

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2227] NEW SERIES Vol. LVII. No. 3. THURSDAY, MAY 16, 1935. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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## NOTES OF THE WEEK.

### Tax Avoidance and Tax Evasion.

On Tuesday, May 7, the *News-Chronicle* published an article by Ronald Staples (Editor of *Taxation*), entitled "Legal and Illegal Evasion." Later in the same day the evening papers reported the judgment of the House of Lords on the question of whether the Duke of Westminster was legally entitled to deduct from his assessment for income tax the collective amount of certain payments to employees made under deed. Presumably, Mr. Staples's article was inspired by the previous hearings of the case and was timed to appear on the day when the judgment was due for delivery. At any rate, what he wrote was an elaboration of the same issue as was to be decided by the House of Lords. This issue was, broadly speaking, whether any citizen may benefit by adopting legal devices purposely designed to reduce his liability to taxation.

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It would appear that the Duke of Westminster had covenanted to pay certain sums annually to a number of his long-service employees whether they remained in his service or not, and that the recipients were to get these sums free of tax. Some of these employees had since left his service, but others still remain in his service. In respect of those who left, the Commissioners of Inland Revenue did not dispute the Duke's right to deduct the amounts that he was paying them. But in respect of those who remained, they did dispute his right to do this, whereas the Duke claimed that right. Mr. Justice Finlay, in the lower court, had upheld the Commissioners' submission. The Court of Appeal had upheld the Duke's. The House of Lords have now confirmed the judgment of the Court of Appeal by a majority consisting of Lord Tomlin, Lord Russell of Killowen, Lord Macmillan, and Lord Wright—the minority judgment being that of Lord Atkin. The Duke need not pay.

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In delivering judgment Lord Tomlin said that "every man was entitled, if he could, to order his affairs so that the tax attaching under the appropriate Acts was less than it otherwise would be. If he succeeded in ordering them so as to secure this result,

then, however unappreciative the Commissioners of Inland Revenue or his fellow taxpayers might be of his ingenuity, he could not be compelled to pay an increased tax. The so-called doctrine of the substance of the matter seemed to be nothing more than an attempt to make a man pay, notwithstanding that he had so ordered his affairs that the amount of tax sought from him was not legally claimable. There might, Lord Tomlin added, be cases where documents were not *bona fide*, nor intended to be acted upon, but were only used as a cloak to conceal a different transaction. No such case was suggested here. The deeds of the covenant were *bona fide*, had been given their proper legal operation, and could not be treated as operating in some different way because, as a result, less duty was payable than would otherwise have been the case." (*Evening Standard's* report.)

Lord Atkin, in his dissenting judgment, said that "the deeds were brought into existence as a device by which the respondent might avoid some of the burden of surtax. He did not use the word 'device' in any sinister sense, for the subject had the legal right so to dispose of his capital and income as to attract upon himself the least amount of tax. He (Lord Atkin) did not see any difficulty in the view taken by the Commissioners and Mr. Justice Finlay that the substance of the transaction was that what was being paid was remuneration." (*Evening Standard's* report.)

The *Evening Standard* sums up the meaning of the judgment in headlines reading: "You may be exempted on payments under deed to employees." Of course ordinary payments of salaries and wages by the proprietor of a business fall outside the scope of the judgment. The employer is exempt because the employee has to pay the tax, unless the employer agrees to pay it for him. The judgment affects those who pay personal incomes out of their own personal incomes. Thus, a gentleman whose income is £1,000 a year, may employ a private secretary or a gardener, but normally he is not entitled to deduct the salary or wage from his assessment, nor will he be in future. He is buying services for his own convenience and pleasure, and the transaction is identical in principle with his buying coal, groceries, or anything else. But apparently, as the result of the above judgment, if he

enters into a covenant to pay the secretary or gardener an annual sum irrespective of services rendered to him, he may knock this sum off his £1,000 assessment, even while the recipient continues to serve him.

This seems just, since the servant is able at any time to discontinue his service without losing his right to receive the payment. Of course, as Lord Tomlin commented, those things which are lawful to the citizen are not necessarily expedient to the Inland Revenue. And, since, in the past, whatever has been deemed inexpedient by the Overlords of the banking system has been made unlawful to the subjects of His Majesty the King, we may expect to see our absent-minded House of Commons assenting to a new measure designed to "clarify the meaning" of the Income Tax Acts on the model of the celebrated ramp on Mr. Hamilton, which, we hope, we have made familiar to our readers. Indeed, to some of them it may be a little surprising that the intervention of the House was not invoked to forestall the present judgment; but probably the answer is that the repercussions of the Hamilton case in judicial circles have intimidated the authors of that ramp, not to mention the consideration that the Duke of Westminster is an awkward sort of hedgehog for the terriers of Somerset House to turn belly upwards. Socialists and others who have decried this man's wealth will do well to consider where we should all be if incomes were so "equitably" distributed that no subject could afford to invoke the law in defence of his liberty. Let his motives be as ignoble as you please, yet it remains true that every act done which slackens the pace of tax-collection in one case, slackens it in all comparable cases, and tends to preserve what is left of the financial initiative, and therefore the political liberty, of the community inherent in their reserve taxable capacity. It has often been said that the poor are not poor because the rich are rich; and it may also be said, in the present context, that the poor might be poorer still were it not for the rich. This is a rank "capitalist" reflection, we know, but even capitalism distributes benefactions by accident. Think, for example, of the hundreds of thousands of poor little citizens who swarm on Saturdays and Sundays on their half-a-crown-a-week push-bikes along the easy-surfaced roads constructed for the use of the rich through the expenditure of the rich. The rich man at table can't eat without spilling crumbs. No thanks to him are due from the crumb-gatherers, but certainly thanks to the divine uniformities of nature that result in a wastage in large consumption which becomes the means of small consumption. Of course, the picture of the poor man being fed with the by-products of the rich man's indulgence is not a pleasant one, but that picture will be changed not long hence because we are all getting to know that this state of affairs is now no more necessary in a technical sense than it is desirable in a moral sense. But, in the meantime, let us recognise that the rich man's fight to preserve his means of indulgence constitutes indirectly a defence of the bare means of existence against the impersonal and inhuman rapacity of the Money Monopoly.

