

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The murder of M. Voikoff in Poland has produced a situation almost identical with that which followed the murder of the Archduke at Sarajevo in 1914. It comes as a startlingly swift confirmation of the British Communists' diagnosis of the intrigues behind the Arcos raid. In their pamphlet which we noticed last week they asserted that this raid was a signal to the border States round Russia to be ready for military hostilities. It is an unfortunate coincidence, to say the least, that this act of violence should have taken place almost simultaneously with the safe withdrawal of the British Legation from Russia. It enables the Russian Government to propound the charge that the British Government was plotting war. Already it has published a body of evidence, superficially just as authentic as that on which our own Government relied to justify its expulsion of the Arcos officials, which goes to prove the existence of British intrigue and subsidised subversion on Russian territory. Again, once granted the theory of a British intention to provoke a rupture, and the sudden cancellation of the Midland Bank's projected loan for supplies to Russia will be fully explained to the satisfaction of Russian public opinion. But it is fruitless to spend time discussing such controversies in the hope of unravelling the truth from them. It is sufficient to rest on the general proposition of Mr. Lloyd George that all Governments intrigue against each other by much the same methods and through the same unsavoury instruments of the political underworld. In the case of a murder the motivation of the assailant has no evidential value as concerns the ultimate origin of the act. In the present instance, if we are to accept the hint of the *Evening News*, the young man who shot M. Voikoff was avenging the execution of the Czar. Very good; but so far as he knows—or anybody else outside high politics—the Russian Government may be rubbing its hands at being relieved of an undesirable official, quite irre-

spective of the opportunities of exploiting his death that have now been opened up to it. For instance, it is pretty confidently held in certain quarters that it was not the Serbian war party but the Austrian war party which procured the assassination of the Grand Duke. Nor, of course, need such internal intrigues with an external objective take the positive form of murder. They may take the negative form of a relaxation or omission of precautions to secure the safety of some obstinate Statesman, as has been rumoured (whether truly or not is irrelevant) about the drowning of Lord Kitchener, on his way to Russia, where he was preparing measures to counter New York's plans for the Red Revolution which subsequently took place there.

It has been repeatedly said that force settles nothing. Perhaps so; but it unsettles everything. If it cannot create a new form it creates a new flux. It therefore, at least, makes possible a new form. So far it may be an advance on "negotiation." But to throw everything into a molten condition with no clear idea of the shape of mould in which it is to be cast is waste of energy. And that is what has always been done. Consider the kind of persons whose lives are lost in these turmoils. They are invariably politicians, or functionaries of the political system. What is the use of killing these? They are automatic agents of high-financial policy, and can be replaced by the score at any time and anywhere. Readers of THE NEW AGE are aware that there are a half-dozen or so men, the sudden death of any one of whom would precipitate more *real* unsettlement than the slaughter of every Cabinet in Europe—men who negotiate the buying and selling of nations, and whose ledgers and minute books exist only in the investment-financier, common or garden, die, and watch the nervousness of the stock markets about the effects of the liquidation of his affairs. Yet nothing would be gained by the removal of the above overseers of

international finance. There would more probably be a general panic—a dissolution of problems destined to crystallise out again according to type, no matter who poured in the solvent, or who stirred the liquor.

M. Bruhanof, the Soviet Commissar for Finance, has been declaring that the Russian Government is going to undertake an intense campaign to "mobilise all money within Russia," so as to be able to continue economic reconstruction in spite of the "withdrawal of British bankers' credits." There is to be a Press campaign for an increase in savings' bank deposits and investments in new loans. This, he advertises, is the "reply" to British bankers, whom he charges with coercing Russia through the Conservative Government. Consider this "reply." It is the exact opposite of what is connoted by the term. It is doing just what British bankers and the bankers of all "capitalist" Europe want Russia to do. M. Bruhanof is going in for deflation as a reprisal on the deflationists. He is going to increase the capital charges on Russian industries by decreasing the fund of consumer incomes which supplies them with revenue. Assuming that consumers in Russia have a margin of income that can be taken in this way without creating intense disorder, what is the end of the process? The appearance of an unsaleable surplus of Russian products, and a corresponding necessity to export it somewhere. How can this possibly upset the bankers? The fact is that such a circumstance is their best opportunity to tighten their stranglehold. Any country that needs revenue from abroad to balance its internal costs is at the mercy of the international credit monopoly.

At the Agricultural Commission of the World's Economic Conference at Geneva, Mr. Alonso Taylor, an agricultural expert from the Leland Stanford University, California, said that Canada, Australia, and the Argentine would succeed the United States eventually as the leading grain exporting nations. The present tendency in American agriculture, after its war development, was to reduce production to meet only domestic needs. Whether this forecast is accurate or not does not matter. Its significance lies in the implication that if America chooses to retire from competition in the international grain market, other countries are ready and able to take her place. In that event any food shortage which might occur would obviously be due to the pressure of population on *purposely restricted* means of subsistence. But the Malthusians would not put it that way. Nature would still be pictured as the exhausted mother. We are reminded of Sir William Wedderburn's testimony relating to the Indian family of 1900—

"I point to one economic fact of the highest importance, which has not sufficiently occupied public attention. Even in the worst months of the famine, and in the worst localities, there has never been a deficiency in the food supply. There has always been a sufficiency of grain on the spot in the hands of traders; the difficulty is that the cultivators have no means to purchase. They have no money, and, being hopelessly in debt to the moneylender, have lost their credit."—(*Times*, April, 1901, quoted in *Sir William Wedderburn and the Indian Reform Movement*.—S. K. Ratcliffe, 1923.)

After a further quarter of a century of invention and discovery in agricultural chemistry and engineering, and particularly in means of transportation, there is no physical reason why any individual anywhere in the world need die of hunger.

Mr. Christopher Turnor, in a review in *Nature* of Mr. C. D. Whelham's book *Politics and the Land*, writes:

"Lucerne will grow over a wide area of land in England. My own experience is that on poor arable

land sown with lucerne, which is allowed to stand for six years and then ploughed up, the increase in soil fertility is sufficient to secure for five to nine years subsequent corn crops that will average up to double the corn crop normal to that land; and this with a great reduction to the manure bill."

He uses this to answer an argument of Mr. Whelham's that the law of diminishing returns would make it impracticable to increase the yield of corn in England. He goes on to say that while he agrees that England is much more naturally (and economically) a grass country than the Continent, nevertheless we have "millions of acres" under grass that are not suited for grass and which it would be economic to improve. But there is the usual obstacle to anything being done, "the reverse of the medal—prices," as Mr. Turnor puts it. Both author and reviewer agree that prices are a governing factor. They are—under the existing régime, but they need not be. As soon as the principles of credit-accountancy are adjusted so as to reflect physical facts—an event which increasing research into the origin, nature, and function of credit is bringing quickly nearer—"price," as a sort of natural obstacle to enterprise, will be ruled out of consideration.

Take Mr. Turnor's illustration, and suppose we wish to plant those millions of acres with lucerne. The dominant physical facts are: (1) The land is there; (2) there are a million people doing nothing; (3) every agricultural implement maker in the country is groaning for work for his reserve plant; (4) so is every other producer, whose products would be incidentally necessary to the tilling of the land—road and railway transport, bricks and mortar for housing, and so on. Assuming for the moment that the unemployed were all fit for land work (which, of course, is not the case), there would be one question to be decided, namely, could these people be kept supplied with food and shelter adequate to keep them fit and contented while the work was in progress? The answer is that they are being kept now, while idle, and that the extra products they would consume when busy would involve no strain on our productive capacity for reasons already specified. It is all a question of applying *reserve energy* to the creation of *new energy-products*. In these circumstances the "law of diminishing returns" does not apply in its usual prohibitory sense. It would only be a valid argument if the *extra energy-products* consumed by the new workers would be more than the aggregate of those which they were to create. For instance, if you take a man who eats one loaf of work and produce half a loaf more, then certainly the "returns" diminish. But once postulate a surplus of his production over his consumption, and the returns increase. It is quite true that other workers in other countries, or even in the same country, may be producing proportionately more corn against each unit of consumption than these new workers. But that is no obstacle to their venture. By hypothesis more corn is wanted, and they can grow it. In a purely physical sense—i.e., in terms of reality—there will be an increase in the total (say, world-total) of wealth.

