THE

NEW AGE

A WEEKLY REVIEW OF POLITICS,
LITERATURE AND ART - - -

EDITED BY ARTHUR BRENTON

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INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Following the account of the currency experiment in Swannenkirchen published in our issue of April 23, we are informed by the translator of the article (which appeared in the *South German Sunday Post*) that that journal published in the next issue (March 22) an examination of the scheme by an "economic expert." The expert's remarks can be summarised as follows. . . .

In 1919-23 happened the great inflation of the mark. The soaring of prices and the scramble for goods which took place during that period teach the lesson that a country must keep to the gold standard. About six milliards of "bank notes" circulate in Germany against a yearly production of sixty milliards worth of goods. This proportion is right and natural, and so long as it is not seriously disturbed there is no particular harm done. If one or more little places add a few thousand "Waera" notes or tickets, to the six milliards of marks there will be no difficulties; but if thousands of manufacturers followed the present example, and every business man or private individual printed as many "Waera" as he felt inclined to spend during the day—Well! "German children should learn at school that the Währungssystem must never be tampered with. *Geld vermehrung ist geld verschlechterung*," which means—translated with Germanlike exactitude—Money en-*more*-ment is money en-*bad*-ment.

The editor's comment on this "expert examination" is: "Exactly what I thought." Judging from his tentative remarks about the experiment a week previously we gather that he means by this exclamation: "I *thought* there must be a catch somewhere." Is it not a curious psychological phenomenon, this instant assumption by leaders of opinion that any scheme that produces pleasant consequences must, for that very reason, be an unsound one? Winston Churchill exhibited the same attitude of mind when he said in the House that the test of the soundness of a financial policy was its unpleasantness. Readers will observe that the so-called examination of the scheme and its implications consists of unsupported assertions—and even then the expert must go and distort the scheme as it is into something that it is not. His picture of everybody printing notes in whatever quantity he feels inclined to spend on himself is a vital falsification of Herr Hebecker's system. There seems to be some magic about orthodox financial theory that has the effect of turning its accredited public exponents into thorough idiots or thorough scoundrels—and it is impossible for anybody to know which.

* * *

It does not require an expert to expose the hollowness of this expert examination. Take, for instance, the moral drawn from Germany's inflation in 1919-23—i.e. that any departure from the gold standard is dangerous. Readers may remember that Mr. Ben Wilson, in his article, *Current Political Economy*, published in our issue of February 19, quoted a remark made on the wireless by a Mr. A. P. L. Gordon in an address under the title "Contributions to the Problem of Unemployment."

> "While our own retail prices have been sinking, those of France have been rising. In fact, it is inflation; not of the *old* type, *unbacked* by gold, but of a *more solid* type, the result of a glut of cheap credit." (Author's italics.)

How the banking elders, who censor all broadcasting on economics, came to let this unguarded statement slip through is rather a puzzle. It clearly says that there can be two sorts of price-inflation, the one unbacked by gold, and the other backed by gold. Assuming, as one obviously must, that the two types of inflation are identical in their consequences, and that those consequences are undesirable, then the statement means that a country *can get into a financial mess while adhering to the gold standard*. The truth of such a proposition does not depend upon Mr. A. P. L. Gordon's affirmation; it has not only been proved in these pages, but has been acted upon by the United States. The Federal Reserve Authorities, soon after the war, when they were entitled by their immensely expanded holding of gold to expand the issue of credit proportionately, definitely declined to do so for the explicit reason that the *new credit would cause inflation*—or to adopt the

