THE
NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Ireland. The Dissolution of the Dail.

Mr. de Valera's decision to dissolve the Dail is a pregnant New-Year event. It is compatible with a New-Year resolution on the part of the Executive. It may indicate that they have taken to heart the lesson provided by the bankers' successful plot against Mr. Lang's Government in New South Wales, and recognised the similarity of the bankers' methods in the Free State. What it actually means we must wait to see; but it certainly precipitates a situation in which unwise elements in past policy may be eliminated from future policy.

It will be remembered that almost directly Mr. de Valera began to make trouble we commented on a complacent passage in a message from *The Times's* Correspondent in Dublin, in which he pointed out that, quite apart from the question of how the new Government's policy would react on their prestige and popularity, they were bound to suffer a decline in both directly they began to apply the provisions of the old Government's Budget. That was true; and always is true. Wherever any political Government sows wheat the financial Government has already sown tares. Take the immediate occasion of the present crisis, namely the row between the Executive and the Civil Service over salary-cuts. Now any Executive must desire to command the loyal co-operation of the Civil Service, for the reason that without it no government is possible. But the desire is no use without the means; and the means is something which Executives do not control, and the bankers do—that is, Money. At one juncture during the Australian financiers' attack on the Lang Administration the newspapers were publishing gleeful anticipations that Mr. Lang would not be able to get the money to pay the Civil Servants any salaries at all, let alone reduce the salaries. Political Administrations are between the devil and the deep sea. There is a point below which they cannot reduce the salaries of the Civil Service without causing a breakdown in the machinery of government; and there is also a point below which they cannot reduce the wages, salaries and dividends of the rest of the community without causing a breakdown outside which will render the machinery of government inoperative. It is like the choice between paying a tax-collector a million a year to gather money out of empty pockets, and paying him nothing at all so as to put taxpayers in funds. The deadlock is of course due to the chronic gap between incomes of all kinds and charges of all kinds—a collective shortage of purchasing power.

The different sections of the Free State community are like so many cows tethered by ropes to a post in the middle of a stretch of pasture land. Their means of life are limited by the length of the ropes. It does not make any difference what the area of the pasture land is: they can only graze within a circle of a radius equal to the longest rope. The problem of a grazier who owned these cows would be simple if he could (a) untether the animals and let them stray about or (b) make whatever rope he wanted to widen the grazing circle. But it would be difficult if he were forbidden to do either by a rope-making monopoly who insisted on (a) *tethering* as a *principle*, and on (b) a definite *length* of rope as a *policy*. That is what the banking monopoly are doing. They claim to fix the location and the area of the grazing-patch. In terms of economics they prescribe what a people shall do to earn a living, and they fix a maximum limit to the people's collective earnings. They prohibit all livings which are not earned livings—everyone's access to the means of life is conditional on his being tied by the tether of Credit to the post of Work; and no-one outside the banking community is allowed any part or lot in the choice of the kind of work that he shall do, or the size of his reward for doing it. This system of prohibition and regulation has to be administered by the political Government, on whom is placed the responsibility for maintaining law and order inside the economic grazing-circle. "Here is so much rope," says the monopolist, "and that is all you can use: you may divide it into any lengths you like; and if you find any of your cattle are getting too lean you can lengthen their tethers by shortening those of the fatter cattle." Now if our hypothetical grazier knew that the area of the permitted grazing-patch was insufficient to sustain his cattle, he would realise the futility of his task. He would foresee that he would be constantly at work disentangling tethers as the hungry animals crossed each other's tracks, he would always be ringing the changes on their lengths, untying here, re-knotting there—and all the time liable to get knocked down and trampled on during the process. There would be only one thing to do, provided that there was no other grazing available, and that would be to slaughter some of the cattle.

This represents the dilemma of political Governments. They cannot slaughter sections of society, at least not in what we conventionally call times of peace. They must wait for revolt, revolution and war to provide the occasion for that alleviation of their difficulties. Even so the alleviation is only too transient, as is attested by the phenomenon of world-wide poverty following so soon upon the world-wide slaughter of the Great War. Any Government, in these circumstances, is impotent to fulfil its functions. The only hope lies in its adopting a policy not hitherto thought possible or wise. To use our illustration, the grazier might ask himself: "Why not hang this rope-monopolist with some of his own rope?"—or: "Why should I not make my own rope?"—and: "What's wrong with lengthening tethers if I make rope?"—"What's wrong with the outside pasture?"—"And, anyhow to whom do these cattle belong, and this pasture?" It is questions of this character which statesmen, whether in or out of office, ought to be asking themselves. In the simple formulae in which we pose them here they can be characterised as being of an inflationary tendency. But it is a question whether the understanding and adoption of the complete and final remedy may not have to be led up to by at least a *gesture* of inflationary intentions on the part of statesmen. It seems to us that only by *shaping up* to commit the crime of "inflation" can statesmen compel the bankers to come out in the open and explain the *thing* called "inflation" instead of shouting its *name*. Those who understand the Social Credit theorem will see that etymologically this name begs the question at issue. The bankers use it in a manner which would be paralleled supposing our hypothetical rope-monopolist had told the grazier that the pasture surrounding the grazing-patch was thick with poisonous herbs. A wide-awake grazier would say: "Let's have a look." And even supposing the herbs were there, he could still ask: "What's the matter with pulling them up?" And in an ensuing argument it is pretty certain that if the rope-monopolist had reasons of his own for letting the herbs stay there he would have to disclose them under the grazier's common-sense cross-examination. And the same result will happen when the bankers' scare-names are subjected to the test of logical analysis. The word "inflation" has to be distinguished from another word, "expansion." And even "expansion" is not an accurate description of the *thing* which the bankers term "inflation." You can "contract" and "expand" a sponge, making it smaller or larger without changing its weight and character. But financial credit in circulation is not "contracted" or "expanded" in that way: it "contracts" by being *subtracted from* and expands by being *added to*. Even the bankers' own vocabulary contains words which embody this truth—e.g., "issues" and "withdrawals" of credit; "new" credit. So, on our "grazing" analogy, when the banker uses his "inflation" scare-word he is really saying the same thing as the rope-monopolist, namely that *new credits are poisonous*. The grazier's replies are equally pertinent here: "Let's go and look" and: "What's the matter with extracting the poison." Major Douglas has located the noxious herbs and prescribed the means of destroying them. He has therefore made the economic pasturage of the world safe for grazing, and has exposed the irrationality of the restrictive tethering-system which the bankers are imposing on the world under the name of sound finance. The Apostle Paul was ready, as he said, to "be a fool for Christ's sake." The same phrase, in a modified sense, may be found to apply to the strategy of businesslike statesmanship. That is to say, if the object is to manoeuvre the bankers into explaining themselves it may be necessary for statesmen initially to adopt the "foolish" policy of insisting on getting the new credit and chancing the "inflation." This would at least be a step towards shifting the bankers from the position where their admonition: "We advise you not to" suffices, to the position: "We aren't going to let you." If and when that can be made manifest as a political issue, the last will have been heard of the problem of "uniting" Ireland, or, for that matter, unifying public opinion in any other country.

This bears on the question of the struggle between Mr. de Valera and Mr. Cosgrave for the power of governing the Free State. In the narrowest frame of reference, namely, regarding the Free State as a closed area in which the outcome of the election is purely the concern of Irish citizens the question arises whether the victory of Mr. de Valera is more likely to further the Social-Credit objective than that of Mr. Cosgrave, or vice versa. There is no direct evidence on either side of a conscious intention to pursue that objective. The only guidance possible depends upon what is the correct interpretation of Mr. de Valera's sentiments and acts. Whatever that may be, the contrary of it can be assumed to be true of Mr. Cosgrave's attitude. Assuming the *bona-fides* of both men, and therefore taking their professions of ideals at their face value, Mr. de Valera, in a general sense, stands for the economic self-determination of the Free State; while Mr. Cosgrave opposes it. Again, Mr. de Valera's attitude implies the principle that considerations of policy should override the precedents of constitutional practice; while Mr. Cosgrave puts the constitution first.

Tested on fundamental principles Mr. de Valera's attitude is more compatible with Social Credit than Mr. Cosgrave's. For the contrary of economic self-determination is international economic "interdependence." And the contrary of freedom from constitutional restraint is subjection to constitutional precedent.

