

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Correspondence has passed between us and some of our readers on the one hand and certain representative scientific gentlemen on the other, on the issues raised by our "Notes" of September 8 and our article "Science and Economics." This has elicited two definite examples of how easily the scientific type of mind can be misdirected on economic questions. One of these scientists says:

- (a) When Major Douglas appeared before the Macmillan Committee he did not succeed in convincing responsible and open-minded people on that Committee.
 (b) I have discussed Major Douglas's proposals with several responsible people and have found that they regard them as "woolly," and say that when he is tied down to a definite practical problem he fails to provide a solution to it.

It will be seen that this gentleman (a respected and well-known scientific thinker and writer) shapes his attitude on the Douglas Theorem according to the opinions of "responsible people"—without a doubt financial experts.

Unfortunately we do not know their names, but we may take it for granted that they are people of much the same standing in the financial world as Sir Josiah Stamp, Mr. R. McKenna, Mr. Cecil Lubbock and so forth. Any value which the opinions of such experts possess is limited by the scope of their specialised training. Now any kind of expert training consists in investigating and perfecting methods for achieving particular objects. These methods are governed by certain principles the character of which of course depends on the nature of the object. The function of the expert is that of adapting to a given end the best means possible under the natural limiting factors governing the process of adaptation.

Now in regard to any physical problem the opinion of the expert carries weight because he is more conversant with these limiting factors than are non-

experts, having found out, by trial and error, how to deal with them. He is an expert adapter.

This applies to the financial experts. And if anyone without their special training and experience came along and claimed to know how to improve on their methods of adaptation, their views on his claim would probably be regarded as decisive—granted that they had "open minds."

Major Douglas, however, has made no such claim. On the contrary, he has often insisted that the experts' knowledge of their job, and skill in its performance, are little short of perfect. His claim is of an entirely different nature. He asserts that the ends to which all this special knowledge and skill are leading are scientifically indefensible. (They are morally indefensible, too, but this aspect of the claim is here not under discussion.) By doing so he raises an issue on which anyone familiar with scientific reasoning and method has as much competence to form a judgment as the most experienced financier. In other words, the views of the above "responsible people" become irrelevant. And what is psychologically important, the substitution of the means and ends embraced in Major Douglas's proposals would render the services of these people superfluous. His scheme is, in one sense, a labour-saving invention applied to the higher administrative personnel of the financial system. For an expert on *means* is not necessarily an expert on *ends*—in fact is probably less so than others because of his concentration on his specific job.

For example, a shipyard worker can be an expert riveter, and entitled to lay down the law about hand-riveting. But he is no authority at all on the question (a) whether riveting is the most efficient method of construction or (b) whether automatic-riveting is the most desirable, or what riveting-machine is the most efficient. In fact, he would be the last, rather than the first, from whom one would seek an opinion on such matters; for he would probably not understand anything of, e.g., the design of a riveting-machine,

and would therefore regard any description of it as "woolly," an impression which would be deepened if he "tied the inventor down" to solve the "practical problem" of how to fit automatic-riveting in with hand-riveting.

Now, on the financial question, this is precisely where the scientist in question has gone wrong. He has applied to people for information on a subject which is outside their field of experience, and one on which they are unlikely to give an unbiased opinion if they understand it. If anyone thinks this an improper insinuation, our reply is that the banking community are no more exempt from human frailty than are other people. Show us a man who (a) is not clear in his mind on the technical merits of a given invention; and, *at the same time*, (b) does not approve the purpose for which the inventor has designed it; and we will show you an average sample of the "responsible people" whose opinions seem to impress the scientific enquirer. We spoke just now of the end of present financial methods as "scientifically indefensible." By this we do not mean the *avowed* end, for the conclusive reason that it is never defined in terms verifiable by scientific analysis. It is alluded to by such expressions as "prosperity," or "stability"—and you cannot argue with poetic images. The "end" we mean is the automatic and calculable outcome of the present methods of finance adopted by the bankers (loan-accounting), and imposed by them on the industrial community (cost-accounting). Whether the parties operating the system are aware or not of the nature of this outcome, or approve it or not, has nothing to do with the issue. When a schoolboy drops a piece of sodium into a dish of water he may not know that it will fizz itself away into sodium hydroxide, and he may wish it wouldn't fizz; but his knowledge and feelings do not affect the manner and end of the chemical reaction.

Major Douglas's method of approach to the economic problem should appeal to every scientist. He asks that we should first be clear as to what the economic system is *for* in a physical sense. He assumes common agreement that it is a system of production. But he goes on to ask: "production *for what?*" Is it (a) to distribute goods to the community?—(b) if so, to distribute them at the same rate as they can be made?—(c) if the answer to "b" is no, then at a slower rate? There is nothing "woolly" about this; and nobody requires expert guidance to give an answer, and to understand the meaning of the answer. Now if the criterion of judgment is scientific the answer to "b" must be "yes," for superfluous capacity of output implies waste of energy. On the other hand, if the answer to "b" is no, and that to "c," yes, the criterion of judgment must be non-scientific, say moralistic. It will be found to imply that the prime purpose of the economic system, in the minds of those who adopt it, is that of regulating human behaviour—i.e., a mechanism of governing rather than of serving the community.

Proceeding from this Major Douglas takes the "c" policy, so to speak, and points out that the existing methods of financing economic production and distribution are designed to fulfil it and, as already said, probably perfectly adapted to that purpose. It is no part of his Theorem to say whether this is a wise, or an unwise policy in the political sense. What he insists upon is that the people who have to work under it shall understand its essential nature and purpose—that they shall not confusedly or absentmindedly accept the teaching of the experts who run this policy under the mistaken impression

that they are running the other. (Have which you like, but make sure which you're buying.)

There is a vague notion derived from what these experts say, that their financial methods, which we designate "c," will, if patiently accepted for a long enough time, produce the result outlined under "a." Major Douglas emphatically declares that they will not, and offers to demonstrate that they will be competent to understand his reasoning that they will automatically produce the opposite result. This is to say, that if orthodox financial reasoning were wholly accepted and translated into practice the end would be a complete cessation of consumption. It is the so-called "obstructive human element" which at some given stage breaks out into revolt (riots, strikes, tariff wars and eventually military wars) and compels the financiers to suspend, and sometimes reverse, their policy, which saves it from exposure and collapse.

This brings us to an important point. For we have the impression that what makes the scientist hesitate to examine the subject is in part his realised incompetence to judge how Social Credit would work in a practical world where he sees so many confusing psychological factors involved. He naturally turns to himself: This sort of thing must be gone into by experts accustomed to deal with problems created by conflicting interests (railways and motors—employers and employees—retailers and consumers and things of that sort). His attitude can be summed up in Sir George Paish's favourite saying that it is not enough to discover a technically sound system, but to get people to work it.

But we are not asking the scientist to arbitrate on the administrative feasibility of Social Credit. We are asking him to examine and compare the existing and proposed policies strictly on their technical merits—in a psychological vacuum, so to speak. The present duty is to ascertain what is likely to happen to each system respectively supposing you *do* get people to work it. For if any system contains a fundamental technical flaw (as Douglas Paish's against the present system) then Sir George Paish's requirement is reversed, and the problem is to get people *not* to work it! (The bankers were doing this last autumn when they had to keep on punctuating their homilies on rigid economising with injunctions to "spend wisely.")

We want the scientist to investigate the matter precisely because he is aloof from problems of administration, and is free to consider it in its elemental form and to investigate *ab initio* the axioms from which current financial principles are derived. Economics at root is a matter of energy transformed. You have a given amount of energy transformed into energy products, and the problem is to get all these products into the hands of the community. What is wanted is an impartial examination of the principles on which the bankers manipulate money in their attempt, as it is popularly supposed, to correlate production and consumption so that the rate of the one, whatever it is, shall be the rate of the other. This involves a study of the mechanics of the money system—a study from which considerations of human behaviour can be excluded. To illustrate: Suppose a community all of whom work in an electrical power-station, and whose means of life are represented by electric current. Suppose a power-engineer to run the generation and distribution of the current; and suppose that his duty was to see that the community consumed current

as fast as it was generated. Well, he would measure the rate of generation in certain units and would distribute I.O.U.s for current in terms of those units accordingly. Nobody will say that this would be beyond the competence of the engineer. In other words he would be a banker, and could do a banker's job in his stride. There would be no difficulty at all provided he knew what he had to do, and was left free to do it. His problem, considered technically, would be no problem at all.

