

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### Shock Tactics.

The hullabaloo in the British and Australian Press over the bowling tactics of the English cricket team in Australia opens up issues which can be paralleled in other fields than that of sport. Parenthetically, let us observe, the issues, even as confined to cricket, are wider than the immediate question of whether English bowlers are using unfair methods against Australian batsmen; they involve the ulterior question of whether any bowler ought to use them against any batsman in any place and on any occasion. And it is this wider question which we choose as the frame of reference in which to discuss the merits of the bowling-tactics that are the subject of controversy. This choice is logically compulsory, for the game of cricket is a far bigger thing than the winning of test matches; and in discussing the subject with that truth as a background we shall avoid, we hope, incurring the charge of "taking sides" in the present quarrel. The older we get the more it is borne in upon us that the winning or losing of sporting events depends ultimately on factors beyond the control of the players. In cricket, particularly so. When any two sides are even only approximately equal in terms of skill, the victory is awarded by Luck. It is Luck which makes the Sport. For this reason we deprecate the term "test" being applied to these matches. Test, of what? When you begin to think it out you come upon the fact that the "test" commences with a gamble. One captain spins a coin and the other calls "heads" or "tails"; and upon his calling right or wrong depends whether his side has the option of batting first—an option which is usually a distinct advantage when exercised. But sometimes not: for the character of the wicket and the tricks of the weather may easily turn the losing of the toss into a piece of good fortune. Thus the honours of the game do not depend on the letter of the score, but the spirit of the play. The true sportsman strives his best to overcome the handicap of ill-

luck, and if finally defeated behaves toward the victor *as if* the luck had been even. He congratulates him *as if* he acknowledged his superior qualities. He conspires to heighten his enjoyment of the sensation of having won. And then, in ever so short a time, the sensation is gone; and the occasion of it—the "victory"—becomes an entry in a "year-book," having no more significance than an ancient cancelled overdraft. And this would be more generally realised and allowed for if only the bank-ridden Press would refrain from exploiting the game as an occasion for hawking stories calculated to create revenue-producing animosities among the public. What "public interest" (to adopt the cant expression) was served by the broadcasting of the alleged "snub" administered by Mr. Woodfull to Mr. Warner last week—an incident which, if true, every right-thinking person would wish to forget. It is a pity that the Official Secrets Act, under which Mr. Compton Mackenzie was recently fined for letting out a fourteen-year-old secret, cannot be applied to prevent mischief of this sort. We are reminded of another kind of "snub" not so long ago about which these same newspapers were silent—namely, that of the Melbourne Age, addressed to Sir Otto Niemeyer on the eve of his arrival in Australia. It is true that the Age "apologised" on the morning of his arrival, but if they plead that as an excuse for having ignored the incident, the reply is that in the present instance Mr. Woodfull, too, "apologised" (or so they say). Instead of allowing the "apology" to cancel the "snub," these beastly hucksters published both stories, and, at the moment of writing, are busy concocting and eliciting theories about the terms and import of the "apology." They have no time, it appears, to try to ascertain what the Melbourne Age apologised for, nor how it came to be cleaning the boots of a visitor whom overnight it was threatening to kick off its doorstep. But that, of course, is a real "Official Secret" which it were not wise that the public should learn.

We draw this parallel for a deeper reason; for we feel sure inside ourselves that the acrimony in Australia in this matter is causally related to the anti-British sentiment created by Sir Otto Niemeyer's

shock-tactics in imposing the Bank of England's rules of the financial game on the Commonwealth Government. In any event, it is obvious that the widespread evil effect of his policy on the economic condition of the Australian people must have stirred up a collective resentment, which being denied a vent in its natural direction, could be calculated to spend its force in another on any sort of provocation. Thus are the English team made the scapegoat for the malefactions of cosmopolitan moneylenders.

So much for one parallel. Let us examine another. In all this controversy about the rights and wrongs of batsmen and bowlers, everything has been brought into the wrangle but the point of view of the public whose money it is which makes the playing of test matches a possibility. It is true that a case can be constructed to prove that on the validity or otherwise of bowling to the "leg-theory" (it is more like a leg-pulling theory in the Press) depends the maintenance of what are called the "finer points" of batsmanship in particular, and of the game in general. But the assumption which usually underlies such argument is one which we are disposed to challenge, namely, that the paying public on these occasions go to see the "finer points" referred to. Other things equal, no doubt they do: but as things are we submit that the opportunity of seeing them is not worth the boredom of watching the sort of game which makes them possible. It is all very well for banker plutocrats with field-glasses, reclining in the Members' Stand, to inspect and appraise "fine points" magnified to eight diameters, and from the convenient angle of a view-point behind the bowler's crease; but it is a different proposition for the popular crowd, wedged like sardines and directing their naked eyes, mostly towards a distant side-on aspect of the proceedings.