It is open for Mr. Cosgrave to argue that Mr. de Valera's objective is not fully attainable—that Ireland lacks the physical resources to make herself economically self-sufficing; and that, even so, Mr. de Valera's political tactics are impeding rather than furthering his objective. But the real question about the objective is not whether it can be reached, but whether an attempt to reach it is a good or bad thing. And in discussing it nothing is more misleading than to assume of any criticised policy that every undesirable event following upon it is a natural consequence of it. Of course such confusion is inevitable in the shock-polemics of a general election; but our remarks are not made with any idea of influencing the course of the voting. They cannot do so even if we wanted them to. Our interest is not in the parties competing for office but in the problem which the victorious party will have to deal with. Remembering that we are speaking within the narrowest frame of reference—that is, the internal affairs of Ireland considered in isolation—the only thing that can be said to be a natural consequence of Mr. de Valera's policy is the disturbance of a pre-existing balance of domestic discontents—the shifting about of burdens from some shoulders to others. The collective weight of the burden remains what it was, and so does the nature of it. And so will it remain, in both aspects, throughout the duration of any number of alternations of Governments while

the proper remedy is neglected. When we say that the collective weight of the burden is fixed, we purposely exclude consideration of the power of the bankers to affect it; for the seat of that power and its method of exercise belong to a wider frame of reference. What we mean is that neither Mr. de Valera nor Mr. Cosgrave, with the limited powers which the existing constitution permits them to use, can effect anything more than a redistribution of gains and losses among the various sections of the Irish community. So, on the narrow issue here described, the only just criticism which either could bring against the other would relate to the administrative merits of any given system of redistribution. And in the last analysis it will be found that the criterion of sound government applied to such system is simply this: Is the plan of redistribution such as will not cause any section of the community to take the law into its own hands and endanger the prestige and authority of the State? On the face of it Mr. de Valera's policy would appear to be worse than was Mr. Cosgrave's; but it is still open to argument whether, had Mr. Cosgrave's Administration remained in office up to the present time, they would have been able to preserve law and order. It is clear, for example, that if *The Times* Correspondent was right in saying that the Cosgrave Budget would get Mr. de Valera into difficulties, it would equally have got Mr. Cosgrave into the same difficulties. Continuity of financial policy means continuity of discontent; and the progressively stricter application of "sound" financial principles in that policy means the progressively greater intensity of resistance up to the point of violent revolt. *The Times* Correspondent says that one of Mr. Cosgrave's difficulties regarding the political crisis is that he has no desire to be responsible for the next Budget. That is extremely likely; for at the present time no Prime Minister wants the responsibility of any Budget. And, the visible proof of it is that in the Australian Commonwealth first, and Britain next, the Premiers have bolted into the funk-holes of All-Party Administrations from whence they peep out at the consequences of their Budgets. From this point of view it is possible to interpret the proposed formation of a National Party to oppose Mr. de Valera—a project which he has forestalled—as having a larger objective than his removal from office, and is designed to ensure that henceforth the Free State Government shall be a Government of all the Parties enjoying immunity from electoral defeat—and even immunity from effective criticism in the House, a matter on which Captain Rushworth based the statesmanlike speech to the New Zealand Legislature that we have printed in this journal. When, as he truly pointed out, the situation there is such that the attendance of the Opposition has become a pure waste of time, it will be realised that, for the same reason, the attendance of Ministerialists is a waste of time. If the "cons" are impotent the "pros" are superfluous—and legislation might just as well be left to the permanent heads of the Civil Service acting under the direction of the Treasury and the banks. That is why we insist on calling all "national" parties *bankers'* parties. To deliver Ireland from de Valera in that way would be to disfranchise Ireland in the process.

There is no object in further discussing Irish affairs within the domestic frame of reference, for it excludes foreign policy—and, as everyone is aware, it is the external implications and so-called consequences of Mr. de Valera's plans which make the present struggle something more than a mere inter-party glove-fight. But, directly you begin thus to extend the area of survey, complications arise. How far are you to increase its dimensions? And in what direction, if any direction? Again, on what particular wave-length shall the survey be recorded and interpreted? These are vital points to be resolved if you expect to arrive at a full and just appreciation of the situation. And according to how you resolve them so may your judgment range anywhere between unmitigated condemnation of Mr. de Valera to unmitigated condemnation of Mr. Cosgrave. For certain reasons (some of them inscrutable) Ireland appears to have become the vortex of the political world-maelstrom—the most potent national catalyst of international conflict. Someone was remarking to us a few days ago what a remarkable influence Irish politics have exercised among people who were not Irishmen, nor were affiliated with such, nor had ever been in Ireland, nor had any real interest in Ireland. It is as if the dust of Donnybrook Fair were charged, in every particle, with the spirit of Donnybrook Fair, and that these myriads of tiny carriers of the infectious message: "Anyone may join in" floated over the seas and found, each, a cosy culture-spot in the heart of every foreign controversialist. The consequence is that there have been times when the spectators of the game saw least of it, and were still bashing each other's heads long after the players had left the field, washed, dressed and gone home. Even students and advocates of Social Credit, when assembled to discuss Ireland, discover an element of animation creeping into the debate, and find the most innocent-seeming sentiments or arguments assuming the provocative character of the trailed coat. There is a logical basis for divergent views as to the wisdom or foolishness of Mr. de Valera's policy, and for divergent speculations as to his intentions, and for divergent calculations as to what higher influences, if any, are furthering or obstructing his policy.

Perhaps the most convenient extension of the domestic frame of reference in which to conduct an analysis is that which Mr. Lloyd George adopted in the House when he argued that the problem of Ireland's status was involved in the problem of Britain's military security. He held that Ireland was a strategic back-door, and that although in times of assured peace John Bull might delegate the custody of the key to an Irish Government, such a thing was not to be thought of in the present state of international competition. Mr. de Valera, so he suggested in effect, might hand the key to a foreign accomplice, or he might leave the door unlocked, or he might lose the key, or he might have it stolen from him. Broadly Mr. Lloyd George was saying that freedom for Ireland would mean partial disarmament for Britain. Now the policy of disarmament, in a world-sense, is predominantly American in origin. As the world's creditor the United States realises that arms are the only protection left to debtor countries. Deprive them of these, and there is no way in which they can prevent the United States from imposing on them her own policy. And when we consider what that policy is we have to consider whence its ultimate inspiration comes. The place is not White House, but Wall Street. And the people who inspire the policy are not Stock-Exchange operators, but international banker-statesmen whose ultimate objective is to bring the whole world into subjection to the rules and regulations of a completely consolidated and centralised financial system designed to maintain and defend, more rigidly than before, the fundamental axioms of financial theory and the monopolistic powers of financial government. Their inner aspiration is to get the world back on gold; and the reasons are (a) that by linking credit with a metal they can justify their claim to property in credit on the ground of their property in the metal; and (b) that by linking credit to a scarce metal they can justify the policy of rationing credit on a scarcity basis. Briefly, the dual claim can be put in the formula: "This is all *our* credit, and it is *all of* our credit." That is to say: "This credit doesn't belong to the community; and, even if it did, the quantity could not safely be increased beyond what is already available." It may be pointed out incidentally that although there are other metals than gold (e.g., the scarce and costly metals of the Platinum Group) which could be included as a credit basis, there is a dynamic quality in the sound of the word gold which evokes veneration and awe in the human breast, psychological reactions which invest the custodians of gold with superhuman attributes. No keen observer can have missed noticing the similarity between the ceremony with which the recent shipment of gold was made to the United States and the Roman Catholic ceremony of the Elevation of the Host. Indeed it requires no great feat of fancy to imagine people falling on their knees as those bullion-boxes were carted through the streets to the docks. Nothing comparable with such sorcery resides in the name of any other costly metal. The reason, so far as conscious realisation is concerned, is that these are costly because they are usable in scientific research and industrial manufacture to an extent exceeding their natural availability. Ironically enough, usefulness does not evoke the spirit of worship; the highest worship is reserved for the metal which mankind could most easily do without.