And so with the whole national system of production and distribution. Once given a common realisation of the objective and a common desire to reach it, the design of a corresponding technique is child's play. This is where the scientific thinker is called upon to play his part. He is asked to examine the principles on which he would act, supposing he were the engineer in the illustration, side by side with the principles on which the bankers are now acting. He will be tempted to reply: "Oh, but look at the assumptions you ask me to make—a 'common realisation' and a 'common desire'; why should I waste my time on an enquiry which ignores these chronic disturbing elements?" Our answer would be that if he prosecuted the enquiry systematically he would discover that these disturbances are by-products of the technical flaw in the financial system to which Major Douglas invites his attention. Their existence is, from this point of view, an additional reason for concentrating on the purely technical aspect of finance—and the scientific thinker, beyond all others, has the capacity for such concentration.

To make the human and mechanical aspects of the economic problem co-equal subjects for simultaneous investigation is to play into the bankers' hands. It enables them to pass off the automatic consequences of their faulty mechanism as manifestations of human perversity, thus inverting the true sequence of cause and effect. This is why certain representative scientists are virtually saying that moral regeneration will have to precede material prosperity. All we can say is that, if the regeneration is of the sort that the bankers are calling for, it will extinguish the last chance of prosperity. They enjoin abstinence—and abstinence means nothing else than a renunciation of material prosperity. Its practice renders superfluous a larger proportion of production, and also the scientific research directed to improving production-processes. Nobody in the community sees the desirability or the necessity for people to consume fewer things; yet everybody in the community believes it a duty and a necessity to spend less money. This confusion will persist so long as the stewards of the physical truths allow themselves to be deceived by the stewards of financial mysteries into the belief that banking, as they practise it, is a science.

NOTICES OF MEETINGS.

The next meeting of the Manchester Douglas Social Credit Association will be held at 7 p.m. on October 18, at the Milton Hall, Deansgate, Manchester, when Mr. Joseph O'Neill will speak on "The Position of the Social Credit Movement."

A meeting of all interested in the furtherance of the Social Credit proposals of Major Douglas will be held on Friday, October 14, in the Common Hall, Hackins Hey, Liverpool, at 8 p.m. prompt. A general discussion will be opened by Mr. F. H. Auger.

Glasgow Douglas Credit Association.—Christian Institute, Bothwell Street, Glasgow. On Tuesday, October 18, J. Longden, Esq., Diplomat, Economics, Oxford, will speak on "The British Monetary System," and all interested are cordially invited to attend. Questions welcomed. Collection.

Australian Affairs.

The first account of the opening reply by the Social Credit community to Professor Copland's speech (reported in this journal on September 15) reaches us this week in the form of a report from the Melbourne *Age* of September 3 describing a meeting at the Central Hall, Melbourne.

In a letter accompanying it a correspondent says:—

I might say that it conveys no true estimate of the splendid impression that our speakers made. There was rapt attention throughout the whole evening, which even Professor Copland (who was present) remarked on when he spoke for a few minutes at the close. Without a doubt we have drawn the fire of the enemy, and I have no hesitation in saying that in the first encounter the honours are undoubtedly with us.

He refers also to other replies of which reports are on the way. Meanwhile we reproduce the Melbourne *Age's* report fully because of the importance of the occasion and the interest of the speeches.

Extraordinary evidence of the public interest in currency and banking questions was shown at the Central Hall on Thursday night, when the exponents of the Douglas Credit System answered the recent criticisms of Professor Copland. Mr. D. Robertson presided over a large audience, which paid close attention even to the most abstruse economic and financial details, and frequently applauded the lecturer.

Mr. P. M. Ireland, honorary secretary of the Douglas Credit Movement of Victoria, pointed out that Professor Copland had criticised the Douglas system for its contention that banks possessed unlimited power to create credit. As a fact what the Douglas Credit system maintained was that banks had unlimited power both to create and destroy credit, provided that both processes were carried on at one and the same time. In furnishing proof of this, he quoted paragraph 74 of the MacMillan Report, which stated:—

The bulk of the deposits arising out of the action of the banks themselves, for by granting loans, allowing money to be drawn on overdraft, or purchasing securities, a bank creates a credit in its books which is the equivalent of a deposit.

In speaking of the results of a bank purchase of an investment, the same paragraph of the MacMillan Report stated:—

The cheque which it draws upon itself in payment for the investment is paid into the seller's bank account, and creates a deposit of that amount in his name. . . . The bank can carry on the process of lending or purchasing investments until such time as the credits created or investments purchased represent nine times the amount of the original deposit.

Illustrating his argument regarding the creation and destruction of credit by the banks, Mr. Ireland said a bank, for example, could create £10,000,000 of credit in January provided that it destroyed £10,000,000 of credit in, say, the same month. It could also create £10,000,000 in, say, the same month. The vital credit in February, and similarly destroy it. Quotefactor was the velocity of creation and destruction. Quoting Reginald McKenna's book on "Post-War Banking," he showed that actually, under the paper currency notes system at present in vogue, no fixed ratio of cash to deposits had been maintained. Further, according to Mr. McKenna, an indefinite amount of currency notes might be placed in circulation. It therefore meant that an indefinite amount of notes might be placed in circulation, multiplied by an indefinite velocity of cash to deposits, multiplied by an indefinite velocity of creation and destruction. Professor Copland, in his criticism, had described that as a limitation. If that was actually a limitation, then it was the most elastic kind of limitation that could ever be conceived. (Laughter and applause.)

In support of his argument, Mr. Ireland quoted Mr. McKenna's startling figures relating to conditions existing in England.

In June, 1914, the banks held £75,000,000 of currency. In December, 1919, they held £191,000,000—an increase of £116,000,000 in currency, but it is estimated since June, 1914, deposits have risen by £1,230,000,000. If £116,000,000 of this amount is accounted for by payments

of currency into the bank there remains £1,114,000,000, which, if the previous analysis be accepted as correct, we must attribute to bank loans.

Such a figure, concluded the lecturer, startling in itself, did not take into account the number of times this sum of money had been created and destroyed in the period of five and a half years.

We are glad to hear from our correspondent that our remarks some time ago on "Social-Credit Lecturing Technique" have been reprinted as a leaflet for the guidance of speakers. Readers will recall that the object of them was to emphasise the necessity for speakers and organisers to be clear about, and to make clear to the audience what aspect of the case was to be dealt with—the object being to prevent the subsequent discussion from travelling outside such defined frame of reference. There are several aspects which can be separately presented on different occasions; and there is a gradation of emphasis to be reflected by their order of presentation. While it is important to show that they are all mutually co-ordinated, it would be silly to attempt this while any one of them were being investigated. As a matter of fact, the several correct conclusions from these various studies would themselves manifest the coherence of their inter-relationship. Concentration on each, then, is the surest road to comprehension of all.

Now that the bankers are running a public platform the study of the technique of teaching is doubly important. You need to answer orthodox logical arguments, but you need not let them impose the manner of answering. At least, you can provide an object-lesson on how the economic problem ought to be expounded by both sides alike if the exponents sincerely wish to impart full and clear knowledge to the Australian public. This would imply, and is here set down to imply, that anybody who gets up and talks "about it and about" puts himself under suspicion of intending his hearers to leave "by the same door as in they went."

