

# THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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## NOTES OF THE WEEK.

The most pregnant item of news during the past week is that the Midland Bank, in its latest *Monthly Review*, has raised the issue of whether savings are desirable. The passage in the Circular reads as follows:—

"... as time passes we are being compelled to revise classical views as to the great desirability of saving as much as possible."

It occurs in a commentary on British and American foreign investments. In 1927 it appears that America invested abroad on balance 671 million dollars, or about £140 millions, and Great Britain £96 millions. These figures mean that Great Britain invested, per head of population, at nearly twice the rate of the Americans. The *Review* comments that this is a cumulative process under which the rest of the world is being supplied with goods and services on credit, and is becoming mortgaged to the two leading Anglo-Saxon countries. The *Review* does not elaborate the point, but no doubt will have more to say on the subject in future issues.

This is an encouraging sign of awakening wisdom in financial circles. Mr. McKenna's analyses of the loan-credit mechanism and his description of the origin and nature of credit were a necessary contribution to public education, but were of themselves valueless so long as his facts and arguments were not brought into relation with every-day economic activities. The present extension of his survey is a small step—but only a small step—towards establishing such a relationship. It is a roundabout sort of procedure to look abroad in search of a solution to a problem created at home; but better that than nothing. It at least broadens the basis of investigation, and keeps thought on the move. Mental restlessness is fresh air. Readers of this journal will know how to measure the significance of the new development. For the largest of the great banks even so much as to hint at the possibility that the first financial Commandment, "Thou shalt save," might

be unsound doctrine, is a circumstance fraught with tremendous implications and possibilities. The bankers have begun to revise their prayer-book.

*The Times* in its City Notes refers to Mr. Goodenough's address of June 22. That gentleman, while warning the public against ill-considered modifications of existing financial policy, is careful not to commit himself to promise them any rewards if they let it alone. He explains that currency and credit have negative rather than positive qualities, so that while an unsound system might do harm to trade, a sound system does it good only indirectly, by removing obstacles which would otherwise exist. That means that if you do not let the banker do what he likes, and things go wrong, it is clearly your fault; if you do, and things go wrong, it is not his fault, and therefore must be yours, if anybody's. Still, there need be no quarrelling: you can always sublimate your discontents into a moral censure of disembodied "obstacles." They cannot argue with you.

*The Times* remarks that "the state of the exchanges is the best practical guide as to whether currency is redundant or scarce," and that "bankers have learned that fact from many years of experience." This statement may pass with those who believe that exchange rates are inscribed in the heavens as rain-bows are painted. But there are a few people now who see in "the state of the exchanges" nothing more mysterious than the price-catalogue of the international credit monopoly. *The Times* proceeds:—

"It would not be right for them [the bankers] to abandon such a well-proved principle for regulating the supply of currency and credit."

This supplement to its first assertion invalidates it. The first assertion assumes that the credit dealer has to obey his price-list, the second assumes that he can alter it. Which is it? Either credit expands or contracts outside human control or else somebody can expand or contract it—that is to say, regulate it. And



if somebody regulates it he must do so by regulating its price—that is to say altering “the state of the exchanges.” So all this string of verbal mystification comes really to this: that the state of the exchanges is the best practical guide to the community as to whether and where the bankers have decided to make credit redundant or scarce. All this apart, there is a much more reliable criterion of credit scarcity. It can be put into five words: Full shops and empty purses.

Mr. Goodenough states that an increase in the “credit structure” can only be justified by a “corresponding expansion in real resources.” What is the game in introducing the terms “structure” and “real resources”? It savours of the old dodge of entering a cab by the rear door and leaving it by the off door to cheat the detectives. We must assume him to mean that the only justification of an increase in the issue of credit is a prior increase in quantity of production. Even this does not eliminate all ambiguity: for what kind of production is intended—all production or some special kind of production? But we will take leave to pin him down to *all* production, because that is what reasonable men and women must necessarily require him to mean before they give assent to his general proposition.

The proposition is a fair one. But now let us consider what happens when producers begin to qualify for receiving more credit. Take three products as instances: Cotton, grain and sugar. We invite Mr. Goodenough to point to any case where a bumper harvest has been followed by an increase of credit. Our information is that the effect in every case has been a decrease of credit. The good harvest caused a slump in price, upon which the bankers got nervous about the security of their loans and hastened to recall them. We will grant that subsequently they re-issued *some* credit; but consider for what purpose and on what conditions: to enable the producers to *hold the extra production off the market*; also to enable them to plant a new crop, but only on condition that they *reduced the acreage* they planted. The net effect was that instead of production increasing credit credit was used to decrease production.

We can now see a reason why Mr. Goodenough used the term “real resources” and not “production.” What he meant by “real resources” has no necessary reference to quantity of production at all. It rather has reference to *modes of regulating* production. And only too often producers have qualified for receiving bank credit by actually destroying real physical wealth (e.g., the shooting of calves in the Argentine and the burning of corn for fuel). There is no mystery about the matter. The destruction of goods means a rise in the prices of those which remain. And the rise can grow out of all proportion to the reduction in quantity as carried nearer the point of actual scarcity. Naturally the banker, as a lender of credit, is exclusively interested in the borrower's ability to squeeze money out of the community, and is not concerned to foster his ability to push goods into the community. To the credit-monopolist everything is a “real resource,” which is an effective “revenue-earning asset.” Guarantee that you can extract money out of the community, and no matter how you propose to do it, you can borrow credit. Years ago, in a private discussion, we heard a banker say, in reference to a hypothetical case of a bank's financing an oil-prospecting syndicate: “As a banker it does not matter to me if not a drop of oil is ever produced so long as the security covers my loan.” No one will dissent from the proposition that so far as the general well-being of the community is concerned, no increase in production is of the slightest use unless the extra products are marketed. Therefore a credit system which first stimulates pro-

duction and then restricts the distribution of the product may just as well cease functioning at all.

“Will the World Crash?” is the heading of an article by Mr. F. Britten Austin in the last issue of the *Sunday Pictorial*. His text is that scientific progress is “becoming too fast for the human brain.” He refers to alarmist prophecies, and quotes Lord Sydenham as having said last week:—

“We are producing inventions at such a pace that already we find ourselves incapable of controlling them. I can foresee nothing but a crash!”

He adds a reflection of his own:

“It is utterly impossible for any one man to-day to envisage the world as a whole, to conceive whither are tending those new forces he himself helps to release.”

Both these passages are rhetorical nonsense. In respect of physical inventions we challenge Lord Sydenham to instance a single one which is out of control. They are all well under control—only too well, as we shall see. The only intelligible connotation of the phrase “out of control” is where your invention goes and does something you did not intend it to do—e.g., a railway collision and other perfectly explicable accidents. To Mr. Austin we reply that he should extend the circle of his acquaintances. The envisagement of the world as a whole in relation to the tendencies he speaks of has been finished these last ten years, and there are some thousands of men and women who have achieved the “impossible” task of comprehending the problem. What both these gentlemen are trying to say is that *people* are getting out of control and that “we” find “ourselves” incapable of controlling them. The difficulty is not to deal with the physical inventions but with the psychological phenomena that accompany them.

There is a connection between the two, but Mr. Austin has yet to discover its nature. Much of his analysis of economic tendencies was exclusive to THE NEW AGE and familiar to our readers in 1918. We notice that what he has to say is stated to be “exclusive to the *Sunday Pictorial*.” (If we could charge a penny a line for all our broadcast matter which has since been relayed from Fleet Street we should not need to pass round the hat to our long-suffering supporters.) Mr. Austin points out that a machine tended by one man can produce as much as one hundred men would have done by individual manual labour: he says that America's unemployment figures are five times Britain's. “They have merely been displaced by the machine.” Later on he warns the public that there may come inventions which might put “probably three-quarters of mankind out of a job,” and then comments: “With *catastrophic* (our italics) rapidity they would discover they were no longer required.” In that one word *catastrophic* you have a full revelation of Mr. Austin's vital misunderstanding of the subject. It is all the more surprising because he immediately goes on to remark of the “catastrophe”—

“The world's potential wealth would be immeasurably increased—but every social system would find itself between the alternatives of immediate readjustment or explosion.” (Our italics.)