#### Tips for Repentant Tax-Evaders.

We will now revert to Mr. Staples' article. He begins by saying that the taxpayer is under no legal or moral liability to pay income tax unless the law clearly provides that he should do so. As the Lord President put it—

"No man in this country is under the smallest obligation, moral or other, so to arrange his legal

relations to his business or to his property as to enable the Inland Revenue to put the largest possible shovel into his stores."

Continuing, he points out that there are "many ways of avoiding income tax and surtax liability with which accountants and solicitors are acquainted."

From this point onwards he addresses himself to those people who may have paid taxes on too low an assessment, and advises them what to do about it and what the Inland Revenue can do about it. To begin with, the revenue authorities have no power to claim taxes or penalties dating back more than six years. "For instance, any income which escaped taxation for the year 1928-9 is now out of date for assessment." Nevertheless, "the legal penalties for the six years is so considerable that it is cheaper for the taxpayer to pay the tax for all years where the assessments have been too low, plus a sum in lieu of mitigated penalties." In most cases, he explains later, if the taxpayer owns up to having dodged payments, and helps the officials to ascertain the amounts which should have been paid, the Revenue authorities will "accept a compromised pecuniary settlement without recourse to legal proceedings."

Next, as regards "moral liability," he says that he has received hundreds of letters supporting a suggestion of his that there should be a "time sanctuary" for taxpayers.

"Under this scheme the Government would allow a period of time during which taxpayers who had defrauded the Revenue could confess and make good the loss without fear of penalties or publicity."

They can settle "out of Court," but, he remarks, the amount to be paid may not be less than that which the Revenue Authorities could have recovered in Court. It must be remembered, however, that almost every taxpayer who defrauds the Revenue "is caught in the course of time." The authorities have "so many ways of obtaining information that few fraudulent taxpayers escape their deserts."

A comprehensive survey of this instruction and admonition will probably suggest to most readers that the Inland Revenue authorities permit themselves a wider discretion than they should be allowed to exercise. Not a few will be vividly reminded of the words: *If we confess our sins He is faithful and just to forgive us our sins and to cleanse us from all unrighteousness.* There is a stained-glass tint strewn over everything that Mr. Staples writes. There are two alternative frames of reference in which it can be considered. One is that which premises that the laws regarding taxation proceed from the unfettered judgment of a representative Government responsible to the people, and are to be interpreted by an independent and impartial juridical authority in whom reside both the duty of executing justice and the prerogative of showing mercy. The other is that which premises that these laws proceed from a non-representative super-Governmental authority in whom resides the triple power of making, interpreting and applying them for ends of its own.

In the first frame of reference the Revenue Authorities are usurping powers which do not belong to them: for they are merely a Department of State, and as such are neither the makers of the law, nor sufferers of injury through breaches of the law. Their duty is to invoke

the law in the interests of the community which in *this frame of reference*, have been injured by tax-evasion. It is for the Courts to say what restitution shall be made and what penalties inflicted. Again it must be borne in mind that, in *this frame of reference*, every tax-dodger must be assumed to know (or to be under the impression) that in defrauding the Revenue he is picking his neighbours' pockets. He is consciously dishonest. If people suffering from this weakness seek the protection of Mr. Staples' "time-sanctuary" scheme, and do a private deal with the Inland Revenue in which, let it be supposed, they make full restitution; that is all very well so far. But what about their neighbours? Do the interests of the latter not require them to be informed that they have people of this type in their midst, and to know who they are? Or does the taking of sanctuary wash the spots off the leopard?

So much for the angle of criticism applicable to the situation within the first frame of reference, a situation which may be described in the paraphrase: Taxation of the people, *by* the people, *for* the people. As our readers know, this is merely a hypothetical situation. But it is believed to be the actual situation by the great majority of the public; and what we have said so far has been said not as representing our own views, but as representing the views which the believing majority can be logically prompted to form and which they are morally bound to hold when their attention is focussed on the matter.

