our readers.

One is tempted to make comments at almost every line, but I must confine myself to one point at a time. And the point that I wish first to raise is not in the articles at all, but in a letter contributed to that paper on September 15 on the subject of the above articles, by a Dr. William Garnett. This gentleman says that for two years he was in the Sixth Form at the City of London School when Mr. Asquith was there—the Headmaster at that time being Dr. Edwin A. Abbott. He says that once a month, after school hours, the Sixth held a debate in the class-room, and Dr. Abbott always presided, but generally utilised the time by correcting or marking exercises. Whenever, however, Herbert Asquith was speaking, Dr. Abbott devoted his whole attention to the debate, "not for the sake of the subject, but for the rhetoric." Many years afterwards, adds Dr. Garnett, Dr. Abbott remarked to him "on the wonderful manner in which Asquith would enunciate long, compound sentences involving many clauses, and round them off completely, never missing a point."

This is an excellent example of the manner in which aspiring politicians train themselves for their functions. Dr. Abbott's admiration was not evoked by any argument which conveyed a point of view with clarity, but by Asquith's ability to round off all the confusing parentheses which he had introduced into his sentences. The reason for Dr. Abbott's admiration comes out clearly in Dr. Garnett's letter. It was that Dr. Abbott appreciated a *tour de force* in rhetoric quite apart from the question of what the rhetoric related to.

Now, I happened to be a youngster at the City of London School during the last few months of Dr. Abbott's régime there; and my distant impression of that gentleman is that he liked to see a job well done within the framework of its own technique, without troubling about the purpose or consequences of its performance.

The purport of this commentary of mine can be made clearer by reference to a passage in the second article of the series, where the authors, referring to the technique of forensic rhetoric, make mention of a certain incident in these terms: "You have made a point too clear," was the significant reproach of a leading Silk—now a judge—to the junior who had "followed" him in the Court of Appeal.

I leave readers to ponder over the significance of this reproach. How a point of fact or a step in logic can be made too clear, is beyond the comprehension of anybody who conceives the function of the law to be that of arriving at the truth.

The authors of the articles themselves speak complacently of the fact, as they say, that "trenchancy, lucidity, and close reasoning" in the Courts are "no sure passport to professional prosperity," and that it is "possible to indulge them to excess."

Now in arithmetic or algebra certain formulae are often expressed in terms involving the use of perhaps three or more different patterns of brackets. These formulae would correspond with the Asquithian sentences so admired by Dr. Abbott. They would serve the purpose of time-saving and space-saving in communications between two mathematicians—which presupposes that both of them were capable of understanding them. On a parallel, therefore, the value of the Asquithian sentence would lie in its

communicability to other people of the same calibre of mind as himself. But for public consumption the brackets ought to be cast out; and could easily be cast out if the enunciator of the formulae liked to take the trouble to turn his long rhetorical expression into a series of short steps of reasoning.

The only defence of the involved rhetorical sentence would be that the meaning of it needed only to be comprehended by rhetoricians. But if anybody raises this defence he is virtually saying that the business of politics is the private concern of the professional politicians.

It may be noted that much the same thing as is here said of Asquith was said of the late William Ewart Gladstone. He, too, could thread his long sentences with beads of qualification in such wise that it took an experienced parliamentary rhetorician to gather in his meaning as he went along.

The general conclusion from these reflections underlines what has often been said in this journal of politicians as a class, that they are playing a game of their own in which the interests of the public, if noticed at all, are simply treated as material for the making of parliamentary reputations. The House of Commons is a theatrical show. This was said in the "Notes" in connection with the incident of Miss Ellen Wilkinson's little *tête-à-tête* dinner with a correspondent of the *Daily Express* in the House at the peak of the crisis just before the dissolution of the labour Administration. It was said at the time that diners would break off their meal to visit the Chamber to listen to a particular speaker just as young bucks in Victorian times would pop out of the bars in the Empire Theatre of Varieties to listen to a turn by a favourite comedian. Asquith's brackets, and the mannerisms of the comedian, are parallel accomplishments—neither means more than the other in the affairs of this life, the only difference being that whereas people like Dan Leno, Herbert Campbell and George Robey provided entertainment for a wide circle of the public, who knew it did not matter, the other comedians provide entertainment for themselves alone, the public receiving mystification which, unfortunately, they interpret as wisdom, leaving everything that they might otherwise wish to investigate to be settled by the political leaders whom they follow.