To such people it is what we can call the "coarser points" of the game which make the first appeal. Briefly they want the batsman to get on or get out. If he keeps the score moving along briskly then they derive extra pleasure from the skill or grace of his strokes. But graceful stonewalling (if there can be such a thing) isn't good enough. You never hear barracking of an enterprising batsman who takes risks of losing his wicket to make runs: it is always the splice-rider who elicits vocal expressions of disapproval. And the loud cheers which greet the dismissal of the slow scorer tell their own story. The moralists in the Members' Stand can build up plausible arguments about the virtue of patience exhibited by the slow batsman and the virtue of perseverance exhibited by the bowlers; and dilate upon the value of testing the players' patience, courage and determination, and so on; and these are pertinent considerations insofar as the game is regarded as a system of moral discipline. But for the spectators quite a little of this Church-Parade business goes a long way; they don't mind being set a good example if they also see a good show.

Now, from the entertainment point of view shock bowling does brighten things up for the spectators. And it possesses the moral value of giving the batsman the opportunity to exhibit his courage—a fact which, amusingly enough, is being used as an objection to it. As we have emphasised before, we are not concerned with the people who make the objection; and what we are saying is not intended as a gibe at Australian critics: we are bringing the view-point of the "consumers" of cricket into relation with the opposing viewpoints of the "producers"; and are doing so on the principle familiar to readers of THE NEW AGE, that the purpose of production is consumption. Disregarding the partisanship of crowds, the question is how shock-bowling affects the game as a spectacle. We do not presume to give an answer: our object is to lay out a frame of reference in which the matter can be discussed without

From our own point of view the real issue raised is whether the rules of the game have not loaded the dice against the bowler. A batsman is provided with a bat for the purpose of scoring runs with it and defending his wicket with it. He is provided with pads to protect his legs. But to-day he constantly uses his protected legs to protect his wicket. He frequently steps in front of his wicket and lets the ball hit his pads, not attempting to make a stroke with his bat. He can be got out that way, but only on condition that the ball falls within the rectangle whose width is that of the wicket and the length that of the pitch. Even then, if the ball breaks at such an angle as would take it past the wicket if not played, the batsman is not out. To the layman it may appear puzzling why a batsman should be allowed to step into the track of the ball, yet the bowler disallowed (as the suggestion is) from delivering the ball along a track in which the batsman is already standing.

There is an answer, namely that in the case of meeting extremely fast bowling the batsman has no time to step into the track of the ball as well as shape for a stroke; and for the same reason he cannot step out of the track when the ball is coming straight at him. In either case he must remain where he is if he intends to play the ball at all. Body-line bowling—as the practice of bowling at the batsman is called—is not objected to as such, the objection is to its adoption by fast bowlers. The reasons are (a) that the batsman has got to play the ball to protect his body; (b) he has to play it in such a position and so quickly that he has little or no choice of the direction in which he shall hit it—in fact, more often than not, it is a case of the ball hitting the bat; (c) this enables the fieldsmen to anticipate the path of the ball after striking the bat and to crowd into an arc between the wicket-keeper and square-leg instead of spacing themselves out more or less equi-distantly in all directions inside the circumference of the boundary. The batsman has, as it were, to play the ball between West and South every time, when, ideally, he ought to be able to choose any point of the cone to pass; (d) the consequence is that his opportunity to score runs is restricted, his risk of being caught out increased, his style cramped, and his body endangered. These disadvantages in combination constitute a reasonable basis of grievance from the batsman's point of view, as well as a deprivation of pleasure from spectators who like to see variety in stroke-play. At the same time, if the occasion of this grievance is prohibited, then the occasion of a bowler's grievance is restored. One aspect of his handicap has been referred to: another is that if he is restricted to the off-theory method of bowling for catches, the batsman can refrain from playing the ball whenever he chooses. Nothing is so depressing to the spectators as to watch a bowler pace back twenty yards to commence his run, gallop back and hurl the ball down the pitch, while the batsman stands with his bat over his shoulder watching the ball go by into the hands of the wicket-keeper. This kind of thing, repeated, as it frequently is, ball after ball in succession, is as dispiriting to the watchers as it is discouraging to the bowler. And so, taking these things into consideration, one is bound to recognise that shock-bowling has its points, even allowing that on balance it may appear to be undesirable. Undoubtedly it produces exciting cricket although some of the occasions may be considered questionable. It has kept the scores down in the Tests, and has knocked the timelessness out of "timeless cricket." And from a financial point of view it has lessened the number of days on which spectators have to pay their entrance-money if they want to see the matches from start to finish.