We may digress for a moment to point out the bearing of this on Social Credit propagandist tactics. Readers are familiar with the dictum, frequently repeated in these columns, that to *push behind* the bankers and their policies can cause them as much embarrassment as to *obstruct* them. You can undo them by outdoing them. The present context affords a clear illustration of the method. For within it we have the fraudulent taxpayer presented to us as a sort of half-and-half law-breaker who may bargain his way out of the penalty of publicity. Publicity is the strongest deterrent in the case of people who are in a position to defraud the Revenue. Hence any Social Credit propagandist who is not prepared to express judgment on this matter in general conversations and debates by reference to the moralo-technical criteria set up by the Social Credit analysis, might, if he chose, do effective work by simulating a ferocious antipathy to tax-dodgers and calling for their punishment with the extreme rigour of the law. Every effective argument that he brought forward to this end would build up an indictment against those interests behind the Government who are offering, on terms, to sell immunity to these culprits—are endeavouring to temper the wind, not to the shorn lamb, but to the lamb that has dodged the shearing. Not long ago a street-bag-snatcher was sentenced to receive the "cat," the reason given by the judge being that the culprit had used a treacle-plaster to prevent his victim crying out or struggling to retain her bag—a procedure which, said the judge, *might have caused* her death. Well, if contingencies of that remote character are to be taken into account in assessing degrees of punishment, we could frame up a plausible case for the flogging of the tax-payer: we could show, for one thing, that he *might have been* the cause that other taxpayers had committed suicide because they were unable to carry the burden that he had left them to bear. Far-fetched, yes; but quite sound in logic and justice within the frame of reference in which we were electing to argue.

When we were very young we used to attend a Methodist class-meeting; and we remember, once, the class-leader impressing upon us the justice of Eternal Punishment, arguing that there was no limit to the ultimate consequences of a bad deed, and that therefore there should be no limit to the duration of the punishment. We weren't ready at the time to ask him whether, when we confessed such deeds and obtained forgiveness, the consequences would cease to operate—and we have often kicked ourselves since for the omission. Now, in the case of tax-dodgers, we can hear someone saying that if such persons enter Mr. Staples' "time sanctuary" and place their arrears into the offertory-box held out by the Priests of the Treasury, then the consequences of their original offence will be destroyed by their act of restitution, and justice will have been done without hauling them into the secular Courts. As political pundits have been reminding us in their Jubilee orations, the British are a practical race, and don't fidget about fundamental principles when results can be obtained faster without them. So why, our hypothetical heckler might ask, waste time and incur expense in legal proceedings against defaulters who, after all, *have put the money back*—which is all that matters?

This question leads on to the second frame of reference outlined earlier. Here, instead of the situation previously described as Taxation of the People, *by* the People, *for* the People, we have an inversion of it, namely, Taxation of the People, *by* the City, for the consolidation of the Money Monopoly. We use the term "City" to cover the visible instruments of the Money Monopoly, namely, the Bank of England, the Big Five, the Insurance Companies, and the Stock Exchange. The visible representatives of these instruments may be named, and in the descending order of authority which follows: Mr. Montagu Norman, Sir George May, and the directors and officials of the financial institutions enumerated. Under them it will be near enough to name the Lord Mayor of London as, so to speak, the King of the City, in the sense that the Mayoralty is a sort of Limited Monarchy with the chief exception that it is only hereditary in the spiritual sense, like the Apostolic Succession. Perhaps it would be nearer exactitude to call the Lord Mayor of London the Prophet Laureate of the Money Monopoly. In any case he acts, speaks, and poses by the advice of the aforesaid Ministers of Money Manipulation, who have their professional habitation within the boundaries of the City. His tenure of office does not afford him the opportunity of celebrating his Jubilee, so every year he gets a Show and holds a Banquet. The Mansion House is the "Buckingham Palace" of the City, to which representative Ministers of the Crown go on the occasions of the Banquets to pay homage to the City in the form of high-political pronouncements implicitly embodying the basic axioms of "Sound Finance" and their logical corollaries.

The peculiar prerogatives of the City were most vividly symbolised, however, by the ceremony which took place at Temple Bar in the course of the King's progress from Buckingham Palace to St. Paul's Cathedral on Monday, May 6. The King's coach, with its attendant cavalcade, was brought to a halt at the Griffin (a piece of statuary, not a hostelry) which marks the edge of the City's boundary. Here was waiting the

Lord Mayor of London, resplendent in ermine and crimson, with his mace-bearer and sword-bearer, and with the City Marshal in front prancing on horseback in crimson and gold. He was there to impose on the King an act of obeisance to the City. Sir Stephen Killik took the Pearl Sword, and, advancing to the Royal coach, presented the hilt to the King, who lightly touched it. The significance of this ceremony is described by William Barkley in the *Daily Express* of May 7 in these words:

"No King of England may enter the City of London without first having that sword presented to him hilt foremost, in token that the City Courts are agreeable to his entry."

The ceremony concluded, these City dignitaries got into their waiting carriages, which blocked the King's progress to St. Paul's, and rode off down Fleet Street in their gold ermine and crimson, signifying respectively Financial Power—Legal Power—Military Power. Behind them they left the Griffin with its fixed glare in the direction of Westminster, and set there no doubt to guard the specie and securities—the bullion and the bonds—behind him, which, being the instruments of the City's power, must not be tampered with by the King's Ministers or by the King himself.

And so there came to pass a fulfilment of the popular song, "The King's Horses," in which one stanza says of the King's men

They're not out to fight the foe,  
You might think so—but, oh dear no,  
They're out because they've got to go  
To put a little pep into the Lord Mayor's Show.

The King's horses,  
The King's men,  
March down the street  
And they march back again,  
The King's horses,  
And the King's men.