### Pastiche.

I.

"Well, my dear," says Grandpa, "how are you getting on at school?"

"Very nicely, thank you, Grandpa."

"Now tell me, what's three and three?"

"Well, Grandpa," hesitates the little girl—

"Come, come, my dear, surely that's simple enough."

"But, Grandpa, if you put the three it's six. No,

thirty-three. But if you put it under the three it's six. No,

Grandpa, I mean if you add it up it's six; but if you subtract it it's nought."

"Oh, and, Grandpa, if you multiply it it's nine—"

"Never mind, my dear, here's sixpence for you. Your powers of observation are greater than m—"

"Oh, thank you ever so much, Grandpa."

II.

"The statement is made that the firm of Kreuger & Toll was running at a loss during the last phase of its existence, but that Kreuger was able to keep matters going by his net-work of subsidiary companies through whose books losses were turned into profits."—*Times* Correspondent cabling from Stockholm under date September 13 (published in the *Times* of September 14, page 9).

III.

When you've finished your laugh turn round and note how all this demonstrates the permutations of interpretations derivable from figures. It lends antecedent probability to Major Douglas's dictum that figures purporting to represent debts recoverable from the community are in reality credits recoverable by the community.

## Reviews.

**World Disorder and Reconstruction.** By Hubert Blake (Geo. Allen and Unwin. 6s.)  
In Chapter V., entitled "Outlines of a Constructive Solution," we read:—

"Every observer of the economic situation recognises that it is the latter form of depression, due to famine in industrial investment or demand for capital goods, from which the world is now suffering.

"It is equally apparent that the conditions of trade revival are, first, a diminution in the rates offered on bank deposits and gilt-edged investment, the other aspect of which is a reduction in the charges made to industry for capital accommodation; and, secondly, a restoration of the price level which will increase the money value of the product."

Well, there you have it—in a nutshell, so to speak. And, of course, you may believe or not. We don't. But besides this there is a good deal of really useful information in the form of facts and figures, including "Salient Figures from Central Banks Returns" set forth, with other tables, in a Statistical Appendix. S. R.

**Lenin: God of the Godless.** By F. A. Ossendowski (Constable. 3s. 6d.)

This is a life of Lenin written in the form of a novel. The style is too consciously dramatic to produce a really dramatic effect; and yet the book is well worth reading. S. R.

## MEETING NOTICES.

A series of addresses on "The Meaning of the World Crisis" will be given under the auspices of the "Crusader Legion," at the Corn Exchange, Coventry, during the month of October. Starting on Sunday, October 2, when Major Galloway is the speaker, meetings will follow at weekly intervals, the speakers, in order, being Major Douglas, Mr. J. E. Tukey, Mr. John Hargrave, and Mr. W. T. Symons. Tickets for these meetings are 1s., 6d., and 3d. (with a reduction for series), and can be obtained from the "Crusader Legion," 9, Hay Lane, Coventry. The meetings commence at 8.15 p.m. on every occasion.