The situation, as no doubt some readers have already been realising, corresponds very closely to

major economic deadlocks, where it is impossible to redress a grievance without creating or reviving another. New Zealand's exchange-pegging enactment announced last Thursday is a handy illustration. By a coincidence the news came through on the wireless within an hour of our finishing the reading of a long account in *The Evening Star* of November 19 of the origin of the farmers' campaign to raise the exchange-rate in the way that has now been done. This paper had been sent us by a reader in New Zealand. One of the arguments against raising the rate was that even if it afforded relief to primary producers it would hit other enterprises, particularly importers, many of whom, it was stated, would have to go out of business and dismiss their staffs. The technical basis of the argument was that the consequences of raising the rate of exchange would be the same as those of erecting a tariff barrier. If so, it will be seen that the controversy was a variant of that about shock-bowling. We can consider the importers as batsmen, and the farmers as bowlers, in the broad sense that the privileges of the former have been reflected by the losses of the latter. It is true that the farmers are not consciously attempting to get the importers out, but such is the mechanical effect (so the latter plead) of their policy. They are trying to escape from a financial handicap, with the consequence (always inevitable in the present financial system) that it will be landed onto other interests. These other interests of course have been basing their resistance on moral, as well as practical, grounds, saying that the adoption of the exchange-pegging policy would be a "breach of faith" with the Ottawa Agreement—"a flagrant violation of the spirit" of that compact. This is much the same as the game, and a true sportsman wouldn't do it." The latter could make the reply: "That's all very well; but the spirit of the game as now observed gives you what it denies me." Whereas the rules of a game are designed to equalise the incidence of luck as between the sides, the rules of commercial competition at any time do little more than reflect the policies of the strongest competitors. Another parallel with the cricket controversy is that, just as the spectators' point of view is submerged in the swapping of grievances between players, so are the interests of consumers in New Zealand entirely ignored in the polemical battle between primary and other producers. Never are consumers' interests the main issue in a conflict of policies, but—if they are thought of at all—always a contingent by-product of some compromise.

The conflicts of political parties reflect conflicts of producer-interests; and the alternation of party Governments in the past corresponds to the alternation of the innings in cricket. Just as two sides take it in turns to bat, so do opposing groups of producers take it in turns to be prosperous. And naturally the group in power seeks to become arbiter of the methods which the opposition shall use to dislodge them from power. The ministerial batsmen and the ex-ministerial bowlers have always been at loggerheads, and will always remain so in the existing financial environment in which the game is played and its rules interpreted. For, as our readers know, a condition of prosperity cannot be continuously enjoyed by all sections of the community at one and the same time. You can enrich some of the people all the time; or all of them some of the time; but not all of them all the time. Since there is a proven collective shortage of purchasing-power, the various groups within the community can, at best, only take it in turns to be happy.

To extend the parallel of cricket internationally, the policy described as "coming off gold" corresponds to "body-line" bowling at Uncle Sam, in which the "gold-standard" is a pair of pads with which he protects his economic wicket against the

orthodox bowling of trade competition. Similarly with Britain's recent abandonment of Free Trade and her resort to Tariffs—a sort of economic "leg-trap" which cramps Sam's style and keeps his score down, and similarly, again, with Britain's recent decision to cease re-payments of the American Debt—a policy which opens up much the same problem as confronts the M.C.C. and the Australian Cricket Board, namely that of reviewing the whole code of rules governing the practice of the game and affecting the temper of the play.

The parallels, unfortunately, end here. For whereas it is easily conceivable that the arbiters of the sport in Britain and Australia may devise means of equitably distributing the handicaps of the game between the batting and fielding sides; no such thing is conceivable while the international bankers are allowed to assume the function of arbitration. Even if they wished to achieve equity, the technique of their procedure as bankers would automatically prevent it. But they do not wish it. It is their object to keep the rules sufficiently flexible to be adaptable at one time to help the batsmen and at another the bowler, according to whether they want the batting side to stay in or come out. For example, the *Financial Times's* famous warning to Lloyd George was virtually a threat to "dope the pitch" on which his Government were batting if the Government interfered with their policy. As another example of how the rules work, when Mr. Lang suspended payment of debt pending revision of the interest-rate he was reviled all over the world by bankers and their Press and eventually turned off the field of play by Sir Philip Game: but when Sir Neville Chamberlain bluntly announces a definitive termination of repayments on account of Britain's debt, the same bankers calmly hold that this is quite in accord with the spirit of the game and easily within its rules. A third example was their eviction of the Labour Government in the Autumn of 1932. Besides doping the pitch they even sanctioned the irruption of Wall Street shock-bowlers into the field of British politics. To-day we have in power a Government put there by American Finance, and functioning as a national Public Assistance Committee appointed to ration the earnings of British Capital and Labour alike to the requirements of Anglo-American financial policy.

These facts have a vital bearing upon the problem of the Social Credit Movement. The old problem of getting a hearing for educative exposition still persists, but in a less rigorous form. Yet, supposing that problem to be overcome, and a widely extensive public support won for our objective; there remains the problem of knowing how that support shall make itself effective. To revert to the cricket-analogy, the picture here is not one of a test-match between capitalist interests. For, in the last resort, it is the bankers themselves who will bat, and they will do so while still retaining the power of deciding what are "fair" and what are "unfair" methods of bowling at them. What use to the bowlers would that they could kick up a din of "barracking" against the batsmen: but this would have no greater perceptible effect on the course of the play than occurs in real cricket matches. The crowd might become so exasperated as to entertain the idea of bursting onto the field of play and stopping the game. But certain cooler heads among them would be able to show them that the field of play, all round the ground from the boundary to the pitch, was covered by machine guns placed on the balconies of the Bankers' Stand. They would then realise that the bankers not for honour, but for power, and that of getting would relentlessly punish any methods of getting them out but those which couldn't get them out. Voting at election-time is one such futile method.