The amount of energy applied to give this increase may be anything. It may be ten, twenty, or a hundred times as much by the "lucerne" method as by the methods of Canadian and American farmers. But that *in itself* is nothing; for the energy being used was, as has been shown, redundant. It is not being diverted from some other use, but is an additional expenditure of energy. "Ah! but it is an additional expenditure of energy." "Now, expenditure," we can hear someone say: "Ah! you're coming to it." The reference would be, of course, to financial cost. But we shall come to that

later. The point to be considered first is what is the *physical* cost of applied energy. Clearly it comprises two factors: what amount of material is consumed by the energy-machine and what by the man who tends it. That is an instant view. On a continuous view the physical cost of production is concurrent human consumption. So the physical cost of the "lucerne" experiment would be measured by (1) what extra consumption took place among these land-workers, *plus* (2) whatever extra consumption occurred as a by-product of the manufacture and supply of the extra machines and fuel involved in the work. With regard to the second item it might be almost negligible. It would depend partly on how much of it was already in stock, but in any case the state of industry is such to-day that it could double its output of material without distributing more than a fractional increase in wages and salaries. So we conclude that *as a physical proposition* the resources of this country could easily sustain the above experiment, and to its own benefit.

But not so *as a financial proposition*. This is what makes the "law of diminishing returns" a prohibitory factor in the case. The financier argues that if corn is available anywhere in the world at a lower price than it can be grown in this country, it should be imported, and the corn not grown at home. He can put forward a justification, too, on physical grounds. He can say that it is better for this country to export a plough to Canada and import two quarters of wheat for it, than to use two ploughs here to get only the same quantity. So far quite true. But in the conditions prevailing it is not true. To make it so the conditions would have to be altered in two respects: (1) that Canada was a willing buyer of all the ploughs we wanted her to take; (2) that the consumers in this country were able to buy all the wheat the ploughs were exchanged for. At present, and increasingly in future, Canada is making ploughs as well as growing wheat, and wants to export both. That is a pressing practical problem. But the root difficulty is one of principle. It lies in the accepted canon of "sound finance" that *the only title to the receipt of an income on the part of the individual is his personal contribution of service to production*. (Dividends from investments are no exception to the law, for these investments come out of previously earned money at some point or other.) Add to this the fact that science and invention are rapidly dispensing with the human element in production, and the result is that the volume of consumer demand is dropping to a less and less proportion of the volume of total output. It is as though whereas once England distributed money-titles to 200 meals in the process of making a plough she is now making twenty ploughs at only the same cost in these money-titles. If, then, she offers these ploughs to Canada at the price of 200 meals each, to whom are the imported 4,000 meals going to be sold? If, on the other hand, because these ploughs are made for a "cost" of 10 meals each, she consents to accept from Canada 200 meals for the lot, what has been the use of developing the plough industry at all?

So long as the remuneration of the consumer is based *solely* on the amount of personal energy he expends in production, the very objection that the financial expert urges against an agricultural enterprise such as we have been discussing is its prime recommendation. To say that it involves too much cost per unit of output is also saying that it distributes *too much personal income* (!) measured against total price—which is nonsense, unless one can defend a

deliberate policy of accumulating indefinitely a surplus of consumable goods. So long as lucerne-fed English land can replace the corn eaten by its cultivators it is fundamentally a good economic proposition, no matter what foreign cultivators do. Nor may the day be far distant when everyone will realise the fatal mistake Britain has made in neglecting agriculture for industrialism. Countries once typically agricultural are industrialising themselves so fast that not long hence a plough may barely be worth in exchange the crop from a rod of soil. This sounds fantastic; nevertheless, Foster and Catchings, in *Business Without a Buyer*, instance the cost of a Ford motor-car as being cheaper per pound of its weight than a tub of butter!

The Midland Bank has agreed to suspend the issue of its cheque-notes until the Chancellor of the Exchequer has taken the best legal opinion on their liability or otherwise to stamp duty. It is a pity that the Midland Bank has no international affiliations; otherwise it could have afforded to treat itself to an expensive lawyer. It seems to have satisfied itself on this legal point when first announcing its new scheme, for the public were told that the Revenue authorities had passed it. However, the explanation of the mystery is not hard to guess. To get a trustworthy opinion of the law as it affects high financial interests, one must consult the right counsel—and probably there is only one of him, and he practises only in the Supreme Court of Directors of the Bank of England. In the meantime the stores rush in where bankers fear to tread. On Saturday evening Whiteleys were advertising as follows:—

"CHEQUELETS." THE NEW BANKING FACILITY OF WHITELEYS.

The new bankers' receipts, which take the place of cheques for small amounts, are still available in Whiteleys Banking Department.

"Chequelets As Usual: Buy and Pay," so to speak—a refreshing echo of the piping times of the Great War, when the small man needed only to raise his eyebrows to raise his wages, and the large man bought War Loan by signing an application for it.

Since the above was written, Mr. Churchill's statement has been issued. It appears that the Midland Bank's "lawyer" was an official at Somerset House. A representative from the Bank called one day and submitted a document similar to the cheque-note to this official, who apparently had no hesitation in deciding that it was not subject to stamp duty. But now Mr. Churchill's counsel (not named), and the Attorney-General advise that

"The 'unstamped receipts' are taxable bills of exchange, falling within the meaning of Section 32 of the Stamp Act of 1891."

It is announced that "His Majesty's Government propose to adopt this view," and that a test case to "place the interpretation of the law beyond all doubt will be instituted without delay." The reason for the "Somerset House Muddle" (as the *Daily News* calls it) and the over-ruling of its official by the Treasury, is contained in the following intriguing passage of the Chancellor's statement. (Our italics.)

"The explanation given by the bank's representative did not make the official on duty in the stamp department appreciate that any *large departure in banking policy* was in contemplation. The question was in consequence treated as a matter of routine. . . ."

"The case was *not brought to the notice of higher authority*, and neither the members of the Board of Inland Revenue nor the Treasury were aware of what was proposed until the announcements appeared in the public Press."

"As it was seen at once that the revenue of the year would be substantially affected the Chancellor of the Exchequer took counsel's opinion, etc., etc. . . ."

"While the misunderstanding which arose is regrettable, it should be made clear that all parties concerned acted in entire good faith."

Quite so. There is no stain on anyone's character. How were the Midland Bank and Somerset House to know that what is legal in "routine" may yet be illegal in principle—that legal is as legal does? Yet they might have taken a hint from Mr. Justice Astbury's ruling during the Shop Assistants' case—that the plain meaning of a statute as such may be reversed by reference to the "intention of Parliament when passing it." On that principle the suppression of the cheque-note is all too easy to justify; for is it not antecedently incredible that Parliament has ever intended the control of monetary policy by the Bank of England to be undermined in any circumstances? We ourselves would go further and declare that Parliament never has any intentions when it passes measures relating to finance. High financial experts have only to say that they are necessary; and through they go, double-quick time, often without a debate. (The Dawes Pact was a tremendous example of an undebated enactment). It is quite logical, too, whatever the democrat has to say about it, that when the children of Parliament Square do not know what they want, the old lady of Threadneedle Street must mother them. The *Daily News* seems to have this feeling itself in closing its report with the following comment:—

"But the nice legal point, in the City view, is not the only one for disqualifying chequelets. Ever since they were mentioned it has been realised that some big issues for banking generally would have been raised if chequelets had come to be in wide popular use."

The writer of the article is not here hinting at any opposition to the Midland Bank's scheme by the other four banks. On the contrary, he declares that they would themselves have adopted it. The "issues" are therefore of a deeper character. They are, in fact, those which we discussed in our article last week.

However, if the Courts uphold the Government they will only change the angle of attack on the Bank of England's monopoly-defences. Incidentally, too, the arguments during the test case should mobilise public interest in the question of currency and its possible substitutes. If so, it may well galvanise the House of Commons to demand a full-dress debate on the proposed transfer of legal-tender manufacture and control to the Central Bank. To submit the scheme of the Midland Bank to "authority" for approval sounds very well. But when it is realised that this "authority" is a private institution in the same line of business, and has a scheme of its own with which the Midland's would compete, the situation will be seen to be a projection of the 'bus problem on an enlarged scale. The Government's plea of revenue losses is camouflage of the same nature as its plea of traffic congestion. Both pleas conceal, while instrumenting, the purposes of private monopoly, which are to prohibit "independent" buses and "independent" banks from driving along Threadneedle Street.