phrase of the German economic expert referred to, that to expand money would be to worsen it—that is to say, *new credit backed by new gold can be just as worthless as new credit not backed by any gold at all.* Yet bankers everywhere are announcing that the present credit-restriction and trade-slump are due to a short world-supply of gold! Suppose we suddenly discovered new supplies and could double the amount of gold available; what would they do with it? Would they double the issue of credit? If so, how would they stop prices rising? Or do they affirm that rising prices are harmless when caused by "solid" credit-expansion, and only harmful when caused by "hollow" credit-expansion? Do things cost themselves? Do cheese-mites consult the Bank's bullion-returns in order to decide the price of cheese? Or, to be less fanciful, is there something about a seller which will constrain him to give you an ounce more of something for your money because there's an ounce more of gold behind your money? Absurd as these questions sound, they will all be seen to arise logically from the "expert" pronouncements under discussion. It ought to be pretty clear that the bankers are dragging in the gold question simply as an excuse for restricting the volume of credit; and that if the alleged gold-shortage were to be made good they would find another excuse. History supports this statement, for in the days before silver became plentiful the bankers tolerated its use as a supplementary basis for credit, but to-day they will not hear a word for silver: it must be gold, and only gold. Similarly, if gold were to become plentiful, they would adopt another credit-basis, perhaps platinum, or palladium, or osmium, or ruthenium, or rhodium, or any other rare metal with a rare name. There would be nothing to stop their setting up an international bank—e.g., the Bank of International Settlements—to be the arbiter of the world's money-standard, and empowering that institution to adopt any one of the above metals as the cosmic credit-basis, to assign it a price, and to buy it and store it just as to-day central banks buy and store gold. It is true that whatever price were assigned to any chosen metal as its bullion value would be its minimum price for use in the applied arts or sciences; and therefore the fixing of the price at a very high figure (and the price would have to be inversely proportionate to the relative scarcity of the metal) would virtually prohibit its use otherwise than for bullion—but this would not be an insuperable obstacle once granted that the world's bankers wanted to carry out the change from the gold basis. Factories and laboratories could probably find substitutes of more or less efficiency; but even if not their work could be stopped. "Sailors don't care" is a quip from the music-hall, but "bankers don't care" is a fundamental fact which constantly threatens the economic security of whole populations.

* * *

At present the supply of gold is limited by the extent to which natural deposits are discovered and worked. But the bankers cannot afford to disregard the possibility that someone may discover how to manufacture gold. Sub-atomic analysis goes to support the hypothesis that every material is *potentially* any other material; and nobody has better reason than the banker for knowing that what is potential may become actual. A few months ago some inventor in Germany was sentenced to imprisonment for having, so it was alleged, tried to get money by the false pretence that he had found out how to make gold. Among those who financed and watched his preliminary demonstrations of his claim was a banker. No doubt he went there incredulous, but all the same he went there *in case*! He went there as an observer on behalf of banking interests generally, ready to take instant action to acquire the process if successful, and to suppress it. The bottom must not be allowed to fall out of the gold market. The summary of the Judgment, as communicated to *The Times* by one of its correspondents, read curiously. It reported the Court as holding that, since nobody had hitherto succeeded in making gold, the fact of this man's claiming to have succeeded must be regarded as evidence of bad faith. In a general way this pronouncement circumspectly conveys the suggestion that there is a flavour of impiety in the attempt to make gold. However that may be, there is no doubt whatever that this is how the bankers must regard it. The evidence in the case published in *The Times* was too meagre for us to express a view on the justice of the Court's finding; but reasoning deductively from the nature of the dilemma in which a genuine discovery would land the bankers, the desirability, in their view, of depriving the discoverer of his liberty —if not his life—would amount virtually to a "reason of State." Of course, gold-making could be prohibited by law and punished like forgery; but that would be of no use; for the enactment of such a law would in itself be a *disclosure of the fact that gold could be made.* The public would naturally want to know why the private manufacture of this metal was forbidden, unless it was because the banks claimed the sole rights of manufacture as a public institution serving the monetary interests of the public. In that case the public would want to see the goods! They would say to the bankers: "Trade is bad—we're all poor—and you have told us that it is all due to short supplies of gold: well, now you know how to make gold, go ahead and make some." What's the answer? It might take the form: "Well, you see, our experts have discovered a new law, under which it is dangerous to expand the production of gold beyond a fixed ratio to our holdings of platinum. It is most unfortunate, but there is a scarcity of platinum, and so we must wait until some more is discovered or some discoverer finds out how to make it." That would be a plausible answer—just as plausible as the doctrine that paper money must be in a given ratio to gold. Whether the public would stand for it is a nice point which we will leave to psychologists. We can only voice the belief that since mankind possesses the power of reasoning there will come a point where the spectacle of these bankers descending on the stepping-stones of their dead lies to lower lies will explode the world's credulity.