Yet it is not so surprising when we hear Mr. Austin saying—

“but if they [the superfluous workers] do not tend it [the machine] in some form or other, they have no valid claim on society for a share in the wealth collectively produced.” (Our italics.)

Ordinary common-sense would argue that the potential wealth can be turned into actual wealth either with or without the help of the unemployed. If their help is needed why not employ it? If not needed what prevents the actual wealth appearing? If the term “potential wealth” means anything at all it means wealth within reach if you

choose to take it. And since, as he says, the unemployed are now living on the charity of the employed, what on earth is the psychological factor which prevents the employed (masters and men alike) from reaching for the new wealth, if only from the primitive motive of relieving the pressure of their “charity”?

Mr. Austin would probably produce an answer of sorts. It is implicit in one of his excursions into the population question. After pointing out how greatly machine productive power has increased he says:—

“On the other hand, the abundance of the products—since the human animal, like any other, *breeds up to and beyond the limits of subsistence*—stimulates a multiplication of humanity.” (Our italics.)

Let us accept the statement for the moment—although Pell's *Law of Births and Deaths* was written to disprove it. It implies that mankind, while incessantly increasing the amount of potential wealth, dare not turn it into actual wealth because of Mr. Malthus. Thus mankind makes potential wealth without transforming it. For all practical purposes it need not have created the potential wealth at all. Why then? For moral purposes Mankind's rulers say that work is good for it. And that is all about the matter.

So now we find that the whole scare about machines getting out of control boils down to the fact that a few men who hold power over the rest. There is no difference between a power station and a pickaxe. They are both equally obedient. Men must go to ruin just as certainly with either implement when they try to build up a system of economics on a moral foundation of abstinence. But once let the truth be accepted that potential wealth is the rightful inheritance of all men irrespective of their work, and the beneficent potentialities of all inventions will instantaneously manifest themselves, while practical means of directing them to their uses will become as easy as writing in the *Sunday Pictorial* to call them uncontrollable.

Colonel James Grimwood has lost the action he brought to prevent the City Carlton Club from altering its rules so as to accept members who were not Conservatives. Any man who supports “constitutional principles” and is “opposed to Socialism” will now be eligible for membership. Mr. Archer, K.C., for the defence, argued that there was no essential difference between Conservatives and Liberals. Mr. Hurst, K.C., for the plaintiff, contested this view. He urged that the fundamental character of the Club was purely partizan, and that the Committee's proposal would alter that character. The result is as we forecast in our previous comment some months ago. The City Carlton Club needed more money, and had to get more members. In the City there are no Conservative or Liberal partisans. There is a Bankers' Party. So the club had to devise a formula for admitting these super-political members. It has done so. Seeing that all the recognised three Parties of the State have yielded up every effective power of Government to the Bank of England there remains nothing now to make it worth their while to quarrel with each other. They may as well settle down amicably and make all their clubs safe for the banker.

There is another item to be quoted in a similar connection. A leading article in the *Star* of July 6, begins thus:—

“You Radicals,” said Mr. Philip Snowden in an unguarded moment of candour to a Halifax audience, “tell us you agree with nine-tenths of the Labour programme.

Well, that is just about as much as I agree with.’ In those circumstances we extend a cordial invitation to Mr. Snowden to ‘come over,’ for he will find those nine-tenths on which Radicals and Labour are agreed embodied in practical form in the Liberal programme, whereas in the Labour programme they are in danger of being smothered under ‘Socialism in our time’ and other such impracticable political excrescences.”

That is to say that there is no essential difference between Radicalism, Liberalism, and Labour. Add Conservatism, and there is no essential difference anywhere. The whole lot could join the same club. The “one tenth” that they all reject in common is the one-tenth that the City is nervous about—namely Communism with its direct policy of hampering dividend-earning, and that section of Socialism which might stir up embarrassing curiosities about the credit mechanism in its agitation for nationalising the Bank of England. We agree with the *Star* in its reference to the aspiration: “Socialism in our time” as an “excrescence,” but not in its epithet of “impracticable.” The country has got Socialism already as an industrial fact though not yet as a formalised political fact. All that remains to be done is to form the right Cabinet. If put to it we think we could supply a list of people, within the traditional number of offices, who between them virtually own the country's industries. So now that the “Capitalist class” has shrunk to these dimensions, Socialist requirements can be fulfilled just as effectively by putting these men in office as by kicking them out of industry. And as the first alternative means the lesser constitutional disturbance it is obviously the one which peaceful Socialists should adopt.

The revenues of the railway companies are causing great anxiety. The Great Western Railway alone reports a net decrease of about £900,000 during the first five months of this year. Sir Felix Pole, the general manager, warns the staff that they must foot the bill. He does not say it so brutally, but it is implicit in his reference to the directors as having to “cut their coat according to their cloth.” The *Star's* report states that he appeals to every member of the staff to embrace every opportunity of bringing new business to the commercial travellers? this not filch work from the insidious overlapping. They had better look to this insidious overlapping of functions. But to resume. The City Editor of the *Star* suggests that investors buying railway stock now will have reason to compliment themselves on their foresight later on. While this does not necessarily imply that the companies are over-stressing their revenue difficulties it certainly will not stimulate the railwaymen to make sacrifices too readily. A reliable criterion of the potential value of railway stock would be afforded if one could know what margin of safety the banks allow when accepting it as security for loans. But that, we suppose, is a secret. In the meantime Mr. Thomas is consulting with the companies, so the dispute will be settled constitutionally. Mr. Cramp is reassuring the railwaymen that the new electors are going to come behind them and that “Labour will make a considerable advance at the next election.” (Not next pay-day.)

The appointment of Lord Byng as Chief Commissioner of the Metropolitan Police in place of General Horwood has aroused a lot of excited speculation and protest. As there was an official announcement when General Horwood resigned that his doing so had no connection with Hyde Park, we may reasonably assume that it was issued for the deliberate purpose of evoking expressions of incredulity from the newspapers. Whether the statement was true or not does not matter in the least. The object was apparently to mislead every publicist who thought himself a clever fellow into “seeing through the



thin story." These fish have bitten all over the place; they are quite sure that General Horwood has been punished, and are now psychologically ready to swallow the coming Report on the Savidge case, which, it is forecasted, will exonerate the police. The appointment of Lord Byng has had a supplementary effect in the same direction. The *Star*, for instance, is now resenting, on behalf of the police, the implied aspersion on them which it reads into Sir William Joynson-Hicks' statement that Lord Byng had accepted "a stern call to duty." So our liberties are now so assured that we must all get busy over the policeman's. What a revulsion in a few weeks! But this malleability of public opinion is a reassuring symptom. When, one day, our rulers decide to shape it to receive the Social Credit policy they will be able to do the job with their fingers.

Lord Inchcape's gift of £500,000 to the nation, to be held in trust for fifty years at compound interest, has been thankfully acknowledged by most newspapers. In fifty years' time, so they say, it will have "amounted to" £5,000,000. Will it? It is quite possible that within ten years there will be no interest at all paid on it—in fact it is conceivable that the trustees may be compelled to draw it out and mind it themselves, or else pay interest on it. In the meantime we notice that at least one newspaper makes a commonsense comment on this gift—the *Star* of July 6:—

"But in the end, as in the beginning, it will be precisely half a million, and not a penny more, which has been contributed. . . . The additional four and a half millions will have been paid by the nation in the form of interest."