It will be seen that in process of drawing this picture we have ourselves extended Mr. Lloyd George's extension of the original frame of reference to its furthermost limits. All calculable factors are included, and there remain only the incalculable—factors whose effects, when they manifest themselves, men have been accustomed to call Fate, or Destiny, or Divine Intervention. We must perforce ignore these, and deal with influences which, at least theoretically, are verifiable and more or less measurable. We have drawn, then, what Mr. Wells might call a Blue Print of the Gold Conspiracy. In this print the area of the Free-State domestic issue has contracted to dimensions comparable to a picture of two ants trying to milk one green-fly on a sprig of drooping shamrock. No issue in the election, so far as evidence of explicit intentions on either side is forthcoming, affords the advocate of Social Credit any clue as to which side to support. There are enormous potentialities in the situation, but they do not reside in the merits of the immediate issue: they reside in the supreme difficulty of localising the consequences of a victory for either side. The situation seems to be comparable to that which one might conceive as taking place in Belgium under conditions like those which prevailed on the eve of the Great War. Supposing that in July, 1914, there had been a General Election in Belgium in which the issue was whether Belgium should establish in principle her right to let Germany march across her territory. Obviously, if the contingency of Germany's seeking such permission could be ruled out as unthinkable, the issue could be treated as domestic in dimensions and a trifle academic in nature, and the French-speaking elements could be left to fight it out with their Flemish-speaking enemies (supposing that to be the alignment). But once admit the possibility of the contingency, and the issue would no longer be domestic, but international; and no longer academic, but practical; and according to the degree of probability and the estimated imminence of the contingency, so would the external interested Powers measure and time their intervention. And their mutual suspicions and antagonisms, according to their intensity, would be reflected in the character of the election campaign. The nearer the prospect of war the more ferocious the campaigning.

This picture fits the situation in the Free State up to a point. But a factor not present in 1914 is present now, and that is the active operations of the international bankers. The Great War taught them that they could not continue, with safety to their monopolistic powers, to pursue their old policy of presiding passively over the militaro-economic manoeuvres and conflicts of more or less self-determined capitalist groups—that they must somehow devise a super-capitalist system of rationing trade so that, if possible, all groups should receive, so to speak, a living wage. This, as we all know, was inherently impossible under the then, and still continuing, principle of costing production. They have doubtless realised the truth—whether by virtue of facing present facts, or by virtue of studying Major Douglas's published forecasts of them. Their only alternative is to cajole or coerce capitalism in general into disarmament, so that the group which finds itself hindmost in the race for markets shall at least not use force to resist capture by the devil. Seeing that the capture must take the form of economic extinction, or, at the best, of existence on a "means-test" scale (illustrated by the present condition of Austria) the use of force cannot be prevented. But it can be cheaply and safely overpowered if the area of its exercise is isolated. Lord Halsbury has shown how in the *British Legion Journal* for January. He says that "one single bomb filled with modern asphyxiant gas would kill everybody in an area from Regent's Park to the Thames." His moral is of course that we must all do everything possible to prevent a "large-scale" war in which such instruments will be used; but he does not seem to realise that such instruments can be used to prevent such a war. In other words it is now possible, when a war breaks out, to localise it by exterminating the belligerents. On his own showing this would be morally justifiable; for the price of refraining would be the extinction of civilisation. And there are any number of good men who would do the job with a clear conscience. The international bankers, in whom, be it noted, there are proposals to repose the custody and direction of military force on behalf of the world, would not hesitate to give the order. They are not concerned with loss of life but loss of power. The death of twenty million unemployed would give their system a new lease of life. Their fear of a "large-scale" war is that, as in the last war, armed capitalism would assume control and direction of financial credit; and impregnated as it is by ten years of persistent education in the subject of finance the chance of its ever relinquishing its power can be ruled out. If war comes again the bankers go to the wall—and, it might be, not only in a metaphorical sense.

Apropos of poison gas we may as well set down an idea which emerged as the result of a recent discussion on this subject. It was this. Structurally the central banks in France and England (and presumably in other countries) are designed to house and feed a body of people equal in number to the population of a small town. Readers will remember our reproducing in these pages an explicit account of this provision in the case of the Bank of France contributed to an American magazine by an American journalist who had been shown over the structure. He said that in case of emergency the Bank could be sealed tight, and its occupants could live in absolute isolation from the people outside. Reflection on this fact leads immediately to the concept of every such bank as a *Noah's Ark*; and the picture of these Arks floating on a World Flood of poison gas in which civilisation is perishing, and bearing inside them a body of persons selected to form the nucleus of a new civilisation. The "Technocrats" are proving what a small number of passengers Noah would need to take on board. Next to no workmen would be needed, but simply expert technicians, each after his kind, together with a complement of wives and other women for breeding purposes. When the Ark eventually came to rest on the Mount of plant and equipment (which of course would not have been affected by the flood) the work of production could be resumed under ideal conditions. If anybody is inclined to laugh at this as a wild fantasy, well, we will laugh too: but seriously

does not the whole design of bank building-policy require some such hypothesis to account for it fully and intelligibly?

We need not elaborate this reply because our readers are pretty familiar with it and with the data by which it can be supported. We need only point out that whereas in the Old Testament story Noah and God were two separate beings, at the present time the Governors of the Central Banks are "Noahs" severally, and "God" collectively. By united action they can bring down the flood over which, individually, they can sail their "Arks."

If, now, for the term "God" we substitute the term International Gold Conspirators which we used above we can establish a relationship between their Yellow Metal and the affairs in the Emerald Isle. On the "back-door" military principle of analysis we can extend our interpretation. For just as Mr. de Valera's policy can be held to jeopardise Britain's security, so can it jeopardise that of the Empire in one sense and Europe in another. Britain is, in a military sense, the front door of the Empire. But also in a financial sense Britain is, or can become, the front door, not only of the Empire, as is the case now, but of Europe. In plain words, Britain may be preparing to lead a resistance by all debtor countries, herself included, to the policy of the International Gold Conspirators. For all that anyone outside Central-Bank circles can know it may be that the Bank of England has been obliged to sever, or seriously modify, its association with the Federal Reserve Board. For it is pretty clear that Mr. Montagu Norman, considered as one of the Gold Conspirators, has been having a rough time on that account, and that if he were to conduct a Back-to-Gold campaign at the present time he would cause an open breach with British banking interests, whose policy is the contrary one of Forward-to-Sterling. Whatever the term "Sterling" may mean, it certainly implies a credit-basis other than gold, even if it should include gold. And such is the implication of the policies of European and other Governments who have, as they express it, been "driven off gold." The recent abandonment of gold by South Africa leaves the United States the only country worth considering which remains anchored to that metal. For the moment, then, it looks as if the Board of International Gold Conspirators consists solely of their chairman, Mr. Harrison. At least, that seems to be so if we assume the Board to have consisted of the Governors of the world's central banks.

We do not suggest that the situation is so simple as this, but we put forward the hypothesis as broadly tenable. Our reason for doing so is that it affords a basis on which the most reasonable case can be constructed for Mr. Cosgrave's policy. As we have said before, we attribute honesty of conviction and intention equally to both protagonists; and in any case these are factors which count for nothing in the present frame of reference. The case can take the form of a contention that Mr. de Valera's policy and methods are conducive to the plans of the Gold Interests. If so, Mr. de Valera would be the Gold champion and Mr. Cosgrave the Sterling champion. The military power of Britain being the only effective defence of Sterling against Gold, any policy in Ireland entailing a subtraction from that power, and any steps towards that policy which provoked civil war there and thereby saddled Britain with an embarrassing military problem (aggravated of course by accompanying economic disturbance) would be rightly condemned as dangerous. On this line of reasoning it would be possible to view Mr. Cosgrave's apparent identification with British banking policy without necessarily concluding that his attitude was irreconcilable with the objective of Social Credit. British banking orthodoxy fighting Social Credit policy in a closed ring is one proposition: but British financial policy fighting American financial policy is quite a different proposition. To give the Dollar clear passage through the Free State to attack the Pound is a picture repugnant to one's feelings as a British patriot, and, we should say, also to an Irish patriot. "Sterling" philosophy is refractory enough, but the Gold philosophy is the very devil.

Of course the credibility of this hypothesis rests in the assumption that there is a struggle between a regenerate spirit in British finance and an unregenerate spirit in American finance. If that assumption is unwarranted then the hypothesis must be abandoned. Fortunately we are not obliged to make up our minds on the question, and it is not our duty to whip up our supporters in Ireland for Mr. de Valera or Mr. Cosgrave on the immediate electoral issue. If we were there we should vote for a whole skin—in other words, we should take a walk in the country until the row was over.