* * *

We have received a booklet of forty-two pages containing speeches made at a Dinner given in honour of Mr. Owen D. Young by the Lotos Club, New York City, on December 3 last. The Lotos Club has a President, namely Dr. Nicholas Murray Butler, one of the slickest spell-binders catering for the "uplift" market that exists in any part of the world. Some readers will remember his speech at the National Liberal Club some time last year, where he gave an example of his ability to strangle reason in a noose of impeccable sentiment. The Lotos Club is a top-notch "intelligentsia" society—it is the Bohemia of New York culture. But let Dr. Butler describe it his own way:

> "It is our fortunate custom to hail and celebrate excellence whether it exhibit itself and find achievement in Letters or the Drama, in Science or the Fine Arts, or in the Public Service, and we rejoice, mightily rejoice, when we may choose as the subject of our celebration for excellence a fellow member of our beloved Bohemian family. The doors are closed, and in figure, at any rate, the great trees of the Grove are above our heads, and we may talk as in Bohemia and as men can only in Bohemia. That happy land, on whichever side of the Continent its territory may lie, has a language all its own, a language in which wit and humour and fancy and serious thought and fine feeling and affectionate friendship are all intertwined to make something quite indescribable to him who has never had the joy of experiencing it. We offer to our distinguished guest here in Lotos Land, a true Bohemian welcome, one of affection, one of regard, one of esteem and appreciation, and one of genuine good fellowship."

My!

* * *

Here is another sample—

> "I am here neither to praise our Caesar nor to bury him. I am here simply in these few preliminary words to offer you a picture, as I see it, of the world in which our guest is living and working, dealing as he does in his daily occupation with the newest forces, those which have to do with communication and power, the forces which are fundamental in our life, and upon which we are now just as dependent the whole world over as we are upon the food supply, dealing with those forces, getting the training which they give, the stimulus which they bring, the inspiration which they offer, and then freely, gladly, as an unofficial citizen, going overseas—not once, but time and time again—to help the representatives of other and friendly peoples to find some basis for concord in dealing with those parts of these great questions which are international and which so closely concern us. . . . So it is that on this splendid evening in our Lotos Land, we come to hail our fellow member in the early prime of a richly endowed life, with a splendid reputation for achievement already done, and with a promise of indefinite public service to America and to the world in the years to come.
>
> "I present to you, Mr. Young!"

The theme of Mr. Young's address is sufficiently indicated by his closing words:

> "But if there is one thought that I should wish to leave with you, it is of the importance of stability and certainty. Whether you apply them to debts or reparations or rules of the game, it is all the same. Whether you apply them to foreign policies or political parties, it is still the same. An orderly functioning world must play the game according to some rules, and they should only be changed after ample notice and with the greatest wisdom and the greatest care. The penalty of doing otherwise is destruction of confidence and consequent disaster."

After him, another Bohemian "intertwiner of wit, fancy, serious thought, good fellowship, etc., etc.," was introduced by President Butler:

> "We are now to have the very great pleasure of hearing from a gentleman who is associated in most important capacity with Mr. Young, and who has been for many years associated with that activity of the electric spark which achieves these extraordinary efforts in communication which Mr. Young so admirably described.
>
> "I present with great pleasure, Mr. David Sarnoff, President of the Radio Corporation of America!"

Following Mr. Sarnoff, a third visitor to "our happy Lotos Land" was introduced by President Butler:

> "I have the greatest pleasure in calling upon the distinguished economist of the Chase National Bank, whose eye, whose hand, and whose mind, are upon these matters day by day and week by week—Mr. Benjamin M. Anderson, Jr."