The speaker at the Melbourne meeting, Mr. P. M. Ireland, followed the right method. He took up the question of the alleged limitation on the banks' power to create credit, and stuck to it throughout the evening. How he dealt with it is to be seen above. The result must undoubtedly have been to send the audience home with definite material for arriving at a judgment on a definite question. The issue was clarified—the plain practical import of the word "limitation" was brought out, so that those in the audience who were unconvinced, but wanted to follow the matter up, knew what sort of evidence to look for independently. For those with restless minds—the "yes-but-what-about . . . ?" types, well: "To-morrow is also a night," as the Spaniard would say, and in due course the particular what-about dish will doubtless figure in the Social-Credit menu.

Snowden on Norman.

Mr. Paul Einzig's book on Montagu Norman, recently published, seems to have aroused general interest, and we have received several cuttings of reviews and comments. The most interesting review is in the *Spectator* of October 8, and is an article by Viscount Snowden filling a whole page. This article is worth attention by students of Social-Credit because it affords proof of the dependence of Ministers of State on the tutelage of their respective Departments. When Viscount Snowden, as Mr. Snowden, was Chancellor of the Exchequer, his opinions looked to be, if not conclusive, at any rate coherent and purposeful. This was because he was the mouthpiece of the Treasury. Now that the Treasury have got another mouthpiece in the person of Mr. Chamberlain, and neither the banking community at the top nor the ordinary private citizens at

the bottom attach any importance to what Lord Snowden says, his Lordship has been left to fall back on his own store of wisdom and express it as best he can. The result is that on anything to do with the technique of finance his remarks are deplorably incoherent. Take the following passage:—

"The world depression of to-day, which has so seriously affected our industry, is proof of the extent to which we are dependent for our prosperity on the prosperity of the rest of the world."

This is like anybody saying:—

"The fact that my pals are hard up, which has made me hard up, is proof that I can't get money unless they do."

A little later we find his Lordship remarking: "It is not credits which are needed to-day, but markets." This is the same as saying: "We don't need people to pay for goods; we only ask that they shall order them." He proceeds to say that "when markets are open, credit will be forthcoming." This can be expressed: "When you are willing to buy you will get the money to buy with." We would like to believe it. Further on he remarks: "Although a firm believer in the Gold Standard, when worked according to rule, I doubted . . . , but omits to explain what the rule ought to have been.

No doubt, conscious of his inability to give temporary information on the technique of finance with safety to his reputation, he devotes the bulk of the article to personal reminiscences of his association with Mr. Norman. Even here he commits blunders. In one place he says that one of Norman's great achievements in leadership was the establishment of the Bankers' Industrial Development Co. Three lines lower down he says: "The results have been most disappointing, on account of the reluctance of these industries to set their houses in order." It is a curious leadership which proves its efficiency by being frustrated by the led. A little later, when he is referring to those critics who attack Norman for returning to the Gold Standard in 1925, he first makes the cheap, Parliamentary retort that these critics approved the action at the time, and then declares: "and secondly, . . . that step was taken by the Government and not by the Bank." It seems past comprehension that any one who has been Chancellor of the Exchequer could conceive of the Government acting against the advice of the Treasury, or of the Bank of England being different from that of the Bank of England. It is a pity that during the intimate conversations which Lord Snowden refers to as having taken place between him and Mr. Norman, the latter gentleman did not let him into the secret that the Treasury and the Bank of England were Tweedledee and Tweedledum. Seeing that Mr. Norman said this was a slight on Lord Snowden to be left to hear of the relations of Chancellors with the Governor of the Bank of England Lord Snowden says that the confidences are "as inviolate as if under the seal of the confessional." That is true, but only in the direction. It is only the Chancellor of the Exchequer's lips which are sealed, whereas the Governor's freedom to tell anybody he likes what he likes is itself inviolate.

SAY YOUR PIECE TO NORMAN.

"On the previous day, General Seely said, he had been telling the Governor of the Bank of England and the permanent head of the Treasury some of the things he proposed to say that day. They said, 'Yes, all of that is true, but it would not do for you, as a public man, to put forward the idea that the ship of State, having weathered the storm, is now safe in the open sea.'—Report of the Regional Conference of the National Savings Movement, the *Liverpool Post* of October 2, 1932."

Irish Affairs.

On September 8 we discussed an article which had appeared in the *Evening Standard* of August 30 announcing that the Irish Sweep for the Cesarewitch was a fiasco—that there had been an "enormous slump" in sales of tickets, which had become a "drug in the market." It may be that the decline in the figure from its peak point, £4 millions odd for the Derby Sweep to £3½ millions odd for the Cesarewitch Sweep may appear "enormous" to the writer of the article, but to the intelligent reader the magnitude of the decline is nowhere near what his language would have led him to infer. It led us to infer a virtual boycott, and on the basis of that inference we suggested that the bankers were hammering the Sweep. It looks now as if the decline can be attributed to the coincidence of the ticket-selling with the second income-tax drive for the year, and in part to the trade disturbance arising from the British tariff against Irish exports. There is nothing to suggest, that the writer obviously meant to suggest, that there was a general spontaneous flight from the Sweep by the ordinary public. We remarked at the time that the prize-money will be paid, and, given that, that patrons of the Sweep only want the assurance that the prize-money will be paid, and, given that, will not trouble themselves about the quarrels of the Irish and British Governments. Whether the bankers did try to obstruct the selling of tickets or not is of little importance now; the attempt, if made, has been only partially successful.

News over the week-end, however, suggests that for the next big race a rival Sweep is to be organised and operated on the Continent for the benefit of the British hospitals. This is a really effective way of hammering the Irish Sweep. For if you give the public an alternative opening for a "flutter," then they can be induced to base their preference on political considerations if prompted to do so by the Press. What more satisfactory to the patriotic British punter than to teach de Valera a lesson and enrich home hospitals at one and the same time?

With reference to the political situation, Mr. de Valera's overture in regard to resuming negotiations coincided to the day with the publication of last week's issue of THE NEW AGE in which we suggested his paying the overdue instalments of Annuity-interest. So far as it goes his decision is on the right lines. But we dislike these secret conclaves of Ministers and financial experts. No doubt they are a necessity when the business is to work out agreements under the existing over-riding rules of finance. But if the business is to examine those rules with a view to changing them, it is everybody's business, and calls for a real "open diplomacy"—to quote from the manifesto of the dead and gone Fellowship of Reconciliation. What we have in mind, of course, is the incorporation in public official dispatches of, let us say, a demand by the Free State Government for the right to adopt and apply a Social-Credit policy in Ireland. We need not labour the argument that a Government willing to exercise such right has everything to gain from publicity both as to its policy and to the reasons for it. Conversely, opponents of the policy have everything to lose. On the one side the appeal is to reason, while on the other it is to force—the power of coercion. It would not do to let the Irish population know that even if it united in demanding financial sovereignty and giving in London sound reasons, a few men at the top of the London banking organisations could veto it. We said at the time of the Australian crisis that there was not the slightest reason for Niemeyer for the policy he recommended—as is proved by the fact that they were afterwards published in the Press. But he did not get to explain these reasons; he went to warn

every Minister and Press Magnate concerned what would happen if the reasons were not accepted without challenge. The overnight reversal of policy accomplished by the *Melbourne Age* will be remembered by our readers: and they will readily appreciate that the methods by which the proprietors were reasoned out of their hostility to the Niemeyer Mission could hardly have been embodied in a public diplomatic document.

In this grave matter the command of publicity is stronger than the command of an army. Events have put Mr. de Valera and his Cabinet in a position where their pronouncements as regards policy are news. They have a unique opportunity to turn that situation to the advantage, not only of themselves and the Irish people, but of the populations of Britain, the Dominions and the world in general. Let them make Social Credit a diplomatic issue. It is not necessary for them to embark on a Social Credit policy, nor to announce their intention, as now constituted as a party Government, of doing so. Rather let them proclaim the right of all Irish interests and parties to co-operate in applying Social-Credit principles of finance to Irish economy.

Events of the Week.

(Compiled by M. A. Phillips.)

