

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

No. 1697] NEW SERIES Vol. XXXVI. No. 21. THURSDAY, MARCH 19, 1925. [Registered at the G.P.O. as a Newspaper.] **SIXPENCE**

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NOTES OF THE WEEK.

When the Conference of the Social Credit Movement assembles at Swanwick on Friday week, it will have reason for gratification. The face of every noteworthy journal in this country is turned in the direction of the financial system. It is as though a deep intuition has told them that in some way or other the long deferred revival of trade is bound up with the question of credit. That there is great diversity of opinion about the subject is of secondary consequence; the main thing is that public attention is sharply focussed on it. We have entered upon a stage of political controversy where no leader of thought in any plane of society is considered abreast of the times unless he is able to present reasoned opinions on such questions as the gold standard, the Bank Rate, debt, and so on—questions which, be it marked, were debated and settled by "experts" over the heads of them all up to four years ago. Accompanying this development there are clear evidences of divergent opinion among financial experts as to what their future policy shall be. That was inevitable as soon as the industrialists woke up to challenge them for the reasons of the faith that was in them. Formerly it was sufficient for these experts to assure the country that such and such a financial policy was vital to the stability of their system; and every Captain of Industry and Corporal of Labour supposed it was so, cursed the weather, went indoors and kicked the dog. But to-day the hitherto assumed identity of financial stability with trade stability and wage stability can no longer be accepted. "The banking system has weathered the storm" is an old and familiar assertion that now arouses dangerous reactions within the industrial system, which has not weathered the storm. "For what," people are asking, "does a financial system exist but to keep industry afloat?" And shortly they will ask this further question: "What is this financial system whose buoyancy begins to be jeopardised directly a boom in trade sets in?" Upon what plan was this cathedral built whose dome threatens to collapse if a laden lorry should rumble by? And an effective answer has to be found—if it can.

An answer of sorts has been given through Mr. McKenna. It has taken the form of a frank admis-

sion that banks create credit, and, more important still, that by lending this new credit they automatically create new deposits. The converse has also been frankly stated by Mr. McKenna, namely, that the repayment of a bank loan destroys a deposit.* Time must be allowed for the implications of this fact—with which our readers have been familiar for five years—to sprout up in the consciousness of our "Men of Business." The conclusion that bank loans add to pre-existing "savings" instead of depleting them needs getting used to; but they will have to accept it. The *New Statesman*, for instance, will never again refer to it as "moonshine."

On the other hand, the present controllers of finance have done a good piece of work for themselves in allowing Mr. McKenna to reveal these truths to the public. Recognising that their methods were going to be the centre of scrutiny in any case, they have judiciously allowed a certain amount of the whole truth to come out, knowing that if politico-industrial programmes are going to be based on no other truth than that which they have revealed, the result will still leave them the power to keep their own policy in operation. They have shrewdly judged that, as the public come to realise the content of these volunteered revelations, there will be so much "sensation" that nobody will think it necessary to look for traps. In other words, they count upon the industrialists and workers to concentrate exclusively on getting more credit, and at a lower rate of interest. That they have calculated correctly is apparent directly the field of political controversy is surveyed. You have the Federation of British Industries at the one extreme and Mr. Wheatley at the other, both advocating the more generous issue of credit, and protesting against, or at least raising their eyebrows against, the raising of the Bank Rate; and in between is a mass of popular financial Press-education tending to create a general atmosphere of trust in the saving grace of credit, more credit, and cheaper credit. The new canon of

* It is an amusing reflection that there still exists in a pigeon-hole of a certain Government department an official *procès* of the New Economic Theorem upon which appears the following authoritative endorsement: "This thesis would be quite correct if it were a fact that the banks create credit: but they do not!"

emancipation will be the "Use of the People's Credit, by the People, for the People."

But if this doctrine is to be applied only to the conditions under which credit is issued, it is dead. It can only come to life when it is also applied to the conditions under which credit is afterwards recalled. In other words, to *stake credit while ignoring the price trap is to get a broken leg*. And the financial experts will themselves use this argument. Their reply to the demand for more credit will be, "What about price inflation?" It will then be the turn of the industrialists to find an answer. They may conceivably say: "Oh, we'll risk that," and justify the risk by pointing out that Germany, who had died a financial death by inflation, has now risen to industrial life, and has begun it by filching a £1,000,000 shipbuilding contract from Britain. (The precise significance of the "Look at Germany" argument depends upon the date on which you look.) Listen to Mr. Garvin in last Sunday's *Observer*:-

Coal and shipbuilding as for two centuries are the keys of our fortunes. By comparison with them the gold standard is like polishing up the door knob, the knocker, and the brass-plate of our commercial establishment.

This amounts to the suggestion that purely financial devices for "stabilising" credit are irrelevant to the question of the industrial revival.

In face of a degree of equipment and organisation abroad that was unknown before the war, we find ourselves in a position relatively more unfavourable than we have ever yet occupied since our rise to commercial supremacy began.

The logic of this (in its context) is that Britain, who followed the doctrine of Deflation, has fallen behind Germany, who indulged in Inflation.

Super-competition is upon us, impelled abroad by a more concentrated efficiency of the capitalist system.

Again the suggestion that in some way Inflation has resulted in, or at least has not prevented, Germany from concentrating her competitive efficiency. But, after all, the final test is for the future. Granted Gertrude's success in beating us to-day for overseas trade; what of the condition of her people to-morrow? In the meantime, however, the force of the above quotations cannot be denied, for the deflationist policy of our financiers has always been defended on the ground of its power to maintain our commercial supremacy, whereas now it is manifest that we are losing it. No wonder the industrialist is looking at the financier over his spectacles.

Little reflection is needed to show our readers that what they are witnessing is the entry of the radiations of Old Economic doctrines into the electrical field of New Economic thought. They are being projected at a tremendous velocity, only to be at once deflected from their original path. They are, as it were, a great shout wavering in the midst of soft whispers. The shout can shout, but does not know what to shout. The whisperers know what should be shouted, but cannot shout. So imperceptibly, yet inevitably, the tenor of the whispering insinuates itself into the noise of the shouting, so that those truths which the Movement of the New Economists would have itself proclaimed are in the end proclaimed for it. Never on the stage, yet ever softly prompting, prompting, a comment in a drawing-room; to-morrow these remarks, chats and comments spangle the discourse of a mighty editor and dazzle his hundreds and thousands of readers. Could any one of us who believe in the New Economics wish for a more stirring lead than is to be found in the following passages from Mr. Garvin's leading article:-

No League of Nations will save this country without a League of Peace within.

Nothing but a national effort with the participation of Labour can bring about national recovery. *No one party by itself, however strong, can hope to do it.* For this is not a political controversy of the kind we have ever known before, but a *general social problem involving the common interest of every part of the nation, without distinction.* We have said that this time the foundations are at stake.

We have *no faith in another extension of the interminable process of inquiry* which has been going on amongst us for the last seven years and more. In this country, as in every other, all the relevant facts are sufficiently known. We have as little faith in further conferences at large. What we want are *leadership and initiative framing specific plans upon the basis of the accumulated mass of evidence already available.*

Can capital and the State together make it clearly *worth the while of labour to throw itself into the task of accepting the latest machinery and processes, encouraging enterprise, extending trade, and enhancing our whole competitive ability?*

The real problem before this country is to cease vain quarrelling over the petty degrees of more or less in which an *inadequate total of national earnings shall be distributed*; and to concentrate instead upon the development of every internal and maritime resource we possess in order to *increase largely the whole stock of national wealth and volume of income.* It is a giant task, but a manageable proposition. Necessity will compel us to undertake it. Until it is tackled by the full operation of capital and labour the days of high wages and full employment of confident enterprise and buoyant expansion will not return. *What we are beginning to feel is the pinch of compulsion, and it may well prove one of the best things that ever happened to us.*

Sum up the ideas in the passages we have italicised. (1) No cure in "internationalism." (2) No party can apply a remedy which is against the economic interests of either of the other two. (3) The whole community is in danger—not simply one class. (4) Enquiries are futile; we have all the information we require. (5) What is wanted is the initiative that will produce a plan. (6) The claims of Labour must be met on business lines—and the problem of labour-saving machinery as a destroyer of wages dealt with effectively. (7) Present earnings are short of those reasonable requirements of the community—not those of one class. (8) The volume of income must be increased. (9) We have no choice whether we will try out a plan or not; we are compelled to choose a plan, and without delay.

Admirably said. But what plan? Let us assume a plan. Let us suppose that the three parties to production—not capital and labour alone, but capital, labour, and *finance*—agreed to form a "National Production Combine," in which every member of the community became a shareholder, and that all attempts to redistribute existing wealth were given up on the understanding that everyone should participate in the sharing of the new wealth. Supposing, we say, that such a will to co-operate could be evoked, how would the scheme work? It would appear certain to work well, at a casual glance, for the Combine would be able to create for its use as much financial credit as it wanted (i.e., it would not need to borrow), and it could, *ex hypothesi*, rely on every physical and moral factor necessary for the actual work of production. But, as we shall see later, there is a condition under which it would fail, and fail in exactly the same way in which industry is failing to-day.