The long passage of time envisaged obscures the truth for most people. If this £500,000 were to be held for one year, and were to be handed over with interest to the Treasury—say a total sum of £525,000—the public would realise more easily that it was they who would have to pay the £25,000. If they happen to be disciples of Mr. McKenna they would be aware that the quantity of money in any country does not vary except by the additions and subtractions arising from the actions of its banking system in lending and recalling credit.

But the chief point about Lord Inchcape's gift lies in the question of the form in which it has been transferred. It is taken for granted that he has paid actual money to the trustees, who have put it in deposit—else how is compound interest to be earned? But if it is in actual money, where has it come from? He had not got his daughter's fortune locked up in a box. It must have been in the form of property. So he must have raised the £500,000 by selling it. Our guess is that the purchaser was a bank. So that no money has gone in or out of the banking system: there has simply been an addition to the item "Investments" and a corresponding addition to the item "Deposits." But this particular "deposit" is not liable to withdrawal for fifty years, whereas the investment can be sold whenever the bank likes to dispose of it. In such a case the bank can use the credit to buy gold, and widen its cash basis to permit of increasing its credit loans, by, say, £5,000,000 without exceeding its "safe" ratio. The same result would happen if a private purchaser had bought the property with his own money. The result in the bank's ledgers would have been to transfer his deposit, repayable at a month or two's notice, to another account where it would not be repayable for fifty years—which might as well be eternity so far as concerns this story. Of course, the extra £5,000,000 accommodation would be most acceptable to British industrialists—if they got it. But unfortunately a bank lendeth where it listeth,

and the chances are that the money might be used in Moscow to buy up the Russian Oil resources, complete the world monopoly, and raise prices to British consumers and everybody else. The only consolation for us then would be that the tribute would be shared by the foreigner. What a pity that the Bank of England cannot show a little patriotism. Why should it not permit Lord Inchcape's £500,000 to be changed into gold, accept this gold at its potential credit value, and cancel its outstanding Ways and Means advances to the Government by £5,000,000 straight away?

Some time ago we recorded Lord Rothermere's manifesto sent to the *Daily Mail* from New York in which he pleaded for justice to Hungary and urged the great financial houses of the world to refuse loans to her oppressors. A report on Saturday from New York states that negotiations for a loan of \$60,000,000 to Rumania which have been going on for some months have been dropped. The *Daily Mail* comments:

"This is the price that Rumania now has to face for her obstinate resistance to the demands of justice." "At the end of last month Jugo-Slavia also failed to get the loan for which she has been negotiating, and in this case, too, political, not monetary, considerations were the reason." (Our italics.)

Notice that the League of Nations, which stands as the Parliament of Europe, ostensibly controlling politics and dispensing justice, is obliged to stand by and see the bankers exercise these functions on their own initiative as soon as something practical has to be done. This must be inevitable in a league composed of nations, each of whose political governments has yielded up the control of credit-policy to its central bank.

The critique of the World Economic Conference published in this journal on June 21, over the signature of William Travers, which he stated was not allowed to be debated, contained references to the Conference's recommendations on the Tariff question. Although there was no debate there appear to have been conversations, in which the bankers' view was as follows (our paraphrasing):

Bank credits become fixed or "frozen" because manufacturers and traders have difficulty in recovering their costs. This difficulty arises because the channels of trade are blocked by tariffs. If these barriers were removed goods would circulate more freely and debtors could meet their obligations more quickly.

It is a pity that the League of Nations, if it must let the bankers do its thinking for it, does not at least get them to think out a common theorem supported by an agreed line of reasoning. There would be no need to go into the intricacies of routine technique, but only to get unanimous answers to plain, basic questions. For instance:

- Does all the bank-credit issued in a given country actually remain in that country?
- Do bank loans have the effect of increasing the total amount of deposits in that country; and do repayments have that of reducing it?
- As a universal fact, does borrowed credit, when disbursed by producers, go wholly into the hands of consumers and come back as a demand for commodities?

The first two of these questions have been affirmatively answered by Mr. McKenna. The third has never been authoritatively answered, but an affirmative answer is implicitly and commonly assumed by financial authorities in all their arguments. For instance, the obvious suggestion underlying the pronouncement summarised above is that producers in e.g., England, cannot recover all their costs unless they can export some of their goods. That can only mean that the money they are now unable to collect here exists in another country and could be collected if there were no tariffs. That is to say, taking the

whole world as the region of survey, in whatever country there exists a valley of credit-shortage there exists in another country a corresponding peak of credit superfluity. Such is the story; and as we say, it cannot be true unless the equality between the totals of industrial costs and consumers' incomes be assumed as a universal fact.

"But why consumers' incomes?" someone will object: "Are they the only customers?" The answer is "Yes." Industry can exchange goods and money within itself, but, as an Industry it can only recover its costs by selling goods outside itself, i.e., to private individuals. So the question is whether the aggregate incomes of the world's consumers can meet the aggregate cost of the world's producers, from month to month and year to year. If they cannot, the case for Free Trade is gone. If they cannot! Show us a single country in the world where would-be buyers bring more money to the market than sellers actually need to keep solvent. The fact is that the world's markets constitute a sealed honey-comb of vacuum chambers, all partially exhausted; and the bankers suggest that if the interior walls be removed the cells will create air inside the sealed comb. Nonsense. If they like to say to the world: "Dismantle your tariff walls and we will supply you all with free credit to make you solvent," that is a different proposition. But it is not likely to be made, because it would be an admission of a power that they have consistently denied possession of.

## The Idio-Neurosis of the Labour Party.

The general disintegration, now so clearly to be seen within the Labour Party, was inherent in its mental background even in the early days of Keir Hardie's cloth cap. The seeds of this impotence lay in faulty ideation, and have given rise to acute idio-neurosis which can be defined in terms of political power as an attempt to bring about certain social changes constitutionally which can only be attained by extra-constitutional means.

The Labour Party is by no means aware of this, and its political opponents are equally in the dark. The fact remains, however, that the social re-organisation aimed at by the Labour movement can only be brought about on the economic plane. By fashioning itself in the image of the old Tory and Liberal parties, the Labour Party put itself in a strait-jacket. It became a political party and could not develop as an Economic Party. It imagined, and still imagines, that "socialisation" can achieve its vision of social reform, and is unable (owing to faulty ideation) to grasp the fact that it lacks any sort of economic and financial technique which could implement its vision.

It imagines that any kind of change can be brought about through parliamentary procedure if the People have given a majority-vote to a political party embodying such change in its electioneering programme. This is not so. There are certain economic (financial) reforms which no government could make law except by extra-constitutional methods—and it so happens that these reforms are exactly those necessary to implement the social dreams of the Labour Party.

The Labour Party is in an extraordinary position. It is now the party of the middle classes, forced into the mid-way position of the defunct Liberal Party. It is a party with no Economic Policy, with no Foreign Policy, with no Educational Policy, and with no policy of any sort.

Someone shouts: No, no, no!

Very well, then; go through the list: What is the Economic Policy of the Labour Party? Equal incomes for all? No; there is no agreement on that, even if there were it could not be a policy—it could be no more than a hope, for no one can discover the method by which individual incomes can be kept equal hour by hour, and day by day. Socialisation or nationalisation of the means of production and distribution? That, again, is not a policy—it is no more than a suggestion, a hope. And it can be no more until we are told exactly how the system of production and distribution is to function as an economic cycle after socialisation is accomplished. Ask and ask—no reply. No technique.

Foreign Policy? Peace? Disarmament? League of Nations?—None of these ideas are a policy, they are hopes, desires. Until we are told exactly how Peace is to be secured, and how disarmament can solve the economic impasse of all civilised and industrialised communities, these ideas are—hopes, vain hopes.