## MR. GLADSTONE AND THE CITY.

From the time I took office as Chancellor of the Exchequer, I began to learn that the State held in the face of the Bank and the City an essentially false position as to finance. When those relations began, the State was justly in ill odour as a fraudulent bankrupt who was ready on occasion to add force to fraud. After the revolution it adopted better methods, though often for unwise purposes, and in order to induce monied men to be lenders it came forward under the countenance of the Bank as its sponsor. Hence a position of subservience which, as the idea of public faith grew up and gradually attained to solidity, it became the interest of the Bank and the City to prolong. This was done by amicable and accommodating measures towards the Government, whose position was thus cushioned and made easy in order that it might be willing to give it a continued acquiescence. The hinge of the whole situation was this: the Government itself was not to be a substantive power in matters of finance, but was to leave the money power supreme and unquestioned. In the conditions of that situation I was reluctant to acquiesce, and I began to fight against it by financial self-assertion from the first. . . . I was tenaciously opposed by the governor and deputy-governor of the Bank, who had seats in Parliament, and I had the City for an antagonist on almost every occasion.—(From *The Life of Gladstone*, by John Morley, Vol. II., p. 809.)

## KIBBO KIFT.

Three lectures will be given by John Hargrave at London Headquarters, 35, Old Jewry, E.C.2, as follows:—

1. "A Popular Mandate v. The Ballot Box," Wednesday, September 21.
2. "Methods of Social Credit Propaganda," Wednesday, October 19.
3. "Occultism and Social Credit," Wednesday, November 23.

All commencing at 8 p.m.  
The charge for admission to each is 2s. to non-members, who are very welcome.

## LETTERS TO THE EDITOR.

## "RETIRING CONSUMPTION CREDITS."

Sir,—My correspondence this week includes references to Professor Copland's "argument" that "B" disbursements at any given time can be resolved into "A" disbursements at previous times: and (b) to G. D. H. Cole's "argument" that the bank's withdrawal of loans doesn't leave gaps in purchasing power so long as they keep on issuing new loans at the same rate as they retire old loans.

Professor Copland, in his address, expressed his "surprise" that Major Douglas should have "overlooked" such an important fact. Far from overlooking it, Major Douglas explicitly mentioned it in his original statement, and said it was true, but irrelevant. The question at issue is not the fact, but its relevancy; and mere reiteration of the fact does not decide the question. Professor Copland has two courses open to him, either that of disproving Major Douglas's arguments against relevancy, or that of advancing arguments of his own for relevancy. We shall learn shortly, no doubt, which he chooses, if our friends in Australia can get him to pursue the subject. If so it will be found that arguments against the A + B Theorem will be just as "unconvincing" as arguments for it. It must be so in the nature of the case; and for that reason it is an astute manoeuvre on the part of the bankers to throw the whole onus of argument onto our side, contenting themselves with a negative "Yes, but—" style of criticism. Let them make their statement on the same model as Major Douglas did for the Macmillan Committee, and let them argue that that statement as he did, and we will show them, in our turn, what can be done with the "Yes; but—" mode of controversy! Mr. Cole's "argument" is merely a statement. It can be extended in this form: That no gap will occur so long as they issue credits to industry—which means, so long as industry disburse these credits among consumers at the same rate as it collects them in prices of consumables. Industry considered collectively can only reduce its debt to the banks with credit collected from consumers. Mr. Cole's statement, in this sense, is more of an argument in favour of Social Credit than against. If he means it in any other sense, it is up to him to explain what sense.

I must apologise for not dealing with every point raised by my correspondents as and when raised. They must exercise patience. I have often found that a direct reply to a point fails to clear up the questioner's difficulty but succeeds in settling someone else's.

Building up a proof of the A + B Theorem is much like handling one of those puzzle-toys where you have to tilt a little box about to get six little shots to roll into six little holes. If only each little shot would stay in his little hole when you got him there—!

## MR. GLADSTONE AND THE CITY.

Sir,—Part of a short statement by Mr. Gladstone, which shows how exactly he understood the quite subordinate position held by the Government with regard to the City, has already been quoted, I think, in your columns. I enclose a more complete copy beginning with a historical summary of the circumstances which led to this position.

[We print this elsewhere as it deserves more prominence than an addendum to a letter. We thank Mr. Kenway for digging it up.—Ed.]