In order to see how this might come about let us leave out of account the question of how much credit was already circulating and what was the current output of goods, and confine our attention to the Combine's attempt to expand production with new credit. It proceeds, then, on orthodox principles. It creates (we will say) £20,000 new credit. It pays this sum out to the community in wages. One-half is applied to making consumable goods and the other to capital goods. (Henceforth we shall distinguish these goods by the categorical terms "food" and "tools.") Eventually the goods appear: food, value £10,000, and tools, value £10,000; while in the hands of the community is the £20,000. Next comes the question of pricing and selling the goods. The selling of the tools is not in question, for the community do not want to buy tools; they want food. What is to be the price of the food? The answer depends upon whether the Combine obeys the Law of Supply and Demand or ignores it. But we have already postulated that the Combine is to proceed on orthodox principles—that is to say that it accepts the law that prices must be settled by the formula:—the quantity of goods offered for sale, divided into the quantity of money seeking to buy them. Since we are dealing with prices in the aggregate, we can simplify the formula and say that the total price must be equal to the total amount of money seeking to buy. Applying this "law" we find that the price of the food must be £20,000, for that is the amount of money which the community concentrate upon buying the food supply. Suppose, then, the sale to take place, and the community to eat their food. What are now the assets of the Combine?

- (1) Tools valued at £10,000.
- (2) Its original credit of £20,000 back in its safe.

So far so good. For while the community have been fleeced over the price of food, still they have been fleeced by their own Combine. All that has happened has been that what they lost as consumers they gained as shareholders. It is clear now that the Combine can use the same credit again to repeat the above process. If it does so up to ten times, it will finish up with the following assets:-

- (1) Tools valued at £100,000.³
- (2) Its original credit of £20,000 back in its safe.

Up to this point we have assumed that the tools have not been used in the production we have been reviewing. But now they are to be used. We will assume that by their use the Combine will be able to make twice as much food with the £10,000 allotted to that purpose, or else repeat the old quantity on a reduced expenditure of £5,000. Remembering that it must proceed by orthodox principles we will suppose it to adopt the latter alternative. It now lays out £5,000

1. "Wages" is used to denote wages, salaries, and dividends, i.e., the total money received by private individuals as personal income.

2. "Food" here means everything that private individuals need for their maintenance and culture: Clothes, houses, books, pianos, etc., etc. "Tools," everything that business organisations need for maintaining and developing production: Factories, plant, rolling stock, shipping, etc., etc.

3. This building up of a large total of values by repeated circulations of the same credit is thus described in the Cunliffe Report with specific reference to the War Debt (which is supposed to represent the unrecovered cost of the War):-

This process (i.e., the contraction of Government debt) has had results of such far-reaching importance that it may be useful to set out in detail the manner in which it operates. Suppose, for example, that in a given week the Government require £10,000,000 over and above the receipts from taxation and loans from the public. They apply for an advance from the Bank of England, which by a book entry places the amount required to the credit of Public Deposits in the same way as any other banker credits the account of a customer when he grants him temporary accommodation. The amount is then paid out to contractors and other Government creditors, and passes, when the cheques

for food, and decides to suspend the manufacture of tools (of which its shareholders think it has enough) When the food is produced the assets of the Combine are:-

- (1) Tools valued at £100,000.
- (2) Food costing £5,000 in wages.
- (3) The unspent balance of its original credit, viz., £15,000,

and the total money in the hands of the community is £5,000. Now they can buy all the bread, they think. But not at all. If the Combine is to work on orthodox principles, it must now add to the wage-cost of the food some proportion of the cost of the tools. Have the community forgotten about "renewals and replacements," about "overhead charges"? (!) The Combine's accountants think that the tools will last for 100 rounds of production before they wear out. Dividing the present value by that number, they get the amount of £1,000 per round of production. So the price of the food is

- | | |
|-----------------------|--------|
| (1) Wage cost | £5,000 |
| (2) "Overheads" | £1,000 |

Total

£6,000
So the community, who have only £5,000, can buy only five-sixths of the food, will have to go short for another 99 rounds of production before they get clear of this £100,000 charge.³ And what will be the position at the end? The Combine will have

- (1) Accumulated unsaleable food valued at £100,000.
- (2) No tools (they are now worn out).
- (3) Its original credit of £20,000 back in the safe, while the community, who own the Combine, are reduced to skin and bone.

Now there is no person of ordinary intelligence who, in reading the above imagined procedure, has not itched to intervene at one juncture or another to put the Combine and its shareholders wise to their errors. And even now at the end he can see what can still be done to rectify past mistakes. The Combine could create another £80,000 of credit, making £100,000, and distribute the lot to its shareholders, who could then buy that food and put some flesh on their bones again. When the credit came back to the Combine it could be torn up, stored away—done anything with!—for what was it all the time but pieces of paper? The moral is plain. This Combine

are cleared, to the credit of their bankers in the books of the Bank of England—in other words, is transferred from Public to "Other" Deposits, the effect of the whole transaction thus being to increase by £10,000,000 the purchasing power in the hands of the public in the form of deposits in the Joint Stock Banks and the bankers' cash at the Bank of England by the same amount. The bankers' liabilities to depositors having thus increased by £10,000,000, and their cash reserves by an equal amount, their proportion of cash to liabilities (which was normally before the war something under 20 per cent.) is improved, with the result that they are in a position to make advances to their customers to an amount equal to four or five times the sum added to their cash reserves, or, in the absence of demand for such accommodation, to increase their investments by the difference between the cash received and the proportion they require to hold against the increase of their deposit liabilities. Since the outbreak of war it is the second procedure which has in the main been followed, the surplus cash having been used to subscribe for Treasury Bills and other Government securities. The money so subscribed has again been spent by the Government and returned in the manner above described to the bankers' cash balances, the process being repeated again and again until each £10,000,000 originally advanced by the Bank of England has created new deposits representing new purchasing power to several times that amount. Before the war these processes, if continued, compelled the Bank of England, as explained in paragraph 6, to raise its rate of discount, but, as indicated below, the unlimited issue of Currency Notes has now removed this check upon the continued expansion of credit.

[First Interim Report of Lord Cunliffe's Committee on Currency and Foreign Exchange After the War. (Cd. 9182. H.M. Stationery Office. Price, 6d.)]

could never hope to succeed until it adopted some "unorthodox" method of assessing costs and prices. Yet it started with all the good-will and all the facilities for credit creation it wanted, and was, moreover, a Combine of the whole community; yet it was tripped up by its "sound" method of costing and pricing. It put its own goods out of its own power to acquire. Notice that this result would be unaffected by the proportionate shares of the money distributed. Even if the capitalist, foreman, clerk, and navvy had got exactly the same income, it would not have prevented this deadlock.

* * *

From this it is clear that nationalisation of our banks and industries—even if it became an agreed policy—would be no guarantee of betterment. It would stand or fall by its price system. On the other hand, if a correct price system be adopted, no time need be wasted on schemes of centralisation; Industry as constituted to-day can be made to thrive. Owing to the causes we have shown, it is a conservative estimate to say that anything from one-half to three-quarters of the prices we now pay for necessary commodities represents not real costs but book-keeping errors, and could be written off without decreasing the future income of anyone in the country. The excess charges we now pay answer to the "tool" charge in our illustration. They are charges which everybody was actually paying through inflation while the tools were being made, and which everybody is supposed to pay again just because these tools now are being used. Yet, whereas it is impracticable to intervene in the process of price-inflation during the course of a chain of production, it is entirely practical to measure the total extent of the inflation and to rectify it at the end by the issue of credit for consumption. The method of doing this has been outlined by Major Douglas in his books, and

4. There are, of course, several variants of the procedure adopted by the Combine. For instance:

(a) It could have created new credit for each round of production instead of repeatedly using the original credit, and could then have cancelled £10,000 of it each time a batch of food was sold for consumption. By this means it would have accumulated £100,000 of credit by the time the ten batches of tools had been made, and could have distributed it as a dividend in addition to wages during subsequent operations, so as to enable the community to meet the "tool" charges levied in the price of food.

(b) Or it could have abstained from attaching any "cost" to the tools when they began to be used—on the ground that the community had already repaid all the cost, stage by stage, by paying the inflated price of the food.

The basic principle, in either case, would be: The creation of new credit at the same rate as food plus tools were made, and the subsequent cancellation of credit at the same rate as the food was consumed and the tools were wearing out; so that, at any moment of time, the distributable credit still at the disposal of the Combine would be equal to the costs of food yet unconsumed and tools not yet worn out.