Events of the Week.

(Compiled by M. A. Phillips.)

December 31, 1932.

Lansbury sees Premier about imprisonment of Mann and Llewellyn.
Trouble in Kenya about gold mines—financial syndicates involved.
Irish labour opposition threatens to oust de Valera ove "economies" proposed by latter.

January 2, 1933.

Germany.—von Schleicher states that work must be found for the unemployed; intensified rioting in Berlin.
Stoll Theatre Corporation pass dividend.
Government Committee on taxation in favour of taxing Co-operative Society "profits."

January 3.

Hoover's Economics Committee reports. Fewer hours and no wage reductions recommended. Senator Black's 30-hr. Bill before Congress.
Sino-Japanese war re-opens.
Irish Parliament dissolved. New elections in February.
Berlin riots continue—spreading over all Germany.
Cosach Nitrate dissolved.
New York State unemployment, 1,750,000.
Pauperism in England: In institutions, 1931, 96,000; 1932, 193,000; out relief, 1931, 904,000, 1932, 1,090,000; total, 1931, 1,100,000, 1932, 1,283,000.
Meat trust to cut production schedules.

January 4.

Irish elections: Lord Mayor of Dublin wants a National party "above sectional interests and for treaty." Cosgrave announces his stand for "sound finance" and settlement with England.
Riot of British troops in Jamaica.
Japan destroys and captures Shanlai-Kwan (near Pekin).
Police to be trained in use of firearms.
Bank clearing returns for 1932—11 per cent. drop on 1931 and 28 per cent. drop since January, 1930.
Martial law declared in Poland.
Government shelves oil-from-coal scheme.

January 5.

Serious uprisings in Alwar, India.
Christian Social Council refuse to co-operate with National Council of Social Service and with Government.

January 6.

Death of U.S. ex-President Coolidge.
Great Britain's unemployment: 2,723,000 (minus 79,000 in a month).
Roxy Corporation (U.S.A.) in a bad way.
Sino-Japanese war—armistice.
French Eastern frontier now completely fortified.
Polish and Italian protests against B.B.C. disarmament innuendoes. M.P.'s press for censorship of B.B.C. by Parliament.
Influenza epidemic raging in Great Britain.

This Technocracy.

By C. H. Douglas.

It is a dreadful thing to have a suspicious mind. During the past few weeks perhaps the main feature in the Press of the United States and Great Britain has been the discovery of the findings of an American organisation operating under the name of "Technocracy." The subject has been featured in every London daily of large circulation, not excluding *The Times*, while the Press of the United States has, with a rapidity of apprehension and decision, and a unanimity of expression, which can only be described as remarkable, announced that the problem of the depression has now been solved, and that by a curious coincidence the defeat of Mr. Hoover will be practically contemporaneous with the return of prosperity. We have not yet had a series of addresses by the B.B.C. on the subject, but they will come.

Unfortunately, I seem to remember the same unanimity when that friend of the people, Viscount Snowden, put up his marvellous fight to save this country a problematical £2,400,000, or 1/400th of the American Debt, at the expense of France, while under cover of the noise which was thereby created, the Bank of International Settlements was founded and endowed with powers which might easily determine the future of civilisation. It is true that the plan seems to have miscarried a little, but you can see the idea.

Now, stripped of what is locally called in the Land of the Free, "Ballyhoo," what does Technocracy amount to in regard to fact, as distinct from policy? It has put forward in a dramatic form a number of statistics tending to prove that the rate of production per man-hour is a function of the mechanical power which is employed in production, and that this factor, combined with mechanical invention, organisation, and other factors, has now enabled a small and diminishing portion of the available labour to produce everything required for a high standard of living, not only for the actual workers, but for the increasingly unemployed section of the population. The data which it has put forward are interesting, useful, and, I should imagine, in the main, incontrovertible, but they do not tell us anything which has not been a commonplace both to the engineer and to, in particular, the readers of this review. Over and above this, the technocrats have pointed out, also in a dramatic form, that this immensely accelerated production has not been bought by the general population, but has resulted, on the contrary, in the piling up of a debt in the United States alone, of approximately 218,000,000,000 dollars, representing unpaid-for production. We have been saying so in this review for fourteen years, and have been endeavouring to explain exactly how this debt was piled up, and what would be the result of it.

Now sound and incontrovertible as these facts are, they are not new, and they are by no means either novel or, in the main, attractive to those financial interests who control the Press of Europe and America. How is it then that they have suddenly become "popular" and have obviously not only been passed for publication, but have been included in the high policy which regards publicity as one of its tools?

In the first place, we have to remember that the knowledge of the increasing productivity of industry and the recognition that the world is starving in the midst of plenty has become, in spite of efforts to conceal and distort the fact, very widely recognised. To attempt for much longer to deny the facts of the situation would be still further to discredit those in control of policy, and it is increasingly recognised that those in control of policy are, in the main, financiers. The problem, therefore, is to use these facts to obtain an organisation which will still leave the present controllers of policy in the position which they regard as being vital. It is not the money system as such which is regarded as essential, it is the power and control which has been given to these financial dictators which is regarded as essential.

Now as distinct from the *facts*, it is clear enough that the *policy* of Technocracy is syndicalist, and in essence does not differ very widely in its ultimate meaning from the policy associated with Fascism, the centralised industry of Russia, or the rationalisation which is the Bank of England's particular brand of industrial reorganisation in Great Britain.

It is to be noted that it is more or less sponsored by Columbia University, the home of Doctor Nicholas Murray Butler, the financiers', and more particularly the Jewish financiers' University, of New York. The wide publicity given to its findings coincides with the success of Colonel House in electing a democratic President, Mr. Roosevelt, who is surrounded and whose policy is beyond question dictated by the group which surrounded President Wilson, notably Mr. Bernard Baruch, Mr. Newton D. Baker, Colonel House himself, and Mr. Al Smith, now editor of the "New Outlook," in whose November issue Mr. Wynne Parrish writes on Technocracy, Mr. Al Smith writes on the "New Outlook," and Mr. Newton Baker writes on "Human Factors in a Depression." When our own Mr. Winston Churchill unfortunately met with an accident in New York, it was on his way to visit Mr. Bernard Baruch, who, it will be remembered, remarked under cross-examination at a Senate official enquiry, "I suppose I was the most powerful man in the United States during the War." Mr. Winston Churchill, a few months ago, gave a dinner in Mr. Baruch's honour, at which most of our financiers and elder statesmen were present, including, if my memory serves me rightly, Mr. Montagu Norman, who is *ex-officio* on the Board of Control of *The Times*, whose finance is mainly supplied by the Astor family.

Under these conditions, while accepting gratefully the data both in regard to producton and in regard to finance, which have been provided by this organisation, with whose progenitors I was already in touch in 1919 in New York, I think great caution is required in accepting the deductions which appear to be being put forward in their name as to the form of organisation which is indicated by this data. We have already had a Technocracy in this country and in the U.S.A. between the years 1916 and 1918. It is the best organisation for War. And you will remember that Mr. Bernard Baruch was the most powerful and important man in the United States during the War.

FORTHCOMING MEETINGS.

Major C. H. Douglas will address a meeting of business, professional, and public men and women in the Picton Hall, Liverpool, on Tuesday, January 31, 1933. Subject: "Breaking the Monopoly of Money." Admission, 1s. and 6d. Tickets may be obtained from Mr. E. J. Pankhurst, 22, Beckenham Avenue, Wavertree, Liverpool.

Arrangements have been made by the Douglas Social Credit Group, Sheffield, for the Marquis of Tavistock to address a meeting in the City Hall on January 25, 1933, at 7.30 p.m. Subject: "Poverty and Over-taxation: The Way Out." Tickets, 1s. 6d., 1s., and 6d. Chairman, R. B. Kirkbride, Esq. L. Wakefield, Hororary Secretary, 53, Brunswick Street, Sheffield, 10.

Mary Wallis Hall, West Street, Ewell. John Hargrave (Head Man of the Kibbo Kift Kindred and the Green Shirt Movement) will speak on "Douglas Social Credit as the Solution to Poverty amid Plenty," at 8 p.m., on Wednesday, January 25th. Admission free. Lantern illustrations at 7.50 p.m.

Economics at Blakeney Quay.

By Hilderic Cousens.