For undoubtedly, during the five minutes' halt at Temple Bar, the Royal Jubilee Procession was resolved into a Lord's Mayor's Show, and was only permitted to resume its proper character after the King had vicariously kissed the toe of His Holiness Montagu Norman. A right Royal Kick somewhere would have been the fitting culmination of the ceremony. For the British Empire not in the gift of the City. More than that, if it should be accepted on the City's terms it will cease to be an Empire. It will become what India became under the rule of the East India Company, a rule which, when examined in the new light of discovery about the politics of finance, did not differ in principle from the invisible imperialism of the Governor and Company of the Bank of England. It is not insignificant that the only civil disorder in the Empire which synchronised with the Jubilee celebrations of last week took place in Newfoundland, the one colony thrust under the direct rule of the City by our absentminded Parliament last year.

Further, what has happened to Newfoundland is happening to the Empire. The unification of political party-caucuses in various States, and the unification of States in Commonwealths, tend to consolidate and stabilise the central dictatorship of High Finance. They have the effect of disfranchising electorates without depriving them of the exercise of their voting power. An all-party Administration, such as our own "National" Government or the "United Australian" Government, cannot

be replaced by an alternative Administration in this way, if only for the reason that the united caucuses control all the campaign funds, and can get as much more money as they require to resist attacks so long as their policies shield and defend the interests of the Money Monopoly. Independent candidates have to rely for their finance on small contributions out of the earned incomes of their supporters: official candidates can rely for theirs on large subventions which need not come out of incomes at all, but may come out of new credits created by the bankers. To put the situation into a familiar phrase, the approved candidate can buy his seat on the instalment-purchase plan, whereas the independent candidate has to buy it with spot cash.

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Our "Notes" in the *THE NEW AGE* of January 31 on the Government of India Bill will bear re-reading in this context. The votes of the masses are powerless to effect much more than the re-shuffling of minor officials. They do not directly affect the personnel of the all-India Government. And even if they did they would be powerless to change the major policies of that Government, for the simple reason that all such policies involve high-financial considerations and come under the heading of "reserved questions," that is, questions which the British Government ostensibly, and the "City" actually, reserve the right to decide over the heads of the Indian Government. As the diagram that we publish with the above "Notes" showed, the real control over India proceeds from the Bank of England and its satellites, the financial institutions already described, and is implemented through a hierarchy of Governorships and permanent officials whose delegated powers are independent of, and superior to, those allowed to the nominally "representative" Indian Government.

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No reader of this journal will suppose us to be complaining that the masses of India will not be able to say how they shall be ruled. If they had this power they would only be in the same position as Jurgen who, on a tour of sightseeing in heaven, found that God had temporarily been called away from His throne to see some saint about something. Jurgen, thinking how jolly it would be to rule the Universe for a minute or two, climbed on the throne; but when seated there he couldn't think of any orders to give, so he climbed down again, and went on his way contenting himself with looking at the decorations. Neither in India nor anywhere else is it within the competence of the electorate to decide how they shall be ruled; but it is certainly within their competence to say whether they dislike the results, and what is wrong with them. To every single sentient being on this earth the touchstone of what is good or bad in high policy is the simple question: *Can I pay my way?* An assured, continuous sufficiency of the means of physical comfort and cultural development for every individual establishes the wisdom of rulership, no matter how or by whom it is exercised. And alike to those who aspire to rule or are responsible for ruling the dominant question to-day is how to make politically feasible the distribution of the superabundant physical resources which science has made available to mankind. In these days the instrument of distribution is money, and the feasibility of the distribution is a question of a ruler's power to control money allied to a knowledge of how to make it function for the desired end.

Applying this to the case of India (for a reason to appear later) the urgent question facing those who are immediately responsible for rulership in that country under the new Constitution with its reservations, is to ascertain whether, and in what way, these reservations may prohibit measures conducive to the economic security of the native populations. They are afflicted with two diseases—taxes and debt. Now the power of the City is based on taxes and reflected by debt. So the immediate question is whether the City has the power to regulate taxes and debt in India. Undoubtedly it has the power, and so long as this power is not challenged the most competent and benevolent attempts of native Indian rulers to enable their subjects to pay their way will be miserably frustrated. Happily there have been indications that powerful potentates like the Maharajahs of Kashmir, Bikaner, and Patiala, and Sir Umar Khan (the four aides-de-camps of the King) have been paying a good deal more attention to the financial manœuvres covered by the Government of India Bill than to the politico-commercial provisions and implications thereof. Their presence at the King's banquet at Buckingham Palace on the night of May 9 by no means betokens their confidence in our so-called National Government and its extension of miscalled self-government to India. And it is not a meaningless circumstance that neither Sir Samuel Hoare nor Sir John Simon was present. It will not be forgotten that Sir Samuel Hoare, together with Lord Derby, was involved in Mr. Churchill's allegations on April 16, 1934, of breach of privilege in respect of the Manchester Chamber of Commerce's memorandum on matters arising out of the India Bill. The report of the Committee of Privileges was commented upon in these "Notes" on June 14, 1934. The substance of the report was that although it was true that the Manchester Chamber of Commerce was induced to withdraw certain evidence originally embodied in the Memorandum, the withdrawal was not secured by improper methods. There had always been exchanges of information and advice between Lancashire and the India Office, and there was no element of improper pressure in a State Department's asking any body like the Manchester Chamber of Commerce to reconsider decisions in the light of wider information, etc. . . . All this amounted to the proposition that nothing is improper which has been done before without challenge; a doctrine which admirably fits in with the bankers' exploitation of Parliamentary absentmindedness as described by Lord Hewart in *The New Despotism*.