Again, seeing that the Combine was its own banker, there would not be the need for it to save and accumulate credit. It could call it into existence as and when required by the community. Thus, for instance, applying our illustration to present-day industry—there is in existence about £2,000 millions of deposits (i.e. credit), and against this amount there is, say, perhaps £20,000 millions of capital values (i.e. "tool costs") which the "Capitalists" must charge out over a term of years in addition to the direct costs which they will pay to the community for personal services during those years. But it will be impossible for the community to defray these capital charges unless fresh credit up to the £20,000 millions is gradually credited and paid out to them in addition to their "earnings" during the period in question. The Capitalists cannot do this; but that is only because they have not the right to create credit. But conceive the Credit and Production systems to be one system and not two, and the difficulty disappears. There is no question of "something for nothing," it is merely one of repaying the community its own credit (restoring past overcharges)—not merely as an "act of justice," but as an imperative means of preventing industrial breakdown.

it is sufficient to say here that it embodies the same principle as that which was implied in the distribution of the £100,000 by our hypothetical "Combine," although it does not take that form. So the way is open for the Government to respond to Mr. Garvin's appeal and take the "initiative" and formulate the "plan" which will "increase largely the whole stock of national wealth and volume of income." That plan is the New Economic Price Policy. . . . We wait expectantly.

The Limits of Consumption.

When I read in the papers that Miss Gloria Swanson was now earning, or about to earn, £500 a day, I confess my heart bled for her. . . .

It is the sort of sum I could imagine myself spending—spending without difficulty, indeed, if I did not get it too often.

Spending at the rate of £500 a day, I should soon have all the pianolas and the lawn-mowers and the pictures I could find room for. I should find, indeed, that I was a man rich in money but poor in resources for getting rid of my money.

Our appetites, whether for food or for pleasure or for works of art, are all easily exhausted. My own could be more than satisfied on £20 a day, and I should find some difficulty in getting rid of that. I am sure that I should not enjoy a £5 dinner ten times as much as a ten-shilling dinner. That is what makes me believe in the law of diminishing return in regard to riches.

(Robert Lynd, in the *Daily News*.)

WE ETERNALLY DREAM—

We eternally dream of a never-changing, never-ending life, Till Death arouses us in a beautiful panorama of higher spheres

And we, once servants and slaves of earth, Become visionaries and gods of Cosmos!

And now we see ourselves in a drop of water,

In a tree, a shell, in the ocean

As in a single secret machine,

Driving the worlds around the sun-axe,

We see ourselves flash as electric fire

We breathe and therefore floods raise the oceans to the

Heavens; the ebb sinks them abyssmally.

Our breath vaults the azure above the earth and grows the

green on the mountains,

And he who among us feels most delicately

Inspires the pearls, diamonds and gold to ripen,

The Hearts to love, and the nightingales to sing in triumph

From spring branches. . . .

Of the magic rainbows and sunsets we are the masters. . . .

A face in the All-mirror.

When our wrath overcomes the Earth

With cataclysm and earthquakes

It happens because of hypocrisy and robber-lies of the

basest beings. . . .

We love harmony, beauty, goodness,

And he who offends our all-reforming imperative,

Disturbs with but a wrong thought

The symbol of the godhead

Soaring mystically over the Universe,

Precipitates into a spiral-like abyss of pain, for millions of

years,

At the severe order of our imperial will!

Our work is the creating of Light

By the sparkling friction of electrons!

Let the suns whirl in majestic circles

Through the blazing empire of ruby souls!

And grow scented oranges

In the gardens of loving hearts!

All suffering beings are our brothers,

The triumphal gate of our eternal city

Stands wide open for ever,

Bright guests in myriads are streaming

Into our emerald and ruby palaces

Having finished their long tragic journey.

Invisible music beneath the palms of white wisdom plays

symphonies of immortality.

Angels arrange festal tables

God bestows His bread of Eternity on all souls present

And all Light sings Him Psalms!

JOSIP KOSOR.

The Third Factor.

By C. M. Grieve.

VII.

As a matter of fact the very writer who raises this intriguing question himself answers it, in a fashion at least. His remarks are worth reproducing:—

One of the most amusing subjects of news in the last few weeks has been the controversy between the British Broadcasting Company and various London theatre managers about the broadcasting of plays and revues. After a prolonged struggle we are at last enabled to "listen-in" to these entertainments—or at least to fragments of them—and many of us must be wondering what all the fuss was about. For is there one among us who finds a play or a musical comedy on the wireless anything like a substitute for the real thing? A concert, even an orchestral concert, reproduces itself well enough to give us a great deal of what we should have if we were actually in the concert-hall, and if it were not—

this might have been written for the special delectation of Mr. Sorabji

—that the wireless concerts are constantly discovering new music lovers who will sometimes attend actual concerts, the managers of orchestras might be justified in attempting to restrict the broadcasting of their work. But theatre managers—well, the wireless versions of their entertainments at least allow the public to know that the entertainments exist, and so give a certain advertisement. And that is about all. Now what are the lessons that we learn from the plays and entertainments which have already been broadcast? Although musical comedies and variety entertainments fail to "get over" properly when one cannot see the singers and actors, opera is pretty successful. And the experiment which was recently made in producing a play written specially for broadcasting, and in which the place of stage "properties" was filled by sounds vividly suggesting the situation of the players was by many degrees more effective than the best, and the best acted of ordinary plays in which the action of the performers could not be seen. So we see, first of all, that in music, and also, perhaps, in the dialogue of plays only the best will be effective in broadcasting. Where we cannot see either singers or scenery, it is the music itself which must fix our attention. If it fails to do so, even for a minute, there is nothing on which the audience can fall back.

And then he goes on to ask the very suggestive question with which I concluded last week, and himself answers that there is no need to anticipate any such outcome—the real drama of flesh-and-blood acting in view will always have its appeal. It may. But it ought at any rate to be remembered that the "real drama of flesh and blood" has so far only reached a very small proportion indeed of earth's teeming populations, and that only an infinitely small proportion of these again are, or ever have been, intelligent students of the drama, and had more than a most fragmentary knowledge of its manifestations in their own tongue, let alone any other. (Is Radio inevitably making towards one world-language—probably English—and, if so, what will be the cultural consequences?)

I have written enough, perhaps, to show that the paramount questions for all intelligent people to-day with regard to the position and prospects of human culture are:—

1. Why have all the arts hitherto succeeded in appealing to and affecting even in the remotest fashion only an infinitesimal fraction of the people—to what extent has this alienation of the masses from culture been the unconscious or only partially-conscious aim of certain forces in humanity which have gradually gained the ascendancy and are now threatening to make the alienation permanent; has this outcome been aided by certain inherent tendencies in the arts themselves as hitherto devised; and are there any conceivable means of controverting the former tendency, in the political or economic sphere, or correcting these latter in the artistic or psychological sphere?

2. What are the facts in regard to the financing of the arts as a whole to-day, compared with any period

in the past, and to what extent do they warrant a measure of optimism?

3.* Can no adjustment be made, or at any rate advocated, which can redress the balance in favour of educational progress at present outweighed by the diseducative factors which are so immensely more powerfully at work? Is it in the unalterable "nature of things" that the latter appeal so infallibly to the great majority of people, albeit they fail to realise more than the immediate "advantages" to themselves; which, however, are sufficient to make them almost entirely "consenting parties" to this "mess of potage" transaction? Would not the cessation of public education altogether, for example, have the salutary effect of "showing-up" the factors which hitherto contrived to nullify it for all cultural purposes?

4. To what extent are all the arts definitely superseded now as instruments for the effective expression of or criticism of a life that has an almost infinitely greater complexity than they can encompass—a mass of essential simultaneity at every given point which the highest consciousness of the age could readily appreciate and assimilate to its own perceptual or practical ends, but which all the arts so far devised are too limited to cope with? And so on. I think that my various points will be readily enough followed by the majority of the readers of THE NEW AGE; and that they will have little difficulty in appreciating my purpose behind all these juxtapositions of quotations.

Consider, then, in the light of the attitude I have disclosed, or the spirit I have disengaged, the following pronouncement with regard to Science and the Future, by Bertrand Russell, in "Icarus"†:—

Science has not given men more self-control, more kindness, or more power of discounting their passions in deciding upon a course of action. It has given communities more power to indulge their collective passions, but, by making society more organic, it has diminished the part played by private passions. Men's collective passions are mainly evil; far the strongest of them are hatred and rivalry directed towards other groups. Therefore at present all that gives men power to indulge their collective passions is bad. That is why science threatens to cause the destruction of our civilisation. The only solid hope seems to lie in the possibility of world-wide domination by one group, say the United States, leading to the gradual formation of an orderly economic and political world-government. But, perhaps, in view of the sterility of the Roman Empire the collapse of our civilisation would in the end be preferable to this alternative.