The prize of \$5,000 offered by the Pollak Foundation for Economic Research for the best adverse criticism of Foster and Catchings' book, *Profits*, has been awarded to Mr. R. W. Souter, a lecturer on economics at a New Zealand University. We understand that the prize essay, and some others, will be published shortly. We will make a further announcement when this publication becomes available.

Consumer Demand and Business Expenditure.

Give a self-contained community of a hundred persons £100 to use in producing and consuming, this being all the money in existence. If at the end of a period you come to them and find them in trouble because the cost of their production is too high for them to sell it all among themselves, you can only account for the phenomenon on two alternate hypotheses (a) that some of the money had disappeared altogether after being laid out and entered as a cost, or (b) that an entry of a cost has been duplicated in respect of one expenditure. No matter that the £100, or some portion of it, may have been "turned over" several times, and so have been multiplied as total costs; for in that case the corresponding return of money ought to have been turned over the same number of times. The position at any time ought to be an equilibrium between the cost of the producers' unsold goods and the amount of the consumers' unexpended incomes.* Now this equilibrium is not achieved in industry anywhere. In every country simultaneously the excess of cost applicable to existing unsold production is many times the total money in existence, let alone that in consumers' pockets. The reason is indicated in the above two hypotheses. That is to say, (a) financial credit is constantly being withdrawn from use and cancelled by the banks without reference to the fact that it has not completed its function as buying power on the end-products of industry; and (b) there are a large number of duplicate entries of costs arising from the inter-transactions of business organisations.

Speaking comprehensively and in principle, industry borrows bank-credit, pays it all out, sells part of the resulting production to consumers for all the money, returns the loan to the bank, and the bank cancels it. Industry now attaches an arbitrary money value to this surplus production, and calls the figure a profit. This "profit," largely representing unconsumable things—and most of these in the form of fixed capital—is next treated as though it were an investment representing an outlay of new money. On this fiction is founded the accountancy custom of making a charge in money for the gradual "replacement" of this "capital." This charge is, of course, additional to the actual expenditure to be incurred in the next cycle of production. But the people who must ultimately pay this charge (namely, the general body of consumers) will not have the equivalent money: the utmost limit of their combined incomes cannot exceed the new actual disbursements of money next to be made by industry.

This process is continuous, and its results cumulative. It can last without visible trouble only so long as industry is expanding, and is allowed to borrow more and more bank-credit. If the extra amounts so borrowed and expended are equal to the progressively increasing fictional "capital" costs described, the consumers can go on meeting prices sufficiently to avoid hardship. But there comes a time when the banks call a halt. Then the trouble starts. They need not necessarily reduce their loans: the mere refusal to increase them is sufficient. Thereupon industry, now thrown entirely upon the consumer for the balancing of its costs, finds it cannot recover them. It then writes them down to such a sum as it can recover. (This is the history of Armstrongs, Vickers and all other reconstructed concerns of the post-war period.)

So much as regards industry comprehensively. But the instruments of this false accountancy are a

* Notice that profiteering would not disturb the equation for the profits would be part of consumers' incomes.

multitudinous body of individual concerns, all acting on the foregoing principle. Some sink: others swim. The drowned are called "inefficient." Those afloat are the "efficient." There is no national supervising expert to warn them that the system under which they compete to keep their heads above water cannot sustain them all, no matter what their standards of efficiency. But our purpose in differentiating industry into industries is to show how these individual concerns instrument the passing on of the fictitious charge noticed above. We saw that industry as a whole was in possession of a quantity of non-consumable goods which we shortly called capital. Here a further analysis is necessary. This capital includes everything which was withheld from consumers in the initial hypothetical period. In actual fact it would comprise not factories and plant alone, but "business goods" of all sorts—small machines, tools, telephones, gas, electricity, business stationery, and all other things which firms buy and sell to each other over the heads of the consumers, trading, as one may say, in an *internal market of their own*. Also there might be included old stocks of consumable goods remaining unsold. Remember now, that all these things were carried over at a valuation by industry as a whole to be charged to consumers. We have seen that in principle the proposed charge as a whole was fictitious, illicit, and futile—however one chooses to look at it. The things to be charged would belong to a certain number of firms only. They would be required by a certain number of other firms as materials for their processes. To get them they would have to buy them. To buy them they would borrow from the banks. Combine, now, all these transactions together, and the result is the same as if industry as a whole had borrowed the money to buy from itself the surplus from its first cycle of production.

If the administrators of a national production system were seen to do this, no one could fail to call it a piece of deliberate financial jugglery to make the consumer pay money in Period 2 for a block of production (or the use of it) of which he had virtually paid the cost during Period 1. But, by reason of the multiplicity of the actual transactions involved, this fact is hidden not only from the consumer, but from the very administrators themselves. Is it not only too plausible that if "A" pays money to "B" for business goods, he must put that money down as a cost and recover it in price. And is it not equally plausible that B, having adventured money in the making of such goods, should benefit by taking A's money for them? Nevertheless, in so far as these transactions relate to a total volume of carried-over production such as we have examined, they consist in the passing forward from one business to another of a cost which cannot possibly be paid on the retailer's counter at the end of its journey. In a word, the "internal market" of business organisations is largely a clearing house for the passing on of irrecoverable debits from one firm's ledger to another. That goods change hands coincidentally, and that they thereby go forward a stage towards utility, is irrelevant to the fact that when they are finished there will be no purchaser for the bulk of them.

This is one angle from which to consider Major Douglas's much-controverted A + B theorem. We need not discuss it in detail: we need simply remind the reader that it draws a fundamental distinction between the money any firm distributes as wages, salaries, and dividends, and the money it pays to other firms for goods and services. The first, he says, will function as consumer demand: the second—to paraphrase on our own responsibility—is on its way to the banking crematorium.

Marital Obedience.

A picture in *Punch* portrays a garrulous husband, newspaper in hand, haranguing his wife as follows:—

He: "Haven't I for years been saying if they want the ordinary man to understand them they must make the language of the Income Tax Acts simpler? You've heard me say that over and over again. And now at last I see they are going to do it."

She: "Poor lamb! Then you won't be able to keep on saying it."

A man who marries a wife commits himself for better or worse to the care of a psycho-analytic practitioner. The ultimate springs of his every interest and act are laid bare to him with unfailing patience and unerring accuracy by his life-partner. "Nagging" he may call it, but that is a cheap way of avoiding the admission that it is a treatment, and a mean way of evading the realisation that he is getting free of charge what less fortunate people pay fees for to experts like Adler, Jung, and Freud. It is indeed a refractory male neurosis that can resist the erosion of a wife's memory.

Naturally, between the treatments, the husband seeks compensation. It has frequently been observed that the most "hen-pecked" man is the most dictatorial and truculent man—outside the consulting room, that is, away from home. Yet, the *mystery* of marriage is the dissolution of male complexes.

This has an immediate bearing on the controversy about the omission of the word "obey" from the marriage service. Postulate that the factor of Love has already been bestowed by the woman, she is by that token the destined psycho-analytic practitioner for that particular man. Therefore, for her to say, "I love this man, but I will not promise to obey him," is equivalent to her saying "I love this man, but I distrust my power of training him to be worthy of my obedience." She thus ignores the fact that in undertaking to cure him of his neuroses, she is undertaking to qualify him for leadership. For it must be remembered that she has neuroses of her own and does not lose them in the process of psycho-analysing her husband. She leaves unattended her own psychological defects in order to remove his. Insofar as she succeeds she confers on him the right of the casting vote. In fact, the only justification of her "treating" him at all is that she intends to obey him. And why not? In a fundamental sense her obedience is to herself. Her husband is merely the purified channel through which she receives unsullied the commands proceeding out of her own inspiration.