Along the north coast of Norfolk are some small decayed seaports. Among them is Blakeney, a village of some six hundred souls. Vessels used to make their way up its winding channel, guided by a lantern tower on the church, which is still one of the show places of the county. To-day it has no industry save some small collection of shell-fish, but the outside world finds it a pleasant destination for a summer's afternoon excursion and a suitable place for a holiday. The creek is fit for small sailing boats, the village is attractive, and at the harbour entrance is a bird sanctuary. Were it inhabited by Dutchmen, it would be three times as pleasant a spot as it is, but the English lack their knowledge of the virtues of bright paint and tidiness. Even so, a number of artists think it worth while to frequent it.

The quay is the centre of life, and to reach it you naturally turn off the coast road by the church and descend half a mile of narrow street—so narrow that in places it is but twelve feet across. Having seen what sights there are, you turn left along the quay, left again, and so back to the coast road. In the summer buses, charabancs, cyclists, motor-cars, pedestrians, carts, and lorries make this circuit. Visitors and natives are thus aided in their pleasure and their livelihood. But to return *up* the High Street means trouble, noise, and obstruction. A reasonable circulation of traffic depends on the short stretch of quay road at the foot of the hill. And now the Norfolk County Council has applied to the Ministry of Transport for leave to close it against heavy traffic, and an inquiry has just been held by an official into the merits of their application.

The circumstances are these. They are matched by hundred of cases of "economy" up and down the country. The quay is nominally in charge of a Harbour Company, but that is dead in every sense of the word except the legal one. For though it has no material or personal embodiment, it is still alive, never having been declared to be dead. The piling along the quay is decayed, the tides in the creek continue to rot it, they keep the foundations of the road permanently wet, the roadway is beginning to slant towards the channel, it will finally slant so much as to prevent any traffic whatever passing along it, and well before it reaches that last ruin, may send vehicles into the water. Something has to be done, and the County Council proposes, by closing it to all but the lightest traffic, to postpone, but not prevent, its final uselessness.

The alternative is to put it in sound order with reinforced concrete. Everybody agrees and complains that there are far too many able-bodied men in the district who have no job and a miserable income. There is no demonstrable shortage of concrete, steel, road metal, or any other material or appliances needed for the job. The natives and visitors to Blakeney have no desire to have the traffic artery cut. On the contrary, they object to the scheme. The sole and efficient reason for letting it go derelict is that the work would cost £2,000, and the Norfolk County Council will not add to its unpopularity by increasing the rates charges for highways and bridges. These, even after allowing for special Government grants, come to 4s. 10d. in the £ for the current half-year.

Norfolk, of course, has no plant and capital account. Nor has any other local authority, nor the country itself. £2,000 spent on maintenance, or restoration, or reclamation, or development, either of necessities or amenities, means to its inhabitants so much more money out of their pockets, and, of course, so much less money to spend on anything else. The real cost of putting the quay in order is the food, clothes, wear and tear of tools, and diversion of material, used by the staff employed. The real gain is one good road restored for permanent use, and the physical and other benefits obtained from their wages and sales by the staff employed and the firms supplying the material. The financial cost, as things are, is £2,000 extracted from Norfolk's indigent citizens. The financial gain, *nil*. The English rating system operates to penalise anybody who is misguided enough to improve his property. The financial system, in which the rating system fills a niche, operates to penalise the English if they improve their national property. Throughout the world the same is substantially true. And, like Blakeney Quay, the world slowly slips into a tidal creek.

The Douglas Cost-Theorem.

By Owen Barfield.

I was interested by some remarks in a recent issue of THE NEW AGE on the ease with which people may be confused by arguments about "A + B." It seems to me that the present juncture is one at which it is particularly important to avoid confusion or even the appearance of confusion in the exposition of Social Credit, and for that reason I offer the following remarks.

The paramount impression, the "deposit" so to speak, that is left behind in a man's mind when he has first heard of A + B is that there are *two kinds of cost*. But then, when he begins to think things out for himself or to read the critics, the objection occurs to him that these two kinds are ultimately only one kind, for "in the end" all costs are labour costs. Of course Social Credit has a perfectly good answer. It replies that it is not "in the end" but in the *beginning* that all costs were labour costs. Unfortunately by this time the damage has been done. There is confusion and an appearance of hedging. Malice and prejudice dart through the breach hand in hand.

Now this is all the more to be deprecated, because it is just at the present moment that quite a large number of people *are* beginning to grasp the extremely important fact that Finance-industry has a third function to perform besides those of producing goods and "providing employment"—viz., the function of distributing and re-absorbing purchasing-power. Having been familiar with this idea ourselves for ten years and upwards, it is not always easy to remember how novel and vague it may look when it first appears in the mind. Certainly anything that tends to cloud the outlines of this simple and easily imagined process is to be avoided if it is humanly possible.

I think it is humanly possible. It seems to me to be not merely (in certain contexts) good tactics, but also a sound and scientific development of the A + B theory itself to generalise it a little further. Thus on the plane of pure theory I would put forward as the two fundamental principles:—

1. Finance-Industry creates, distributes, re-absorbs and destroys purchasing-power.
2. The power of purchasing *finished* products is distributed in respect of *unfinished* products. [In shorthand: a man buys the *last* article with what he is paid for making the *next*.]

The second principle clearly applies to all articles except those that are begun and finished in, say, a week and are moreover made with tools which will not have to be paid for out of the price of the article. It is also easy to see that the effects of its operation will be the more felt, the longer the interval between the initial step in production and the marketing of the finished product.

Both principles, as far as they go, are easily demonstrable statements of *what is*. Proceeding, with them in mind to consider *what ought to be*, obviously, if the product of industry is to be bought, the price at which commodities are marketed ought to be determined not by *past* labour-costs (= purchasing power already re-absorbed), but by existing labour-costs (= purchasing-power *now being* distributed).

Returning to *what is*, we inquire: is this in fact the case? Answer: No. In order that industry may meet the so-called "obligations" imposed on it by the present financial system, it must measure its minimum prices by past costs. And it is fatal thus to account past costs into price. Why? Answer: A + B.

Coming again to what ought to be, the question arises. Has anybody ever suggested a *method* of equating prices to *present* costs instead of to past ones? Answer: Yes. Major Douglas has suggested the price-calculus.

I am far from suggesting that this is the order in which Social Credit ought invariably to be expounded. On the contrary, if one were speaking to anyone actively engaged in the administrative side of industry, it would probably be far better to begin straight away with A + B. I do suggest that it is the logical order, and that to have it arranged in this order in our own minds may often assist us to avoid confusion at home and to combat it abroad.

I also think it is in general a good thing to lay the emphasis, where possible, rather on what *will* happen to present costs than what *has* happened to past ones. For in this way you direct people's minds to the future and, besides the atmosphere of hope which this engenders, there is more chance of eradicating the fixed image of "cost" as a sort of fossil that remains embedded in price.

Boom and Slump.

Not a few critics of the A + B analysis condemn it on the ground that if the rate of flow of purchasing power is always less than the rate of flow of prices, then no such thing as a trade boom could possibly occur. They maintain that the well known phenomenon of rising prices at all stages of production during any period of increasing trade prosperity proves that there is more than sufficient purchasing power to meet the prices.

It sounds plausible till we define the range of the term "prices."

All that the A + B Theorem proves is that the rate of flow of purchasing power is always less than the rate of flow of total price values of every description of output; and output includes not only consumers' goods and services, but intermediate goods and capital equipment of all sorts. To put it in another form—the incomes distributed in respect of any given volume of production cannot buy that production at the minimum prices which the system is compelled to charge, and the discrepancy has to be made good by drawing upon the incomes distributed in respect of some new and future volume of production, and that new production tends more and more to take the form of capital equipment.

Social Creditors do not deny that the discrepancy in question may perhaps be made good, and more than made good, by this method. They object to the method. Making good the discrepancy by drafting on the future amounts, in practice, to a denial of the right of a community to consume any given volume of its own production except under penalty of replacing it by a new and larger volume; and it ends in piling up a mass of industrial debt which can never be liquidated.

To analyse the boom problem, let us adopt the symbols used in "Appendix B" of C. G. M.'s pamphlet, *The Nation's Credit*. Readers of this will remember that A and B are here split up; A_1 and B_1 referring to A and B payments in respect of consumers' goods and services, and A_2 and B_2 referring to similar payments in respect of capital goods and services.