The increase of organisation in the modern world has made the ideals of Liberalism wholly inapplicable. Liberalism, from Montesquieu to President Wilson, was based upon the assumption of a number of more or less equal individuals or groups, with no differences so vital that they were willing to die sooner than compromise. It was supposed that there was to be free competition between individuals and between ideas. Experience has shown, however, that the existing economic system is incompatible with all forms of free competition, except between States by means of armaments. I should wish, for my part, to preserve free competition between ideas, though not between individuals and groups, but this is only possible by means of what an old-fashioned Liberal would regard as interference with personal liberty. So long as the sources of economic power remain in private hands there will be no liberty except for the few who control these sources.

And yet, as Mr. Russell emphasises in another place, "If men were rational in their conduct, that is to say, if they acted in the way most likely to bring about the ends they deliberately desire, intelligence would be enough to make the world almost a paradise."

* My point here is that, since the beginning of historical time, so far from there having been any progress, man in the mass has been failing on an ever-increasing scale to realise his potentialities—that is to say, to realise that which, at each stage, was possible to him—and to secure any effective power over the resources of the world, material and spiritual alike.

† "Icarus: or the Future of Science." By Bertrand Russell, F.R.S. (Kegan Paul. 2s. 6d.)

Music.

The Kinsey Piano Quartet are a competent body of performers, and one is grateful to them for letting one hear again the best thing of its kind that has come out of France—the enchanting Ravel Trio. This delicate and finely wrought work demands a performance absolutely consummate in technique and every finesse of style. This the Kinsey Quartet could not give it, but they did it much better than I have yet heard it done in London and vastly better than the French trio who gave it its first London performance in 1915, who were frankly execrable. A piano quartet of Herbert Howells was also played, a work in which it was impossible to discover any musical individuality whatever. It is now mock Vaughan Williams, now watered-down perverted Elgar, now Delius gone bad, with occasional dippings into the pomander of Ravel and Debussy . . . music more utterly lacking in any sort of intrinsic as distinct from derived character one can hardly imagine. Wilde says that if you give a man a mask he will reveal himself. Mr. Howells puts on a series of masks, but does not reveal himself, for there is nothing to reveal—like the elf-king's daughters in Andersen's story, he is hollow behind.

The last London Symphony Orchestra Symphony Concert was conducted by Sir Thomas Beecham in a very typical Beecham programme of Mozart, Rimsky-Korsakov and Delius. The Rimsky-Korsakov was the "Antar" which no one but Beecham ever seems to do, extraordinarily enchanting and fantastically fairy-tale-like in character. The work is weak, no doubt: it consists of little else but repetition of a handful of ideas, but its charm and imaginativeness are undeniable. It is an infinitely more pleasing work than the much better known and more popular "Schéhérazade." "Paris," the finest work of Delius's early period, is a glorious and glowing mood poem; it is one of the orchestral masterpieces of our time, at once vivid and subtle, highly-coloured and yet sensitive, a work with which of its kind is fit to compare no work of any "British" composer living. It is alight and burning with a white hot imagination, exultant, and is shot through with that nostalgia, that "tristezza," which is such a characteristic of Delius, and which attains to such poignant and piercing intensity in the greatest musical Nature-elegiac ever written, Delius's own "Song of the High Hills." I should like to take this opportunity while on the subject of Delius's work to remind those of my readers who may be worth reminding that Delius's greatest work, the tremendous "Mass of Life," is to be performed at the Royal Philharmonic Society's Concert on April 2.

The Philharmonic of February 26 was especially interesting, for one of the very rare complete performances of the three Nocturnes of Debussy, which were very well conducted by Monsieur Ansermet, particularly "Fêtes," which went with amazing sparkle and verve. The "Nuages" and the exquisite "Sirènes" were a little too downright, although as a whole imaginatively and sensitively conducted, probably through the fault of that bane of orchestral music in London—insufficient rehearsal. The chorus in "Sirènes" were an excellent-voiced body of young women from the Royal College who, although they sang their beautiful and seductive wordless chant better than I have ever heard it done in London, suggested rather too much the very healthy young English outdoor Miss, who, admirable person that she be strictly within her own limits, has not very much connection with the Sirens singing round their island on a warm moonlit Mediterranean summer "nuit antique."

On more than one occasion I have made reference here to the remarkable New Edison Diamond Disk Phonograph in terms of high praise. I was recently enabled to listen to the instrument again, for a whole afternoon, in various types of record, and I am more than ever confirmed in my former opinions of it. Both from the point of view of recording and reproduction it is in a class absolutely by itself, unapproached by any other gramophone of any of the big makers with which I am acquainted. The quality of "grammophoniness" (I apologise for the barbarism, but it is really necessary here!), that is the bane of the best ordinary machines, is not in the Edison at all. Its truthfulness and fidelity are astonishing—the definition of various instrumental tone qualities absolutely faithful. The piano records are wonderful. Every trace of the banjo has gone—the banjo which every piano becomes more or less in every other make of record on every other instrument. The records of that beautiful artist, Claudia Muzio, were of quite living actuality. There is no doubt in my mind that the New Edison is a very remarkable and admirable instrument. All it wants is a better catalogue of records. As far as standard of music and artists go, the catalogue of the Edison Co. does not bear comparison with that of the Columbia, or H.M.V. English catalogues. The Edison Co. should bestir themselves and endeavour to outdistance their rivals as much with the quantity of great music and great artists whom they secure as they do already in the excellence of their instruments and reproduction.

KAIKHOSRU SORABJI.

"Peace in Our Time."

By "Old and Crusted."

"—there must be a reduction in the cost of production so that traders might be able successfully to compete with our products and manufactured goods in the markets of the world."

(Sir Woodman Burbidge.
Harrods, Ltd., annual general meeting.)

"Costs of production in this country have got to come down, and also . . . output has got to be increased."
(Mr. Arthur W. Kiddy. *The Spectator*, March 7.)

"The Government here desires nothing better than what they call Peace. What they mean by peace is agiotage, shares at a premium, and bubble companies."
(*Endymion*.)

"All that knew Sancho wondered to hear him talk so sensibly, and began to think that offices and places of trust inspired some men with understanding, as they stupefied and confounded others."
(*Don Quixote*.)

Mr. Baldwin is reported as having said in his speech on the Political Levy Bill that "he often wondered if people realised the inevitable changes that were coming over our industrial system," and to have concluded a moving appeal to the good will of all parties with the prayer, "Give Peace in our time, O Lord." Whilst heartily joining in a sevenfold "Amen," it may not be inappropriate to ask ourselves whether the Prime Minister has fully grasped the nature of the pending changes, and has made up his mind as to the measure of support he is prepared to give to the only scheme before the public which promises a peaceful solution of our difficulties and a happy issue out of all our inflictions?

There is no doubt Mr. Baldwin's pious exhortation will appeal to the worthy folk described by John Morley as "the great army of the indolent good, the people who lead excellent lives and never use their reason," but will it seriously influence the Burbidges and Kiddys of this world and guide their feet into the paths of peace? I doubt it. If the words used by these typical exponents of modern business methods and high finance are to be interpreted as foreshadow-

The Theatre.

By H. R. Barbor.

THE CENSORSHIP AGAIN.

The alleged outbreak of indelicacy in the American theatre has caused the play-going public of New York to take serious stock of the present situation. The District Attorney of New York City has been compelled, doubtless as a result of strong public feeling, to examine many of the pieces now appearing on Broadway with a view to taking drastic action against certain managements on the grounds of public morality. The play "A Good Bad Woman" has been voluntarily withdrawn, and in the case of two Belasco productions a few days have been given to the management to reduce the temperature of the offending pieces. Suggestions have been made for the establishment of an official censorship of plays; but to avoid possible political complexions affecting the theatre through the operation of such an office in the home of democracy and political wire-pulling, the play-going public are taking matters in their own hands, and there has recently been set up a Citizens' Play Jury, consisting, I understand, of some three hundred members. From this big organisation various panels of twelve good men—and women—and true will be selected, to visit various plays and report on their suitability or otherwise for public performance.

A notable feature of this new departure in the annals of theatrical organisation is found in the active participation of the organised actors of the United States. For the Actors' Equity Association of America, a practically blackleg-proof trade union of actors similar in its origin and working to the English Actors' Association, has agreed henceforth to abide by the decisions of the Play Jury, and to withdraw Equity members from any production upon which the panels may pronounce a ban.

The problem of the American censorship of plays is creating a good deal of interest on this side of the Atlantic, and this Citizens' Play Jury plan seems to be one which might well find favour in this country. Its operations are therefore likely to be watched with considerable interest here, for there is a steadily growing body of opinion antipathetic to the autocratic power of an official of the Royal Household, tempered as such an office must of necessity be with political prejudice, being wielded in our own play-houses. I learn on unquestionable authority that the present Lord Chamberlain is seriously concerned with the problem of stage censorship, and that he is canvassing opinion in this country in order to come by a clear understanding of the use and abuse of his prerogative. And it is to be hoped, and of course, expected, that the working of the new-formed American body will affect him materially in his ultimate decisions.