## PROFESSOR COPLAND ON CREDIT-CREATION.

Sir,—In his speech at Melbourne (reported in last week's issue) Professor Copland said of Major Douglas: "His first proposition was that the banks possessed unlimited power to create credit." This was false, said Copland, because their power to create credit was limited by their inability to maintain a "constant amount" of "cash in hand." The direct answer to this is that the banks possess also unlimited power to create cash in hand. The only limitation conceivable is the cost of printing paper-currency just as, in the case of Portugal "created" £1,000,000 worth of currency at a cost of under £10,000 (Lord Justice Scrutton), i.e., £1 for every £100 worth of "cash in hand." Technically there can be no limit to the creation of currency and credit, because the banks can create currency and credit to pay the cost of creating currency and credit! They could, for instance, say to their printer: Print 100 £1-notes for us, and an extra £1-note for yourself; and thus would get their notes for nothing.

Professor Copland was confusing two distinct questions: (1) The power of an all-in banking combine to create currency and credit, and (2) the freedom of any given member

bank to do so. The first is technical, the second legal or quasi-legal.

"I can; but I may not." In the present system, things which the combine "may not" do are things which the combine wishes not to do itself or to let be done by others; and the combine procures the illegalisation of such things by the Government. J. G.

## RE PROFESSOR BELLERBY AND "NEW AGE."

Sir,—In your "Notes of the Week," the following passage occurs: "Since so far as we know he contemplates continuing his office and teaching economic science at the University. . . ."

The *Manchester Guardian* prefaces its report of his address at the meetings of the British Association thus: "It was Professor J. R. Bellerby—who has announced his retirement at the year end of Professor of Economics in Liverpool University, so that he may work for the wider spread of his theories. . . ." WM. H. LANSDSELL.

[We have to thank two other correspondents for giving us the same information. We publish Mr. Lansdell's letter because the other advices were incidental paragraphs in private correspondence.—Ed.]

## A + B.

Sir,—I suppose all advocates of Social Credit have come up against the argument used by Prof. Copland as quoted in the current issue of THE NEW AGE, namely that the "B" payments eventually become purchasing power.

This is a very plausible argument, and has given difficulty to me personally, and I suppose to many others. One appears to be weakening by ignoring the argument and adopting a different line of approach.

Is there a direct reply to this direct criticism? If so, I should be pleased to learn it.

If not, it appears to me that S.C. advocates had better leave the A + B Theorem alone. WILFRED TOWNEND.

[Professor Copland's argument amounts to this: that in respect of, let us say, a railway journey, some proportion of the money paid out as personal income fifty years ago, and now represented in the price of the ticket, still exists in the pocket of some would-be railway traveller. It is up to Professor Copland to prove his assumption; or, if he repudiates it, to show by what means the present financial system guarantees that a cost incurred fifty years ago will be offset by a compensating provision of consumer-income at the present day.

There is no direct reply to arguments like Professor Copland's in the sense of a brief, comprehensive and commonly convincing disproof. The A + B Theorem can only be discussed along lines which will provide systematic them, according to his capacity and experience, can make his own synthesis of how the present system of finance operates.

It is not necessary to explain the A + B Theorem to the man in the street.—Ed.]

## PROFESSOR BELLERBY'S ADDRESS.

Sir,—With reference to Professor Bellerby's address at the British Association, I believe you will find that he resigned his position at the Liverpool University last June, his object being, so it is said, to devote himself to a movement to prevent war. If so, this rather discounts the significance of his financial proposals along the lines suggested in your "Notes" last week. W.