Mr. Anderson gave out some "fancies" about measurements.

> "We—the economist, the banker, the business man—measure things in dollars, or we measure them in physical units, bushels of wheat and the like, or sometimes we try to measure them in units of social welfare, an abstract notion that we can't handle very well.
>
> "The politician has a very different unit of measurement . . . His unit of measurement is votes."

So when the "pure economist and the pure politician get together to try to interchange ideas, real difficulties arise." "*I have had politicians assure me that economic law is unjust.*" The truth is, proceeded Mr. Anderson, that:

> "Under this system we do not need a comprehensive intelligence to run it all . . . No central brain is required: just the interests of the individual producers come into play. It works. When unbalance is reached, a period of readjustment comes, and the balance is restored."

The moral that he was pointing out here was: Don't meddle with prices. There were "three fallacies of a bankrupt statesmanship," and these were: "Cheap money; high protective tariffs; artificial commodity price stabilisation." These "panaceas" have always "cropped up in time of economic distress in the politician's mind."

> "The sound working of this system, however, calls for competition, flexibility, free flexible prices, quick to move, quick to tell the truth.
>
> "Incidentally it calls for sound money—and by sound money I do not mean money kept in fixed relation to some composite unit of many commodities, I mean money kept in fixed relation to gold. Gold money people will trust. That is one of the most important economic functions of government—the provision of sound money.

When Mr. Anderson sat down, President Butler announced that he had not simply the pleasure or much pleasure, or great pleasure, but "a very great unexpected pleasure," the occasion of which he proceeded to declaim—

> "The Aquitania brought to our shores a distinguished and very welcome guest who has come to us to-night in Lotos Land to share our privilege and our pleasure, and who is willing to say a few words to us.
>
> "I have the honour to present the Right Honorable Viscount Astor!"

Lord Astor's acknowledgment of the honour was a brief one. He designated Mr. Young as a "great world citizen," and in closing, declared that

> ". . . seriously, gentlemen, there are many of us in England, who, when we see an insoluble problem in Europe, are going to say gratefully and hopefully, 'Send us over Owen Young to do the job!'"

This sentiment does not surprise us, since it was Lord Astor's newspaper, *The Observer*, which once suggested that British naval bases should be thrown open for hospitality to the United States navy.

* * *

The last speaker was announced by President Butler in these terms:

> "Gentlemen, this has been a memorable evening, a historic evening. We have here a heart and a head and a voice, a knowledge of human nature, and a care for the real things in life in the person of Martin Littleton!"

Mr. Littleton's concern for the real things in life took the form of an emphatic repudiation of a recent remark of Senator Borah's that "There is no dollar in the Treasury which is sacred so long as a single hungry man walks the streets unemployed." Money to help the poor must not come out of the Treasury but from

> "the great development of that great individualism and that statesmanship which lies outside official life."

Now we know where money comes from—or ought to: namely from a Fund of *Character.*

> "I would amend that statement of Senator Borah's by saying that no dollar in the Treasury is sacred so long as public men hold the view that it may be used for hungry men out of employment, on the street, by the appropriations of public officials."

At the finish the irrepressible Butler was moved to treat himself to a benedictory epilogue:

> "Gentlemen, with this fine and high and eloquent note, our evening comes to its end. Believe me that the trees in the distant Bohemian Grove have been listening, and we have had a night such as all Bohemia, from the Grove to Lotos Land and back again, will rejoice to remember."

We ought to mention that in the general ladling out of compliments the President received his full share. Here is one from Mr. Young:

> "And speaking of the President of this Club, may I say that he never speaks in private conversation or from the public platform without making me feel as Dr. Thomas Brown said of Sir Isaac Newton, he has—'that almost superhuman agency whose power and attainments at once make us proud of our common nature and humble us with our own disparity.' It is no exaggeration to say that Dr. Nicholas Murray Butler . . . is the master interpreter of nation to nation in our time."