The attitude of the Citizens' Play Jury, or, at least of its representative panel, in regard to Eugene O'Neill's play, "Desire Under the Elms," will probably prove the test case of principal interest on this side of the ocean. For the difficulty of censorship must always revolve round plays of æsthetic and moral unconventionality and originality rather than among the merely dubious or prurient works of catch-penny salacity. After all, the public have themselves to decide finally what they want to see, and if the public want "naughtiness" and suggestive innuendo it will be almost as impossible for any censorship to inhibit this as it would be for an officer of the Crown to prevent a group of good fellows telling bawdy stories in a club.

Certainly it must be admitted by all liberal-minded people that it is less important to prohibit the prurient indulgence of the smutty-minded, than it is to veto a work of sincere, if frank, moral conviction. There is no more possibility of any harm being done, even to that allegedly sensitive mentality of the

ing an early attempt to lower wages and extend the hours of labour, with a view to reducing the costs of production and intensifying the struggle for foreign markets, then it would appear to an unprejudiced outsider that instead of the preliminaries of a lasting peace, we have all the elements of what the vulgar would describe as "a first-class shindy."

There seems to be an epidemic of unimpeachable, uplifting oratory, on both sides of the Atlantic. Mr. Coolidge also informs us that he is looking for a formula for permanent peace, and fervidly proclaims of the United States that,

"the legions which she sends forth are armed, not with the sword, but with the Cross. She cherishes no purpose save to merit the favour of Almighty God."

Quite so—but, as the *Morning Post* aptly reminds us, that Cross is a "Cross of Gold."

No, there is something fantastic, unreal, and just a trifle queasy about this spell-binding, this spinning of phrases, from which is woven a tissue so thin and unsubstantial, that it can only be compared with the miraculous new material in the fairy tale of the "Emperor's New Suit." Now, as the story goes, two "swindlers" came to the city of the great monarch and made people believe they were expert weavers, and could manufacture the finest cloth imaginable. Moreover, "clothes made of their material possessed the wonderful quality of being invisible to any man who was unfit for his office or unpardonably stupid."

Although the names of these two rogues are not given by Hans Andersen, it is highly probable they were our two dear old friends, Mr. H. Finance and Mr. G. Standard. When the news reached the ears of His Majesty he said to himself: "That must be a wonderful cloth! If I were to be dressed in a suit made of it I should be able to find out which men in my empire were unfit for their places, and I could distinguish the clever from the stupid." So the two swindlers were provided with all the "raw material" they required, the finest silks and the most precious gold, and instructed to get busy. But not a thread of silk or a strand of gold did they use! They carefully made away with the lot, pocketed the proceeds, and kept up a terrific clatter with their empty looms, for these crafty rascals knew full well that no man would admit he could not see their wonderful web, for fear of being written down either a knave or a fool. And the weavers of thin air prospered mightily. At last the day came when the Emperor's clothes had to be delivered; all the processes of tailoring were gone through, and finally His Imperial Majesty was solemnly undressed and all the functions of donning the new garments performed according to the strictest court etiquette. "How well they look! How well they fit!" said all. "What a beautiful pattern! What fine colours! That is a magnificent suit of clothes!" Then the Emperor marched through the city under a beautiful canopy, and all who saw him in the streets or out of the window exclaimed:—

"Indeed the Emperor's new suit is incomparable! What a long train he has! How well it fits him!" Nobody wished to let others know that he saw nothing, for then he would have been unfit for his office or too stupid. Never Emperor's clothes were more admired. "But he has nothing on at all," said a little child at last. . . . But he has nothing on at all, cried at last the whole people. That made a deep impression upon the Emperor, for it seemed to him that they were right, but he thought to himself, "Now I must bear up to the end." And the chamberlains walked with still greater dignity, as if they carried the train which did not exist.

And what happened to the two knaves? Oh, they are still at their old game—both here and in America—for the voice of the little child has not yet penetrated to the ears of the people who matter. Presidents and Prime Ministers are still their dupes, and their agents are busier than ever—running gigantic stores, or writing tosh in City articles.

boarding-school virgin, by works like "Desire Under the Elms," Wedekind's "Awakening of Spring," Shaw's "The Shewing up of Blanco Posnet," and "Mrs. Warren's Profession" than can conceivably be wrought by a reading of the Old Testament, of the works of Rabelais, or of Greek mythology. The danger with all democratically constituted juries, and so on, is that they tend in the long run to become the happy hunting-ground of disappointed or repressed mugwumps, whose principal concern is less with public morality than with their own sterile domination and mania for interference in other people's freer pursuits.

If the American Citizens' Play Jury and its constituent panels can steer a medium course between the licence of indecency and the liberty necessary to artistic and ethical progress, the English stage may well have reason to take yet another lesson to heart from the Western continent.

Reviews.

Strenuous Americans. By R. F. Dibble. (G. Routledge and Sons, Ltd. 12s. 6d. net.)

After reading this new version of the "Seven Champions of Christendom" a loyal nephew of Uncle Sam might well ask himself why the book was written. He might accept the author's proffered explanation that it is a protest against the usual two or three vol. biography, characterized by lop-sided emphasis, by sprawling incoherence, by parochial banalities, and by maddening prolixity—but even then it hardly accounts for the selection of subjects for the new treatment. With two possible exceptions, Admiral Dewey, and Frances E. Willard, they are singularly unattractive, and in some cases repulsive specimens of the pushful American. In one respect Mr. Dibble has been remarkably successful. He has managed to destroy every vestige of romance or charm that many have clung to the memories of his strenuous compatriots—even Admiral Dewey. His account of the destruction of the Spanish fleet in Manila Bay—that glorious victory which did not entail the loss of a single American life, which was hailed all over the States as a greater triumph than any ever won by any other American naval commander—or even by Nelson himself—must be humiliating to the men who saw real fighting in the Great War. They must feel hot all over when they come to the end of Mr. Dibble's damnatory comment,

Had the Americans known . . . that Dewey waited two days after war was declared before sailing from Hong Kong to engage the Spaniards, and that he had sailed only after the report of the American Consul at Manila had convinced him that, because of the unpreparedness of the enemy, he was practically certain to win, it is possible that the hero-worship which was lavished upon him might not have bordered upon national insanity.

That is bad enough, but there is worse to come. When it was suggested to Dewey, some four months after the battle, that the hand of God had turned aside the Spanish shells and

he feelingly replied, "I believe it, I believe it. . . God knows where all the shells went . . . the Lord meant to punish Spain for her years of wickedness and misrule in these islands. . . It was the judgment of God." We feel heartily sorry for the gallant successors of this unctuous hero.

But the opening chapter of this book is, frankly, an enigma. To us it appears as nothing more nor less than a gratuitous insult to a great people. Here we have portrayed as the first example of a typical "Strenuous American, one, Jesse James, a bandit and assassin, with hundreds of foul murders to his charge. Why the memory of this brute, of whom

any civilised community ought to be heartily ashamed, should be perpetuated, passes all comprehension; unless it be to afford the author an opportunity of exposing the appalling cant and morbid sentimentality of his fellow countrymen. After the ruffian had met the bloody end he deserved, we are told that

the body, encased in an expensive metallic coffin and protected by a heavy guard, was taken to Mrs. Samuel's home in Kearney, Missouri. "I knew it had to come," she tearfully lamented, "but my dear boy Jesse is better off in heaven to-day than he would be here with us."

Also that

an aspiring metricist happily expressed the feelings of the unregenerate and poetically inarticulate multitudes who revered the dead chieftain.

Two verses of this astounding dirge will suffice.

Why did they kill him thus? So sudden.
Why pin on him death's awful lance?
Why pluck the flower just in its budding?
Why didn't they give poor Jesse a chance?

How much worse were they who killed him?
The brand of Cain is on their brow.
Oh, how sad that they have stilled him;
But Jesse is in Abram's bosom now.

It is also instructive to learn that the departed swashbuckler's favourite hymn was "What a Friend we have in Jesus." Was there ever such revolting humbug, such rank blasphemy!

From the murderer to the Mormon is but a short step; they have much in common. We can see nothing to admire, nothing worth recording, in the career of Brigham Young, that salacious bully, who, to the day of his death, exercised despotic sway over a horde of ignorant fanatics. In the whole history of the United States there is no meaner chapter than the story of the relations of the Federal Government with the "King" of Utah. He flouted the Central power, which behaved with a pusillanimity beyond belief, and when, finally, Washington

"capitulated to the crook of his little finger," someone pertinently remarked there was "no longer Mormonism; there was only Brighamism."—So much for the "Latter Day Saints."