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There is a sense in which a Government can commit a breach of privilege—even a whole Legislature (to wit the ramp on Mr. Hamilton in his litigation with the Inland Revenue) and the opportunities for doing so are much more frequent and easy when, as now, party governments are superseded by all-party governments. In such an event the person or group aggrieved by the offence can get no redress except (theoretically) by invoking the intervention of some authority independent of the Government. There is no such authority recognised by the Constitution, but in the hypothetical circumstances one could conceive of the affronted group's trying to get the ear of the King. There would be nothing else to do. Of course this would amount to asking the King to disregard the advice of his Ministers, which he could not constitutionally do. Nevertheless, as Disraeli remarked, no Government is efficient in the ab-

sence of a vigorous Opposition—which is much the same as saying that the advice of an all-party Ministry with an overwhelming majority of supporters dependent for their seats on the funds of the unified party caucuses, is likely to be wrong advice, and even dangerous advice. Apart from antecedent probability there are credible rumours that influential native Indian rulers consider the National Government's policy with regard to India's constitutional reform as dangerous to the integrity of the Empire. Of course we are all familiar with the warning: "We shall lose India" in the mouths of British Conservatives, but this is a rhetorical outburst to which all sorts of meanings might be attached, depending largely on what the term "we" may signify. What lies behind the fears of the Indian rulers is not clear in detail, but considering their peculiar political responsibilities, as distinct from self-interested commercial calculations which most of them are wealthy enough not to trouble about, it would appear to have something to do with the prospect that they will be set to deal with a new complex of local administrative problems arising from the reformed Constitution while having imposed on them limitations of their discretion as to dealing with them. They are to be set the task of maintaining law and order among their subjects on the spot while the distant "City" reserves the only means whereby such task can be accomplished. Not only that, but the reason for the "City's" reservations is precisely that it does not wish those means to be used. The master-reservation is embodied in the innocent-sounding phrase: "the protection of India's credit," which means the restriction of India's credit coupled with the over-riding rule that the all-India Budget must be kept in a state of balance. We hope that the Indian rulers have sufficient technical knowledge to realise the impossibility of allaying discontent and disaffection inside their respective realms, and antagonisms between those realms, under the present financial system. However that may be, it is a fact that they fear a loosening of those ties which bind India to her Emperor, and regard the present British Government as the potential loosening agent. While yielding to none in their allegiance to the King they will have nothing to do with the King's advisers, but are rather inclined to constitute themselves his advisers. Since they are in a position to do this informally and privately so far as the public are concerned there is no visible constitutional issue. To those who reflect carefully it will be seen that this driving of a wedge between the King and his Ministers is the natural reaction to bankster centralism which makes Ministers of that type and outlook irreplaceable by any practicable constitutional method. At the time when a Conservative Ministry was confronted by a potential Liberal Ministry in the House it seemed to Liberals reasonable to bear patiently with the King's acquiescence in Conservative policies until the swing of the pendulum brought in the Liberals with contrary advice. But to-day, when in all essentials the advice never changes—when every alternate adviser is a member of the "Order of the Pearl Sword" what else is left to His Majesty's loyal subjects but to get him to disband the Order? If they can!

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A picture in *Punch* many years ago showed an old gentleman operating an old-style oil-fed magic lantern for the benefit of an audience of small boys and girls. In the foreground of the picture, which was the back of the room, two youths were standing, near the door.

One pulls at the other and says: "Come on; let's clear out of this putrid show." The other resisted: "No; wait a minute: the old buffer may burn himself." Well, the obsolescent financial system needs gingerly manipulation, and the creeping error inherent in its design tends to manifest its existence in hot surfaces or stray currents in many unexpected places. The longer the bankers insist on running the whole show the further they get into the region of blisters or shocks. Whether an accident bursts them or their machine is of no consequence. There is a fairy story about a kingdom where there was a Chancellor of the Exchequer who kept figures of revenue and expenditure on a sheet of paper pinned on his wall. One night a blow-fly paid it a visit and left a decimal point in the row of revenue-figures. In the morning the Chancellor thought there was a Budget deficit. Instantly there was huge deflation among the people to put it right, so huge that they all died. Which just shows you how delicate is the numerical test of a country's ability to survive. Who would have imagined that a population could leave this world just because a fly left the room? If you want the authority for this curious story we think it originated with the negro potentate who assured Lord Reading: "We have no deficit because we have no Budget." His people counted mealies, and since they couldn't count what wasn't there they always counted a surplus. And if there had been nothing there they wouldn't have needed to count—or, if less than nothing, they would have had to *un-count*, which only bankers can do!

The whole of the foregoing section of these Notes serves to emphasise the grave fact that, so far as the Empire is concerned the *financial veto and initiative of the City is the over-riding law of the over-riding Constitution*. On the one hand the City can "rebuke strong nations afar off," and on the other hand it can do little deals with private citizens near by. Its far objective is to control and direct economic initiative in every part of the Empire. Its method is that of suppressing private initiative, whether individual or corporate, by means of penal taxation. All Governments, whether the British Government or the Governments of the Empire, are obliged to frame their fiscal policies and impose them according to the City's policy. If they do not they run the risk of being denied access to financial resources without which no Budget can be balanced, and no Administration can even continue to function. These resources are known as Ways and Means Advances in this country, and consist of new credits, the creation and lending of which lie entirely in the discretion of the City generally and the bankers particularly. The bankers are represented in the Government by the Treasury. In the Dominions, and (prospectively) in India the Treasury is represented by Governors-General and State-Governors, who have the power to veto legislation disapproved by the bankers. (The dismissal of Mr. Lang's Government by Sir Philip Game is an example of the exercise of that power.) Thus the Pearl Sword of Damocles threatens the existence of every Government which disregards the wishes of the City. It should be noted that the wishes of the City are not necessarily concordant with the interests of British capitalism; for the City represents the concerted policy of the world's bankers who, in the last analysis, are indifferent to national alignments of economic enterprise and opportunity. They would not hesitate,