This conclusion gains all the more force when a hitherto omitted factor in the situation is brought into consideration—namely, the love which the man bears to the woman, the emotion which impels him to desire for her what she desires for herself. And the arrival of children finally crowns it. The mother quickly realises that the right she enjoys of commanding their obedience is more often an embarrassment than a privilege.

This reasoning, of course, applies only to the relations of the masculine man with the feminine woman, to the love-marriages of normal couples. There remain a negligible minority of physical and cerebral homosexuals; and it is from these that the agitation for an altered marriage formula primarily proceeds, and is listened to by the Church. It is logical enough. Why should a man-woman obey a woman-man? The he-she has at best an impaired faculty for psycho-analysing; while the she-he cannot be expected to put up with the treatment. Neither is the *opposite* of anything. These are the last people in them. They are sterile. These are the last people whose ideals should be embodied in a marriage ritual. They are the hard cases that make bad law.

HERBERT RIVERS.

Views and Reviews.

SCHOOLING.

In view of the well-known fact that more dull books are to be found in the educational section than anywhere else, a bright one has to be celebrated if only by disputing its foundations. To give Messrs. Kegan Paul's "To-day and To-morrow" series its due, the volumes are a well-written lot, which, however little they add to our wisdom, add much to our entertainment. "The Future of Education"* comes from an author with a fluent and satirical hand, and no illusions on his own subject of education, though perhaps one's own subject is precisely where one ought to have some illusions, if only those called ideals. The author describes himself as a realist, and confirms by his writing the generally but unconsciously accepted definition of a realist as one who believes that everything will change except the economic system.

Because Dr. Pink is a realist he excludes the organisation of the public schools and the universities of Oxford and Cambridge from his discussion of the future of education, not on the ground that they belong only to the history of education, but on the ground that they are independent of public control, will do what they like anyway, and are none of our business. What really forms the educational system is the reservoir from which the Federation of British Industries draws its human material, which has to be accommodated to the market for it. Dr. Pink is not asleep to these implications of his treatise. Being a realist, however, he sees also the futility of arguing with the economic system, which amounts to a confession, for all who know much about the economic system, of the hopelessness of arguing with the educated people who control it.

The sense of failure attached to the contemplation of our schools at the present time arises from the failure of something far deeper in our life than education. Our tradition, which, by linking us with the past, threw its projections into the future, outlining our goal and pointing our direction, has been swept away. Women claim all labour for their province at the same time as young people of both sexes claim all experience as their right. For a century most of our education was designed and demanded for the sole purpose of getting a better job. Economic prosperity gave scope for such an aim. Cities rapidly growing in size absorbed the children of craftsmen and artisans as clerks, bookkeepers, or accountants, and the demand for these created a demand for teachers, causing thousands of schools to be set up entirely outside the controlled educational system. Commercial and correspondence schools—they said so as a rule quite unashamed—attracted their pupils and their fees by the prospect of a collar and tie. To soil one's hands at work became a mark of low-caste.

The reply of the degraded was to demand education for all. Though one man might have to be a navy and another a ledger-clerk, the navy could, at least, be taught the same refined speech, and to hide his hard hands in gloves or pockets. Dr. Pink clearly sees the idiocy of forcing children who hate academics, but who are practical adepts by second nature, to submit to the boredom of book-learning either for democracy's lunatic faith in equal education for all, or for the sake of not appearing inferior to dunderheads with no talents except a facile memory and a glib tongue. He quotes Lord Eustace Percy to the effect that the working man's

* "Procrustes, or the Future of Education." By M. Alderton Pink. (Kegan Paul. 2s. 6d.)

present desire to get his son into a black coat and away from skilled manual labour, "is a most extraordinary mistake," which phrase, by the way, does not flatter the culture of Lord Eustace Percy; Dr. Pink endorses Mr. Philip Snowden's view that "education is a failure unless it inculcates the idea that . . . a working engineer, or carpenter, or weaver, is a more useful member of society than a commission agent." Nevertheless, since the economic system is eternal, unchanging, and omnipotent, Dr. Pink passes on. The obvious answer, which should be given, is that the economic system, by valuing a commission agent highly, and a working engineer—especially at present—at less than reasonable subsistence, is not only a failure, but must make a failure also of the education which it dominates.

Because of the economic system the educational system for the future, according to Dr. Pink, must result in a caste system from which the rich are exempt, except in their office of determining the standards for allocating caste to the less rich and the poor. By means of intelligence tests we shall find out what the children in *publicly controlled schools only* are fit for, and train them accordingly, from which their future economic, and therefore social, caste will follow. The lowest caste, destined to enter unskilled and semi-skilled occupations, will have to attend *compulsory* continuation schools, the object of whose classes

"will be not so much to teach the students any specific subjects as to keep them under disciplinary influences and develop in them the sense of personal and civic responsibility."

That Dr. Pink takes it as a matter of course that "financial stringency will delay progress for some years" is the first good service I have been able to see in financial stringency. Such a system is not education at all; it is a sketch of humane slavery mistaken for Utopia; line for line it is perfectly adapted for use in the Servile State and for nothing else.

It is by no means unusual for right educational values to be rendered a danger rather than a help by wrong economic values. Invariably in these schemes the children of the poor are regarded as experimental raw-material, teachers as engineers, and the rich as directors. This is what the word "plutocracy" was designed to describe, and it is amazing that so many of the educated are blind to the fact. For such work as that of Dr. Cyril Burt in giving vocational guidance to London school-children, although the cases are as yet too few to draw final conclusions, respect is unquestionably due. I do not cast aspersions on Dr. Burt or in any way devalue his achievements if I protest against the too ready acceptance of an economic system owing to which children of public elementary schools are always the willy-nilly subjects of such work. Why should not Dr. Cyril Burt examine and report by means of intelligence tests on the public school-children destined for future Cabinets, generalships, and administrative offices? There seems no sound objection, democratic or otherwise, to the examination by intelligence tests of the whole of the existing Cabinet, or even the whole of the House of Commons, exempting only, on humane grounds, the House of Lords. If it were found that any member of the Government failed to show "that very high degree of intelligence required for the highest administrative posts," educators would at least have tested the intelligence tests, and could appropriately scrap them. In fact, of course, no such experiments will be made. The educational system is moulded to the economic system in the implication that the rich are beyond both. The poor exist for the nation as an economic entity, but the nation exists for the rich.

R. M.

Pluto and Plebs.

III.

THE DISHONOUR OF SOCIAL DEMOCRACY.

We began this series of articles by sketching the cancelling-out process whereby parliamentary democracy necessarily identifies itself with plutocratic monopoly. We have seen how it has inevitably come to pass that the men in the bank parlours are the real governors of our world to-day. We now complete our analysis by producing a kind of snapshot of Democracy in the very act of accomplishing the next stage of its development (or self-negation)—whereby it becomes "Social democracy," State-Socialism, or Collectivist Monopoly, controlled by international finance. (Marxian Communism we may set entirely aside, merely insisting, at present, that it must in no wise be confounded with the State-capitalism or "New Economic Policy" of the Neo-Leninists now prevailing in Soviet Russia—a State-capitalism typically, if not technically identical with that established in Italy by Mussolini.)

First let it be observed that—from the individual or personal standpoint of monopolised and monopolist alike—the specific differences between plutocratic and bureaucratic monopoly will in their working-out be found to be purely formal and fictitious (*ceteris paribus* of course). Put it in this way. To the small independent craftsman or shopkeeper, for instance, it matters not a hoot in hell whether he be chased out of his shop by a Selfridge, or absorbed by a Socialist State; in either event, *his* choice will lie between the workhouse, wage-slavery, or sheer starvation. Or prison. For if he should seek to cut the Gordian knot (and his own throat) with a razor, the very interesting fact will by condign chastisement be brought home to him, that "suicide" is strictly taboo in civilised Christendom, and that his miserable mortal existence itself is morally and legally presumed to be the inalienable property of Old Nobodaddy, Old Nick, the King or the Empire—it is uncertain of whom or of which; and it doesn't really matter.*

Put it in another way. The very *personnel* itself of capitalist trustification—the Mondes and Samuels and Isaacs and Rothermeres and Beaverbrooks and Ashfields, and all the others of that ilk—has nothing whatever to fear from official "Labour" in this country. It is simply a question of changing hats. Our Labour Party leaders—the MacDonald, Snowden, Thomas, Henderson, and Clynes brigade—have long since graduated from crude and somewhat disreputable rebels to Cabinet Ministers, Pillars of Empire, and lickspittles-in-ordinary of Big Business and High Finance; while the rank and file have brilliantly matriculated in the parliamentary *Alma Mater*. So why worry?