On the vulgarity and cunning of No. 6, P. T. Barnum, it is hardly necessary to dwell. The great showman was perhaps the least harmful of the portentous seven, and did at least add something to the gaiety of nations. He, "General" Tom Thumb, and Jumbo were a memorable trio. It is related that on June 25, 1874, a banquet was given in his honour at Bridgeport, Connecticut, when

a member of the bench, doffing his judicial dignity . . . poured out his admiration in . . . capering lines, beginning: Of all demnition wonderments that swell his name and pelf, There never was a demder one than Barnum is himself!

With the apt conclusion:

And finally, discovering the brink of Hades' crater,
He'll put out the conflagration with his Fire Annihilator;
Exorcise from the neighbourhood the cussed imp of evil,
Nor rest, till he has raised, reformed, and then—engaged—
the Devil!

Truly, these Americans have a pretty wit! "Mark There remain only the political "boss," Hanna and his dupe, President William McKinley. We get a glimpse of the "machine" at work, and of the methods whereby "a free people" are ruled, rounded off by an idyllic picture by Hanna, of the two Pecksniffs foregathering on a Sunday evening:

Everyone was singing, and he would call for "Nearer, My God to Thee," and "Lead, Kindly Light." The radiance on his face when he sang those old favourite hymns as if his whole soul was in it is to me a sacred memory picture of William McKinley. . . In the calm serenity of the night's quiet hours, we felt the tie of our life's friendship growing stronger as we simply sat and puffed and looked into each other's faces.

Which gives us an indescribable longing for the sight of an honest English face shining behind a pewter tankard in the bar parlour of the village inn.

Whatever judgment the American people may pass on this book we, on this side of the Atlantic, at any rate, owe Mr. Dibble a deep debt of gratitude. He has opened our eyes and dispelled for ever the fatuous delusion that English and American civilisations are one and the same thing. They are as wide apart as the poles. It is to be hoped that "Strenuous Americans" will be read by all who have the welfare of this country at heart. Forewarned is forearmed. It is well that we should know something of the mentality of the people who are even now moving towards a world hegemony through the sinister channels of "high finance."

Question Time. ECONOMIC FREEDOM.*

By M. A. Morait.

[An address given before an audience which was quite unfamiliar with economic questions.]

When I chose as the title for this address the one "Economic Freedom" I did so because I have so often been assured that such a thing can never exist. They offer us every other form of "freedom," from the kind that sat us up on the heights to the "freedom of the Press"; but Socialists, Anarchists, saints, sinners, unite in assuring I us that economically man must and will remain a slave. I do not believe this: I think I could not endure to live in a world where it was true. And I want to prove my assertion, and show you that economic freedom, like plenty for all, lies ready to our hand if we care to take it.

In other words, I promise you a new heaven and a new earth. But, before we begin to discuss this new heaven and new earth, I think a few moments would be well spent in considering the present one. For all I know, you may think it perfect. Do not do unto others as you would they should do unto you, says Bernard Shaw, their taste may not be the same. With your permission, then, I will spend a few moments in trying to describe the world as I see it—the principal evils as they appear to me. I will then try, if I can, to analyse the root of the evils, and, finally, if we reach any conclusion, we will try to see whether it is not possible to overcome it. You must remember that I am speaking from, and deliberately confining myself to, an economic standpoint. I am regarding the world as an economic organisation, and, regarded as such, I attest that there is something not as it should be.

The modern industrial world has two parts: these are Production and Consumption. Capital and Labour alike belong to the first group, and both, i.e., the whole of Production, exist only because of the second. I want to challenge at once the assumption so often made, that production (or "productive" employment) is an end in itself, that the whole economic system exists as a means for providing mankind with that indispensable, salutary discipline, recommended by St. Paul and by a good many people after him—work. Production exists because consumption exists, i.e., because human needs exist, because there is a demand for the goods which production makes. That being so, it follows logically that the end of an economic organisation is, not to provide work, but to satisfy human needs, and that, moreover, as cheaply, rapidly, and efficiently as possible. So let us look at the world to-day; if we do so with unprejudiced eyes, we shall see a most curious sight; we shall see, on the one side a group of moralists, chanting in unison, "Everyone must work" (the Socialist phrase is "a man must contribute labour before he has a right to the products of it," while the Capitalist phrase is, "Work harder for less money"; but the sentiment is the same). On the other hand is a group, so large that most of us cannot think of it without tears, of skilled men, eagerly demanding

*When reading this and future addresses or articles reproduced here, please remember that they are partial summaries of a vast subject and are therefore only approximations of the whole truth. We mention this to warn critics against giving themselves the trouble of cutting sections from them and mounting them in slides for microscopic examination. Those who like that pastime dissect the writings of Major Douglas himself.

work; and, finally, a small collection of people daily patenting labour-saving inventions which enable the employer to dismiss at one stroke anything from ten to five hundred men.

So much for the actualities of production now-a-days. What about the Consumer, who is, as we have said, a pivot round which the whole of industry turns. We see a very curious phenomenon here, too. Although the wheels of industry turn so slowly that the machine of production may almost be said to have stopped in some places, although our factories are clogged with a surplus of goods which we cannot get rid of, yet there is an enormous demand at our doors for these very goods; but, of course, we cannot buy them, cannot afford them. What is to be done with them, then? "Oh, well, they must be sent abroad; costs must be cut, wages be lowered, and we must endeavour to recapture the world-markets that once were ours, by underselling our foreign rivals." Thus the orthodox industrialist, describing accurately the exact conditions which have in the past invariably been found to lead to acute economic rivalries and so to war. Is there no better way than this? Let us go back to the Consumer again: we are, all of us, of course, Consumers; and our potential capacity for consuming is very nearly inexhaustible; but not, of course, our effective capacity—that is, much as most of us would like more hats, or books, or pictures than we have, our liking is not backed by sufficient money to gratify it—i.e., our demand is not effective.

We are getting on, you see. Our analysis has brought us to such a position that we can say, "If only the people at home, the ordinary man in the street, you and I, had sufficient money in our pockets, our demand for goods would become effective, we should order them in large quantities, the surplus at the factories would be absorbed, workmen would be taken on, and the wheels would go round again. Money, then, is the root of all evil. But what is money? To most people, it is a mysterious symbolic product, made, perhaps, in the Mint, signed, perhaps, by the King, or Mr. Fisher, of a Tuesday morning before lunch. I don't propose, as a matter of fact, to go in very great detail into the question of what money is: I propose to define it, for our purpose, as tokens, which can be exchanged for goods and services, and the one point on which I want to lay stress, is that those tokens may be, and nowadays usually are, objects of no intrinsic value whatever. That is, the £-note is not represented by a golden sovereign lying in the vaults of the Bank of England. On the contrary, it is a piece of paper, printed, with rather special precautions, by the Treasury, and issued to the public through the Bank of England. The method by which it reaches the public now becomes of importance. There are various methods, but the chief one is by the granting of loans and overdrafts by banks to their customers; they are granted to customers who can produce an adequate security. The repayment of such a loan is, naturally, one of the industrialist's great sources of anxiety; it must be repaid, whatever happens, and, of course, he has no choice but to recover the money from the purchaser of his goods, i.e., to charge a price for his goods high enough to include bank charges and other "overhead" charges, as they are called. We have here one reason why the price of goods is much higher than it should be. There are, of course, several others. With one of them I propose briefly to deal. I want to consider for a moment what determines prices in general. Why is the general level of prices in this country 75 per cent. above the 1914 level; and, again, 4 per cent. above what it was three months ago? There are, again, several reasons for this, for price is simply the relation between the amount of goods available and the amount of money available to buy them. That is, if there is plenty of money about (arbitrarily printed by the Treasury, on the advice of certain "experts," as we have already seen) the price of goods is likely to be high, while if money is what is called "tight," in other words only obtainable at a high rate of interest, while goods are in abundance, there will be a tendency for the price of these to fall. A great many very interesting conclusions follow from these facts, into which I wish I had time to go; but the only point on which I want to lay stress now is that, on this vital matter of prices, which affects more than anything else the whole course of our lives, you and I, inhabitants of this democratic country, England, have nothing to say whatever. We are consulted as to whether we would like Protection, or a Russian loan, or whether a foolish journalist is to be prosecuted or not, but this matter of what we pay for our daily bread and butter is arbitrarily decided for us by a few "experts."

Now I cannot believe that anyone who thinks about it can accept this as a proper system, even if it worked perfectly.

which it certainly does not. You see, we are getting through our impasse; let us recapitulate for a moment:—

1. If the ordinary consumer could afford to buy as much as he wanted (i.e., if his demand could be made effective), there is an unlimited market here in England sufficient to keep all our factories going for some time and to absorb all our unemployed.

2. But the ordinary consumer cannot afford to buy as much as he wants, because prices are too high.

3. Prices are too high because:—

(a) Bank and other "overhead" charges are unfairly included in them.