Education? More pay for teachers? Better schools? A proper "ladder" from the elementary school to the university?—Again all hopes, for do not all these things depend entirely upon finance? and where is the financial (economic) policy? Capital Levy? An attempt to drain off the limited credit-pool at one point, and pour it back again at another. There is no other policy beyond these vague hopes and desires to accomplish social reforms with no sort of economic instrument.

Maxton and Cook kick MacDonald. All right—get rid of MacDonald. Shout "Socialism in our time!" Maxton-and-Cook as twin Prime Minister of a Labour Government returned to power (*sic*) on that slogan.

What is Socialism? Is it G. B. Shaw? Is it the Shavian formulae, "the iniquity of private property, the paramount social importance of equality of income, and the criminality of idleness"? If so, it is, economically, bosh. If not—what is Socialism, and what is the policy of the Labour Party?

It has no policy and is in absolute confusion because it is trying to implement a dream without the implement.

The implement lacking is a mathematical economic analysis and programme.

The Labour Party is in chaos, and should be put out of its misery as soon as possible. J.

"In the course of some sharp allusions to bankers, Mr. L. C. Harris said they are at the very centre of the crux; they are not the commercial parties interested in the goods; they are in a position to obstruct trade, and in fact, are ping Conference made by the *Journal of Commerce*, June 14.

"It is part of the common experience of the joint-stock banks in Australia to be blamed by their political enemies (some of the most persistent of whom are in the Federal Parliament) for business or industrial ills, of which any slowing down of the machinery of credit is merely a necessary consequence or corrective, and not in any sense the sary consequence or corrective, therefore, to find a member of the House of Representatives officially reported as saying in the course of a recent debate that the banks, by restricting advances, were deliberately causing depression and unemployment, 'retarding industry, holding up our economic development, and causing retrogression for the sole criminal purpose of doubling their own wealth.' The motive alleged is typical of the incoherence and audacity of these attacks. While such stuff is too absurd to make any impression upon ordinarily well-informed people, it seems to be worth mentioning as an indication by public men who, it cannot be denied, have a large following in the Australian electorate. It also suggests future possibilities of political action which, although perhaps remote, the banks cannot afford altogether to disregard."—The Banking Supplement to the *Times Trade and Engineering Supplement*, June 30, 1928.



## Sean O'Casey.

The issue of Sean O'Casey's "The Silver Tassie," by Macmillan's, matters a great deal more than the publication of a play usually does. First of all, Casey has written the greatest play of his time, and one of the great plays of all time. Either "The Plough and the Stars," which is the work in question, tore the heart out of the audience, or the audience was not fit to see it. A new play by the artist who created that supreme work of art and truth, "The Plough and the Stars," is something to queue up on the publisher's doorstep for. Second, the new play has been rejected by the Abbey Theatre directors, and the correspondence among the directors, and between them and Casey, has been published in full in the *Irish Statesman* of June 9, by George Russell. The full version, for the interest of any who may not have seen it is far more vital than the abridged version which the *Observer* gave, and in addition a further letter from Dr. Starkie is included which, although finding faults in "The Silver Tassie," says that the Abbey Theatre should produce it. In spite of the action of Dublin, I understand the play is to be given in London.

The first act of "The Silver Tassie" takes place in East London among Irish dock-folk, while some of the soldiers are home on leave. In danger of missing the boat back to France, Harry Heegan is winning the cup for the local football team. The second act is in a ruined monastery in France, and the third in a hospital in England, with Heegan a cripple for life. The final act of the four occurs in a room off the dance hall of the football club after the armistice. Throughout the play there is the same rhythm of comedy and tragedy, the same ruthlessness in skinning human nature, and the same awful call of men and women to their senses as in "The Plough and the Stars." Casey believes in his soul that "The Silver Tassie" is as much greater than "The Plough and the Stars," as this play was greater than "Juno and the Paycock."

The reasons given for rejection by the Abbey directors are somewhat mangled, but Lady Gregory, Lennox Robinson, and W. B. Yeats, must be credited with the frankness of confessing their discrepancies. All of them like the first act, which they vote Casey's best, though it happens, incidentally, to be similar in form to his previous work. Lennox Robinson liked the second act—in which the soldiers gathered about a fire in a rest-camp should create over-powering war atmosphere—and marked it difficult but possible. After the second act the judgment is that Casey has slackened his hold on the characters; and W. B. Yeats, whose statement has been repeated by others, says that Casey ceases to be dramatist and intrudes his opinions.

Something does go wrong at the beginning of the third act, but I think it is not nearly so serious as Yeats and Robinson fancy. The characters are fully formed in the first act. In the second act they are overwhelmed by a hateful and sub-human environment, no longer persons, but as unconscious of the reasons for their being there as if they were animals. That, not character development, is clearly the author's object, and production should confirm that he has gained it! In the third act the results are exhibited, with a hint that life will wash the experience off the memories of those who are not too far robbed of life. The final act portrays the careless animality which brushes aside the significance of such awakening as the war brought about. As Casey says, it is not merely a play of characters; it is a play of fate and environment in which the characters are swept about as leaves in a tornado. On the score that the author loses his grip of the characters the criticism fails. Yet, to

"The Silver Tassie." By Sean O'Casey. (Macmillan. 7s. 6d.)

return to the uneasiness which pervades the third act, one has to make a considerable effort to grant so realistic a writer as the author of the first act the right to defy probability in collecting at the same military hospital in England so many of the characters present at the Heegan's house in the first act. The whirl of the war that picked up over four years all the men in one village did not put them all down in one hospital. It seemed hardly content if two of them were in one country. True, for the purpose of this act, Casey wanted them together, but they could not be got together at that time or in that place. Were it a less artist than Casey one could smile and pass on. But this gathering of Silvester, Simon, Barney, Susie, and, as visitors, the rest, destroys the tragic continuity. It recalls the reader from the theatre to the author, who is then seen to be so truthful and so dependent on complete belief that one is disappointed. Possibly the whole act is inserted to re-build the individual characters after the atmospheric second act prior to the climax of the fourth. Great as the play undoubtedly is, however, Casey would, I sincerely believe, do well to sweat for a solution of the third act.

That Casey has intruded his opinions does not matter. Every artist intrudes his opinions, though they change. Even sculpture is only the artist's opinion of what the woman ought to be like, or, at the realistic extreme of this romantic attitude, only an opinion of what she is like when stripped of the tricks men have taught her. Casey's last act of "The Silver Tassie" will be heart-breaking tragedy because its opinions are a nude portrait of human nature. Tear off the mock-heroism, the conventional sympathy, the polite platitudes by which social animals pretend to bear what is intolerable, and to like what they hate or fear, and Casey's portraiture is truthful. For those who have not courage to pull off their own masks Casey does not write. "The Silver Tassie" contains a last act which indicts human society. It condemns, by exhibiting them, both war and the morality that makes war necessary while preaching against it. What have been censured as illicitly imported opinions are Casey's chorus, the very lines that make his work a criticism of human values, and they are put into the mouths of characters who would undoubtedly be thinking them whether the cram of middle-class education, which the poor are compelled to have for their betters' sakes, had taught them to speak the Quietist social lies or not.