So we have the rate of flow of prices on to consumers' markets represented by (at least) $A_1 + B_1$ vis-a-vis a rate of flow of consumers' incomes represented by $A_1 + A_2$. As shown in this Appendix, the problem of whether consumers' incomes can meet the prices of consumers' goods and services depends on the ratio of A_2 to B_1.

If A_2 be greater than B_1—and it must be remembered that B_1 is being continually swollen by the flow of the A_1 costs, A_2 costs and B_2 costs of previous periods—then the prices of consumers' goods will rise, while if A_2 be less than B_1 these prices will fall and the various symptoms of depression will ensue.

During periods of trade prosperity all sorts of new schemes of capital production are put in hand, entailing a considerable increase in A_2 payments, and so long as these are in excess of the B_1 costs in the prices appearing on consumers' markets, prices generally will continue to rise and trade will boom. But if, for any reason, A_2 payments are reduced and fall below equality with B_1 costs, retail prices and, later on, prices generally, will commence to fall, and the boom will be checked. If the A_2 payments continue to diminish, a trade slump will eventually set in.

What, then, are the factors which cause A_2 payments to fall and rise?

Reverting to "Appendix B," we see that modern technological advance in industry entails a rise in the ratio of B to A payments, and, to-day, the rise is at times almost spectacular. Now let us consider a period when, for the moment, A_2 payments have reached equality with B_1 costs, and consumers' incomes can face the market on level terms. Industrial technologists being busy, both the ratios $B_2 : A_2$ and $B_1 : A_1$ are increasing. Therefore, as $A_2 = B_1$, the ratio $B_2 : A_1$ must be increasing rapidly. By adding A_2 (which is less than the numerator) to both numerator and denominator, we get a rapidly increasing ratio of $A_2 + B_2 : A_1 + A_2$, an expression which means, in ordinary language, that you cannot finance new capital equipment to the tune of $A_2 + B_2$ out of savings skimmed off $A_1 + A_2$ incomes for more than a very short period.

To finance $A_2 + B_2$ production continuously, whilst keeping A_2 at least equal to B_1, the banker must come forward and create new financial credit *on a rapidly rising scale*. This is the crux of the situation, for the banks will soon refuse to create the necessary credits under any conditions other than war.

So no boom can continue beyond the point where the banker takes fright, decides to "consolidate his position" and proceeds to restrict credit and call in his loans. When this happens, A_2 payments, which have been in excess of B_1 costs during the boom, begin to diminish and soon become less than B_1. Consumer demand slackens, prices fall, and a restriction of orders takes place all down the long chains of production, workers are thrown out of employment and all the well-known symptoms of depression appear. This continues until a sufficient number of the more sanguine traders and manufacturers decide that the market has touched bottom, and, not wishing to be caught short of raw materials and other stocks on a rising market, commence to replenish. Recipients of their orders will obtain new loans, take on new workers, and proceed to expand their businesses. Company promoters will register activity, and A_2 payments will commence to rise. When these reach equality with B_1 costs, and then exceed them, all the symptoms of a trade boom will appear, if the bankers will create the

necessary credits—directly or indirectly. As we have seen, savings are quite inadequate for this purpose. Savings may be utilised for the initial stages of a boom, just as the engine of a motor-car can be started by the use of the battery. But, just as the car can only be kept running by a continuous supply of new petrol, so the boom can only be maintained by a continuous issue of new bank credit.

So the picture we get of booms and slumps in terms of A + B is that of a wave, the curve rising whenever A_2 payments are in excess of contemporary B_1 costs, and falling whenever they are below them. The rise of the wave is checked and converted into a fall by the action of bankers in restricting credit, while the fall is checked and converted into a rise by the action of industrialists who are short of stocks issuing new orders to an extent requiring an increased issue of new credit. There are, of course, contributory causes, both up and down, but, broadly speaking, this is the outline of the picture.

How does this picture apply to the situation today?

If the curves of trade prosperity and depression during (say) the half century before the Great War could be plotted, it would be found that the slopes were fairly gradual—the wave-motion taking, on the whole, the form of a swell in fairly calm weather. But, to-day, the winds of technological advance are rising to a gale, and they must considerably modify the wave formation.

The necessary condition for a boom is that A_2 shall be maintained in excess of B_1, even if only by a small amount. Under this condition, the more rapidly the ratio of B to A payments increases, the steeper the upward slope of the curve; that is to say—the shorter the period which must elapse between the moment when A_2 overtakes B_1 and the moment when the bankers take fright. And it is only a matter of increasing this $\frac{B}{A}$ ration sufficiently before the curve becomes so steep that the crest of the wave will curl over and break—in other words, the credit system will crash.

Then how do we stand to-day? Will the present money system founder in the hollow which now threatens to engulf it, or will the curve rise once more? If it is to rise, the initiative lies with the industrialists. The banker has so bedevilled the situation with prolonged deflation that, in this respect, he has lost control. He has cooked his goose. He may increase deposits by further purchases of Stocks and Bonds, but he cannot increase loans to industrialists who do not yet want them on any terms, however favourable. Not till a sufficient number of these gentlemen are convinced that prices will go no lower can we look for the curve to take an upward direction.

If and when that happens, the gentry who harp on "all pulling together" and the more nauseating forms of "MacDonald Uplift" will have the time of their lives; but it will be a short time. If boom conditions ensue, it is safe to prophesy that the wave will be a steep one. Will it be steep enough to break?

Social Creditors must form their own conclusions.

A. W. COLEMAN.

FORTHCOMING MEETINGS.

A Public Lecture with 70 pictures, "The Great Slump: How it Has Come: The Tragic Absurdity of it, and the Quick Way Out." Arranged for as under at:—

Fircroft College, Bournville, 8 p.m., January 16th.

Presbyterian Hall, Stourbridge, 7.30 p.m., January 17th.

Chamber of Commerce, 95, New Street, Birmingham, 7.30 p.m., January 18th.

St. Gregory's, Small Heath, Birmingham, 8 p.m., January 19th.

The last three under the auspices of Social Credit Groups.

Lecturer: Philip T. Kenway (a "Green Shirt").

The Films.

The Flag Lieutenant: General Release.

"Join the Navy and See Life," or, in other words, Affable Admirals Make Contented Crews. This is an English film, made by British and Dominions, and it therefore follows that its principal characteristics are mediocrity, banal dialogue, indifferent acting, and an almost entire absence of any cinematic quality. As an animated recruiting poster the picture has, however, its points. Life in the Royal Navy is shown as an affair of dances on the flagship and drinking a health unto his Majesty the King, God bless Him, varied with a spot of warfare that one of the characters, of course, describes as a picnic, and in which naval guns of large calibre and aerial bombs are engaged in the civilising work of massacring Arabs (described by another character as "those devils") armed with matchlocks. The principal players in this drama of the White Man's Burden are Henry Edwards and Anna Neagle, whose impersonations are no better than the film deserves.

Tempest: Rialto.

Jannings's first talkie to be seen in England has been absurdly—and unintelligently—over-praised by the critics. It is, possibly, not quite fair to judge by the censored version that the British public has been allowed to see, but in its original form the picture can scarcely have enhanced the reputation either of the Ufa Studios or of Erich Pommer. It is too long—even in this shortened form, too wordy, too slow, singularly lacking in thrill—the would-be dramatic situations failing in the main to convince, while the dialogue is uninteresting and mediocre. As is customary, the English titles are not good, and they are held so long on the screen as to justify the assumption that the English version was prepared in the belief that cinema audiences find difficulty in reading words of more than two syllables. Jannings is, of course, good; but even this superb actor is handicapped by the inferior material with which he is called on to deal. He is partnered by Anna Sten, the young Russian actress whom Press and publicity agents have alike greeted as a new discovery, but who was actually seen in London two years ago in "Moscow that Laughs and Weeps." Miss Sten is superbly inadequate. The role calls for an emotional actress, or for a woman who could be electrified into life by playing with Jannings, as was the case with Lyr de Putti in "Vaudeville." Miss Sten's poses, foot stamping, pouts, and bosom heaving must be seen to be believed; for the rest she is a mannequin rather than an actress. From the technical standpoint the redeeming feature of "Tempest," shown in Germany under the name of "Stürme der Leidenschaft," is the admirable photography.

Strange Interval: Empire.