Voting is like bowling balls without a break outside the off stump: the batsmen need not trouble to play them—neither their bodies nor their privileges are in any danger. Thus the great—what is it? twelve-year?—stand by Mr. Montagu Norman in partnership, first with Mr. Benjamin Strong (retired dead) and, since, with Mr. Harrison (both not out at last night's close of play). And the whole energy of the Law, the Press and the Church is enrolled in the task of providing, as it were, these batsmen, with gloves, pads, and shields, and on the other hand of forbidding all devices by bowlers likely to penetrate these defences. Official Secrets Acts—Libel Acts—Blackmail Acts—Forgery Acts—and so on, are protective devices against which the sponsors of any disapproved policy are powerless to do anything, and which will be employed against them if they try anything which can be colourably construed as shock-tactics. In this context we can discuss the case of Tom Mann's imprisonment.

### Tom Mann's Imprisonment.

This case demands notice, not because of Mr. Lansbury's melodramatic visit to Lossiemouth, but because of the official explanation which has since been published why the prisoner cannot be released. It is to be found in *The Times* of January 10, on p. 12, and in a leading article on p. 13. *The Times* summarises it briefly, and uses it to show that there has been no "travesty of justice" nor a revival of an "obsolete Statute"—charges which had presumably been made by Mr. Lansbury or his supporters. *The Times* comments:

"On the contrary, the proceedings taken . . . were strictly in accordance with the regular provisions for the maintenance of the public peace."

"That the peace was endangered was fully proved by the evidence; and since Mr. Mann and Mr. Llewellyn were the responsible officials of the body whose demonstration would have been illegal they were reasonably required to keep the peace for twelve months."

"This they refused to do, and they are now in confinement for no other reason than this refusal." (Our italics.)

As our readers will appreciate, we have no belief in the efficacy of mass demonstrations as organised (or rather, not organised) by Communist or Socialist leaders; but on the other hand we have no belief in the efficacy of legal intervention to stop them. Behind the gesture to demonstrate lies real hardship; and the authorities are blind bats if they think they can ignore its existence just because they can prove its exploitation. A hungry man remains as hungry after a Communist has reminded him of it as before-hand. Moreover, after Invergordon, the familiar ascription of every sort of disorder to Communist will require proof. Last week a newspaper headline said: "Reds Busy Among the Busmen"—referring to the strike which had broken out—as if drivers and conductors couldn't understand a contract without red spectacles.

When we speak of the inefficacy of hunger-marching and of the means used to stop it we use the word in relation to a constructive object. Neither the Authorities nor the Communists have a policy for which they can hope to secure a sufficient volume of public support to ensure the consolidation of their "victory." The immediate policy of the Communists can be described as one of billeting the unemployed on the employed. They would call it: "Making the Capitalist pay for his reserve Labour," but whatever they call it won't alter the arithmetic of the policy. The immediate policy of the Government is even more manifestly futile: it is to keep the unemployed pegged down to the present level

of subsistence prescribed by actuaries, and for a period to which nobody is able to see the end.

Let us now scrutinise *The Times's* explanation. Taking the italicised passages together they present a judgment which, in effect, prevents any demonstrations on a large scale and on an urgent matter taking place at all unless the banks approve the object of them. For if Tom Mann had got sureties, his friends who so obliged him would have been underwriting risks of disorder which neither they nor he could control. That some disorder would take place there can be no possible doubt; so that in effect Tom Mann and his friends would have been paying for a licence to hold their demonstration. And if they wanted another, the price of the licence would go up in obedience to the law of supply and demand. The end of the process would be a license-tariff on a scale high enough to refund to insurance companies the whole amount they paid on claims for damage to property and person.

Clearly the holding of large demonstrations on these terms is impracticable for organisers whose money resources are small. The only demonstration that they could safely organise would be one with an object about which the demonstrators did not feel strongly about to commit a breach of the peace. But if they did not feel strongly they would not answer the call to demonstrate. Bankers, who are able to enlist platform, Press, and pulpit for their purposes, can fill the streets any time they like with demonstrators who haven't a notion what they are demonstrating about; but this is not possible to reformers with limited means; and they had best heed *Mr. Punch's* advice to those about to demonstrate.