The case developed by W. B. Yeats that "Juno and the Paycock" was a greater play than "The Plough and the Stars" because the first-named was dominated throughout by one character misunderstands Casey's method and aim. It supposes him to belong to romantic drama, whereas he belongs to anti-romantic drama. Shakespeare and the ancients, no less than Rostand, are romantics as compared with Casey, who, in melting up the pariahs along with the rest of mankind into the one liquid mass, is the most Dionysian spirit of this time. Casey is not dealing with representative individuals in relation to Greek, Christian, or Feudal morality. He is dealing with whole social classes in relation to human institutions. His own value is esoteric common sense, common sense, as Orage wrote, being always esoteric. If ever again Casey writes a play dominated by one character—though I do not agree that Juno was, for Joxer is still as real to me in memory as Juno—it will be either an event or a blunder. Casey is our one hope of a truly conscious dramatist with roots in the classical tradition to make him intelligible, and branches in the sky to give him vision. Perhaps that is the symbolism for Casey as for Ireland in "The Plough and the Stars."

A. NEWSOME.

## Views and Reviews.

## THE MOTIVES OF SOCIAL CHANGE.

By V. A. Demant.

One of the dangers of an "Age of Psychology" is the readiness with which all human standards, objectives and values can be explained away. Religion, Art, Political Vision, even Science and Philosophy have in their turn been submitted to the analysis of the "nothing but." They are nothing but what?—sublimated sexuality, resolved complexes, perverted instincts, inferiority compensations and the rest. Amid all this disintegrating chaos in which the "fruits of the Spirit" are "explained" by the disorders of its physical and psychic mechanism, it is heartening to discover a psychologist of Socialism who, knowing all that psychology can reveal as to sub-human motives, can still believe in his first love.\*

M. De Man is no academic critic, but a man who has spent his life in the Labour Movement, informing its innermost councils in his Belgian home, and actively in touch with its work in Germany, America, and Britain. His book is the statesmanlike and philosophical record of a real man who has worked, felt, and thought for Socialism, and who, in spite of many disillusionments is still a Socialist. The disillusionment has not been with Socialism, but with the intellectual categories in which Marx and his followers in the rank and file of the movement have tried to confine the motives of social change. He shows how the actual course which the Labour Movements of Europe and America have followed has contradicted everything that ought to have happened according to the Marxian programme. He sees, for example, that there is no necessary connection between the conflict of economic class interests and the liberation of mankind; that, in spite of the growth of class consciousness, the goal of a classless society is further away than ever. Instead of a growing antithesis between the economic interests of capitalist and the proletariat, the workers tend to accept bourgeois standards and culture: the reformist motive is increasingly substituted for the revolutionary. He describes the increasing intimacy between the workers and the institutions of the existing régime; the growth of national interests in the Labour Movement itself and the formation of a bureaucratic upper stratum within labour organisations. These developments lead the author to an exhaustive examination of the Marxian doctrine of motives, especially the theory that Socialism is the outcome of the workers' awakening class consciousness, which follows upon knowledge of their class interests. Socialism, we are shown, is an eternal aspiration of the human spirit, is pre-capitalist, and therefore existed before there was a "working class." The Socialist Labour Movement is "the product of a reaction which occurs when capitalism (a new social state) comes into contact with a human disposition which may be termed pre-capitalist." This disposition can only be understood with reference to the social experience of feudalism, the craft guilds, Christian ethics and "the essential principles of democracy." Hence the Marxian hierarchy of motives has to be reversed, the ethical motive which wills a true society being, for De Man, the only basic and universally valid one for Socialism. The level of motives, the psychological, which for the workers means a thwarting of the sense of auto-valuation, social inferiority and joyless labour. But, actually, when the moral faith inspiring all social relationships is displaced by a motive of economic interest, then the workers' protest degenerates into a snobbery, thanks to which they

\* "The Psychology of Socialism." By Henry De Man. Translated from the German by Eden and Cedar Paul. (Allen and Unwin. 16s. net.)

regard the bourgeois as worthy of envy and imitation. In fact, it is precisely the success of the Marxist doctrine, in inculcating a feeling that the class struggle is a struggle for "surplus value," which has, on the psychological level of the masses, resulted in the "embourgeoisement" of the workers.

This trend of the Labour Movement in capitalist countries reveals the universal fate of motives whose positive ethical or social content has been weakened by false theory or defective leadership. The motives for action become merely psychological, and any sense of protest in the motive becomes an unconscious desire to be that against which it protests. As the desire is partially fulfilled the protest weakens. So the revolutionary motive is superseded by a vapid reformism as the consciousness of class is weakened by the very efforts which are supposed to spring from it. It simply means that a movement which is based upon class antagonism of economic interests does not continue to work; it does lead and has led to changes in relative incomes and hours of work which diminish the economic distinctions between classes and so weaken the dynamic of change. The Marxian doctrine of the gradual impoverishment of the workers and the increasing gains of capital have been falsified and reversed in actual happening, and if no other motive than the economic were behind Socialism there would be an end to it. But in fact the formation of class communities presupposes the existence of an *ethical community consciousness*, which is older and wider than any protest against capitalism.

In the hierarchy of motives for social change, the economic, the psychological, and the ethical, it is only the last that can maintain the driving force of a conception like Socialism, through changes of the configuration of the economic problem and social maladjustments. The Marxist faith in social determinism was useful in so far as it served to reinforce the will to change by suggesting confidence, but it was overcome by reformism and social-patriotism because it failed to understand these two phenomena. Because of its intellectual categories which were formulated at an early period of capitalist development, Marxian thought failed to prevent the labour movement from identifying itself with the post-war sense of nationality; and this, because by universalising the psychological results of a particular phrase of capitalism, it did not envisage the development which has thrown the workers into the arms of their capitalist employers in economic competition with the industrials of other nations.

An analysis of social motives which is basically economic (though of course Marx's own motives were clearly moral) cannot survive as a technique of leadership if economic forces appear which had not arisen when the analysis was made. That the spirit of Marxism has found a body in Russian Communism is a reflection of the fact that there large-scale industry is in its infancy. The most fully industrialised countries are strongholds of reformism.

The future of Socialism, for this acute and humane student, lies with "the intellectuals" of the movement; men who hold prominent positions in industry, the State, and the educational world. They are the growing power of the State, though not behind the State. They, in so far as they are Socialist, are so because they are the only section of the community who are "the inheritors of former days, the motive who animate the craftsmen of the proletarian which alike in the capitalist and in the proletarian has been degraded into the motive of gain." The intellectual who becomes Socialist does so because of his conscience: he abhors the "bourgeois" outlook of his class, and hence is usually more revolutionary



than the proletarian who regards with envy and admiration the very thing which seems to the convert the most detestable in the class he has left. "In proportion as an intellectual is equipped with the community sentiment, the desire to serve a better master will encourage him to look for a community more worthy of being served." And because the idea of Socialism sprang, not so much from the physical distress of manual workers as from the moral distress of the mental workers, this believer in Socialism as "the condemnation of Capitalism in the name of Christianity" is inclined to pillory "the damnable humility of the intellectuals."

A work of this kind which sees Socialism as a conception of society and not merely the compensation of a social inferiority complex, brings out factors which Social Credit claims to understand and deal with. The author sees the class struggle as one of the symptoms of a much deeper social disease of industrial civilisation, which gives rise to conflicts such as that between "the shareholders' outlook" and "the producers' outlook," and he sees that engineers and business managers, just because they are interested in their enterprises for their own sake, are just as apt to be resentful of capitalism as the workers. M. De Man shows no signs of realising the autonomy of finance, but he acutely discovers that the one economic charge which can be brought against capitalism is one which Marx did not make, the charge of waste. This has now been done by Douglas and others, and though it would seem to be the only criticism devoid of ethical content, it only appears to be purely economic because the ethical motive has so largely come into social thinking in connection with class conflicts. With society as a whole as the object of the moral will, waste is the supreme social sin. It is a fundamental denial of the right relationship between human sacrifices and satisfactions in community.