While the complacent incompetents who control British film production cannot see beyond musical comedy, Aldwych farce, and pre-war Lyceum melodrama, Hollywood has given us Molnar, Pirandello, Elmer Rice, and Eugene O'Neill. ("Strange Interval" is, of course, "Strange Interlude"; after boggling at the film itself, the Censorship eventually passed it on condition that the name was changed. Whether this ukase was due to the Censors' desire to proclaim their authority, or just to imbecility, I am unable to say.) Technically, the film adaptation has been admirably done. To begin with, it was quite exceptionally difficult to compress O'Neill's play, which takes longer to perform than "Hamlet" in its entirety, into less than two hours, while retaining both the essential dialogue and the atmosphere of the original. Those difficulties have been overcome, largely by the use of very short sequences and most intelligent editing. So far as concerns the utterance of the thoughts of the characters, the screen is far more successful than the stage can possibly be, owing to the employment of a specialised technique, involving the use of two separate sound recording systems, in which the players do not open their mouths when the dialogue represents what they are thinking. At first, this strikes one as a rather irritating mannerism, or as a *tour de force* that distracts the attention but one gets used to it in a few minutes.

Other technical difficulties have been overcome in the most masterly fashion. I have never seen make-up used more adroitly than it is employed here to indicate the gradual ageing of Nina, Darrell, Evans, and Marsden (although at the end they appear somewhat too venerable), and the timbre of their voices also changes with age. Admirable is also the manner in which varying emotional tension and atmosphere are suggested by the accompaniment of snow and rain. As an affair of technique, "Strange Interval" is, indeed, almost beyond cavil.

Artistically, it is not on so high a plane. The players are all admirable, especially Clark Gable as Darrell, and

Norma Shearer, whose Nina shows her for the first time in my recollection as an emotional actress of wide range instead of merely a very finished and accomplished craftswoman. Miss Shearer has not only never done better, she has never done anything nearly so good. But the picture fails to carry complete conviction; its theme appears somewhat bloodless; and one cannot take any very compelling interest in the doings or fates of the characters. "Strange Interlude" is, on the whole, not so adapted to screen treatment as "As You Desire Me." But Metro-Goldwyn-Mayer are again to be congratulated very heartily on producing something very well worth doing for the sake of the intelligent filmgoer, who exists despite Elstree's complete belief to the contrary. This is one of the few pictures that no one genuinely interested in the cinema can afford to miss.

DAVID OCKHAM.

Theatre Notes.

The Streets of London: Ambassadors.

No one can deny that the times are appropriate to revive Dion Boucicault's well-known play, "The Streets of London," and I doubt whether any of the critics who witnessed its revival at the Ambassadors Theatre cannot say that this work was well done. As you walk to your office in the morning, dear reader, if you are fortunate enough to have a job, or as you walk from office to office in search of one if you happen to be among the gallant legion of unemployed, you cannot fail to be impressed by the poor and their condition. By the poor I mean not folk like you and me who can afford to buy this journal though we do live from hand to mouth, but the really poor, the destitute men, women and children whom the iniquitous financial system under which we live has condemned to walk the streets of London and other populous cities and starve half-naked because there is no work for them to do. To no fault of their own can be attributed the pathetic lot of most of these wretches who have become the objects of their more fortunate neighbours' charity. Into this degree some have been born, others have been projected from a higher station. All of them, according to Boucicault's comforting philosophy, should ultimately attain a measure of individual prosperity, provided they keep their virtue unsullied in their poverty. Similarly must the villainous machinations of their oppressors be overcome. But alas, in these times the poor man, be he ever so poor and ever so honest, may never prosper unless he throws his scruples to the winds—and even then he may only find himself in gaol! Boucicault thought poverty a sin. He was right, though the sin was not in the poor so much as in their rulers. Mr. W. A. Darlington, who has revised Boucicault's play for public presentation, evidently considers poverty a joke, and on the first night at least the critics seemed to agree with him. "If you want to really laugh (sic) you must see 'Streets of London,'" wrote a prominent Sunday news-sheet. "Amused me terrifically," echoed a sensational contemporary. How nice of them to say so! On the contrary, poverty is no joke—at any rate, certainly not for its victims, though this play about it may move successive audiences to unrestrained mirth.

Boucicault's play was originally written for America, being adapted from a successful French piece entitled "Les Pauvres de Paris." The author subsequently rewrote it for the English stage, and it had an immense success in this country during the sixties and seventies of last century—in fact, in the days when adversity was put to sweet use and thrift was universally regarded as a cardinal virtue. The present version of the play has incorporated elements of the American and the English, and is doubtless a decided improvement on both. Furthermore, it is a clever burlesque of what was intended to be a comedy-melodrama, and the extent of its cleverness may be gauged by the fact that the burlesquing is not overdone by the players—though the situations must surely tempt the latter to do so. Mr. Sam Livesey made a forthright villain in the character of Gideon Bloodgood, the banker, whom the audience at the invitation of the management obligingly hissed when he made his appearance on the stage. Mr. Harold Warrender was perhaps a little too exuberant in the part of the juvenile lead, the Hon. Mark Livingstone, but his high spirits were certainly very refreshing—I consider him to be among the foremost of our younger actors. Miss Diana Churchill behaved like the pretty *ingenue* heroine which she was supposed to represent, though she must learn to pitch her voice higher if she wishes to be heard in the back of the auditorium. In the supporting parts Mr. Valentine Rooke, Mr. Alexander Field, and Miss Margaretta Scott were particularly good. I found the synopsis of scenery and scenario given in the programme a most useful guide through the rapid succession of villainies, virtues, attempted suicides, snowstorms, fires, tumbling tenements, galloping steeds, and lovers' meetings, which this amazing melodrama unfolds. Miss Elsie French and Mr. John Mott provided a pleasant interlude when they sang some Victorian songs in Victorian attitudes. Capital entertainment of its kind.

She Stoops to Conquer: Old Vic.

"I know of no play for many years," said Dr. Johnson, speaking of Goldsmith's famous drama, "that has answered so much the great end of comedy—making an audience merry." For over a century and a half "She Stoops to Conquer" has amply fulfilled this object, and I am prepared to wager that the audiences at the Old Vic last week laughed as heartily as did any since this incomparable work was first produced at Covent Garden in 1773. On this occasion Mr. Harcourt Williams has produced it at the Old Vic, and Miss Lilian Baylis's company has found no difficulty in presenting it with all its native charm and humour. I admire the versatility of the Old Vic players, who have shown that they can perform eighteenth-century comedy with the same accomplishment and mastery of details as they have already done in Shakespearean tragedy. Mr. Malcolm Keen was excellent in the part of Hardcastle, the bland, courteous country gentleman, whose house becomes the hilarious scene of "the mistakes of a night"—the Old Vic management is to be congratulated on having such a capable actor for the leading parts in its productions, as is also Mr Keen for filling them so admirably. Mr. Roger Livesey was well suited to the part of Tony Lumpkin, and I am inclined to think that in it his talent has been seen to its greatest advantage this season; he should, however, endeavour to modulate his voice rather more than he does at present on the stage. Mr. Charles Hickman may not have felt quite happy as young Marlow; no more did at least one member of the audience in watching him. His diction is still capable of some improvement; his too juvenile appearance might be corrected in the dressing room. As Kate Hardcastle Miss Peggy Ashcroft was very pleasing, though her attempts to speak with an Irish brogue when she impersonated the serving maid in her father's house could not be described as fortunate. She would do best to abandon such attempts altogether and try something English in future. Miss Valerie Tudor deserves a word of praise for her spirited rendering of the part of Constance Neville; her animation was almost becoming. As a whole, the cast worked well together, and the fact that a number of Goldsmith's rather heavy "asides" were slightly burlesqued by some of the players (particularly Mr. William Fox as Hastings) added to the general merriment. The production will be given at the Old Vic for another week, commencing on January 16. It is well worth a journey to see.

Silver Wedding: Arts.