October 1.

Rotherham P.A.C. superseded by Ministry of Labour official.
German seamen on strike.
German broadcasting taken over by State.
Railway companies want 10 per cent. wage cut.
Conversion over, 8 per cent. redeemed in cash (£165,000,000 to be raised by loan). New issue ban removed except on foreign industrials and debenture conversions.
Hungarian Fascist Government formed under General Goemboos.
Scottish woollen manufacturers want 20 per cent. wage cut.
Cunard-White Star merger suggested.

October 3.

Manchuria. Lytton report out—Japan guilty of aggression.
Australian loan conversion plans—£12,000,000 N.S.W. stock.
Poland barter schemes with Holland and Norway; more than £2,000,000 involved.
French loan for unemployment work schemes.
Brazil civil war ends with unconditional surrender of rebels.
Abbey Road Building Society reduces interest deposit rate to 4 per cent.
American railway losses—Coolidge, Baruch, and Smith to make "recommendations" for reconstruction.

October 4.

De Valera sacks Governor-General McNeill.
Death of Lord Wolverton of Glyn, Mills, Currie & Co.
Insull investigations begin in U.S.A. Insull runs away.
More fighting in Manchuria.
Unemployed riots in Croydon.
Iraq "joins" League of Nations.
World economic conference to be held in London (official).
Australian conversion. £12,000,000 raised in 45 minutes.
Bonus Army of America becomes Khaki Shirt movement.

October 5.

Insull failure. Warrants out for Insull brothers.
West Ham unemployed riots continue to get worse.
Disarmament. Four Power Conference (Great Britain, France, Italy, and Germany) suggested in London.
Anglo-Irish talks to be resumed.
Unemployed riots at Blackfriars.

October 6.

League of Nations secretariat and staff cut wages, etc., by 10 per cent.
Unemployed and Means Test riots at North Shields and at Birmingham.

October 7.

Conservative Conference wants immediate tax on foreign meat.
Irish Land Annuities question; negotiations to be resumed.
Unemployed riots at Elephant and Castle, London.
Four (? five) Power disarmament talks postponed owing to France's attitude.

MUNICIPAL CURRENCY.

After Coventry and Kingston comes a report from Falkirk. The *Falkirk Herald*, of October 5, gives a column to an account of an address by Mr. W. F. Stewart to the local branch of the Social Credit Association advocating the issue of municipal currency there. He had made a study of experiments of this kind in Germany, which he described

W. J. Brown on Social Credit.

Red Tape for July, September, and October carries correspondence on the credit question to which Social-Credit propagandists contribute. In the October number there are, additionally, two articles, one by Mr. W. J. Brown, being the account of an interview he had with Mr. A. R. Orage, and the other by Mr. Orage himself on the present economic crisis. It is curious to see that while Mr. Brown considers Social Credit "impossible" to carry out "under Capitalism," because it "strikes at the roots of Capitalism," Mr. Orage declares that only by Social Credit "can Capitalist society be saved at all." (His italics.) Brown proceeds to say that Social Credit would be "unnecessary under Socialism." His whole article is worth studying, not simply on account of his opinions on Social Credit (which are contained in a paragraph or so), but on account of his recorded talk with Mr. Orage on the latter's experiences at the Fontainebleau Institute, to which his article is almost wholly devoted. He says in one place: "For my part I am more interested in Orage than in the reforms he proposes." The reason is easy to see in the rest of the article, for Mr. Brown reveals his avidity for the sort of knowledge which Mr. Orage possesses concerning the psychological aspects of individual and group experience. It is as if Brown said to himself: "This man can save my soul." That is all very well "off duty"; but Mr. Brown's constituents did not appoint him their leader to perfect his "thought-forms" or to rid his brother trade unionists of their "deposits of adolescence"—to quote two phrases in his "absorbing talk" with Mr. Orage. Nor is the official journal of his Union the appropriate vehicle for the expression of his spiritual experiences. It was not Mr. Orage's fault: it was Mr. Brown's. ("So, early I turned the talk on to himself.") (Par. 2, our italics.)

A trade-union leader's proper function is to get orders for labour at the best price. Since what Mr. Orage proposes would secure incomes for labourers at adequate rates, working or not, Mr. Brown should be more interested in the proposition than in the man, unless of course, after careful investigation, he has discovered the proposal to be technically unsound. The most vicious piece of legislation in recent times was "payment of members of Parliament." The trade unions naturally jumped at the chance to get the State to subsidise their representation, and equally naturally chose as their official bargainers leaders whose chief qualification was fluent talking. In the last analysis this was bound to throw up a body of Members whose chief ambition was to cut figures in Parliament—while bankers cut wages outside. Their intentions are honourable, but that is nothing. They have allowed their vanity to blind them to the futility of trying to talk more benefits out of the State for their trade unions than those unions could get in any case.

The real trouble about Social Credit is that it will not take the dye of any particular interest or party. The colour washes out under the lightest rain of elucidation. It won't help any one set of politicians to steal a march on any other. For, leaving financial interferences out of account, directly one party began to get popular on the Social-Credit ticket, the others could come into the pool. That is why people with Parliamentary aspirations have no use for it.

REPORT OF MEETING.

The first general meeting of the West Riding Douglas Social Credit Association was held at Cleckheaton on Saturday, October 1. The constitution and rules were adopted, and monthly meetings of the management committee are to be held with half-yearly meetings of members. Propaganda meetings are to be arranged, and other methods of forcing the issue adopted.

About the League.

By Eric Montgomery.

I.

To-day the eyes of the world are turned towards Geneva. "Friends and enemies alike of the League feel that the testing-time has come," observed Mr. de Valera in his much criticised Presidential address to the Council. "They are waiting to see if that test will reveal a weakness presaging ultimate dissolution or a strength which will be a source of the renewal of vigour and growth." That there is a general atmosphere of suspicion abroad and an increasing dissatisfaction with the activities (and, one is tempted to add, inactivities) of the League of Nations is undeniable. People are everywhere asking themselves whether this benevolent institution is really worth its cost of maintenance, with its assembly, council, secretariat, committees, and innumerable delegations and conferences. It has frequently been suggested in recent months that the action of the League, particularly in economic spheres, can be paralysed at the will of powerful national and cosmopolitan vested interests; and assertions have even been made in certain quarters to the effect that the League with its splendid panoply of *corps diplomatiques* and its comforting philosophy of peace on earth and good will to all men simply serves to cloak other and more dangerous influences which operate principally from Basle. Undoubtedly the League is on its trial, and at this hypercritical period in its career the appearance of a book describing in detail its constitution, objects and work, is especially interesting. * As *The League Year Book*, now published in its first annual edition, should prove most valuable to the intelligent public, not only for the surprising amount of information which it contains on every aspect of the League's working, but also for its skilful and accurate analysis of the constitution and proceedings of this organisation. Miss Judith Jackson and Commander Stephen King-Hall, who are responsible as editors for the production, have been most discerning: as they very properly point out, the book is neither for the League nor against the League, but about the League.