Marx has not been refuted—he has simply ceased to interest us, because we know that technical and economic conditions are not the ultimate social determinants of life, and because our problem is how to emancipate ourselves from the dependence of man upon the technique and economics of capitalism. That is to say they must be given a human significance where now they have only a financial value. We congratulate M. De Man upon his final *Credo*. "The older I grow the more revolutionary do I feel, and the less do I believe in the revolution," the matured attitude of one who, with psychological acumen and human contacts, smiles encouragingly upon the catastrophic symbolism which afflicts others besides the Marxist intellectuals.

#### FOR A DEAD PLAYER.

I see you now, O Master of Musicians!  
In that incense-heavy chamber with silken hangings  
Of Helen in a thread of gold  
And the Trojan contretemps.  
Your wan fingers, suddenly capricious,  
Left the latest fox-trot for the "Death of Ase,"  
And everyone sat up and took curious notice,  
But I shivered a little, and looked at you quickly,  
For a swift ache that stabbed my heart.

Then in the stillness,  
A fat creature brooding on a cushion cackled,  
"Aren't you jolly to-night, Phil?"  
And you reassured the rest serenely,  
"We may expect some eggs soon. . . ."  
And went, nevertheless, obediently back to fox-trots.  
But not till you had looked wistfully towards me.  
And all night afterwards I kept near you  
(Did you notice?)  
And wanted to touch your white hands, O Player!  
For I felt, I felt you were saying:  
"Farewell!"

A. NEWBERRY CHOYCE.

## Drama.

### My Lady's Mill: Lyric.

Long ago Mr. Eden Phillpotts delighted readers who like the smell of cleanliness with his human boy books and nature meditations. Since then he has entertained far more people with his types, such as the Tumbledown Dicks who act like Christ while preaching Toryism. Although these types lived in an atmosphere as unreal as that of the heroic tales for bad girls, Mr. Phillpotts types were more grown up, and his Devonshire and dialect wholesome background. Nevertheless, his Devonshire became a place of retirement from life where people with nothing but distrust and contempt for countryfolk could laugh at the comic antics of rural puppets. Despite that "My Lady's Mill" is based on one of Mr. Phillpotts' novels, it does show signs that he wearies of repeating the artificial comedy of rural life. Though he falls between two mediums one feels justified in continuing to pray that he may forget all he has written and tackle the real comedy—including the tragedy—of English countryfolk.

Alexander Parable, the chief figure in "My Lady's Mill," is a mixture of character, situation-type, and of fantasy figure from the author's day-dreams. Parable is, in spite of his age, forward-looking, with a mind for science and progress. He is also a woman-hater who never forgives. How this man came to have his grandchildren about him, not to mention two female servants, seeing that his wife ran away many years before, is not made clear. The only reason apparent is that the plot compels the gathering. But the characters of the grandchildren, unlikely as one of them seems, are true, although the younger boy is not sufficiently filled in. This boy shelters behind the older one when politic to do so, and chooses the right moment for getting his way prepared for by conspiracy. He hates and admires the older at the same time. The older one goes tactlessly straight to the point. He has no use for secrets. Under the superficial appearance of mere animal strength he harbours a poet, who is convincing because untutored poetry is manifest. The scene of his declaration of love to Grace, though unexpected to the degree of surprise, is both the best of the play and a very fine scene indeed, notwithstanding the subsequent farcical efforts to wash away the taste of it. Dolly Quick, Maud Shears, and Grace Honeywell, which is to say all the women, are merely plot figures to give cause for opposition to old Parable's taboo on love. Thomas Honeywell exists merely to bring Grace on the scene at the beginning, and old Parable on the scene later when he has already gone out twice.

It is a good, if not an all Devonshire cast. The love-scene between Toby and Maud Shears (Gordon Harker and Drusilla Wills) sent the audience into hysterics of laughter. As Alexander Parable, Reginald Bach gave a vigorous, endearing, performance of an old man who seemed as Yorkshire as he was Devonshire. Lawrence Anderson worked hard with David, and distinguished him. What is still wanting, however, to make this a fine individual performance is that the whole cast should feel at home in dialect and country manners, in which they have not yet succeeded. On points of detail, the play contains several lines and phrases which should be left out, especially as the good measure allows for pruning. The worst example is the joke about the plumber. With trimming the play can be made into excellent entertainment. It renews the wish that Mr. Phillpotts may do some plays entirely of realistic country-characters, and leave the plot to them.

### Justice: Wyndham's.

By the standards of any society between Tahiti and Utopia Falder was defective mentally. His forgery was cunningly conceived and stupidly

executed. For such a man to be either destroyed or preserved he would have to be caught up by some sort of machine, whether a detention system called prison, asylum, or hospital, or the military system. To fall in love out of pity for a wife's plight under the cares of two children and a brutal husband, and to forge a cheque for financing an elopement, the children to be included, was bound to end in disaster. Blaming the legal—and, at the last minute, the economic—system for the suicide of such as Falder, is like blaming the spinning-mule for breaking rotten wool. Falder is not tragic, he is just piteous. He was too stupid not to keep his pen off the counterfoil after the man he wished to be accused had left the country. He showed no spirit at any stage. He had no fight, but only flight, in him. How refreshing it would be if one could be sure that Falder did not commit suicide, that he was, for the first time in the play, determined to set up on his own account, by casting off both machine and author.

The last act of "Justice" contains an element of devilishness in Galsworthy's demonstration that things have gone too far for remedy. It was a better, if no less platitudinous, philosophy that said it was never too late to mend. When Falder applies for his job back after coming out of prison—or, rather, Ruth Honeywell asks for him—the firm treats him, by ordinary standards, handsomely. They are practically moved to bear the expense of divorcing Ruth's husband so that Falder can get a licence for her. Alas, in spite of her lover having been able to obtain brilliant counsel at the trial, in spite of old Cokeson's help, she has been reduced to sleeping with her employer. Ruth Honeywell, quite simply, let Falder down. She was ready to go to anybody from whom money could be got, and she took more from Falder at the first meeting than the maximum she had hoped and asked for.

The play reflects a precise formula. Act I. reveals a crime the motive of which is calculated to excite sympathy, and it turns the moral handle that starts the machine. In the second act the machine grinds down all mercy and charitableness. Nobody is responsible for anything but keeping it going. The three compartments of the third act give, in order, the official view, the close view, and the inside view, of solitary confinement. Act IV. is supposed to show the irremediability of the social consequences. "Justice," in short, although it contains some character-portraiture—the Managing Clerk and the Prison Governor are two examples—is a premeditated construction to condemn the legal system. Why should anyone object to an artist producing a condemnation of any institution, from marriage to Christianity, or even of the people whose activities maintain the institutions? Nobody does. What is unpleasant in "Justice" is not that it pleads against punishment. It is that punishment is condemned only by vague humanitarian values. The appeal is not to the intelligence or the science of men, but to sympathy and pity. By the impression that everything goes wrong while nobody really does wrong Galsworthy gives a sense of impotence to reform anything.

For the long days Mr. Leon M. Lion has decided on the wisest policy. With a team of actors of repertory experience he is presenting for short runs plays which those who stand for anything have no choice but to see, whether they agree with the authors or not. He has produced "Justice" in a manner to attract all who enjoy good acting and production. Out of a show good all round it is almost gratuitous to select individuals. Lawrence Hanray's Cokeson, however, Leon M. Lion's Falder, and Maurice Evans' Frome, the advocate, and Austin Trevor's Prison Governor, are all magnificent.

PAUL BANKS.