for instance, to divert all steel-production from Sheffield to the Ruhr, or cotton-weaving from India to Japan, if such developments seemed to them desirable. When they condemn, as they do, "narrow nationalisms," and "obstructions to trade," they are virtually preaching the doctrine that economic activities in the world should be allowed to take place where they want them and for the purposes that they approve, irrespective of how this may affect the well-being of the various national populations. The Pearl Sword, therefore, is the symbol of a cosmopolitan Masonic Order of bankers and financiers, Jew and Gentile, whose only allegiance is to the basic axioms of high-financial policy.

The Social Credit analysis challenges those axioms as technically unsound and politically disruptive. It is becoming urgent to realise the causal relationship between the unscientific technique imposed by Finance on the responsible political rulers of the world and the impotence of those rulers to gratify the reasonable desires and consolidate the loyalties of their subjects.

We appear to have travelled a long distance from the tax-dodger and the compounding of his small felony; but all that we have said is an elaboration of the implications of the transaction. For example, it may have struck some readers that just at the time when there is jubilation in the tied Press over the balancing of the Budget the Treasury should start on its revivalist campaign calling sinners to the penitent form and inviting them to bring forth fruits of arrears meet for repentance. Any one would think we had a huge deficit. One clue to the mystery was impliedly suggested previously by our remark about the delicacy of the bankers' task. It is not so much that they need the money, but that, for their own information, they want to know where the money is (or was). They are offering to buy from successful tax-dodgers the secret of their success so that they can put the finishing touches to their system of prevention and detection. We have no space to develop this just now. We want to proceed to point out that in a real sense the Budget is unbalanced—and always is—the actual deficit being measured by the amount of Ways and Means Advances on which the Government depends to balance the official Budget and pay its way. In this frame of reference the person who escapes taxation may prevent a confiscation of credit to a like amount. All Budget surpluses are automatically confiscated, and all Budget deficits represent credit which has evaded confiscation. Hence tax-dodging, in one aspect, is an offence against the would-be confiscators. They are the "injured party"; and from this point of view there is some sort of case for the propriety of their settling the matter out of Court—if they like to advance it!

## The Point of the Pen.

By R. Langier.

No. XXXI.—ST. JOHN ERVINE, DRAMATISTS' RIGHTS, AND THE AUTHORS' SOCIETY.

Mr. St. John Ervine views with legitimate alarm the theatrical manager's practice of exacting by contract those potential extra rights of the dramatist which may lie in a sale of film rights. Mr. St. John Ervine points out that if the dramatist admits that managers create "film value" by producing a play then, ultimately, this stupid admission will carry the dramatist a great deal further on the road to ruin: in fact, all authorship is economically threatened; the publisher who strikes a best-seller may claim that his publicity created "film values"—and cheap book values, and foreign translation values, and dramatic values. If the tradesman

specialising in a certain form of art exploitation—by book publication or stage production—is allowed to dig into the extra rights of authorship, outside this specialised field, then there is no saying where extra rights of authorship may be curtailed, and extra profits of middlemen increased. Before going any further I should like to suggest that these much advertised "risks," of theatrical managers especially, are much exaggerated, and authors are too deeply impressed by talk of these "risks." Only yesterday a somewhat naive friend of mine was very moved by a manager's talk about the "risks" attending production of my friend's first play. My friend said, "Well, in that case, you might give me back my script; it is the only copy I have, and So-and-So is interested." To the astonishment of my young friend the doubting and fearful manager promptly said he wished to produce the play in four weeks' time; and, in fact, a date was fixed and a contract signed. The honest, competent theatrical manager has no more difficulty in picking a winner than the competent author has in writing a winner. Failures can always be explained, and usually easily explained. Sometimes the history of the failure is shameful, and a "butter and egg man" has fallen among thieves; sometimes the play was obviously doomed to failure, and at other times there has been hard luck with illness among the cast, or abnormal vagaries of the weather; but the fact remains that dozens of men in the theatre can and do produce one success after another. If a good management want to produce a play, its author need not worry about their risks; they know what they are doing, and profits are always commensurate with risks. There is no reason why the dramatist should surrender potential film rights by way of a possible insurance against managerial risks.

Mr. St. John Ervine thinks that the author may become a mere salaried hack of big business organisations unless he protects his rights; and, as an answer to the menace described, the critic gives the excellent advice that dramatists should join the Authors' Society.

Now I am a member of the Society of Authors and League of British Dramatists, and whatever my views, and whatever events might tend to weaken my sense of loyalty, I should never resign from these combined organisations. I regard it as a matter of duty, incumbent on every fighter, to belong to these organisations: and I think that every author should be a fighter.

Yet, when this has been said, I am afraid that the Authors' Society can do little to protect the dramatists' extra rights.