The League of Nations consists of fifty-six sovereign states who have subscribed to the "Covenant" and have agreed to contribute in their several proportions towards the cost of maintaining a complex organisation for the preservation of peace and the promotion of international social welfare. At present Great Britain pays over one-tenth of the annual total expenditure involved, her share at the present rates of exchange amounting to £182,000 a year. Hitherto she has been punctual in her payments, though the number of defaulters, of which China is the most conspicuous, would appear to be growing. The political organs of the League are the Assembly, which usually meets once a year and consists of all the states-members, and the Council which is in the habit of meeting at least every three months and consists of five permanent members (Great Britain, France, Germany, Italy, Japan) and nine non-permanent members (at present Panama, Guatemala, Irish Free State, Norway, Peru, Poland, Spain, Yugoslavia). The Assembly reviews the international situation in September and determines the general lines of policy to be pursued during the ensuing year, while also receiving reports from the Council and Secretariat on special questions. The Council which is in theory the executive arm of the League is popularly supposed to originate policy; it investigates international problems such

**The League Year-Book*, 1932. Edited by Judith Jackson and Stephen King-Hall. (Ivor Nicholson and Watson, 12s. 6d. net.)

as the Drug Traffic and the White Slave Trade with a laudable thirst for knowledge and zeal for reform and at the same time directs the activities and researches of sub-committees and technical bodies both permanent and *ad hoc*—the latter embrace subjects as economics, health, finance, tariffs, communications and transit, mortgage legislation, and intellectual co-operation. Every important country in the world except Russia, the U.S.A., and Brazil are now members of the League, and even these prominent absentees are represented on certain committees and at certain conferences held under the League's auspices. The League has, therefore, become recognised as a definite permanent institution through which Foreign Offices and Chancelleries work while their representatives regularly attend Geneva to conduct negotiations and discuss specific international problems on behalf of their respective governments. But if it has devolved from small beginnings into a potential international influence, the League of Nations may well have come to a turning point in its history. At all events an uneasy and dangerous path lies ahead of it. Indeed, as Mr. de Valera says, the League is now a defendant at the far of public opinion and the onus of justification is almost overwhelming.

The vitality of the League is really dependent upon those to whom the discharge of its administrative functions has been entrusted—namely the Secretary-General and his staff of over 700 officials who enjoy comfortable salaries, diplomatic immunity, and other privileges by virtue of their position. The Secretariat is responsible for preparing the work of the Assembly, Council, and various committees, and for subsequently carrying their decisions into effect. Like its counterpart at Whitehall, this efficient civil service drafts the speeches of the principal performers in the Geneva theatre who are thereby enabled to spend the time saved establishing more agreeable "contacts" on the golf courses and in the hotels and restaurants. It is hardly surprising therefore that Mr. de Valera's decision to depart from this tradition on the occasion of his own recent performance should have caused considerable pain in official and diplomatic circles—indeed one cannot escape the reflection that the amount of plain speaking contained in his remarks indicates how few of them owed their source to the inspiration of the Secretariat. It remains to be seen how far the new assistance of the Council will avail himself of the most important branch of the Secretariat. "In practice its duties extend beyond the routine business of providing the documentation of the Economic and Financial Organisation of the League," write the editors of *The League Year-Book* concerning this branch. "The Economic Intelligence Service has developed, and is evolving in the direction of becoming a kind of International Economic Intelligence Bureau serving the League organisation as a whole and the States-Members. The Service makes and publishes studies of national, economic, and financial statistics on a comparative basis. It undertakes special economic enquiries, and publishes the results. Its experts make technical investigations into the economic and financial condition of the States which have applied to the League for assistance. This type of work is done by the Economic Intelligence Service at the direction of the Council and/or Assembly, and the Service is not in practice responsible to the Economic and Financial Committees in these matters." (My italics.) This is all very interesting, and it is to be hoped that the editors will tell us more about the activities of this beneficent service in their next edition.

There are two autonomous bodies connected with the League whose operations deserve notice. These are the Permanent Court of International Justice and

the International Labour Organisation. The former tribunal, which is in permanent session at The Hague, is a judicial body to which states are always at liberty to submit their disputes for settlement—in fact the majority of the members of the League (including all the Great Powers except Japan) are obliged to do so in cases where questions of international law and treaty obligations are concerned; this is the outcome of their adherence to the so-called "Optional Clause" of the Court's Statute which has instituted compulsory arbitration in such matters. The P.C.I.J. also acts in an advisory capacity to the League. Its proceedings during the year 1931-1932, which are briefly described in *The League Year-Book*, prove that it has become a factor to be reckoned with in the administration of public international law. Similar duties in the economic sphere have been entrusted to the International Labour Organisation which, by its terms of reference, exists "to establish that social justice which was assumed in 1919 to be one of the necessities for universal peace." The officials of this organisation, whose headquarters are at Geneva, investigate and report upon problems of industry and employment throughout the world with a view to the conclusion of international conventions. Many of their recommendations are undoubtedly praiseworthy, e.g., abolition of child labour, regulation of unhealthy manufacturing processes, etc., but one can unfortunately do no more than pray that they have been executed with the same ease and efficiency with which they have been made the subject of conventions.

It is one of the duties of the Director of the I.L.O. to submit an annual report to the International Labour Conference. This year's report, which is summarised in *The League Year-Book*, consisted principally of an inquiry into the causes and aggravation of the economic depression. After indicating the immense fall in industrial earnings and universal increase in unemployment, the Director (Mr. Albert Thomas) raises the question as to whether recent developments do not foreshadow the possibility of regulating productive capacity, so as to respond better to the aspirations of the modern social conscience in its search for justice. Clear and unmistakable signs of a conscientious revolt of world-kind against the present disorganisation of world economy and its accompanying evils are strengthened by the sight of extreme poverty side by side with superabundance of wealth, the paradox of technical invention side by side with the privations of the masses. Would it not be possible, he asks, to select some form of action which might initiate systematic efforts to overcome the depression and set the whole economic system in motion according to a systematic plan? In his opinion it is the financial and monetary problem which is the dominating feature of the whole situation; and he does not omit to notice that all the most ardent advocates of planned economy are turning towards stabilisation of prices, towards the scientific and rational control of credit, and towards the idea of monetary reorganisation and the guidance of the economic system by financial action. The Director's conclusions, however, show the limited scope of his terms of reference and how circumscribed in reality are the activities of the organisation over which he presided.

"It is not for the Office to propose solutions in this matter. It is, however, its duty never to let it be forgotten that there are more than twenty million unemployed, and to issue repeated reminders that the economic depression from which they are suffering is due to the insufficient purchasing power of the masses of the population, and that such insufficiency is, in present circumstances, at least, dependent on general financial and monetary conditions. All the attempts which the International Labour Organisation can make to im-

prove the situation, even the boldest schemes of public works, must also depend on general credit and monetary conditions." (My italics.) The only useful purpose served by such an appeal as this, in the face of numerous suggestions for the technical control of the monetary system is to bring the authorities concerned nearer to accepting the one practicable solution of this great world-wide difficulty.

(To be concluded.)

The Films.

Back to Nature: Rialto.

A film doesn't run for weeks at the same theatre merely because it is sponsored by the British Association and other highly respectable institutions. In this instance, the groundlings—and the occupants of the more expensive seats—have been brought in by the lavish display outside the theatre and in the foyer of large-sized photographs of naked and nearly-naked women. But, save for one sequence, you will see nothing on the screen that you may not see gratis in any West End restaurant or on any seaside beach; the cuts by the Censorship have made it impossible for me to say how far the picture in its original form portrays the nudist movement, as per small bills.

Whether it is due to cutting or not, the film as presented to the British public lacks continuity, and has the appearance—no doubt merely due to the Censorship—of having been unskillfully edited. In any event, its makers have, with Teutonic thoroughness, tried to show rather too much—physical culture, organised sport, beauty culture, and dancing. The result is a somewhat indigestible salad, or, rather, a banquet of too many solid courses and no hors d'œuvre or sweets. But the film interested me as an indication of the educational possibilities of the screen. For instance, the dancing sequence, where the cutting is on the whole admirable, shows in a few minutes a history of the art from the earliest days, and enables one to contrast, for instance, the stylised, ritualistic corybantic of the East with the acrobatics of the Western variety stage. If the whole of "Back to Nature" were in this vein, it would have been far more interesting, despite the ban of Wardour Street on *poses plastiques*.

En Natt (One Night).

When Hollywood, with the exceptions of Chaplin and Griffith, had hardly progressed beyond custard pies and penny dreadfuls, the Swedish film directors were making pictures of a sombre magnificence. Suddenly, the Scandinavian screen faded away, and for a time it appeared that there would be no resurrection. If "En Natt"—the first Swedish talkie to be seen in England—is, as I am assured, typical of the work that the native studios have been doing for the past year or so, then this revival is of the highest importance. For "En Natt" is an outstanding film of quite unusual beauty.