## Music.

### Season of Light Opera: Court.

From the amateurish and "artistic" pretentiousness that asserts itself from the very beginning of the performance one knows he is in the presence of one of those exhibitions of inefficiency that are so much more highly esteemed in Chelsea, Golders Green, Peckham and Bloomsbury than really accomplished and finished work—hence, by the way, the popularity of such fifth-rate entertainments as the present Russian Ballet and the Old Vic in these quarters. In a programme consisting of Vaughan Williams's "Shepherds of the Delectable Mountains," de Falla's "Puppet Show of Master Peter," the incredible inanities both musical and otherwise of the third, the Schubert "Faithful Sentinel" proved beyond my endurance after ten minutes. The only member of the company who did anything like respectable singing or showed an intelligent stage sense or deportment was Mr. Richard Watson, who played the 3rd Shepherd in the Vaughan Williams work, and on this occasion took the part of Don Quixote in the de Falla with very considerable ability and accomplishment—in fact, a really interesting performance. For the rest they were as complete an anthology as one would not wish to hear, of the particular offences against the art of singing specialised in by English singers of the baser sort, and as for what would have been acting had they been able to act, or indeed, produce any kind of passable illusion, it matched their singing. The only work of the programme that could possibly be taken seriously was the de Falla. It was a straggling, loose and sketchy performance of a work that, under a clever producer, could be made to go with the verve and brio which is demanded. It fell quite lame and flat, however, and the orchestral playing was ragged and poor, with no grip or vitality. Miss Kathleen Beer's effort as the Puppet Master's Boy was very commendable—but it should be given, as intended, to a boy with a shrill harsh voice, not to a woman with a good voice who has to force and distort hers to do it. One does not care to think of the effect on a singing voice of some of the things Miss Beer has to make hers do after weeks on end, and I have no sympathy with the butchering of perfectly good voices to make any composer's holiday. This sort of thing wants to be vigorously resisted as a wholly unjustifiable and illegitimate encroachment upon the rights of the executive artist of whom none so delicate or liable to damage in his instrument as the singer. As for the Vaughan Williams "Shepherds of the Delectable Mountains," possibly it may be that it is the very completeness with which the composer has captured the spirit of "The Pilgrim's Progress," a spirit which, with its narrow, sour, petty Puritanism, is intensely repellent to me, more especially when coupled with an unpleasant and cheap sentimentality as in this production, that caused the work to make so little appeal to me. But the music does not seem free from this sentimentality and has a morbid religiosity which seems to suggest that Dr. Williams would do well to study some of the great Catholic theologians—especially some of the Jesuits—as an antidote to moods of this kind. Apart from this I find the music monotonous, lacking in originality, feeble and poor in idea and invention, and exasperatingly repetitive.

Budapest Philharmonic Orchestra.  
This body is decidedly inferior to the Berlin Philharmonic. It has not the superb string tone, the marvellous at-oneness nor clean precision of that great body. In general quality it is very much like an English orchestra used to be at its best, i.e., in pre-bellum days. It has been criticised on the score of the sharpness of its string tone. This is nonsense.



Its string tone has not great depth and body like the Berliners or Philadelphians, but by dint of a reasonable approach to unanimity of pitch it has thereby a brightness and clarity that we are not accustomed to here where dozens of pitches may be going in the string department simultaneously. I heard only the second concert at which the programme was very pedestrian and commonplace, and the readings (under Dohnanyi) tame and undistinguished—sound and musicianly, but nothing more. There was played a violin concerto by the conductor, a pleasant inoffensive forty minutes of amiable and polite platitudes and *lieux communs* of music during the last seventy years or so. It is a matter of astonishment that the producer of work so ordinary as this is considered by his compatriots of equal importance with men such as Bartok and Kodaly. It is not that the work is bad—technically, and in some respects even musically, it is very accomplished—but, like the composer's conducting and playing, it is quite characterless—it has no personal physiognomy whereby one could distinguish it from the work of dozens of other very competent and accomplished writers who are just that and nothing more.

KAIKHOSRU SORABJI.

**A Night Fantasy.**

Things had been very interesting, but at last S. said, "I must really be going, it's very late and I want some dinner." I meant to walk along with him, but I got delayed, and when I caught him up he was just turning into a little lane, which I suddenly realised was a back road into his house, so I turned the other way, which leads to the club. It is his club, too, so I suppose this is the short cut he always uses. The narrow passage runs between, almost through, two little cottages; there is a sort of roller shutter to it, which I did not remember; it was partly drawn down; I wonder whether they shut it at night. Through the passage I came out into the field, slid down the little grass slope on to the path, and went along to the gate. It was ajar, and hanging on a big nail on the inside was a woman's umbrella; I wonder whether that means a visitor, or whether they always leave them there instead of taking them indoors. I crossed the lane and went up the drive to the club. It certainly was very late—9 o'clock; I would go in and order my drink before I went to wash. The lounge, through which one gets to the dining room, was very crowded, in fact I almost stepped on a party which was collected round a table just at the foot of the steep oak staircase down which one enters.

Here people, places and the time sequence began to get very indefinite. I am sure some things have rearranged themselves since they first happened, in fact I felt them shifting about and tried to stop them, but it was no good, and as for the girls and the dogs . . . I began picking my way through the crowd when my attention was caught by a very strange thing. On the floor was a white fluffy dog of some kind, but I did not pay much attention to it, for it was being looked after by a most extraordinary sort of man-child. I suppose it must have been the eyes which told me what it was, for it was olive-coloured and like one of the Chinese dogs that sits on a bronze incense burner. Had it got a tail? I looked to see and I believe it had! (also I think it was a girl, though I had taken it for a boy). The girl to whom they belonged told me that he, she, or it, came from Africa, I think, and was an example of Wysei Sapiens. I looked at it again attentively. It seemed more like a little silky white piglet now, and was wagging itself and sliding about on the floor on its tummy as a puppy does. Perhaps this was the white dog and the girl was the man-child!

Moreover—and this was really very queer—it had a most complicated pattern on its coat as if done with pen and ink, and at places a kind of medallion made of little blocks, standing on each other rather like little pyramids. They were mostly blue, and reminded me of the match cases out of a penny-in-the-slot machine. They also suggested crystals, and I looked round for anyone who was a crystallographer, but in vain, and it was getting late; so I started off again to the dining room. I was annoyed, however, to find that I was only in my shirt-sleeves, which I had not noticed before, so, feeling hardly dressed for the dining room, I decided to go into the buttery to see the menu. There did not appear to be one; while I was waiting a passing man handed me a very shallow dish with some olives or pickles in it which I tried to set down safely on a very encumbered shelf. I was not having much success, and I don't know what would have happened if another passing waiter had not kindly taken it from me and slipped it under the flap of his coat where it seemed to rest very comfortably. At last a menu was discovered, but it turned out to be only a list of the prices of the various dinners. I was rather angry at this, but the man who had found it explained, almost tearfully, the head waiter had gone and that he really only looked after the telephone, so I apologised to him and had to be contented with ordering whatever entrée there was, and, at last, went off to wash.

M.B., Oxon.

**Twelve o'Clock.**

"Shakespeare strikes twelve every time."—Emerson.  
EXTRACTS FROM "THE NEW AGE."

Edited by Sagittarius.

"While a few Members of Parliament may be concerned about what they may hear in the pew, the whole six hundred are concerned with how they may fare in the poll."—Notes of the Week (on the Prayer Book Debate).

"They [the Liberal Party] devote many pages to considering 'industrial co-operation,' by which they mean negotiating committees and galaxies of councils; but not a paragraph to the extraordinary phenomenon of shops being full of goods which plenty of people want and can't buy."—Views and Reviews.

"This stereoscopic X-ray apparatus is such that diseased conditions which have baffled physicians and surgeons in the past, especially in complicated cases, are revealed with simplicity, and can be observed actually in motion from various angles without moving the patient."—Stereoscopic X-Rays. G. S. Hutchison.

"Strip the jargon away, and what remains? The man is insane because he is mad. Polonius knew as much."—Adler in a Nutshell. N. M.