* * *

Fashions have not changed since Dickens sent young Martin Chuzzlewit to the "Land of Free-

dom," where every public personage was pointed out to him as "*the* most *re*-markable man in our country, sir." The transactions at this precious club are significant because they present a graphic example of how Big Banking uses Big Noises to set fashions in Big Thinking. It is done everywhere, but much more clumsily in the United States than anywhere else. The assembled members did not realise, we suppose, that what purported to be the honouring of Owen D. Young by the Lotos Club was the hypnotising of the Lotos Club by Owen D. Young and his Big-Business confederates. Look at them—Butler, Young, Sarnoff, Anderson Junr., and Littleton (Astor was only an interlude). Of not one of them can it be shown that his "greatness" has been self-achieved—that it has not been thrust upon him. Any Intelligentsia Circle worth its name would have regarded such men as interlopers —as strays from some Hocus Club. They were proficient in one thing only—in the function of intertwining unrelated threads of thought. They would snatch up utterly differentiated planes of reference, proceed to cross them, and then, with the help of that spurting gum-pot of sentiment, Dr. Butler, they would stick them up into paper-chain festoons of nonsense. If only there had been a little original wit to colour the decorations, this would have been something: but there was nothing—not a single landmark sticking out of this sea of nebulous profundities. If a man has no mother wit he can always quote another wit. But the best that Mr. Young could do in this way was to quote Mr. Garvin!

> "Mr. Garvin, the editor of *The Observer* in London, said to me that political leadership in democracies required a vision of the unattainable."

He would! Mr. Young proceeded:

> "Or, as Emerson put the same idea, you must hitch your wagon to a star."

Notice the order in which the two famous men are quoted! Emerson apparently, in Mr. Young's view, did not speak with the clarity of Mr. Garvin, for Mr. Young followed with the exegetical commentary—

> "It may not be that the wagon will get to the star, but it does mean that the star will give direction to the wagon."

This interpretation of Emerson suggests another profound thought, which is, that if you hitch a donkey to a stick with a dangling carrot on the end, the donkey will not reach the carrot, but the carrot will give direction to the donkey. If anybody asks what the donkey and carrot stand for we must leave him to guess: we have not formed an idea ourselves; but good luck to anybody who gets a good one and attributes it to us. That is the Lotos method of public enlightenment.

* * *

Going back to Mr. Benjamin M. Anderson's oration, it will be seen from the quotations that it was based on the same model, and designed to produce the same sort of impression, as was Sir Henry Strakosch's which we discussed recently. The latter, it will be remembered, kept harping on the theme: "*We* engineers"—"*our* systems of measurement"—*our* instruments of precision. Mr. Anderson's theme was: "*We* economists—*we* bankers—*we* business men—*our* physical units of measurement" in one of its aspects where he wanted to belittle the politician and his vote-units of measurement; and in another aspect—a much wider one—it was: "*We* Bohemians—*we* interpreters of fancy—*we* scholars, philosophers, scientists"—and, above all, "*we* good fellows." Of course, Mr. Anderson did not acclaim himself to be any of these things—the etiquette in Lotos Land is to declaim the merits of your pals and leave them to declaim yours in their turn. Mr. Sarnoff, for instance, could hardly find words to express his awesome admiration for Mr. Young. This is a free paraphrase of what he said

> Believe me, or believe me not, but what are we to think of the mind of a man who can, with the same philosophic outlook, buy a cow for his up-country estate, read and understand the maze of figures in a balance-sheet, and travel off and solve the most complex problems in international finance; and then find intellectual recreation in reading *The Anatomy of Melancholy*.