It was made by that very distinguished director, Gustav Molander, whose silent pictures include "Sin," which gave Gina Manes a role comparable in its effectiveness with her Therèse Raquin. Molander has, if I am not mistaken, been studying contemporary Russian technique; his extraordinarily adroit and successful blending of sound and picture is on the lines laid down by Pudovkin in his now celebrated essay; here speech, music, the whistle of a locomotive, the whinnying of a horse, are not merely supplementary to the picture, but essential ingredients of a balanced and harmonious structure.

Molander knows how to use sound as it should be used; in one poignant sequence there is no dialogue, but the emotional tension is accentuated by the ticking of an alarm clock and the pounding of a horse's hoofs on the floor of his stable. This is the art of the film, not a marvel of applied science.

"En Natt" would be immensely worth seeing for the sake of the photography alone. I cannot recall another film in which there is so much exquisite camera work, for which the credit belongs to Ake Dahlquist. No Russian or German has done better work. The admirable cast includes Gerda Lundequist—well known in the days of silent pictures—Bjorn Berglund, and Inger Bjuggren. I hope to see more of Miss Bjuggren; the screen can do with women who unite beauty with acting ability, and the talkies can certainly do with a lovely voice.

This picture was to have been presented at the Academy on Sunday next, but owing to the success of the revival of "Mädchen in Uniform," its première has been postponed until the 16th inst.

Court Circular.

Cable advice from Hollywood states that a son has been born to Rosabelle Laemmle Bergerman at the Beverly Hills home of her father, Carl Laemmle, President of Universal Pictures. It is understood that the mother and child are progressing well. This is "Uncle" Carl's first grandson, though not his first grandchild. Mrs. Bergerman has a bonny daughter two years old.—From Universal Pictures Publicity Department.

DAVID OCKHAM.

Social-Credit Campaign Notes.

"The Coventry Charter" is the title of a reprint of the plan proposed by the Legion of Unemployed in Coventry for the issue of municipal credit. It contains, in addition to explanatory statements, a digest of the present financial situation in Coventry. It runs to twenty-two pages, and is priced at 6d. No publisher's address is given, so readers who are interested had better write to Mr. George Hickling, at 54, Poole Road, Coventry.

Mr. J. F. Darling contributes an article to the October issue of the *National Review*. A draft of the article was circulated to the Press on September 24. The subject of the article is "The Crisis at Ottawa." Mr. Darling has not advanced from the position he took up in his pamphlet, *The Rex*. He concludes that the Ottawa crisis was a currency crisis arising from the relationship of the Canadian dollar to sterling and other Empire currencies. He forecasts that unless the Canadian dollar becomes so related to them, the result may be the disruption of the Empire. As we said recently, any proposals of whatever sort for manipulating or co-ordinating the currency or credit of any countries are irrelevant to the cause of their respective economic positions.

We have received a specimen copy of the agenda prepared for the annual meeting of the Douglas Social-Credit Association (N.S.W.), held at the State Conservatorium, Sydney, on August 27. It is a well-printed document, and bears on the front a photograph of the Prince of Wales, which is connected up with a reprint of His Royal Highness's remarks at the International Congress of Commercial Education, when he spoke of the urgency of bringing consumption and production into a proper relationship. While it would be unwise to read into the back any proof that the Social-Credit remedy was at the back of his mind (not to speak of his financial advisers), nevertheless, for the purpose of advertising Social-Credit, it is permissible to exploit his sentiments in this way. We have also received a specimen card of invitation issued to delegates. It is an imposing piece of work done in blue script with a golden border. We have since heard privately that the proceedings at this Conference were entirely satisfactory to the promoters, and that the atmosphere left a deep impression on every advocate of Social-Credit who was present. Readers who remember the week-end conferences held by the Social-Credit Movement in its early days will readily understand what the writer is trying to describe.

Obiter Scripta.

FIRST THINGS FIRST.

After careful meditation,
And profound deliberation,
On the various pretty projects which have just been shown,
Not a scheme of agitation,
For the world's amelioration,
Has a grain of common sense in it, except my own.

Thus Mr. Trillo in Peacock's "Crotchet Castle," and so reveals one cause of the failure which attends the efforts of our reformers, so endowed with energy and the best intentions, to extricate the world from the mess in which it not only lies, but promises to lie deeper. But there are two fatal and predominant characteristics in nine out of every ten proposals for dealing with the woes, large and small, which afflict society. One is that they require the affairs of individuals and groups of individuals to be managed by a new set of people, in the hope that the new administration will be more enlightened than the old, and the other demands that the managed must "change their spots" and become thoroughly amenable to the views of the new management. These are in themselves enough to guarantee comparative failure. The re-education of adults is apt to be a tedious process; consider, for instance, the admitted reluctance of the "kulaks" to welcome collectivised farming. The complexities of the problems are beyond the scope of Government; the succession of conferences to settle certain aspects of European affairs in recent years have issued in next to nothing good and plenty of bad, though they were infested with experts of every conceivable sort. The newspapers report mischiefs, scandals, and abominations by the score and the hundred, and the only reason it is not in thousands and tens of thousands is space is limited and last night's crop must replace those of the day before.

So long as reformers take aim, each at his own pet aversion, they are like Hercules fighting the hydra, which, losing one head, sprouted nine more, but less happy than Hercules in that they have no untried device for ending this proliferation. One hope only is there for achieving their desires. They must discover some general condition which gives strength to the things they would abolish and encourages the follies they deplore. This found, they would have some expectation that it could be dealt with, and that then they could realise their aims, if those aims still had a target.

This general condition is the workings of Finance. That institution overshadows and directs the vast majority of humanity from the cradle to the grave—all of them in fact, but such small fragments who approach it in range or power. It determines the quantity, quality, location, and time of food, drink, clothes, shelter, education, medicine, employment, culture, amusement, and leisure, to a degree not nearly attained by any other institution. Government, religion, the family, personality, on the contrary, largely depend on Finance for their growth, maintenance, and decay. The cure of lunatics, the elimination of bad manners, the abolition of slums, the development of art, and all other special problems whatever have their financial aspect.

The inescapable foundations of life, whether Robinson Crusoe's or the most cultured community's that ever existed, are material resources, skill, and power, and human co-operation for all except Crusoes. The function of Finance is to promote their integration, so as to produce the values,

material and immaterial, which mankind requires. If it wastes and thwarts them, as it does now, how and by whom can Humanity hope to be saved?
H. C.

Social Credit and the Professions.

The question which all thoughtful persons, the followers of Major Douglas among them, are asking themselves is: "How long can the present financial and economic system endure?" This week comes the news that despite the so-called Budget Balancing Act of 1932, the American Treasury will have to face a deficit of £240,000,000 at the present rate of exchange at the end of the financial year, while the "Economy Committees" which have been sitting during August and September should report to Parliament as to what further measures of abstinence may be inflicted on the people of this country early in October. Similar situations exist in nearly all modern States, and people who are sufficiently educated to avoid being humbugged by the newspapers are quite convinced that the woes of the world will not right themselves automatically, and that in some way the money system is at the bottom of them.

There has never been a time when Social Credit propaganda has fallen upon such ready ears, and the chief need of the day is for more and more energetic and intensive propaganda. The report of "Technocracy," a group of American engineers who have been analysing the American industrial and social system for ten years, received publicity when it was published on August 21 by the New York "Herald-Tribune," and since it was reprinted last week by one of the most important London weeklies it has been well discussed among the intelligentsia in this country. Briefly, the Report is an independent investigation and analysis corroborating that which was made by Major Douglas thirteen years ago.