"For the indebtedness of consumers is the measure of the distance behind production—actual, however, not potential—which social credit at the moment lags, bad and cancelled debts notwithstanding."—Current Political Economy.

"Science has its hands full of mysteries waiting for solution, and it has to decide in what order of priority to place them. Potentially scientists might attack all of them simultaneously, but for that purpose they would require two things—money and leisure."—The Main Switch of the Cultures. John Grimm.

"Hardy, with all his faults in style and construction, wrote novels that contained the essence of tragedy."—The Heroic Novel. Michael Joyce.

"The failure of the Labour Party to 'deliver the goods' to the workers is only one aspect of the general failure of

the Parliamentary system to deliver anything worth having to anybody at all."—Notes of the Week.

"On the other hand, if as leaders they [Messrs. Maxton and Cook] avoid the fatal error of naming exclusively any 'enemy,' and of enjoining any particular enmity on their followers, they can become a dynamic contributing force to the establishment of a new order which will give them what they want."—Notes of the Week.

"You cannot tell a man how to avoid the evil results of pleasurable vice on Saturday and on Sunday expect him to take much notice of a moral lecture against the practice of that vice."—The War on Venereal Disease. George Ryley Scott.

"It seems from the voluminous record in the present volume that the murder of Matteotti has been to Mussolini what the murder of Duncan was to Macbeth."—Views and Reviews. W. T. Symons.

"The birds of the air are a symbol for all that we eternally disciplined human beings sigh the loss of and seek eternally to re-capture."—On Medley. R. M.

**LETTERS TO THE EDITOR.**  
**MACHINES AND MEN.**

Sir,—No doubt in common with your other readers, I find it a great pleasure to notice the reappearance of Mr. A. J. Penty as a contributor. His steady antagonism to some of the worst features of modern industrialism must be an inspiration to everyone who has followed it.

For this and other reasons, I trust it will be clear that it is not in any captious spirit that I write to comment upon his condemnation of co-ordinated industry, and the use of machinery. Questions of this kind are only confused by the introduction into their consideration of questions of finance, which are relevant only to the use which can be made of an industrial system as apart from the system itself.

The physical fact which puts the question of the efficiency of the machine quite outside the range of argument is that it is a device for the utilisation of solar energy through the media of steam, oil, water-power, electricity, etc. It is a fact of the same nature, that production is a transformation depending on the use of energy, either muscular or mechanical. Consequently, so much more non-muscular energy, so much less muscular energy for the same amount of production, other things being equal.

The satisfaction to be derived from handicraft points of view, handicraft belongs to the same form of amusement as, let us say, wood carving.

If it be admitted that the modern desire for speed, conquest of the elements, domestic luxury, elimination of domestic work, and so forth, are legitimate objectives, the modern individual legitimately obtains his satisfaction out of the realisation of these desires, and not out of the tasks involved in attaining them. For this reason the tasks should be cut down to a minimum, and the direct path to this is the use of machinery driven by non-human energy. The ultimate question, then, is whether human satisfaction is static, and always satisfied by the same means, or dynamic. I think it is dynamic.

C. H. DOUGLAS.

**THE COSTS-INCOMES EQUATION.**

Sir,—I would suggest that you have condensed your diagram of the Z factories rather too much, so that it may be misleading to some readers. The proposition as you have stated it is not universally true, though it is at the present moment. Suppose that regularly, each month, one new factory was built for £1,000, it is obvious that the £1,000 which you have shown as lacking would be replaced by a substitute, which would be indistinguishable (unless, say, it were in different coloured notes). I pointed out at considerable length in these pages some six years ago that if the state of more factories were built (or, more generally, be more than replaced, giving an "inflationary boom," which would tend to perpetuate itself. But if in any month no factory was built there would be no replacement, and the result would be a slump, which would also tend to perpetuate itself.

M.B. OXON.

Our illustration was intended to show what happened in a single cycle of credit. Incidentally, we did hint at the question which M.B. Oxon raises, when we referred to the necessity for A to Y to use the Z loan-credit (after

collecting it) to defray the costs of their factories. Taking the prospective instead of the retrospective view, it is, of course, arithmetically possible for Z to get back his £1,000 if the bank proceeds to issue a loan of £1,000 to some other producer, and so on ad infinitum, the last loan offsetting the costs registered by the issue of the previous one. That is to say, that you can get a paper equation of costs with credits so long as the accumulation of capital equipment progresses in a monetary sequence 1, 2, 3, 4, 5, etc., and never slows below that rate.

But this widening out of the original illustration will itself be a misleading condensation to some readers. In a weekly journal this has to be risked. We have no space to expound all the corollaries of propositions we may prove at a given time. To do so in the present instance we should have to take into consideration some vital factors omitted from our illustration, namely, the labour-saving consequences of the factory building and their incidence on employment and incomes.

A word or two on this aspect may be useful. Assume the money equation be maintained by repeated loans, and that A's factory is paid for by B's disbursements, and B's factory by C's, and so on. Now you get, in successive cycles, an accumulation of factories 1, 2, 3, 4, 5, as stated. Assign to each a labour-saving index of 1-10th—so that each factory dispenses with personal services to the number of 1-10th of the people originally employed. Employment thus goes down in the sequence (ignoring decimal points) 10, 9, 8, 7, 6, etc. So do the personal incomes of the workers. So does their effective demand for the output of the factories. Carried to its logical end the process would result in "all factories and no retail market," or at the most a retail market confined to a non-working class who had got the £1,000 at that time. But the total requirements of this class for consumable goods, measured by quantity, would probably not keep even the first of the factories busy, let alone the rest. And as a matter of practical fact, our readers will see that the present process of expropriation of private capitalists by bankers from industrial administration is tending to produce a situation where the only possible staffs, because only they would be drawing personal incomes.

Of course, such a sequence of events would prevent the building to the end. Human psychology would prevent the finance of the factories even if the bankers were willing to finance their construction. One way of maintaining a retail market of sorts could be to put everyone on the Dole. That is roughly what the Social Credit idea involves—only we do not call it by that name, nor look to raise it out of anybody's purse.—ED.]

**THOMAS PAINE ON FINANCIAL POLICY.**

Sir,—Although I cannot claim to more than a general interest in Thomas Paine, I was surprised to hear that his "Decline and Fall of the English System of Finance," 1796, was (until your republication in the New Age of April 19) "practically unknown to his admirers." It is included in Moncreu Conway's collected works of T. Paine, 1894, and is probably mentioned in the article by Leslie Stephen in the Dictionary of National Biography, and in Palgrave's Dictionary of Political Economy, a copy of which I am sure is in constant request by the editorial staff.

But this by the way. What really intrigued me was your object in reprinting this pamphlet. Not I suppose on account of its theoretical value, for Paine, like Wm. Cobbett, whose "Paper v. Gold" I hope you will reprint some day in your inimitable weekly, was an obturate believer in hard money, while your readers I understand are more interested in Credit power. Further, although his suggestion that the Radicals might control government by going for Gold was successfully put into practice in 1831 (see Graham Wallas's "Story of Eleven Days" in the Contemporary Review of 1882, and correspondence between C. H. Norman and Geoffrey Biddulph in the Forward last July), such action is, I am afraid, no longer possible, and Paine's prophecy of the collapse of the English System was not fulfilled. In 1786 he had published "Dissertations on Government, the Affairs of the Bank and Paper Money," and the next year, "Prospects for the War and Paper Currency," but so obsessed was he by the dogma of Specie convertibility that a solution by the Suspension of Specie result never entered into his calculations. No, Sir. What I conceive to be your purpose in embarking on this historical excursion was to exhibit to your readers an authentic criticism of Financial Policy made previous to the publication of Major Douglas's celebrated Theorem, in either case no doubt the first utterance upon the subject to which you had been introduced.

SANDYS URQUHART.



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