We can easily match this output of gush-under-forced-draught. Here is an example:—

> What are we to think of the mind of this bus-driver, who can, with the same philosophic outlook, take passengers from their homes to business, work out his wage-cuts from the Cost-of-Living Index-Figure, put up a bicycle shed, mend boots, cultivate an allotment, conduct a Trade Union lodge, read and understand a maze of such racing statistics as ages, weights, penalties, distances, performances, etc.; and calculate in his head the answer to a ten-item, crossed-doubled, up-and-down, each-way, any-to-come, betting slip from an assortment of declared starting-prices? And then on Sunday weigh and check evidence in criminial trials reported in the *News of the World's* "Anatomy of Life"!

This is to our own knowledge a true description of a number of men in lowly positions, and:

> Waal, we are going to say, gentlemen, of the Lotus Club, that for flexibility of mind and *di*-versity of *ee*-fficiency, any one of them guys sure is good to wallop your whole *col*-lection of prattling Percies.

Strakosch with his "*We* engineers," and Anderson with his "*We* Bohemians," are being copied, at least in gesture, by Pierpont Morgan, who after having taken the Archbishop of Canterbury to Palestine and back, is entitled to use the expression: "*We* Christians"—or "*we* pilgrims." This *we*-ing business is all part of a wider policy which can be called the "Big Brother" policy. It is primarily American in conception and initiation, though universally adopted by banking apologists. Owen Young's speech at San Francisco, previously alluded to, was frankly based on a concept of the United States as the world's Big Brother—ready always to help backward little brothers with dollar loans to spend at the big brother's shop. The general effect intended to be produced is, we suppose, to diffuse throughout the world a feeling of distrust in the instinct of independent self-reliance, and to foster the instinct of reliance on interdependent association.

Drama.

Angna Enters: Little.

Whenever a definition appears to pin down formally any art, some genius arrives to exploit the medium anew; and in such a way as to destroy the definition. Accordingly Aristotle on drama, in spite of Professor Babbitt, is little better than exercise for scholastics, little better than most pre-European war text-books on economics, or the present-day work based on them. The person who can satisfy completely himself or anyone else with a definition of drama, poetry, or music, is likely to be blind to, and even to help to stultify, new creation. It is a condition of the advancement of civilisation that everything should go frequently into the melting-pot for re-crystallisation, the penalty of excessive resistance being explosion. The art of the dance, fortunately, has not been well-defined. There have been at least two ideas of it, both vague. One, half-formed and rarely more than half-conscious, was of the dance as something all-expressive of joy and

sorrow, something divine, only to be longed for, and never realised. "Everything divine," Nietzsche wrote, "runs with dancing feet." Nobody has ever seen the dance implied by Nietzsche's aphorism. It is a conception which exists only at the back of the mind, which occasionally music, or poetry, or sculpture, or painting, or drama, or Nietzsche, partly awakens, only to let it fall asleep again. It came nearest to realisation for some of us, perhaps, in the work of Diaghileff, at enormous expense and prodigality in both performers and material.

The other idea was the dance as actually realised; from the minuet, country-dancing, and Greek dancing, to the ballroom and the ballet, including even the Russian Ballet. Can anyone seriously deny the feeling of dissatisfaction with all ballet as hitherto realised? What an expenditure of technique and material for so little variety in movement and emotion, æsthetic or other than æsthetic. What did the dancers add to the music, with so little change of movement to be worth such crowds of performers and such display? From the kaleidoscopic formation and reformation of the mass in relation to the colour of the setting, there was to be drawn much pleasure, but the moment the stars advanced to exhibit their greater glory, the audience could hardly help feeling that precisely this twirling and pirouetting and bending had been done so often that the alleged new creation was but a warming-up. Worse, the ballets most beloved of the public re-told in dance some old fairy-story that chafed those most eager to develop the dance, because of its associations with literature. But the efforts of the Diaghileff Ballet, at its last London appearance, to create new movement only threw the ballet into the flood of modern life, by reducing it to ceaselessly breaking its rhythms at the instant of formation, and beginning afresh, a feature of most of modern art from the "Oxford entertainers" to painting and poetry. The only escape seemed into utter primitivism, into the mass-dancing of savages, or the child prattle of Gertrude Stein, or the African darkness of Epstein, or Naturkult, or every man his own volume of autobiographical confessions, *à la Rousseau*, without literary values, or that paradox of James Joyce's attempt to realise all complexity by dissolving up completely the one crystalline yet organic possession and creation of folk in common, namely, language; the paradox of replying to the call for a world language by giving each of us a separate one. It can be admitted that the artist has a right to deliver his personal expression. Such a right does not imply a further right to destroy the language of his people; nor can he expect to succeed in expressing anything by destroying communication. That is merely the wrong way of entering a monastery.