The pitch has been beautifully queered. These leaders have been carefully selected by their dupes for "political ability" in the British and democratic sense—that is to say, the ability to get themselves nominated, advertised, applauded and elected. *Voilà tout!* Inevitably they are ultra-subservient folk, amenable to discipline, altogether free from dangerous originality; nothing would so readily disqualify them for office as genius of any kind—above all, genius in statesmanship!

So they duly arrive at Westminster, *via* George-street or Eccleston-square. Now, suddenly they find themselves not only patted by the upstart pseudo-"Nobility-and-Gentry," but assailed by problems entirely different from the kind they have

* It is enormously significant that this particular superstition, *viz.*, that "suicide" is a felony (*felonia de se*) is at present maintained, in all its savagery and unashamed servility, by the British. The conception implies servitude in its completest form—a total abeyance of "The Rights of Man."

solved on the road to "power." Those were problems of politics; of underground influences and secret understandings; of speeches and charges and denials, and manipulated publicity; of favours done to the powerful, and promises made to the rest.

But these problems that fall thick upon them at Westminster are problems of economics; they have to do with land-ownership, raw materials, coal mines, water power, production, competition, transportation, navigation, aviation, arbitration, distribution, marketing and finance; they involve esoteric details intelligible only to specialists. So the Labour Parliamentarians are compelled to surrender themselves to the "experts"; and these experts are patently the creatures of the Capitalistic Mumbo-Jumbo, and of its hierophants. In these circumstances, bribery and blackmail on a wholesale scale are quite unnecessary; they are held in reserve, however, in case the other expedient fails. But it will not fail. The experts *alone and unaided* can be safely trusted to decoy the blind leaders of the blind into the ditch prepared for their reception.

All remember the innocence with which Ramsay MacDonald tumbled headlong into the preposterous booby-trap, in the shape of the forged Zinovieff letter, cunningly set for his (temporary) political destruction by the *permanent officials* of the Foreign Office (with the kind assistance of the *Daily Mail*). Here we have a passable example of the actual working of the "expert" trick. MacDonald had been permitted to take "power" for a certain specific purpose; that purpose (as we shall see) had been accomplished; and the order went forth for his eclipse.

The function of the politician is to serve the rulers and deceive the ruled. And the real ruling class—this country is fully alive to the exceeding value—*ad captandum vulgus*—of revolutionary tub-thumping on appropriate occasions. Revolutionary gibble-gabble is the best possible safeguard against revolutionary activity. Bernard Shaw has called the Red Flag (in its musical aspect) "the funeral march of a fried eel": from the political point of view it might be suitably described, in similar piscatorial phraseology, as a red herring. The editor of THE NEW AGE has recently driven the point right home by his comment on Comrade Oswald Mosley: "Like all Labour leaders with political ambitions, he must foster anti-Capitalist sentiment among his constituents while taking great care to discourage anti-capitalist action on their part." (This was in reference to Mosley's gratuitous attack on the Douglas Social Credit theorem at the I.L.P. Conference.)

In this galley, too, we find Comrade Wheatley and his I.L.P. friends, with their famous (and infatuous) plan of taxing "huge incomes" to extinction. Mere eyewash! So far taxation has only hit one class of rich man—the landowner, who is sometimes (yea, even in these days of *bourgeois* degeneration!) a finely bred gentleman, and who, in any case, cannot normally juggle with finance. The capitalists are richer than ever; and *so long as the banks work hand in hand with them* they are well away with the loot.

So long as the banks work hand in hand with them: in this proviso lies the key to the entire situation. While this fundamental issue remains untackled, it is both idle and ridiculous to expect that the pious Evangelical aspirations and hysterical buffle-headed Maxtons and Kirkwoods and Joneses and Lansburys—with the entire Ginger Club thrown in—could mitigate, under any possible circumstances, the fecal conglomerate of corruption, graft, stupidity, insolence and knavery that forms the very marrow and substance of our secondary (or surface) system of "Parliamentary Government"—a "monstrous regiment" of slick and smiling hand-shakers, shoulder-slappers and baby-kissers (bound to silence

in the things that really matter by lumpish ignorance, professional etiquette, *esprit de corps*, or the Official Secrets Act; fervent in lip-loyalty to a "Constitution" which they can not (or dare not) define; and as rich in pie-crust promises, as a weather-bureau.

SAMUEL F. DARWIN FOX.

Recent Poetry.

Gerald Gould: E. E. Bradford.

Most publishers advertise their geese as swans, ceaselessly imposing on the public, and selling their books on false pretences. Few firms in this country have less need to do anything of the kind than Messrs. Ernest Benn, and it is deplorable to see them "boosting" their authors in terms which will supply a sorry commentary on British publishing if called to mind a few years hence. This is not to contend that they shouldn't publish these books; but they owe it to their status as publishers to advertise them in a way which shows some sense of literary values.

With regard to French poetry it has been said that there are at least 32 recent French poets whose work deserves to be read in full, or at least in ample selections: Corbière, Paul Fort, Gourmont Guérin, Jammes, Laforgue, Mallarmé, Moréas, Mme. de Noailles, Régner, Rimbaud, Samain, Tailhade, Valéry, Verhaeren, Verlaine, Vielé-Griffin, Bernard, Carco, Claudel, Cocteau, Derème, Duhamel, Jacob, Klingsor, Maurras, Morand, Pellerin, Romain, Spire, Toulet and Vildrac.

Contemporaneous British poetry makes a relatively poor showing. Is there half that number of poets on whose behalf we could claim that "their work deserves to be read in full, or at least in ample selections," by French readers? Consider the question in the light of Messrs. Benn's *Augustan Poets* which now number sixty, of whom about half are living. Surely no one can contend that William Canton, J. A. Chapman, Dora Sigerson-Shorter, F. W. Harvey, Rose Macaulay, and Eden Phillpotts meet the test. Yet they are included. Not yet included, however (it may be for copyright reasons), are Lascelles Abercrombie, Charles Williams, Thomas Hardy, "Michael Field," "A. E.," Kipling, Housman, James Stephens, D. H. Lawrence, Victor Branford, F. M. Ford, and a score of others with claims as indubitable as most of the living already there. Then such dead are left out as Charles Doughty and Flecker. Whitman being included, American poets should be on the same basis as English; that would add at least another dozen. Modern poetry in English above a certain level is far less diversified than French. Taking all our "Georgians, post Georgians, bye-Georgians, and anti-Georgians," with their American, Irish, and Scottish peers, a representative list of fifty might be secured which could be put forward against the leading fifty represented in Vassière's *Anthologie Poétique Du XXe Siecle*. Only fifteen of the latter are listed in my thirty-two, most of these having been in Leautaud and Van Bever's *Poètes d'Aujourd'hui*; the others would include Chennevrière, Jouvre, Arcos, Camo, Derennes, Magallon, Mazade, Martinet, Durtain, Salmon, Aragon, Fagus, and Grolleau. But to make up for the relative sameness of our fifty we should certainly have to include T. S. Eliot, Marianne Moore, Richard Aldington, Douglas Garman, and Herbert Read, and be just to dialect work and to the younger Scottish and Irish poets in a fashion at variance with the general practice of English Anthologists and editors of *Georgian Poetry* and *Augustan Poets*. Indeed, I am not sure that we should not be better to ignore all those included in these two collections in compiling our list of Britain's most significant living poets.