It will be appropriate in this place to revive once more Francis Place's account of a bank-promoted mass demonstration which was calculated, and even counted upon, to involve destruction of property. This has been mentioned in *THE NEW AGE* before—the facts being taken from a small pamphlet issued by a Mr. C. Pownall, of Great Malvern, in August, 1921. They deal with the agitation immediately preceding the passing of the second Reform Act in 1832, and Mr. Pownall's object was partly to show that the truth about that event has been "deliberately suppressed by successive Governments." The broad facts were these. The King had called upon the Duke of Wellington to form an administration. Since he was an implacable opponent of the Reform Bill, the reformist element in the House went back into their constituencies where they "conversed with many people—merchants, bankers, traders" and others. (Notice, by the way, how the innocent Mr. Place appears to have graded his classes in terms of influence and power, putting merchants first and bankers and traders in order afterwards.) The outcome of this conversation was a decision to promote a popular rising as a counter-measure to the anticipated intention of the Duke to put down the reformist movement by force. The leaders were to promote two material purposes:—

(1) Keeping the people from openly meeting the troops in battle, supposing the soldiers were willing to fight them;

(2) To take care to have such demonstrations made as would prevent the soldiers being sent from London if it should turn out, as seemed next to impossible, that the mass of the people did not make these demonstrations themselves.

So it will be seen that the principle of the bankers, merchants and traders (to correct Mr. Place's sequence of enumeration) was: "Spontaneous demonstrations if possible, but demonstrations in any case." Thus was the ground prepared for the mobilisation of hunger marchers—the "hunger" in this case being an artificially induced hunger for votes instead of for grub. It now remained to add

a moral to a physical method of intimidating the Duke. This took the form of getting out a tremendous quantity of posters bearing in large letters the slogan "TO STOP THE DUKE GO FOR GOLD." In Mr. Place's words describing the decision:—

"Money was put upon the table, and in less than four hours bill-stickers were at work posting the bills. The printer undertook to work all night, and to despatch at four o'clock on the next (Sunday) morning six bill-stickers, each attended by a trustworthy person to help him, and see that all the bills were stuck in every part of London. Other persons were engaged to distribute them in public-houses and in shops, wherever the people would engage to put them up, to send them to the environs of London by the carriers' carts, and thus cause as general as possible a display at once."

In a footnote Mr. Place refers to an issue of the *Morning Post* of May 15, 1832, in which the news was printed: "A large placard posted about the town yesterday gave the following pithy advice, 'To stop the Duke, call for gold.'" He says that on the previous day the *Evening Standard* accused a man called Grote of originating these placards. Grote wrote to the papers indignantly denying any approval of the move, and prophesied that it would "set all the commercial interests against reform." The upshot was that the Duke of Wellington was unable to form an administration. In Mr. Place's words, the circumstances were these:—

"On the next morning I was informed that the King determined to appoint Earl Grey in consequence of the following circumstance: At about two o'clock a gentleman came to Earl Grey privately. He was commissioned by the Bank Directors to inform him that if nothing was settled in time to be forwarded to the country by the mails, they apprehended that the depositors in Savings Banks would generally give notice to withdraw their deposits, and convert the amount into cash. That this being known, other persons would also demand gold for paper, and that the run upon all the banks would, in a few days, compel them to close their doors. That Earl Grey requested this gentleman to proceed to the Duke of Wellington and make the communication to him. He did so, and the Duke having immediately made a similar communication to the King, Earl Grey was restored to office with the power he desired. This information was given me by a confidential person of a Cabinet Minister, with an injunction by him that I was not to use his name."

On Sunday morning, May 20, Place wrote his reflections on the "memorable eleven days":—

"Here let us hope the turmoil will end. We were within a moment of general rebellion, and had it been possible for the Duke of Wellington to have formed an administration, the King and the people would have been at issue. It would have been soon decided, but the mischief to property, especially to the great landowners and fundholders, and personally to immense numbers, would have been terrible indeed. Yet upon the coolest calculation it would have been by far less terrible than that which must have resulted from a submission to the Duke of Wellington and the army."

As a sidelight upon Mr. Place's innocence we quote this reflection of his:—

"This was indeed the first time they ('the people') ever combined of their own free will for a really national purpose. . . . Readers who have in mind the bankers' long-distance plot to confiscate landed estates will notice the significance of the mention of the 'great landowners' as those who would have borne the brunt

of the damage which would have occurred during the uprising. It is amusing to reflect upon Mr. Place's opinion that all the "terrible" damage to property would have been worth while to avert the more terrible calamity of denying votes to the people.

This story contains heaps of morals which our readers will readily see for themselves. We need only mention one, which is that the bankers were astute enough to promote their own interests a century ago by staging what looked like an attack upon themselves—i.e., a run on their gold reserves. To-day we may be quite certain that they have perfected and enlarged this trick. It will be noticed that the device of calling for gold cannot be used by the public against the banks, because the banks now have power to refuse to pay out gold. If people call for currency the Bank of England can print any amount, just in the same way as Sir Robert Gibson recently hinted could be done by the Commonwealth Bank in the case of a run on its resources.