That thoughtful people are convinced that the present system cannot survive long, even if untold sufferings are inflicted by its operators on the population of the world before it collapses, is shown clearly by "Mathematicus," who contributes an article to the September issue of the *A.M.A.* (the Journal of the Incorporated Association of Assistant Masters in Secondary Schools). He writes: "Sooner or later some untried technique, such as that proposed by the engineer, Major Douglas, may have to be adopted. . . . The greater part of the world's money consists of figures in bank ledgers and has no corporeal existence. It may be created by the expenditure of an insignificant quantity of ink and by the expenditure of an insignificant quantity of ink and energy." He concludes an interesting article by suggesting that the teachers may have to answer those who are in authority and regard education as a desideratum which cannot be paid for in these days.

Herein lies the hope for the future. No thoughtful person can imagine that the first Social Credit State will come into being at the mandate of a democracy. The Douglas Theorem is too technical to appeal to or be understood by the Demos. Democracy has never done more and is incapable of ever doing more than ratifying the *fait accompli* of its masters. Just as the democracy endorsed the declaration of war in 1914, the breaking of the General Strike in 1926, and the actions of the Banksters in August and September, 1931, by the General Election of October, 1931, so, if the situation is handled properly, will it endorse and accept the *fait accompli* of the Social Credit State. Not only will the *panem et circenses* be found as acceptable to the modern masses as they were to the Roman mob, but the promise will be kept without difficulty.

The important thing to realise is that when the time comes for action there should be a sufficiently large minority of the population inoculated with Social Credit to ensure that what opposition may be met with may be dealt with effectively. If a large body like the teachers could be won, the effect would be incalculable. The teachers are numerous and spread widely through the country. They are used to teaching what they know, and they have suffered much. If the majority of teachers were convinced of the soundness of Social Credit, a vast fresh engine of propaganda would be created. The same remarks apply almost equally to the members of the professional classes generally, and thus they are the most fruitful and at the same time the most important field for intensive propaganda at the present moment. They are the class to whom the logic of the Douglas Scheme appeals. Nor should propaganda among the less educated sections of the community be neglected, but here the pure logic which is so powerful a weapon when dealing with the professional classes will be found to have a blunter edge than the weapons of illustration and antecedent probability.
H. G. B.

The True Significance of Unemployment.

[From *Les Nouvelles Renaissances* of September 15.
Translated.]

Do you think this is going to last much longer?
What?

Why, Unemployment.

Well, it is bound to go on, and it will keep spreading. Man is not made to work. He is made to become a god. The promise which, at the dawn of Time upon Earth, the Archangel made to the Mother of all men was not a vain one—Ye shall be as gods. Man is destined to make the forces of Nature his slaves, forcing them to work for him. As for him, it is his mission to go through life improving himself and rejoicing in all that is beautiful.

No; but talking seriously, practically—the question of Unemployment . . .

Is that of Progress itself. Man has multiplied machines, and they produce in ever-increasing quantities. They replace workmen in the workshops to-day more than yesterday, and far less than they will to-morrow. And they will go on doing so, until the problem of Unemployment which they raise will allow of only three solutions.

Which are . . . ?

The destruction of machines so that there may be work for everybody.

That's nonsense. The machine is Progress. One doesn't go backwards.

Clearly. So one can imagine another remedy, if I may call it so—War; which means the destruction of the man himself, the unemployed, and of the Goods, that is to say, of what, by its abundance, causes unemployment.

Then let us have a war, if that is the sole remedy for the Economic Crisis. Don't you think it rather looks as though the world was preparing for one?

Most surely; but how disillusioned the poor people will be the day after the next war is over! Workers will be in demand everywhere, on the battlefield, in the factories. And then, the War over, we shall have to reconstruct. Commerce and Industry will flourish once more as at the best of times. Pre-war material will be replaced by material infinitely more modern; for it is quite certain that War leads to wonderful progress, in the matter of machinery.

But if War is going to provide us with still more perfect machines, we shall be having Unemployment once again.

You've hit it. War is no cure—quite the reverse. The malady is relieved for the moment, but it will come on again worse than ever. Then, there's the question of principle; it would certainly be silly to smash up the machines in order to get rid of unemployment; but, do you think it would be sensible for the same object to destroy the men themselves!

Of course not. The situation then is hopeless?

The third solution remains, and that is the true one. It will certainly be the solution of to-morrow—unless the world is to become an interstellar Home for the Insane, in which the rest of the universe will shut up its dangerous lunatics: and that, after all, is quite possible. The evil we are suffering from is not Unemployment: it is Labour. Compulsory Labour has been a necessary illness during the infancy of mankind, a sort of measles. Under Louis XIV. our ancestors used to work fifteen and 16 hours a day, and had to be content with food that, to-day, would set your dog barking with disgust. Sixty years ago your grandfathers, workmen or peasants, worked twelve and fourteen hours a day. Then came the ten-hour day. Now we have a day of eight hours; and that is too long. The week of forty working hours will be a "fait accompli" to-morrow, and even that will have to be shortened very soon. More and more will men be replaced by machines, which have sprung all armed from his brain, like Minerva from the brain of Jupiter. And the machine, made more perfect day by day, will, day by day, provide an existence ever more beautiful and more comfortable.

The social event which we are now witnessing, and before which all tremble, is not an evil. On the contrary, it is the beginning of a marvellous adventure. It has throughout the centuries been so dinned into our ears that Man must earn his bread by the sweat of his brow, that the lie has by this time entered into our blood.

Well, here is the contradiction to that lie.

Unemployment is the Sign which Nature gives us, that the hour of our deliverance has struck.

Shall we heed the quiet announcement.

Mankind, civilised and developed, must continue to progress and by successive adaptations avail itself of the advantages which progress will not cease to offer. Old-time habits and modes of thought must be changed from top to bottom.

In a future, already quite close, we should enjoy an abundance of good things for every one of us and very little labour for anybody.

Work reduced to watching and controlling a machine which is more and more perfect every day, putting the forces of Nature to better and better use ought to secure for every civilised being a life at once healthier, and brighter, and happier than has been that of any monarch of three centuries ago.

But shall we, do you think, know how to adapt ourselves to it?

It is all a question of the rational distribution of work among men, and of the equitable distribution of the production of men and machinery among consumers.

Formulas unframed up to now, and hitherto unheard of, are what is needed. Progress advances so rapidly that the civilisation of 1900 is nearer, it may well be, to Abraham than it is to us.

I seem to hear the chant: "Let us make a clean sweep of the past." Ha, ha! the counsel is good. The past can furnish us only with bad advice and lessons now quite out of date, for it has been so very wretched, and is, in fact, already a good way behind us.

Mechanisation.

[Extract from a reader's private letter to a certain scientist.—Ed.]

It is obvious to all that the machine is displacing the human element in industry, but it is not fully realised that the effective demand for the products of the machine is appearing at the same time, and this effect is cumulative. We are approaching a time when industry will be completely mechanised. The industrial system as we know it at present, however, will come to a standstill long before this condition is reached, for the obvious reason stated above. It is of little use producing goods if there are no buyers, i.e., no wage-spenders.

It is sometimes contended that industry will revive if confidence is established, i.e., the public encouraged to invest, overlooking the fact that it is buying power, not increased production that is needed to start the wheels rolling. In-creased production certainly creates buying power, but it also creates an equivalent cost, leaving the rest of industry in the same plight as before. Investment from savings, moreover, is fundamentally wrong. All monies received from industry in the form of wages, salaries or dividends, have gone into prices once, and upon being invested go through prices a second time, creating two sets of prices, and an effective demand for only one set of goods. New production should be financed with a new issue of credit.

We are forced to the conclusion, therefore, that purchasing power must be distributed to the community as a whole, without going through prices, without obligation on the part of the recipients to work. It is the right of every individual to participate in an inherited communal birthright of the accumulated knowledge, skill and experience of past generations which belongs to no one man or body of men.

Our politicians on the one hand are engaging themselves in a frantic effort to provide work, and our scientists, engineers and designers, on the other are doing their utmost to eliminate human labour.