Let us examine the question. The Authors' Society can, of course, give excellent advice, and can frame for the novice an ideal contract. The Society can prevent an author being betrayed by the crookedness or stupidity of an agent. But the Authors' Society cannot force managers to draw up a perfectly just contract, nor can the Society prevent a dramatist, eager for production, from accepting a bad contract. Authors should join the Society because when it grows to power it can force managers to accept the Society's contract; but at the moment of going to press the Society can only *advise* a dramatist—it cannot enforce the terms the dramatist would desire. Consequently there will be one managerial contract for successful playwrights, and another for dramatists who are not established: nothing can prevent the struggling dramatist accepting mediocre terms for the sake of production; he would be a fool if he did reject terms not wholly shameful, when he knows that only by production can he exist as a dramatist at all.

Suppose, therefore, that a struggling dramatist has, through experience or legal training (several of my dramatist friends are barristers), a thorough knowledge of contracts, what can the Authors' Society do for him now? Apparently very little. To advise such a dramatist, to-day, to refuse to surrender part of his extra rights—when refusal will mean non-production of his play, and it *will*—would be foolish advice. The unsuccessful dramatist cannot protect himself: inevitably

he will think, "I shall make concessions this time, but later, I'll deal with these something managers." And so the young dramatist may lose a very large sum of money.

It seems to me that there is only one way in which an organisation of authors might protect struggling colleagues—and therefore authorship, as a whole—and this way would differ from the ideas entertained by the Authors' Society. Unless I misapprehend things, the Authors' Society aim at large membership and political power, to enable them to enforce their own just contract generally. They have done good work by these means, and no doubt they will continue to do so. But this question of filched extra rights is urgent; the business of sharing film rights between dramatist and manager is becoming a matter of common usage. In fact, authors, under commercialism, are losing power—especially the best authors—and it is desirable that something should be done at once.

I would suggest that the Authors' Society endeavoured to use the personal influence of certain selected members, rather than sticking solely to the incorporated power of their Society.

In every decade there are a handful of "men of the theatre" upon whom the theatre of the day is largely dependent. A word in a managerial ear, coming from one such powerful playwright, would almost certainly perform miracles: I think such a word of persuasion—with perhaps the mailed fist showing beneath—would do more than an official letter.

When Eugene Scribe was in his twenties he was not only a successful man of the theatre, but it is no exaggeration to say that several theatres would have had to close their doors if Scribe had died. At that time it was the custom for dramatists to sell "vaudevilles" outright, for ten, twenty, or fifty pounds. Scribe changed all that. But he did not use his immense influence merely to work for himself: he obtained the royalty system for all dramatists. Scribe's output was terrific; his hours of work were almost equal to Balzac's, yet Scribe could always work for others. A country schoolmistress, and invalid, sent to Scribe the kind of "play" a country schoolmistress would write. She was poor and suffering. Scribe wrote a play, more or less on her theme, sold it immediately to a manager, and sent the country schoolmistress the royalties. The play was successful, and revived from time to time. In the midst of his labours Scribe would receive peremptory notes from the country demanding the schoolmistress' royalties. He collected them. She died without ever knowing of Scribe's "collaboration" as author.

I suggest that it is by individual work undertaken by famous members of the League of British Dramatists that this filching of "extra rights" could be stopped. I presume that managers do not attempt to exact film rights from Sir James Barrie, or Mr. Shaw. But, if not, the managers give their case away: they show that they only rob the poor!

I submit that I cannot possibly decline the chances of production, merely because I must surrender a part of my film rights, unless I am powerfully backed. I know I *shouldn't* part with any extra rights, but I shall do so unless there is some chance of managers climbing down and accepting my terms. Now I think this might be possible in certain circumstances. Supposing that when a management attempted any kind of injustice against me, they received a postcard from Mr. Shaw, which ran something like this: "Dear X., I note that you have sent young Langier a pretty raw contract. The Authors' Society has shown me the contract. I suggest that you tear it up and offer him such a contract as both of us understand to be fair. I'll be seeing you next week at the club.—George."

I think this personal touch would work wonders, and it would not make very heavy demands on the time of famous and established authors. It would be the business of the Authors' Society to collect particulars regarding as many theatrical contracts as they could discover. Then the eminent dramatist best suited to deal

with the particular offending manager would be let loose. I feel that the "personal touch" as applied by this eminent dramatist would work far better than any official letter from a society. Moreover, it would give the struggling dramatist morale; he would be encouraged to confide his troubles in the Authors' Society, knowing that it would take some strong action at once, and not merely invite him to wait for political power. I don't think there is a manager in London who would care to give *personal* offence to eminent dramatists.

In the country of Eugene Scribe the youngest dramatist gets the same terms and the same royalty (? 12 per cent.) as Messieurs Sacha Guitry or Henri Bernstein. The manager who played some scurvy trick upon any dramatist might well find his theatre, or theatres, closed and himself ruined. In short, the artist in France is all powerful; the Society representing French dramatists can make it impossible for an offending manager to obtain plays or artists to interpret plays.

Why is the state of affairs so different in France and England? Merely because the English temperament is too "individual" to favour combinations and societies? It may be so. But I am inclined to reflect upon the gallant and personal fight which Scribe—and others like him—have made in France. As a nation, and even as artists, we are more apathetic than the French. It is individuals who make history, and who make the history of societies. It is easier for a man to join a society of authors than to work passionately and personally for authors. Also, it is easy to make fun of my notions: I admit they sound rather unpractical, if not absurd. But I do not see how authors are to prevent the filching of their "extra rights" unless they can take immediate action; and I see no other course of immediate action, likely to be effective, except the one I have suggested. Mr. St. John Ervine is courageously using his pen and personal influence in the cause of fellow dramatists: some of our Socialistic giants might follow the example.