As Arnold Bennett once said, no one knows who will be regarded as the greatest poets of our age a century or two after this, but, at least, we do know who will not. They include all the Hon. E. Marsh's "finds." They also include A. St. John Adcock, whom *Europa* 1926, for some unfathomable reason, singles out while excluding almost everybody else. They also include Gerald Gould, whose latest book *Beauty the Pilgrim* (Ernest Benn) has had a press which is an astonishing reflection on contemporary book-reviewing. Much space has been given to him in influential newspapers whose files will show a century hence that they missed or misprized most things of significance. His publishers say that he is "known to a great public as a writer of charming and appealing verse." So is John Oxenham. So was the late Ella Wheeler Wilcox. It means nothing. But they go on to say "Wanderthirst" has gained him a renown such as only few living poets have." That is utter rubbish. They have not even included him in their own series. Think of him in relation to the names already mentioned. He is less than the least of them, and scores of others not mentioned are greater than he is in output if indistinguishable in kind. He deals exclusively in a generalised Georgianism, wholly descriptive and non-synthetic; and is nowhere distinctive either in matter or manner. Is this sort of thing worth writing or reading at this time of day?

"a silver bowl abrim,
With silver shadow where quick sparkles swim,
As fireflies lace with light the summer hedge
—A haze of mingled noon and evening hours,
A precipice of quiet—trees like flowers. . . ."

Nonsense! Compare the case of Dr. E. E. Bradford. Thanks to Press boosting, hundreds of people know Gould for every one that has heard of Bradford. Gould's work belongs to the great body of what Sir William Watson calls "scriptive" poetry; it corresponds to the popular idea of what is poetical—which is generally most anti-poetic. Bradford's, however, is of a kind that can answer to Herbert Read's criterion: viz., the quality of intelligence, of "direct apprehension" inherent in it. The values Dr. Bradford apprehends are unpopular, and popularly regarded as prosaic and anti-poetic. His personality is not sufficiently intense to create great poetry; but where the great majority of versifiers have a deplorable sameness—where a single kind of poetry has been tremendously overcultivated at the expense of the others—his comparative rarity of kind gives him special interest. His work is full of direct grappling with the problems of the age, hard thinking, common sense, plain statement, no flowers, and no monkey tricks; virile, useful work, opposed to the circumscription of poetry to mere lyricism. It is a thousand times better to be a platinarian with Dr. Bradford than a "poet" with Gerald Gould.

His new book, *The Kingdom Within You* (Kegan Paul, 3s. 6d.), is not so characteristic as his last, *The Tree of Knowledge*, in which, tracing the history of a young mind from childhood to manhood, he contrived to traverse in spirited and colloquial verse most of the vital ethical, moral, and religious problems of the day; but it is full of sincere work, of a piece with his whole output. This is his ninth volume; it is time he was receiving more recognition. Many of our "leading poets," including not a few I have named, would be greatly astonished if they could foresee how small they will look in comparison to Dr. Bradford yet. I should at any rate have no hesitation in putting the best of his work before a French friend—but Gerald Gould?—no fear!

HUGH McDIARMID.

Drama.

When Crummles Played: Lyric, Hammersmith.

Mr. Nigel Playfair may be trusted to discover the novelty. In this entertainment, after a prologue arranged by Mr. Playfair presenting the famous meeting between Nicholas Nickleby and the Crummles family of travelling players, the family performs Lillo's "George Barnwell" complete with skipping-rope hornpipe and other grand attractions between the acts to ease the weight of the tragedy. Finally, the poor duped Barnwell and the wicked Mrs. Millwood having been executed at Tyburn, the family blows away the clouds generated by the thought of divine justice with a roaring, tearing harlequinade of the knockabout sort, whereupon, to bring us to our senses and time, the actors, in *proprios personis* speak a half-apologetic epilogue by A. P. Herbert suggesting that the audience ought to be influenced to take Barnwell half-seriously by the fact that Dickens probably took him more or less so.

"George Barnwell," the record of a young man's progress from Heaven to Hell, is not a bad play. It certainly makes one wonder where on earth the Victorians got their idea that the theatre was a propagandist of immorality. George Barnwell, beloved by his master and his master's daughter, but way-laid by a lovely woman with wickedness stamped on every link of her, goes down that broad and easy path to perdition without there ever being a minute's doubt where the angels stand. In the "Remorse" scene, where he nearly throws Mrs. Millwood off, but is outwitted by her superior cunning, the audience ought to pray for, and sympathise with, the unlucky fellow. Only the hardest-hearted of theatre-goers could see Barnwell and Mrs. Millwood on the scaffold with the ropes round their necks without being convinced that virtue after all is the safest policy, though vice is more sociable. Throughout the play an unseemly choir seems to chant: Be sure your sins will find you out. Far as the piece is from the discussion drama, where every question has a hundred possible answers, it makes so powerful a case for industry, efficiency, and the renunciation of wine and flesh that it ought to be re-named George Barnwell Shaw.

Acted in the stage conventions of roughly a century ago—except where the actors forgot themselves and became moderns for a few lines—the play was designed to make us laugh at the comic crudity of a superseded histrionic. Yet its manner was the convention of the day of Coleridge, Lamb, and Hazlitt, and in my judgment there is a good deal to be said for it by contrast with some aspects of modern acting. These actors and producers of a century ago were not suffering from the illusion of reality, and never attempted to make the audience believe that the stage, instead of being make-believe, was a real drawing room or a real race-course. The "real-life" stage must become duller as it becomes more real, and Mr. Nigel Playfair has long recognised the fact in his efforts to get away from the natural world into a world of the theatre. Even the condemned man stepping down from the scaffold to the front of the stage—the hangman paying out a longer rope—to deliver his final oration, drew from me only the smile that betrays two-mindedness. Notwithstanding the blackness of the black, and the whiteness of the white, not to mention the hardness of the divinsane cacklers about me of our frightful superiority over these early Victorians. Mr. Playfair explains in the programme that he does "not intend the audience to think either that the Crummles family were bad actors in their fashion, or that Lillo wrote a bad play." The actors engaged in this production endorse his sincerity; they made me question whether the original Crummles family would have been any-

thing like so good. Ernest Thesiger, playing Barnwell, sincerely and seriously, intelligently deprived the thoughtful members of the audience of all fun except what they were meant to have, while Wilfred Shine as Crummles Senior, and later as Thorowgood, Barnwell's kindly but ill-served master, gave a fine rendering of the touring actor-manager for whom every transaction of life, on or off the stage, is a chance for acting. Mrs. Millwood, the serpent in the garden, was played with the necessary colour by Miriam Lewes, and her servant Lucy by Nadine March in a performance that must be reckoned a great success for this young actress.

The White Blackbird: Playroom Six.

The revival of Mr. Lennox Robinson's "White-headed Boy" revived also the hope that the author might prove a comedy genius. His "White Blackbird" does not distinguish him from blackbirds in general. I do not hold the production of the Playroom Six in the least responsible for the unsatisfied hunger with which the play left me. The theme is commonplace, or, rather, most of the themes are commonplace, for themes are taken up and dropped until nothing is left but the tragedy of a self-conscious prig in whom an incestuous love has been awakened. That incident, which practically destroys the possibility of commercial production, is actually the most artistic in the play, having been foregrounded delicately almost from the beginning.

The White-headed Boy differed from the rest of his family in being a waster; the White Blackbird differs in being the only member of the family with native strength of character and a purpose in life. But white blackbirds on the stage are far too plentiful, and are worth, artistically, little more than any of the "If Christ came to Chicago" pamphlets. If Christ came to the Naynoes' sitting-room He would not mistake it for a place where £5,000 a year was being spent, whether obtained legitimately or otherwise. All the same, it was; but when William got his rights and all his dead father's money that his mother, step-father, step-sisters, and step-brothers were spending in riotous living, he began to set their house in order, much against their will.

Only one of the family, Bella, aged seventeen, responded by showing that she also had character, the rest of the family proving either of no consequence or out-and-out rotters. William, in spite of a full life, a copper mine, and a pianola to keep him occupied, fell in love with his half-sister, Bella, who went to sleep like a good girl while hearing about it. The play is not comedy, not melodrama, not tragedy. It is not all three. The first act contains clichés that the Irish Players could not put life into. When the author makes a good joke—for example, where the mother cries that she will be turned out on the streets without a penny, and Bella answers that mother couldn't earn a living there—he repeats it three times in the first act and again in the second. He even perpetrates the chestnut about singing in one's bath.