This story deals, as will be seen, with a time when the landowners were batting, and the bankers (behind the merchants and traders) were bowling. Consequently any and every style of bowling and positioning of the field was "fair"; and as to dangerous bowling, why, the more they intimidated the batsmen the quicker they got them out. Whether they hit them over the heart or on the head did not matter; for the objective was serious business—to break up the land monopoly for absorption in the money-monopoly. Older readers will recall the vogue of the Land Song in this country before and after the turn of the century. The chorus was:—

The Land, the Land, 'twas God who gave the land,

The Land, the Land, the ground on which we stand,

Why should we be beggars with the ballot in our hand?

God gave the Land to the People.

and presents a clear picture of the psychological condition of the reformers. "We're beggars," they thought, "because the landlords rob us—they are able to do this because we cannot outvote them—therefore as soon as we do we shall gain the money they now take from us." In the event they were simply catspaws for City interests. And the bankers repeated the trick at the end of the war when they had decided to strip capitalism of its war-endowments—again they inflated the franchise, adding new occasions for electioneering-squabble to the medley that already existed, and making sure that thenceforth the electorate would create deadlocks in the House by returning the three Parties in numbers which left the Government in a potential minority, and would by that token give such a hesitant mandate that it could be made to mean anything the bankers wanted it to mean.

It is pretty clear, in all these circumstances, that the reversal of financial policy cannot be achieved as the result of technical education alone, because the bankers can more than counter it with technical mis-education. It is impossible to count on more than a small fraction of new listeners grasping the technical flaw in the system. The majority can only be made sympathetic to the prophesied consequences of applying the remedy. And even so, very few members of the public such as attend meetings belong to what we will call the order-giving classes, but mostly to the order-taking classes—people whose initiative, enterprise, sense of responsibility and courage are insufficiently exercised for them to take any unconventional action to further the attainment of the end in view. Again, even when those qualities are present they are often paralysed by conscientious scruples about departing from traditional rules of political agitation. In a way this is a good thing, because if these order-

taking classes come out together in the streets the mob-spirit is in their midst prompting them to compensate their daily subjection to shop-discipline by indulgence in street-disorder. This, in itself, does not intimidate the financial authorities, although it might do so if it happened to take place in conjunction with the development of crises of other kinds elsewhere up the social scale. Considered by itself its danger is that it might be expensive in terms of claims on insurance companies. Loss of life does not matter, for, as the bankers look at it, everybody out of work and on the dole is a capital liability which his death would remove. If he were on transitional benefit the "State," as it is called, would save that sum; and if he were drawing benefit from the insurance funds, the unexpired portion (towards which he would have paid in premiums) would fall in to the State. A paltry twelve shillings a week works out to the yield of about £1,000 at 3 per cent., so one can imagine the size of the trade boom which would follow (or, on bankers' logic, ought to) the death of three million dole-drawers.

Tom Mann's idea was theoretically sound—namely that whether you get justice by shock-tactics or not, you certainly don't get it without. The snag is in the nature of the tactics and in the character of the people who would join in to perform them. Moreover it is ill-considered optimism to suppose that no tactics but your own are necessary, and ill-considered pessimism to suppose that no tactics convergent to them can be forthcoming. To Tom Mann Capitalism is one homogeneous hostile whole; and on that theory he lays his plans. Both forms are futile—the hunger-march form for reasons given, and the strike-form for similar reasons, namely, that in both cases the financial cost is borne by the reformers and the workers.

It is tantalising to leaders, because both the occasion and the event of a massing of citizens in the open air are treated as *news* by the Press. For not only are newsmen always out for a story, but editors could hardly suppress news of a spectacle which, in the nature of the case, would be already known to a considerable section of the public. This demonstrating is the one avenue of publicity which is not controlled by monopolistic reactionaries. The hiring of meeting-places or the buying of newspaper-space are subject to the will of the owners to let or sell. Mr. Lang has recently stated that the newspapers declined to publish his last election-advertising although the money was forthcoming. But no authority can formally prohibit the use of the streets to citizens. Demonstrating fulfils the first two canons of sound advertising—it *attracts attention* and it *arouses interest*. But these effects are useless unless another canon is fulfilled; namely that it *inspires confidence*. That is, the demonstrators should so comport themselves as to win, at least, neutral benevolence towards their object, and respect for themselves, on the part of the onlookers. Given this condition, then the "advertisers" are well on their way to selling the goods, provided the goods are worth buying. For reasons given, "hunger-marching" fails just here. The goods that the marchers have to sell are worthless, and their method of offering them defective. The idea of making the public nervous and of giving trouble to the authorities is all very well if the object to which attention is to be attracted will reassure the public when examined. The Suffragettes could do this, because most people said to themselves: "Votes for women?"—Why not? Let them have what they want and stop all this bother." But it is a different matter when hunger-marchers demand food. "Of whom?" ask the public.