Miss Ruby M. Ayres has turned dramatist, and this is her first product in her new role. Were it as cleverly developed as it is conceived, "Silver Wedding" would be an excellent play. Unfortunately, in its present state, it contains so much futile dialogue which gets the characters and the audience nowhere (unless it be to the bar) that its good qualities are largely overshadowed. A certain amount of inane chatter is only to be expected in a play in which women hold the stage for the greater part of the performance; but Miss Ayres prolongs her discourses to the point of tedium. Nor is the dialogue free from anachronisms—for instance, I do not think that the expression "and all that" with which one of the female characters punctuates the majority of her remarks was in vogue during the war, at least not in its early stages. However, the play is by no means devoid of merit, and it contains at least two fair scenes and one good curtain. The story concerns the married life of Richard and Ruth Holland (Mr. Kim Peacock and Miss Barbara Hoffe), which to all outward purposes is serenely happy. It opens on the night of their silver wedding in 1932, and then goes back to the morning of their wedding day, subsequently showing how the husband had an affair with a bridesmaid (Miss Sunday Wilshin), and the wife with the best man (Mr. Edgar Norfolk). The last act reverts to the scene of the silver wedding, and shows that, in spite of these affairs and other marital maladjustments, the wife has never ceased to love her selfish, rather vain husband, who now thinks mostly of golf and his stomach. There is a certain grim realism about this play with which enthusiastic acting at the Arts Theatre may have struck a note of remorse in more than one male breast in the audience. If Miss Ayres perseveres she should very soon turn out a box-office success.

RICHARD CARROLL.

The Passing of Parliament.

[A speech delivered by Captain Rushworth, M.P., in a Debate on the Budget in the New Zealand Parliament on October 7, 1932.]

II.

Mr. Fraser: Does the Hon. Member think that if we depend on the Government's foresight we are doomed?

Captain Rushworth: Unless the Government can be persuaded somehow to change its course and pursue a diametrically opposite path I think the choice of the people will be Bolshevism with some Christian ethics infused in it, or Bolshevism without that infusion. I wish also to quote from Sir Archibald Alison's History of Europe. It is particularly interesting and I would suggest—although the Prime Minister chided me the other day for reading too much and delving too deeply in trying to get to the bottom of the trouble—that he might get a little entertainment out of reading at least volume 1 of Sir Archibald Alison's History of Europe. I am not suggesting that he should read the whole fourteen volumes, but he will find volume 1 interesting and possibly illuminating. In that volume he will find a condensed report of the debates that took place in the British House of Commons in 1819 when the British Government adopted the policy of deflation following the Napoleonic Wars. The debates are summarised, and they show clearly what the Government of the day decided to do. It decided to set out upon the path upon which the Government to-day in New Zealand is setting out. The arguments that were used for and against that policy are stated. But the most illuminating thing about this history is that it records the wording of several petitions that were presented to Parliament at that time by merchants and traders of Bristol and the merchants and traders of London. I have here an extract from a petition that was presented by the latter. It is to be found on page 375 and the following pages of the first volume

"The petition of the merchants of London prophesied the consequences of the proposed measure in the following remarkable terms:—Your petitioners have reason to apprehend that measures are in contemplation which, in the humble opinion of your petitioners, will tend to a forced, precipitate, and highly injurious contraction of the currency of the country. That the consequences of such a contraction will be as your petitioners humbly conceive, to add to the burden of public debt, greatly to increase the pressure of the taxes, to lower the value of all land and commercial property, seriously to affect and embarrass both public and private credit, to embarrass and reduce all the operations of agriculture, manufacture, and commerce, and to throw out of employment a great proportion of the industries and labouring classes of the community."

The Historian, writing in 1853, comments on that petition and other similar petitions by saying this:—

"It affords another example of a truth, of which many illustrations have occurred and will occur, in the course of this history—that the truth on important political questions is often much more clearly perceived and the practical effect of measures better discerned, out of the legislature than in it; and that the powers of the acutest understanding are not in the latter situation, to be relied upon, in opposition to the influence of party connections."

But practically the whole of the first volume of Sir Archibald Alison's History of Europe deals with the tremendously far-reaching effects of the British Government's policy in deflating the monetary system of Great Britain following the Napoleonic wars. Sir Robert Peel seems to have been one of the protagonists of that policy. I will read a further small extract from the History."

"These petitions from Bristol and London, coming as they did, from the first commercial men in England, and concluded in such strong yet respectful language, showed how strongly the mercantile classes had taken the alarm at the proposed resumption of cash payments by the Bank of England and how clearly their practical experience and native sagacity had detected the real tendency of a measure fraught with the most momentous consequences but which it was known had obtained the assent of both branches of the Legislature. The petition was rendered the more remarkable by its being presented to the House of Commons by Sir Robert Peel, who had made a colossal fortune under the cash restriction system, and now stood forward to oppose his eldest son, W. Peel, who was prepared to terminate it."

That is a matter of very considerable interest and of great value as showing how very faithfully history is repeating itself in these present days. We know the fallacies of the policy which was adopted then by the British Government and which led to the "Hungry Forties." The historian says that ultimately it got beyond the power of any human being to correct the evil influence of that deflation policy. He even went so far as to say that it was an act of God alone that broke the chain of evil events through the Divine guidance which caused a sudden and rapid inflation of the monetary system as a result of the discoveries of large gold fields in Australia and in California."

I do not know whether it is possible to hope for an act of God to give us a change of policy in this country. I do not know whether our faith is strong enough to be relied upon. But I do suggest that we should have a thorough investigation into the possibilities of the opposite policly to that which the Government has decided to adopt. Before concluding I want to make one reference to page 4 of the Budget, on which the Government has indicated its intention of proceeding with the establishment of a Central Bank. The desirability of the establishment of a Central Bank depends in the long run on who is to control it. If the Government is proposing to set up a Central Bank that will be beyond the control of this Parliament, I suggest that it is contemplating an act of high treason. There is no power that should or can be set up superior to this establishment of Parliament. I would also remind the Government and members generally of that historic speech of Edmund Burke in 1775, in which he concluded by saying "There can be no shadow of liberty unless the people have the power to control their own monetary system."

(*Concluded.*)

LETTERS TO THE EDITOR.

LORD TAVISTOCK'S PLAN.

Sir,—In THE NEW AGE for December 22, page 91, column 1, you express the belief that Lord Tavistock while accepting the principle of a national dividend excludes such an unnecessary complication as the regulation of prices. In Lord Tavistock's pamphlet (which, I think, you stock at 70, High Holborn), on page 15, the just price is explained. When speaking to the Rotary Club at Watford last May and at a public meeting at Chesham a few weeks ago, allusion was made to this, but in the absence of a blackboard, and possibly taking into account the mixed character of his audience, Lord Tavistock did not devote much time to that part of his subject, but it was mentioned.

C.

A NATIONAL CENTRE POLICY.

The Antidote to Unemployment and War.

A NATIONAL REFERENDUM.—(1) Asking for the *Individual Willing Assent*, of both the employed and the unemployed, to Work for the Vital Needs of their neighbours, without distinction, as a basic custom of the *noblesse oblige* of the British Race; and,

(2) *To Issue Municipal Notes* based on the new values and new goods created by the use of these notes, or, some other equitable Monetary Reform in line with the spirit of this National Referendum.

This National Centre Policy is an attempt to put into practice the policy which is part of the Plan of Race Evolution, wherein the Individual Problem is the World Problem, and, where the need for the Autocracy of Wisdom and Spiritual Culture in Statesmen and in Statecraft are acknowledged.

There being no precedent for dealing with this World deadlock, this National Centre Policy is suggested as the wise gesture for the British Race to make as the Key to this deadlock; and as being of a piece with the lead which it is our privilege and responsibility to make in the New Order of Things Political. Local, National, and International Constructive and Co-operative Citizenship is part of the New Consciousness.

Leisure, is the problem, the National Centre Policy realises this, and offers this practical and constitutional method as being wiser than partisanship.

Further particulars of the Centre Group of the New Political Fellowship and the National Centre Policy may be had from—36, Gordon-square, London, W.C.1 (Tel., Museum 5540); 20, Northumberland-street, Edinburgh (Tel. 24524); 334, rue Vanderkindere, Uccle-Bruxelles, Belgium; 5, Drummond-gardens, Glasgow, W.3; 355, E. las Flores-drive, Altadena. California, U.S.A.; 2, Rue Cherbuliez, Geneva, Switzerland.

A. G. PAPE, *Hon. Secretary*.

[Mr. Pape's letter is in the form of a circular. We print it because of the "Centre Group's" advocacy of Municipal Currency Notes. This adds point to our remarks on December 8 on this subject.—ED.]

The Social Credit Movement.

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

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

SUBSCRIPTION RATES.

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