## LETTERS TO THE EDITOR.

### Fascism and Social Credit.

Sir,—The letter of Mr. P. Mamlock purports to refute our contention that international finance, which we regard as the enemy of the State, is controlled by the Jews. Some of his statements are only half true; others are not true at all.

It is true that the Bank of England lent £4,000,000 to Austria two years ago, but what your correspondent does not mention is that this was done under guarantee from the Government, and with the Government's guarantee behind it the Bank could lend £40,000,000 if it wished. We are entitled to draw the conclusion that the Austrian loan was guaranteed at the instance of Jewish international financiers, as was the recent Indian loan, which proved so helpful to Bombay financiers of the Sassoon class.

Mr. Mamlock states that "Rothschild at present is not being allowed" by the Bank of England to receive subscriptions for foreign loans on commission, and that therefore the Big Five are doing so, and he goes on to say that the Big Five are largely responsible for international usury. The answer to the first statement is that there are licences current at present for such transactions, and that the House of Rothschild is not precluded from such a licence; while with regard to the second proposition, the finance houses control the banks, which they could smash by withdrawing their deposits. The banks always study their richest customers, just as the journalists study their richest advertisers.

Mr. Mamlock invites me to believe that all the Jews in the world could not save the British £ from slithering down to nothing if they wished to do so, but I lack the naivete necessary to accept this. He asks me why I suggested he should investigate the ownership of the Bombay cotton mills. The reason was given in a recent issue of a Jewish journal, describing the history of the Sassoon fortune in the East, and stating that to-day, even in a land containing extremes of wealth and poverty, to the coolie Indian "the name of Sassoon stands for the height of material possessions."

Again, it is not accurate to describe the Japanese textile industries as being financed by Jap bankers, subsidised by the Japanese Government, since it is well known that much, if not most of the industrialisation of Japan has been rendered possible by the export of capital from this country. I am asked why I chose cotton: "Is it because the life of

western civilisation hangs by a thread?" The life of Lancashire certainly hangs by a thread to-day, because finance, being international, has deserted Britain, the British standard of life, and moderate dividends, in favour of the Orient, a coolie standard of life, and swollen dividends for international Jewry.

J. A. MACNAB  
(for the British Union of Fascists).

[This correspondence is disclosing fundamental cross-purposes, and is now closed.—Ed.]

## The Theatre.

### The Skin Game. Playhouse.

Miss Olga Lindo, who has recently been acting the leading lady off the stage in "Viceroy Sarah," is now playing Chloe in Mr. Leon M. Lion's revival, and her performance is by far the best thing in the show. Mr. Arthur Wontner and Miss Grace Lane are admirable as Mr. and Mrs. Hillcrest, but the story does not really come to life before the scene in Chloe's boudoir. Miss Lindo is right to the last detail of her rather flashy negligée. Mr. Malcolm Keen does well as Hornblower, the vulgarian, except that he wears his clothes too much like a gentleman. Among the younger characters the only one of any interest is Jill, and here I think Miss Yvonne Rorie misses an opportunity: her reading of the part is well enough superficially, but lacks depth. The production might perhaps be better; the auction scene cries for more pace, and in another scene the lighting gives some curious shadow effects which are unintentionally funny.

### Die Fledermaus. Lyceum.

Speaking as a dramatic critic, not a connoisseur of opera, I thoroughly enjoyed the Carl Rosa Company's production of Johann Strauss's little masterpiece. It is nicely mounted, and sung with great zest. Singers can rarely act, but Mr. John Wright, as Von Eisenstein and Mr. Hubert Dunkerley as Falke, besides singing pleasantly, give performances which would be creditable in straight comedy, while Mr. Kingsley Lark, as the Prison Governor, shares the honours with Mr. Howell Glynn as the drunken warder in some successful farce. The singing of Miss Helen Ogilvie and Miss Mabel Baker as mistress and maid is excellent, though their acting does not rise above the regular convention of comic opera. Altogether a delightful evening.

ANDREW BONELLA.

## Forthcoming Meetings.

### Green Shirt Movement for Social Credit.

Wednesday, May 22, 8 p.m.—Lecture by Lady Clare Annesley entitled "Social Credit: The Woman's Aspect."

### London Social Credit Club,

Blewcoat Room, Caxton-street, S.W.

May 17th, 7.45 p.m.—"What Shall I Do?" by Mr. Ewart Purves.

May 24th, 7.45 p.m.—"The Situation in Australia and New Zealand," by Rev. Kenneth Saunders.

May 31st, 7.45 p.m.—"A Simple Outline of Douglas Social Credit," by Mr. R. S. J. Rands.

### Croydon.

Tuesday, May 21, at 8 p.m., in St. Andrew's Hall, Pump Pail (near St. Andrew's Church), Rev. V. A. Demant and Dr. J. C. B. Mitchell on "What is Social Credit." Admission free. A limited number of reserved seats at 6d., obtainable from the South Croydon S.C. Group, 91, Avondale Road, South Croydon, or at the door.

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Published by the Proprietor (ARTHUR BRESTON), 70 High Holborn, London, W.C., England (Telephone: Chancery 8470), and printed for him by THE ABEY PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4, England (Telephone: Central 3701).