(b) There is, taking the whole of England at any one time, too little money in circulation to buy the goods which are for sale. I am aware that I can hardly be said to have proved the last point, although I have touched on the fringe of the proof. But the proof is rather elaborate and long, and although I have no hesitation in asserting that it is so, I will leave the details of the actual proof for another occasion.

But you will be thinking that it is time that I touched on the question of Credit, since it is on the socialisation of Credit that our proposals principally rest. I have, as a matter of fact, already done so, when I said that money enters into circulation by means of loans from banks. Some of you may not be very familiar with modern industrial methods, so you will forgive me if I go into this matter a little more fully and take a concrete instance. Suppose a man finds a deposit of clay somewhere and thinks it suitable for making pottery, and believes that he could find a market for the pottery when it is made. The cost of erecting the necessary factories, machinery (what is called "plant") is enormous, running probably into hundreds of thousands of pounds, and few people have that amount of capital available. Our capitalist, as the poor chap is quite justly labelled, goes then to his bank, explains his schemes, deposits adequate security, and obtains from the bank a loan for the requisite amount. Now, these are facts, not theories; and equally a fact is what follows from the sudden introduction of this sum of money into the general circulation—for our manufacturer at once begins to pay it out for machinery, raw materials, wages, etc. But no goods enter the general circulation to balance this money—that is, as we saw just now, the general level of prices over the whole country will tend to rise—i.e. the community at large, you and I, pay the penalty for the loan that that manufacturer back to the bank when the factory is completed, and the pottery being sold at a price which is high enough to admit of this bank charge being paid off; that is, the community, you and I, who buy his cups and saucers, pay for his factory a second time, and yet the thing does not belong to us, although we have paid for it not once, but twice.

You see, we are back at very much the same point as before, but we have reached it by a different route, and we have discovered, on this second excursion, that the methods of giving credit are at fault, while, on our first excursion, we discovered that there is too little money in circulation. Now, is there any way of getting over these two difficulties, which are really both part of the same difficulty? The Douglas system declares and proves that there is. I cannot go into the full technicalities of how it can be done—I only wish I could, for nothing is more remarkable than the way in which everything fits perfectly into its place, making such a many-sided harmonious whole that the words "a new heaven and a new earth" are not inapplicable to it. But, very briefly and roughly put, it is proposed to tackle the problem in two ways:—

To omit from the price of goods that part represented by "overhead" charges.

This will enable goods (everything which you buy daily) to be sold at, it is calculated, about a quarter of their present cost. "But the 'overhead' charges and the manufacturers' legitimate profit must be paid for," you will object. Of course they must, but not by the individual consumer; that is a national affair. After all, when you come to think of it, it is the nation as a whole which is enriched by the fact that another factory has come into existence, that is, the credit of England as a manufacturing country has gone up by that amount. It is just, therefore, that the manufacturer should draw on the national credit account for the amount due to him, i.e., that Treasury notes to the value of that amount should be printed and sent him: and that is what it is proposed should be done. You see that by this means we have ensured not only that there is always sufficient money in circulation to buy the goods that are produced, but also that money is not printed arbitrarily and thrown into circulation at the discretion of one or two

people, but is scientifically, arithmetically calculated so as always to fulfil its proper function, that of a connecting link between consumer and the goods he needs. This is the first and very important step which it is proposed to take.

The second step is more difficult to explain, at any rate briefly and simply, and you must forgive me if I only touch very lightly on it.

There are two points which I raised in the early part of my address in regard to which you might justly criticise me for not offering any constructive proposals to meet them. These are that I have not dealt with the question of how credits to manufacturers are to be issued, nor adequately with that of labour-saving inventions. Let me very quickly try to describe one way in which these difficulties may be met.

It is suggested, in the first place, that the country should be mapped out into industrial areas, each having its own bank—the basis on which this bank stands being the "real credit"—i.e., the "plant," the ability to produce goods and services within that area. Wages and salaries are paid over in bulk by the employers to this bank weekly, and the employee handed a slip to say that his account has been credited with such and such a sum, against which, of course, he can draw cheques or cash. This bank—the Producers' Bank—has behind it the whole credit of its particular industrial area, and also large weekly deposits, not all of which would probably be withdrawn at once. It is therefore in a perfectly sound financial position, and well able to make the necessary advances for development in its own industry. Meanwhile, everyone, master and man alike, within this area, becomes automatically a shareholder in this bank, and entitled to a share of any future increases to the output of goods in the area concerned, through new inventions fresh factories, etc.

Supposing, therefore, that the scheme were put into operation to-morrow. Prices, that is, would be enormously lowered, and a great boom would set in, with full employment for everyone, and also a great stimulus to scientists to invent, and employers to make use of, all labour-saving machines and devices for increasing efficiency, leading to greater productivity with less human labour. When, therefore, the boom began to slacken a little, as it must—human needs not being quite inexhaustible—the workman might find himself put on short time, but he would also find himself the possessor of a small income derived from this sum would tend to increase until no one was obliged to starve simply because he could not find work.

Here, you see, is where we part company from the ordinary schools of morality, which teach that work is salvation. We believe that, just as the voluntary poverty of St. Francis is noble and lovely, but the forced poverty of Whitechapel is degrading; just as discipline self-imposed is beautiful and uplifting, but discipline imposed from without is futile and ignoble; so voluntary work, or service, is the loveliest thing in the world, as forced work, or toil, is the most soul-deadening. We believe in leisure for everyone, and the right to use it in work or in idleness, as pleases him best. If he finds salvation in complete idleness, let him take it; he will never be very rich, but he will probably be happy; he will, at least, be free.

"As He died to make men holy, let us die to make them free."

Economic freedom may seem a poor ambition to you, contrasted with the lofty sentiments you are used to hearing in this room, but to me, at any rate, it seems sufficient.

LETTERS TO THE EDITOR.

WOMAN FRANCHISE.

Sir,—Does R. mean that a vote is an unreality and a snobbery or is he referring only to titles and decorations? As I have not had the opportunity of clinging to any of them, I fail to realise the gravity of his remarks. "Money is Power," and "Credit is Power." Does R. admit that a woman has the right to an amount of purchasing power equal to that granted to a man?

Under the present uneconomic system does he agree to the principle of Equal Pay for Equal Work?

Systems may change, but principles remain. In the present age is R. for us or against us? Men may be waiting in chains—but economic chains were not forged by women, who are themselves not only chained but padlocked.

S. M. W.

[R. replies: Will S. M. W. please consider that a snob is a person who pretends to be something better than he is. So the vote is a snobbery because:—

1. It pretends to be a source of power.

2. It pretends to be an effective means of expressing opinion or preference or choice.

With regard to woman's pay—under the present system she has the right only to as much of the cake as she can get—so has the man. The cake pretends that it is so small and the mouths really are so many—so you must snatch. If we could only learn to look with our own eyes (instead of through the spectacles of the newspapers) and see the vast size of the cake; how ridiculous and degrading to snatch. Neither principles nor systems remain. The present system has been built up to apply the principle that there is not enough to go round. A new system is required to apply the principle that there is overwhelming abundance which we have to learn how to distribute, or else suffer the consequences of allowing it to rot around us.]

ST. PAUL'S.

Sir,—I should have thought that a different "aesthetic" to that implied in Mr. Philip T. Kenway's recent letter was one of the corollaries of the new economics.

Not understanding what, in his view, he can possibly mean by the "glory" of the Renaissance, it is perhaps unprofitable to ask him what great churches built in Europe during that "glorious" Renaissance surpass St. Paul's. Churches which may be cited for this comparison are St. Peter's at Rome, the Pantheon, and the Church of the Invalides in Paris, and St. Isaac's at Petrograd. I do not think it is disputed that the Paris and Petrograd churches are unimportant in such company and lacking in imagination. St. Peter's at Rome I have not had the opportunity of seeing, but I find some authorities regard the general external design of that building to be inferior to Wren's. Michel Angelo's dome, I imagine, should equal Wren's. It may be in keeping, but surely rather temerarious, for a self-styled "lay ignoramus" to refer to an artist who has produced one of the finest bronzes in Europe (in the view of some well-informed authorities) as a "hopelessly inartistic craftsman." A bronze, too, which may be viewed no further afield than St. James' Park.

Mr. Kenway has traversed in his letter some 3,000 years or so of building—building based on slave-labour, free labour, and wage-slave labour, and apparently still clings very narrowly, in mid-Victorian manner, to Ruskin; ignoring the existence of the engineer in building or the "intellectual ripeness" which goes to the making of the greatest achievements in Art, and which did not exist, and could not by any possibility have issued from the Northern Europe of the twelfth or thirteenth century. We may agree in the main with Ruskin's chapter on the nature of Gothic and that the artist and craftsman are one; we may or may not agree with Ruskin when he says that Gothic is the most perfect style of building that ever has been; but I for one cannot agree when he continues and says: *or ever can exist*; till I am convinced that the world has quite outlived Art, as it may if we can credit Mr. Bernard Shaw.