It is apparent that few people realise the gravity of the situation in the real sense. Nothing is more certain, however, than that unless we, as a nation, adapt our monetary laws to reflect physical facts, our civilisation will be wiped out of existence by war, the result of nations endeavouring to sell their surplus products which they themselves are unable to buy.

It appears difficult for some people to grasp the fact that we are potentially wealthy beyond measure, and that it is possible for our productive system to-day to supply the demands of all without detracting from the wealth of any. This is all that really matters, "Can we produce the goods?" Well, if so, money, i.e., credit, being a practically costless system of tickets can be supplied to make the goods go round.

I would refer you to the writings of Major C. H. Douglas, M.I.M.E., and am enclosing a recent copy of *The New English Weekly*, edited by Mr. A. R. Orage, and *The New Age*, edited by Mr. A. Brenton, in which you will find advertised a library of literature dealing with the problems outlined above.

You must forgive me for writing at such length, but my excuse is the importance of the subject, and I would close with the earnest hope and invitation that you will examine these proposals with an open mind.

Reviews.

Why Buy British? By Sandford Cole. (Wishart. 1s.)

This is a Wellsian tract denouncing economic nationalism and the "Buy British" campaign. We are exhorted to stick to the old mare of Free Trade and to have no traffic with the rampant protectionist lion of Ottawa. This pamphlet is a superficial survey of our slide into chaos, and will be sure to win the applause of bankers and other internationalists.

R. H.

Education Through Recreation. By L. P. Jacks. (University of London Press, Ltd. 3s. 6d.)

"Education Through Recreation" consists of a collection of lectures given in the United States upon the problem of leisure in a world of automatic machinery. It contains much which should be of value to students of Social Credit because it offers many sensible answers to that perennial question, "What will prevent the people from degenerating when they have nothing to do but to spend their National Dividend." The author will probably be of great assistance when the Social Credit Leisure State is here, but in the meantime it is not amiss to suggest that he should devote a little of his time to finding out why people cannot enjoy the plenty and leisure which science and machinery have made possible.

C. T.

LETTERS TO THE EDITOR.

A + B.

Sir,—Mr. Franklin's appeal for a presentation of A + B, which shall make this somewhat elusive conception clear to "the uninitiated reader," must strike an answering chord in the minds of many—teachers and students alike. But so many different lines of approach would be required to meet the different mental capacities of uninitiated readers that a pretty formidable volume would result.

But I think Mr. Franklin underrates the ability of Social Credit students when he imagines them baffled by the statements concerning B payments which he quotes from letters by Major Douglas and myself.

The context from which he drags them makes it clear that B payments can be resolved into A payments by proceeding backwards along a chain of production; or, in other words, that A payments are always undergoing a change into B payments with the forward passage of time. Never the other way.

It should not be difficult to infer from this that, in the statement "B payments were originally purchasing power," the word "originally" simply means "when they were A payments."

If the uninitiated reader, after reading the classical presentation of the theorem in "Credit-Power and Democracy" (page 21, et seq.) would study (1) Section 27 of Mr. Hattersley's "This Age of Plenty"; (2) Sections I. to III. (especially III.) of H. M. M.'s "Outline of Social Credit," and (3) Appendix A of C. G. M.'s pamphlet, "The Nation's Credit," he should be well on the road to a grasp of A + B.

If not, he had better drop A + B and concentrate on the second main line of approach to Social Credit; viz., the contention that total consumption during any considerable period is the cost of the total production of that period. The price-factor, and the proposal to sell ultimate goods and services at a fraction of their money cost, follow logically from this, apart from A + B.

A. W. COLEMAN.

CRITICS OF DOUGLAS.

Sir,—You are always complaining that Major Douglas is ignored by professional economists, yet when they do notice his doctrine THE NEW AGE, which on other occasions ballyhoos the most trifling allusions to his ideas, remains discreetly silent. The cases in question, and there may be others, are Professor Lionel Robbins's recent address to the British Association, and a review by Geoffrey Biddulph in the June "Economic Journal" of Major Douglas's last book.

Even if you do not subscribe to a Press-cutting service, some constant reader must surely have seen the York critic-ism, and though the "Economic Journal" may be unknown to the financial experts of THE NEW AGE, it would be strange if your correspondent, who eagerly quoted from an uncomplimentary review of Dr. R. Eisler's pamphlet in the "Journal" last March had overlooked a much more detailed attack on his oracle in the following number.

S. A.

[To say that we "complained" of the silence of economists is misleading. Nor were we after the "economists," but responsible representative bankers. Our "complaints," if the references are turned up, will be seen to be in the

nature of jeers. We weren't worrying: for so long as the bankers kept silence it was part of our strategy to point to the fact as antecedent evidence that the Social Credit theory was true. It was very useful advertising; and, as advertisers, we have more reason to complain that the economists should have found their tongues than that they should still be looking for them. However, now that they have begun to speak it does not follow that we must hurry to discuss what they say. We might have noticed Professor Robbins's address earlier but for Professor Copland's in Melbourne, which we considered the more important on account of the political character of the occasion. However, since Major Douglas is replying to the two of them in a forthcoming booklet (as announced here by him on September 29) all is well, we hope. Nevertheless, it is not of much use to examine their arguments except for the exercise, because they only speak with their own authority. To refute them is largely wasted effort, for no high-financial authority is committed by them. You cannot go to Mr. Montagu Norman and say: "Look here, Robbins's defence has broken down: what are you going to do about it?" He would smile as if to say: "Robbins? Who's he; and what does he know about it?" What we want to see is the professional financiers at least publicly backing their apologists. Professor Copland's pamphlet should have contained a foreword signed by any or all of such people as Norman, Niemeyer, Stamp, and so on, endorsing his arguments as being their own—and as embodying everything essential that they were able to offer in reply to Major Douglas. In such a case argument would be worth while; because, since the bankers have the power to inaugurate any policy they choose, the meeting of their technical objections to Social Credit would compel them to adopt it or else to give reasons of another kind for refusing. What the public would think of those reasons when they heard them is not a matter of doubt.—Ed.]

"NATURE NOTES."

Sir,—We know that your contributor "R. R." is a champion leg-puller, but though he may play on the credibility of townsmen with taproom twaddle, he should remember that he has also country readers who are able to form their own judgment of articles such as that on "Women Butchers" in your last issue.

Perhaps the matter is best dismissed in the words of a very capable farmer's daughter with whom I discussed it—reading, but by actual work among breeding animals: "Yah! the man's potty, and what's that got to do with Social Credit, anyway?"

[Anything to do with the elementals of Nature has got something to do with Social Credit. And, by extension, so have spontaneous beliefs, theories, and even "old wives' tales" regarding them. They have a bearing on the practical problems of man's dealings with things. Admittedly they are not part of the study of financial technique and politics, but they are an appropriate and safe relief from such study—a sort of see-saw in the Social-Credit playground. They tend to keep the mind on objectivity and off subjectivity. We can only take this letter to mean that R. R.'s statements do not accord with the experience of our correspondent's friend. They are both entitled to reject them: but why be perturbed about the matter?—Ed.]

"The Accountant" and the Waterlow Case.

The Accountant (41, Moorgate, E.C.4. weekly, 6d.) of October 1 heads its first article: "Measure of Damages: The Bank of Portugal Case." Only the first page has been sent us containing part of the article. The writer contented himself with describing the two opposing judgments tented himself with describing the reasons. He in the Lords, with a brief account of the reasons. He quotes the Lord Chancellor and Lord Aitkin for the Bank, but paraphrases Lord Scrutton and others for Waterlow on the question of damage. No doubt he found that whereas the latter were able to reason in plain English, it was impossible to do anything with what the former said except to put it down and leave it at that. Our chief interest in this article lies in the fact of its having been published just now. Why? There is no clue in the part of it which we have read. Perhaps our correspondent who sent the page will say if any reason is given.

"When you call a thing mysterious, all that it means is that you don't understand it."—(Lord Kelvin.)

"The work of science is to substitute facts for appearances, and demonstrations for impressions."—(Ruskin.)

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