Now, bearing in mind that the policy of the authorities in every part of the world in dealing with agitation from below is based on one universal over-riding financial principle, it is significant to note

that when the leaders of the unemployed in Perth began to drill them the Government immediately proclaimed this illegal under a penalty of seven years' imprisonment. Now drilling is the best, and perhaps the only, method of training men to demonstrate without disorder. To forbid it is to make certain that demonstrations cannot take place without disorder. And since disorder becomes thus the "natural consequence" (in legal terms) of demonstrating, so demonstrating becomes illegal. It is the Betting-Acts swindle all over again: these Acts declare betting to be legal, but prescribe as illegal all places where bets can be made.

At the moment the authorities in this country have, by implication, adopted the attitude: "We are willing to permit demonstrations provided that the demonstrators behave themselves." Now we cannot speak for the unemployed in Perth or anywhere else; but as a general proposition we can affirm the possibility of men being so trained that their leaders could safely give guarantees for their orderly behaviour. If so, it would be interesting to see whether the Law would still limit itself to exacting those guarantees, or whether it would raise other obstacles. Lately the British Government has been showing active interest in looking after the physical, as well as moral, well-being of the unemployed. With the co-operation of the Municipalities and the Churches they are trying to provide recreation and other "centres," where the idle may usefully and safely use their time. If this scheme devolps to any considerable extent, the Government would be able to make it a plausible reason for prohibiting the drilling of these men. They could say that this had become unnecessary; and they could reinforce their argument with the plea that although the idleness of the men was not their fault, it was not desirable that they should be encouraged to exploit their leisure time to promote a political object by means not open to others who were at work. For why, they could ask, should Tom, who has no job, demonstrate for something which Dick and Harry, who have jobs, cannot demonstrate against?

There we must leave the subject for the present. What value popular demonstrations may have as shock-tactics to remove opposition to the Social-Credit policy is a question on which readers must make up their own minds. But tactics of the "shock" type are required if the padded and privileged banker batsmen are ever to be got out. Who can adopt them, and who will, are intriguing matters for speculation.

### "THE NEW AGE" DINNER.

The next Dinner has been arranged to take place at Frascati's Restaurant on Saturday, March 18, at 6.30 for 7.0 p.m.

This Dinner will antedate by only three months the completion of the tenth year of the present editorship of "The New Age," and will mark the fourteenth year of the identification of this paper's policy with the Proposals of Major Douglas.

Major Douglas will be present as the guest of the evening, and it is hoped that on this occasion everyone who can do so will make a point of attending.

Further arrangements will be announced in due course. In the meantime seats may be reserved (price 10s. 6d.) by application to "The New Age," 70, High Holborn, London, W.C.1 (Telephone: Chancery 8470).

## The Machine's Wages.

[A critique of the Social Credit cost-analysis; with answer.]

In one form or another the theory has often been put forward that under the present financial system incomes do not equate with prices. In a closed economic system the buyers and the sellers, the producers and consumers, are the same people, and if all the goods which are produced are to be consumed, it is obvious that the total amount asked for the goods shall be the same as the total amount available to buy the goods.

It is suggested that producers seek to recover in the price not merely everything which has been paid out in any way in connection with the production of the goods, i.e., total incomes, but also another element which may conveniently be called the "wages of the machine," and which includes (inter alia) depreciation of plant.

If this were so it would follow that no closed economic system could work, since however much or little was produced it could never be wholly consumed.

I have formed the opinion that the theory thus stated is wrong, because everything which is held back as "wages of the machine" does ultimately reappear in incomes. I think, however, that the theory is valid to the following extent: In an economic system in which the element included in "wages of the machine" is increasing the amount held back in any period is always greater than the amount reappearing as income in that period and representing "wages of the machine" held back in a previous period. Thus, so long as "wages of the machine" are increasing there is, in fact, a shortage in incomes, but this shortage is measured not by the total "wages of the machine," as I understand Douglas suggests, but by the difference between the "wages of the machine" held back in a given period and the "wages of the machine" reappearing in that period from earlier retentions.

If this element be present, it follows that the only way in which a system can be made to work is by the injecting into it a certain amount of purchasing power, i.e., income which has not figured in prices. During the nineteenth century this was done by the making of advances to foreign countries which were buyers of goods from industrial countries. Where a credit was given in a foreign country to buy, say, British rails, the amount of income available for buying British goods was increased by an element which had not to be immediately recovered in the price. Thus the deficiency caused by the growing "wages of the machine" was counter-balanced and there was enough money to buy the goods.

This transaction, however, only postponed the day of reckoning, because the amount of the loan had to be recovered at some time by somebody out of prices.

If there is anything in this theory at all it would explain the fact that the moment liberal lending to buyers ceases there ensues a progressive glut of goods accompanied by a progressive fall in price, which fall in price accentuates the glut instead of removing it.

It would follow from such a theory not that additional credit must necessarily be injected continually into the consuming side of the system, but rather that this must be done if and in so far as the "wages of the machine" are increasing.