It will continue—let us hope—to be the fate of the Playroom Six to act as the porch of the bigger theatres, and to lose their actor and actress finds within a very short time from making them. At the Playroom a piece runs for a few weeks only, yet the cast is invaded, and its outstanding members won by capture for other theatres in the middle of the run. The actor who played William Terence O'Brien was new to the part, but, apart from obviously having to go very steadily, made a good job of it. As Mrs. Naynoe, self-righteous and garrulous, Margaret Emden was in a class to herself. In spite of this, the most striking figure in this production was Helena Pickard as the seventeen-year-old Bella. It is not necessary to allege that it was a perfect performance, or that it reflected complete mastery of technique. The strength of character, for instance,

was manifest in the text earlier, and to a greater extent than in the actress's manner. She will need also care to attain complete purity of articulation and to avoid the mincing drawing room speech of West Kensington. Her scene with William in the last act, when the confession of forbidden love was made, was beautiful.

PAUL BANKS.

The Future.

By A. B. Fletcher, M.A.

I.
The instability of all thought and of the condition of the mental and social life of to-day is so markedly obvious that a meaning must lie in it which may be read. Some have deciphered Red Revolution and Despair. Others have found a message of gladness; a promise of gentle reform; the Brotherhood of Man, and an Age of Gold. To each his choice. It is a weakness of both forecasts, however, that Nature is not given a place among the parties to the suit, although she is the creator of the matter debated and the director of its course as well. In many things her silent power and presence have remained unnoticed too long; a circumstance which may be the cause of many things which are pensively regarded as regrettable happenings to-day.

Leaving aside for a moment these forecasts, there is a phenomenon from which a prophetic pronouncement might be formulated. It is a universally patent phenomenon, and it may be broadly designated as a state of unstable equilibrium in thought; a non-rhythmic, non-poised, unsteady movement of the human mind; and it finds concrete expression in a state of restlessness not only in the social sphere but in the more strictly philosophic outlook upon life as well. It is an abnormal condition of thought, whimsically destructive and creative at one and the same time; and it may be found in evidence wherever fresh knowledge is being daily poured in without time being given to digest the old before the new. From all sides there come issuing daily, shapeless chunks of prematurely born knowledge—facts each item of which might be supposed to contain in itself sufficient matter for serious thought to found a faculty in a college if it were to be thoroughly understood. That this is the root cause of the prevailing mental instability is not averred. But it tends to heighten the confusion. No time being allowed for considered thought, no time is any longer required. Mere impression suffices; and judgment, superficial but final, follows before the impression is dry.

The characteristic, then, most in evidence in the operations of human mentality of to-day is a growing thinness of accomplishment; a scattering of mental energy over wide and unknown regions, and a multiplying of phenomena; all of which imply a slackening of cohesion in thought.—In the physical world when a disharmony such as disease brings freakish and quarrelsome conditions to pass, Nature, always moving forward in a straight path, at first proceeds to cover up the abnormal and diseased condition with a new growth, and if the patient fails to respond to this straightforward treatment she does not trouble further about it, but permits the patient to die. Then the diseased thing ceases to be. A rotting process speedily sets in; particles falling away from particles, each seeking its simplest form; its position of most stable equilibrium; its position of greatest rest. This then is Death. This is Nature's way, and it is inevitable, operating in the mental as well as in the purely physical sphere. Nature's idea of propriety is a sequenced routine resulting in a stable equilibrium, and any departure from this way means disharmony and, finally, death.

The vanishing cohesion in mature and sanely balanced thought, then, must be regarded as a sign

of decay; decay not merely of a social system, but of a civilisation whose mental resources have become exhausted and which is only kept from coming to an immediate end by its momentum. A civilisation is one of Nature's measuring rods; the one by which she measures the progress of human mentality as she measures by her roughly defined geological time-spaces the progress of activity and decay in a more purely physical sphere. Sturdy vigour, non-altruistic, often cruel, heedless of the weak, favourable to the strong; these are the characteristics which mark the beginning of a civilisation; while a lassitude of thought, urged to spasmodic stimulation by forced spurts spreading weakly and thinly out into most unexpected channels, and vanishing fretfully before accomplishment, are the marks of the end. A belief unconsciously held, but like a steel rod running through the central thought is implied in the one stage; and a vanishing of belief, a limpness of the central thought which has become too tired to cherish unbelief is implied in the other. Grip and the slackening of grip each occurring at the appointed time. A civilisation may be regarded then as the wave length of Nature's mental ebb and flow. It also defines the limits beyond which the range of man's restlessness intellect shall not for the time go.

It is a strange thing that man, with his sane tendency to exercise his doubting commonsense in all matters relating to his material welfare, should, while ostensibly recognising the sway of Nature and his own place therein, fail to recognise that his mental achievements in other domains must be conditioned by Nature's inexorable laws as well. Moreover, he fails to recognise that the limits within which his mental activities may safely operate are laid down for him by Nature in a manner unmistakably plain. What is slightly known as common-sense is Nature's rude yet true measure of conduct, and a true sanity of conduct ensues only when man's mental activities lie well within the scale of that natural and simple measuring rod. It is when man urges his mental activities beyond these limits that instability ensues in the domain of thought; when, restless and weary of his earth-conditioned environment he sets himself to create a new environment; to peer with dimly-seeing eyes into the unknown. In the restless thought-world of to-day, theories having as their aim an almost perfect state of social beatitude may be regarded as indications of mental activity which has passed out from the limits prescribed by Nature's measuring rod; as also the naive yet startling pronouncements of those who, without definite knowledge, presuppose a conscious future existence and proceed to people it with their dead relatives and acquaintances with whom they profess to hold a kind of wireless converse of a nature of trivially inverse proportion to the vast power they profess to wield. These—to mention only two instances—may be taken to represent mental activity in a state of unstable equilibrium. That is the characteristic which shows up so threateningly in the thought-world of to-day. Mentality making kangaroo leaps into unmeasured spaces without deigning to wait until Nature comes stolidly up with her aid. Man's mentality has outstripped Nature, and in a manner greatly daring is seeking to create worlds of its own.

"In Iowa, following an agreed policy, nineteen banks closed in one day. This action was agreed upon for the purpose of obtaining time-waivers upon deposit withdrawals and of reorganising, in some instances with new capital, thereby continuing banking service in the communities, conserving assets, and saving the good-will value of the institutions as going concerns. . . . Although the State has passed through a severe experience and a good many individuals have been hurt beyond recovery, the actual value of the farms is as great as ever."

National City Co. Bulletin, Dec., 1926.

Reviews.

Yachting and Yachtsmen. By W. Dodgson Bowman. (Geoffrey Bles. 16s.)

This excellent and industrious author much enlivens his pages with a quite incredible yarn, which is obviously true, of how E. F. Knight, of *The Times*, beleaguered off Cuba in the Spanish American War by a censorious Yankee patrol, pushed a flat-bottomed punt three miles through the teeth of a gale to the shore, and after shipping twenty-four hours of salt water, entered Havana in state as a Spanish prisoner—ominous title! Then he tells us how Lord Dunraven missed Ireland altogether once, and would no doubt have reached the lands where the jumbies live if some kind friend in the middle of the Atlantic had not put him right. And what of Walter Runciman, laying lustily about him with a hand-spike in the good old clipper days, all among piebald crews and rotten potatoes? What of the Dukes of Portland and Leeds, the Marquess of Ailsa, Lord Birkenhead (that first-class bray), Tommy Lipton, Old Uncle Tom Cobleigh, and all? Noted yachtsmen, duly noted, and approved. We like to hear about 'em.

Cavour. From the French of Maurice Palaeologue: translated by Ian F. D. Morrow. (Benn. 18s.)