HAYDN MACKAY.

SAVINGS CERTIFICATES.

Sir,—It may be remembered that during the latter part of last year there was a recurrence of propaganda in favour of the savings certificate. Peers of the realm addressed public meetings on the duty of thrift, the National Savings Committee was bestirred into greater activity, and the sale of savings certificates through the banks was resumed.

Whilst it is familiar to students of the New Economics that taxation is nothing less than, and is designedly the instrument of, "deflation," it is not, I believe, so readily recognised that "saving," as popularly understood, has some connection with the same objective.

In conjunction with the fact referred to in the first paragraph the following figures are interesting:—

SAVINGS CERTIFICATES.

	Sales (in millions)	Redemptions (excluding interest)
	£	£
1922	89.3	31.5
1923	51.5	32.9
1924	27.5	30.5

It will be seen that during the year 1924 receipts in respect of savings certificates sold to the public were less than payments to the public in respect of certificates cashed. This obviously means that last year the Treasury "income" in respect of savings certificates failed to equal its "expenditure"—that is to say, the Savings Certificate Budget did not balance, as a result of which the public was in possession of more "money" than the canons of the financial system permit. Two alternatives are presented: (1) The Treasury borrowed to cover the "deficit," i.e., the banking system created new money. This is "inflation." (2) The "deficit"

must be covered by expanding the sales of certificates to the public, i.e., the increased amount of money required must be recovered from the public. This is deflation—by "savings." The latter course, obviously, is the method approved, and the savings certificate, in common with taxation, particularly income-tax, is an instrument of deflation.

The coincidence of the "deficit" and the propaganda indicates clearly the nature of the monetary policy underlying the savings certificate and points to a financial interest in "the thrift of the masses" which attaches a new conception to "saving."

K. O. G.

"THE MEN OF BUSINESS."

Sir,—The articles now appearing by Dr. Frederik van Eeden entitled "The Epoch of the Men of Business" are a startling confirmation of what Swedenborg has written in his book "The Doctrine of Uses" (Swedenborg Society, 1s.), in which he reveals that in uses and employments the angels find the perfection of the religious life.

In the performance of use man comes near to his Creator, who is Divine Love and Wisdom—thus Use itself. Swedenborg said that currency and credit were the life blood of the Grand Man (i.e., the body politic). Modern finance, like the leech of medieval medicine, draws off the "superfluous blood" and beams on the anaemic and debilitated patient, who is cured of his devil, because all traces of "high fever" have left him. Swedenborg writes thus:

"Use consists in a person's fulfilling his duty and acting in his employment uprightly, faithfully, sincerely, and justly. . . . It is supposed from the sense of the letter of the Word that these ('goods of charity') consist in giving to the poor, assisting the needy, etc. . . . These uses, however, are not so meant in the Word, but that every person ought to perform his duty and act in his business and employment uprightly. . . . When he does this he consults the general or public good. . . ."

"That such uses are meant by the Goods of Charity and by Works is evident from the Lord's government in the heavens; for all there, as in the world, are engaged in some function, service, duty, or occupation, and everyone has eminence, wealth, and happiness according to his fidelity, sincerity, and justice therein. An idle and slothful person is not admitted into Heaven. . . . The reason is, that the mind, devoted to its office and employment from the love of use, retains its vigour and is then in spiritual delight . . . and is withheld from fraud and malice, and mere gossip and feasting."

I. M. EWING.

FOR WHAT ARE WE EDUCATING OUR CHILDREN.

Sir,—May I trespass on your space once more in reply to Aremby's letter in your issue of March 5? I used the word "willingly" meaning "of their own free will," and I still believe that, whether from economic pressure or otherwise, the workers are not letting their sons become labourers wise, the workers are not letting their sons to a trade. I if there is any opportunity of putting them to a trade. I know it to be so in this district, and I think it must be so in all other districts, because there is not the smallest advantage to be gained by doing so. All parents realise that a lad can become a labourer after he has served an apprenticeship—however distasteful it may be—and the fact of his having learnt a trade will give him a prior chance to advancement into the so-called semi-skilled ranks which Aremby seems to think are so much coveted.

I was not aware that the Employers' Federation were concerned about the shortage of apprentices, but, if this is so, I can only suggest that other trades than those where the shortage exists are at the moment offering greater attractions, or that it is due to the natural ebb and flow which is quite irrespective of the economic question. But this is uneasiness, on Aremby's own showing, would appear to be entirely misplaced! In his original article he stated "the need for such men (the skilled) is comparatively small and the supply as yet considerable." Surely this is blowing hot and cold with the same breath! And he gives us another example of this process. In speaking of the unskilled he states "of these thousands are available," and only a few lines further down "hence the reason for the shortage at present." I confess I am left wondering what Aremby's complaint really is.

I agree that we are educating with a bias towards industry, but, far from calling this "cruel," I consider it to be an absolute necessity under present conditions. It would be cruel to-day not to teach a man to earn his daily bread. This question of education will right itself easily and naturally when the larger question of economics is settled, and every man is assured of a livelihood—work or no work. Education to-day can hardly be said to harm anyone, and I do not therefore appreciate the reason for Aremby's extreme uneasiness.

N. F. EILOART.

BERNARD SHAW AND THE NEW ECONOMICS.

Sir,—“We are warranted,” says K. O. G., in a recent issue of THE NEW AGE, “in requiring from G. B. S. an intellectual justification of his position.”

Nay, I trust we shall get far more than *that!* G. B. S. could give us, no doubt, many intellectual justifications of his position, and—leave us where we were. He gave us the truth about the war, and it consisted of so many truths that the truth was quite obscured. Years ago he gave us truths on economics in the *Daily News*, and though the resulting correspondence left him badly mauled, he has been repeating these same truths at intervals ever since—iteration showing that he is not getting vitally deeper.

What we want, then, is not an essay or even a preface full of truths, but a play full of truth. For Shaw the artist is quite a different man from Shaw the essayist. The essayist takes a position and “justifies” it with a hundred acrobatic capers. The artist sees a vision and follows it, turning aside from all irrelevant pettinesses, and in so doing clarifying and elaborating his own vision, until from a mere fragment it becomes a mighty whole, a compelling image of the living truth. The result is that while the essayist wearies and bewilders, the artist enthral and convinces.

And economic questions have always had an attraction for Shaw. For instance, he will show the English aristocrat how he is always ready to see a God-given mission in any conventional opening that brings a splendid income and plenty of work—especially if the work consists in “bossing” others. It matters not if, as in “Major Barbara,” it is manslaughter on the most colossal scale that is involved; the Devil has only to use a yet thicker covering of convention and he succeeds in hiding the ghastly reality not only from the acute Professor with his Greek culture, but even from the sensible, kindly Major herself.

A fortiori then, to the British aristocrats in the stalls, and to the would-be plutocrats everywhere, it is a God-given mission—most certainly a God-given income (it must be, it is so big!)—and every one is delighted with the “happy ending.” They know not that the playwright they applaud has laid their own hearts bare; for his steel was so fine that they never felt the wound.

Thus in this symptom and in that Shaw sees and attacks the economic evil. But those who see the truth about Credit as a whole, the vast tragic farce of the *pari passu* advance of poverty and productivity, these are few indeed; perhaps because the finance experts have so long tried to mystify outsiders that at last they have succeeded in mystifying themselves. So far Shaw has shown no sign that he sees the truth. To say this is not to say that I see the truth, and that Shaw doesn't see as I do. It is to say that, though I don't see clearly now, I should see clearly if the author of *St. Joan* would set the matter forth with the dazzling clarity with which he has illumined that play.

But if he doesn't see the truth, how can he set it forth? That is just why we want him to write the play, because little as he sees the truth now, writing the play will make him see it. His ruthless artist instinct will strip off all those little truths in which his intellect delights, until the One remains, the living truth born in the fire of creative genius, and leaping all aglow from his heart into ours.

When we see Livingstone in his film marching across Africa with the superior cry: “We do not buy human souls!” and then find sixty years later in Egyptian cotton mills children working all night—twelve hours!—for sixpence, we remember that there is one man who could make England feel these things, and we cannot believe he is not writing that play. Yes! He has freed so many of us! It must be so.

True the wind bloweth where it listeth. Inspiration is not to be forced. But if the wind should blow a breath of freedom to those children!

A. E.

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“Letters to the Editor” should arrive not later than the first post on Saturday morning if intended for publication in the following week's issue.

SUBSCRIPTION RATES.

The Subscription Rates for “The New Age,” to any address in Great Britain or Abroad, are 30s. for 12 months; 15s. for 6 months; 7s. 6d. for 3 months.

Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C.1, and printed for him by THE ARGUS PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4.

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