## THE MR. NORMAN OF 1832.

Sir,—It will be remembered that, during the regime of the last Labour Administration, the Governor of the Bank of England was invited to address the members of the Currency Committee set up by the House of Commons. And that, when a certain M.P. endeavoured to "press" Mr. Montagu Norman on some disputed point, the latter shielded himself behind the remark, "I am a practical banker, not a political economist." Reliance on private advice, of course, no new thing, even for Bank Governors, and Mr. Montagu Norman largely accepts the guidance of a gentleman he regards as a "great leader" in the science—the American "observer," Dr. Sprague. The following excerpt from *The Times of a hundred years ago*, (July 2, 1832) exhibits some interesting parallels with the present:—

"We understand that the Committee on Banking Affairs met again yesterday (Friday), and continued the

examination of Mr. Norman,\* whom they have had before them two, if not three, days, but whose examination is not yet concluded. Mr. Norman is not only a Bank Director, but like the Governor, Mr. Horsley Palmer, is an amateur in political economy, and a member of the Political Economy Club, and discourses on matters of theory as well as practice. It ought to be mentioned, by the way, that to a certain great leader in the science of political economy is ascribed the authorship of a late pamphlet on the affairs of the Bank of England, in which the renewal of the charter is, by inference, very strongly advocated."—*City Intelligence*.

The *Times* files reveal that, not long before this, sharp controversy was taking place in the City as to the respective merits of the policies of the Bank of England and of the American banks. E. A. D.

ANSWERS TO CORRESPONDENTS.  
"SPIRITUAL" PREPARATION FOR SOCIAL CREDIT.

S.—The whole fashion of using figurative and metaphysical jargon is part of the bankers' policy of confusing public opinion on all matters to do with finance and economics. You will notice that your banking friend, in stating his opinion that our spiritual life needed purifying before we could be ready for Douglas was almost exactly reproducing in advance the sentiments expressed by Sir Alfred Ewing at the British Association on August 31. (You will see what we mean in THE NEW AGE of September 8.) There is not the slightest doubt that the identity of the two sentiments is the outcome of the secret dissemination among banking officials of doctrines of this character. The doctrine of self-purification is simply the doctrine of abstinence. The bankers don't use the word "abstinence" because if they did everybody would recognise the stupidity of a proposition that "going without" was a preparation for "getting." It stands to reason that preparation for a final prosperity consists in practising on little instalments of it and working up to the full enjoyment in due course. Conversely it is the worst thing you can do, if you wish to avoid the danger of people making pigs of themselves when they get a meal, to starve them to the limits of endurance before you offer them a meal. This "purification" doctrine is a good illustration of the way in which the bankers camouflage nonsense with high-flown jargon.

## Events of the Week.

(Compiled by M. A. Phillips.)

- September 12.  
New Cotton and Wheat gluts check commodity rise.
- September 13.  
German Reich dissolved by von Papen on Hindenburg's order following vote of no confidence in Government (513-42). New election ordered.  
Gandhi threatens to fast "unto death" unless British Government revises decision about separate electorate for untouchables. Government adamant.  
Durham County Public Assistance Committee refuses to administer means test.  
France refers German arms protest to League of Nations.  
Harland and Wolff declare heavy losses for 1931.  
Stock Exchange to open on Saturdays.  
Parliament to reassemble on October 18.
- September 14.  
Petrol price increase (3d. gallon).  
Mellon and Reed visit MacDonald and Simon.  
Britain declines to co-operate in Danube relief plan.  
Collapse of Stock Exchange Boomlet.  
Reported Japanese landing at Nanking.  
Lincoln City Public Assistance Committee refuse to administer Means Test.  
Income Tax receipts down by £6,000,000. Customs and Excise up by £17,000,000.  
De Valera offers to deposit money with an international bank pending settlement of Annuities dispute.  
Unemployed riot at Birkenhead.
- September 15.  
U.S.A. to issue statement on principle of debt reduction.  
Railways to reduce wages.  
Police authorities demand new anti-bandit laws.  
Farmers want milk price strike.  
Germany to form new militia.  
Dutch seamen's strike over. Men win.
- September 16.  
Russia domestic food shortage admitted officially to be serious.  
Germany not to attend Disarmament Conference unless her claim to arms equality is admitted.  
Reports of pending resignation of Liberal members.

\* (Note:—The "Court and City Register" of that period gives his name in full as George W. Norman.)

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