The foregoing is vaguely expressed, and I am not clear to what extent I include in the "wages of the machine," or of loan cures rather than postpones the difficulty, or to what extent the creation of interest claims which are inseparable from the system aggravates the difficulty. The simplest case which I can think of is the following:—

If a manufacturer buys a machine in 1910 for £1,000 and writes it off out of the profits at the rate of £100 a year for the following ten years, at the end of which time it is worn out, he is in a position at the end of the eleventh year to buy another machine of the same type at the same price.

In each of the previous years he has sought to recover in prices £100 more than he has paid out in incomes. This retention, however, is made good in the eleventh year, when the whole £1,000 is paid out in incomes, i.e., in paying the manufacturer of the new machine. In a stable system where this policy was continually going on, so that no progressive lag would take place. If, however, the manufacturer in the eleventh year must buy a £2,000 machine, the amount which he is recovering in the following ten year cycle is more than the amount of purchasing power accumulated in the previous cycle which has come back into income.

I know that it is argued by Douglasites that the £1,000 held back is not put back into income by being expended

in buying a new machine, because this expenditure is not going indirectly into the pockets of consumers in the sense of buyers of consumption goods. This argument seems to me to be fallacious, but I have not analysed my objections to it. I have at present got so far as to feel that there is a strong probability that the inequality of incomes and prices will be found to be a fact, but to be due not to the existence of "wages of the machine" as such, but to the effect of their progressive increase.

A little reflection on the arithmetical aspect of this simplified illustration will be worth while.

Assume that before this machine—costing £1,000—was constructed there were no machines at all. Take a date, say January 1, and let construction begin then, and last until completion on, say, March 31. Assume the construction to be financed by new bank credit (either a single loan on January 1 of £1,000, or a succession of loans at weekly or monthly intervals totalling £1,000 in the three months).

According to the propounder of this illustration, the cost of the machine must now be recovered in instalments commencing on April 1, when (presumably) the machine comes into use.

But is there a fund out of which to recover the instalments? Have the community collectively got £1,000 more available to spend as from April 1 because of the construction of the machine during the previous three months?

Let us assume for the sake of argument that they have. In that case they have been able to save the whole of the money advanced for the construction—held it off the consumption market—and, so to speak, put it on the shelf. So on April 1 they can pay for the machine.

But why, in that case, pay by instalments spread over the life of the machine?

This is what happens in business to-day. The reason can be related to considerations of equity—i.e., that buyers should not be charged depreciation in prices faster than the depreciation occurs, but this explanation will not pass the scrutiny of practical business experience which is well aware of the rule that the price of an article is *all it will fetch*. So, in respect of this hypothetical £1,000 there is a strong presumption (a) that it does not exist as a fund at all, or (b) if it exists, then in a form not available to meet the machine-cost which it should have offset.

The propounder of the thesis assumes that the fund exists, for he suggests that the deficiency of consumer income only appears when the cost of a new machine is more than that of the old one.

Another weakness in the propounder's thesis relates to the idea of the *saving up in advance* for the replacing machine. For if, in respect of machine number 2, its contemplated cost must be collected in the current prices of products made by machine number 1, commencing on April 1, then the cost of machine number 1 should have been similarly saved up out of charges for products made prior to January 1—i.e., before any machine existed.

But the propounder's hypothesis, one any machine existed, is that machine number 1 is made by the use of presumes, is that machine number 1 is made by the use of so a bank-loan—i.e., new credit. It was not saved up for: so there is no need (or at least proof of the need is required) to make buyers pay in advance (save up) for the second machine.

If that is so, the question whether the second machine is going to cost more than the first one has cost does not apply to the equation, which is that between a past cost—£1,000 during January-March—and recoveries of charges during period April-onwards. The basis on which the second machine is to be made is not a pre-collected fund, but a new bank-loan. And, if one likes to look at it in such a way, the justification for the issue of the new loan (as the banker would regard the matter) would be the fact that buyers had wiped out the cost of the first machine—i.e., repaid the old cost, not prepaid the new one.

It is of course possible, if one disregards the arithmetical factor, to conceive of the proprietor of machine number 1 collecting repayments of the £1,000 and also pre-payments of the (hypothetical) £2,000, in the prices of number-one machine products. And, indeed, it is true that such a thing is machine products. And, indeed, it is true that such a thing is machine products. And, indeed, it is true that such a thing is machine products. And, indeed, it is true that such a thing is machine products.

more prosperous business undertakings.\* But the argument here is as to the general principles of an economic system, not of particular sections of it. For example, one would not accept evidence that certain people won money on a race-course as proof that *betting pays*.

\* It is quite common to find in company balance-sheets items which indicate this practice of double-charging. They are usually described as "funds," and associated with "reserves," such as "reserve funds" pure and simple, and "depreciation reserves," "reserves for bad debts," etc., etc. (appearing sometimes as on the liabilities side, and sometimes as deductions from assets side, of the account).





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## The Social Credit Movement.

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

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

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