It is, one supposes, sheer gain that the average Englishman, if he hears the word "Italy" to-day, thinks first of a beetle-browed and scowling Dago Hohenzollern, ordering all sorts of complete strangers to live *ad magnam perturbationem Regis et pacis suae*, and only secondly of ice-cream and languiscent opera and the young chap from Cook's. Mussolini has taught even the man at the corner of the street, who has always had an affection for bright-eyed, black-moustachioed Ernie and his tea-sandwiches, to think of Italy as a one-man business, and it is a sad reflection on the way destiny messes up our arrangements that this strange politico-social runt, whose methods would have made Cavour sick, should have actually done the job of re-unifying the Italian nation after the heirs to Cavour's Liberalism had undone it with the little bodkin of corruption, M. Palaeologue, so well translated that there is nothing to notice—and who wants higher praise for Cavour, fire and ice at need, but solid all the time, in the saddle, but coolly pushing his twopenny-pean chorus. The remarkable decision, after the defeat of Novara, to snatch the laurels of military glory from an entirely unjustified intervention in the Crimea, amazes us to-day with the cheek of it. What right have small nations to go fighting anybody? But Cavour knew what he wanted; and it is a pity, seeing how cleverly he checkmated Garibaldi's rough, red-shirted work in Naples, that he is not alive now to make civilised citizens of the Black Shirts.

"May 14, 1927, has proved a 'Black Friday' for German speculators. In the course of an hour the market value of listed stocks and shares declined, according to computation, by 300 million marks. . . . From the popular point of view it was the Reichsbank President that gave the *coup de grâce*, by calling together the representatives of the leading banks, and counselling—some say insisting upon—their reducing carry-over credits by 25 per cent. . . . It is even whispered that the Agent-General for Reparations, Mr. Parker Gilbert, had dropped the hint to Dr. Schacht that in order that exaggerated impressions of the wealth of Germany should not be created abroad, it would be well to take measures for checking of Bourse speculation. . . . The crisis spells complete ruin to thousands of smaller speculators, and has hit the larger ones very hard."—*The Statist*, May 21, 1927.

The Pound and Its Progeny.

McKenna has revolutionised popular concept of the nature of money. It was a strange concept. Everyone thought that all bank loans had to come out of the past savings of private individuals. This was equivalent to thinking that, for instance, a motor-car could not be efficient unless it was second-hand. New construction could only be carried out by means of second-hand money. This is obviously absurd, for nothing can be second-hand without having previously been first-hand. All money now figuring as savings—that is, past earnings—must have begun its existence at some moment or other: and at that moment it could not have been earned. It was then new. Only one condition could cause new money to be earned money at the moment of its creation, and that would be if producers had been permitted to print money simultaneously with the manufacture of goods. That has never been done. The banks alone have created money, and only subsequently has industry set to work to earn it—i.e., to produce the real wealth which would answer to the new money.

To illustrate this. Take the typewriter industry. Supposing one observed that the production of typewriting machines progressed from 900 to 2,000 in a period of, say, five years, and upon asking how this increase had been achieved was told that all the new machines were built up of parts of older ones; that a new typewriter would not work properly if it was new—that it must be a "re-built model" (as the trade terms it)—that all the type, levers, and springs must have been used before. Prodigious!

But multiply the 900 and the 2,000 by one million, and instead of typewriters call the result Pounds Sterling and the result will be a statement of the stock of money in Great Britain in 1914 and 1920 respectively. Two thousand million pounds earned and saved in six years out of nine hundred million pounds! The smaller amount "re-built" into the larger! The more "second-hand" the original money the larger it grows.

Yet people were encouraged to believe in this magic: and they did believe in it. No wonder, when they daily had dinned into their ears statements such as that "Saved money grows"—"Your savings will double themselves" in "twenty," "fifteen," or so many "years"—"Your 15s. invested in a Savings Certificate will become 20s." As if Pound Notes would have babies if you didn't spend them. Yet that was the implication of these financial exhortations to save. Even so, the apostles of this magic doctrine contradicted themselves, for if you had said to them, "If money will increase and multiply by not being spent, isn't the very surest way of not spending it and getting the highest return to stuff it in a stocking and push it under the mattress?" They would have earnestly tried to convict you of heresy. "No," they would say, "it will only increase if you lend it to someone (or some institution) who will use it." "Using" is the only true saying, then. "Using" is the perfect method of *not spending*! Can anyone make a sense of it as a theory? No. But can anyone imagine a plausible explanation why the theory has been wanted mulgated? Yes. What these financial apostles wanted was not to prevent your money from being spent, but to prevent its being spent *your way*—that is to say, *on yourself*. It is clear that whether you spend £1 on consuming something or invest it in a productive enterprise, or deposit it in the bank, it is going to be spent. The difference is that of the *purpose* of the spending—whether it shall be on Consumption or on production. If on Consumption, you are told, the money is gone. If on Production, it is here and grows.

Is it true? Well, go round England to-day and ask any manufacturer how the money he sunk into his enterprise is growing—how the little baby Pounds are thriving and how soon they will cut their first dividend. If he is a patient man he will tell you that if any of his pounds ever had any family, both parents must have died at the birth of the first child—for he has lost a good half of what he started with. So the Pounds are sterile after all—and, to add insult to injury, mortal into the bargain. Where do they go when they die, then? And, much more pertinent, if they do die, why not spend them quickly on something that one can enjoy before they depart this life?

We come back to Mr. McKenna. What he has said about money is not new. It has been said insistently for many years. But Mr. McKenna has a name and a reputation, and his statements will be heeded when those of his predecessors will not. He has said that the total money in any country cannot alter in amount except by the action of the banks in adding to it or subtracting from it. Every bank loan, he says, creates a deposit, and every repayment of such

a loan destroys a deposit. Money does not grow. A million pounds will not become even a million and one pounds unless the banks create the additional pound.

No person's savings are necessary to enable the banks to finance new production. It is exactly the opposite. New creations of bank credit are necessary to supply people with increased earnings. Savings do not make loans possible: it is loans which make savings possible. Then, too, there is no cost involved in the creation of money for loans. Credit is created by book entries in the banking system. Therefore there is no limit to the quantity of credit that can be issued. There is only a limit to the quantity that can be used. And the index of that quantity is the power of the community to produce consumable goods or the means of making those goods. That power has been brought to such a pitch that if it were fully exerted any civilised community would find itself presented with an astounding new problem—namely, how to bring the volume and pace of its consumption up to the volume and pace of its production. It would find that new financial credits would have to be distributed not only as loans to producers, but also—and in a progressively increasing proportion—as free grants to consumers, so that they could keep up with the abundance of output.

The penurious citizen of the future will be a nuisance—not because he wants goods, but because he isn't buying them. He will be provided with money, not from humanitarian but purely business considerations. The industrial engineer will not be able to push ahead with improvements in process unless this fellow is told to go and buy, and given the means to buy. Work? Yes, let him work—if there is a job for him. But pay him to eat in any case, and if his service is required (which it probably won't be) he can be paid more still.

All trade begins, said Mr. Baldwin, with the giving of an order. The Standing Orders of the New Economic system are—to the community, that they shall give orders; and, to the banking system, that it shall supply the credit to make those orders effective. A. B.

Verse.

TO OUR LEADERS.

(After the style of a popular poet.)

O Ye who lead, what are we who follow to you?
Nought but the force which gave the power that is not your due;
Because we were fools when we promised, because we
believed when you lied,
Because all the time we knew if we asked the answer would
be denied.

For so it is, and 'tis thus it has ever been,
We ask of you a man and only a ghost is seen,
And should we demand a proof of that power, you give us
a puppet show,
And again if we ask you why? or when? you say that you
do not know.

O years to come, 'tis in these that we put our trust,
Ere the wood should rot, or the steel get eaten by rust,
We do not want the words of a saint, or the tales of one
who can plan,
We ask, in exchange for the power we give, for the word
of a man. A. R. U.

LETTER TO THE EDITOR.

NEOPHOBIA.

Sir,—Mr. Darwin Fox reminds us that "Anatole France bemoaned the neophobia of the crowd." But I suggest that the feeling of the crowd is not at bottom neophobia; it is phob' alopecody. (I disclaim any intention of punning this time, but must retain the metaphor because it expresses the essence of my argument.) What the crowd fears is the encroachment of the cunning, not mere novelty. It would willingly follow wise leaders—if it could discern them—into fresh woods and pastures new. But the mimicry of the misleaders is so clever, and the crowd has been taken in by it so often, that it is not surprising that it has become somewhat mistrustful of Lo here! and Lo there! Once bit, twice shy—often bitten, perennially suspicious. I rather hope that Mr. Fox will agree with me.

HAROLD W. H. HELBY.

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