Out of the dance Miss Angna Enters has created a new form. It is still dance, for she works with movement, costume, colour, and music only, but it fuses with dance elements which ought never to have been excluded. It impregnates dance with the power of new growth. She accepts the first canon of creation, which is, that there is no such thing as self-expression, and that what there is instead, when there is anything, is the passion and the discipline to express something born of union between one's self and objective creation. When Wilde wrote that a work of art was a perfectly useless thing he implied for many people that it was also a perfectly meaningless thing. S. Ramiro de Maeztu successfully interpreted "The Picture of Dorian Gray"—in the preface to which Wilde's statement was made—as the Christ fantasy of the Æsthete. Miss Enters accepts the truth that art, including dance, must be supercharged with meaning. Homer, Shakespeare, Milton, the greatest, have taken this truth for granted, and if it is not easy to elucidate meaning in Beethoven, we blame ourselves for our untrained vision, we feel that it is there, and acknowledge its obviousness in Wagner. If Miss Enters gives a ball-room dance, it is not an "exhibition of the technique of ball-room dancing." From the point of view of those who want to learn to dance in the local dance-halls it is a perfectly useless thing. For those who want to develop the art of dancing it is a *pièce*, an achievement and a challenge. For those who would enjoy art it is a complete æsthetic and emotional experience. It is a work of art, supercharged with meaning. It is not, that is, Miss Enters dancing. It is a separate creation. Indeed, as much can be said of almost everything she does, and on the only occasion in her present programme when she is present in person, namely, in her satirical burlesque of Delsarte, it is, though brilliant, a waste of genius.

Miss Enters is not an interpreter of the music, which is merely one of the adjuncts to the totality of her creations. Her pauses and rests are as dramatic as in the musicians and poets, and her movement is not of the feet and hands alone, but of the whole body. Nothing has a hair too much of emphasis, and everything is a minute too short. She demands from the audience not somnolence after wine, but intensified sober vision, which she rewards by the perfect creation of a mood. Indeed, she is in dance the recreator of the moods of history, which she communicates to the spectators. In "Webs, one of a related series of pattern rituals induced by self-woven webs of city life," she expresses in a moment or two the whole of city slavery to time, the exhaustion of the individual by the environment, and his automaton-like, decadent, servitude to surrounding sense stimuli. "Dejeune au Bois, 1860," is lighter, but conveys amusingly the boredom every woman feels when she expects a man to say for the third time that she is charming, and he merely snores. "Piano Music, No. 4," in which a child gives her first public performance, is a piece we English can understand. Behind the gawky movements can be seen the determination to do as well as possible. The child knows it is an ordeal; she knows that the people will applaud and encourage her. She knows how insincere and patronising the applause will be. Nevertheless, in intense agony, she does her best to justify herself—to herself, but is pleased when it is all over. Although such items as this are accepted as humorous they are sincere, pathetic, and creative. In "Shaking of the Sheets," a pure dance based on "Elizabethan England's retrospective pre-occupation with the plague," Miss Enters is brilliantly at her best. It is brief, but so startlingly overpowering that the audience is too bewildered to applaud. It is not yet ready. In "Narcissism," Miss Enters reminds us again that always it is the objective creation, and not she, which appears on the stage, and "Field Day" is another pathetic representation of childhood under the miserable monotony of trying to enjoy oneself in the weary, wasteful way grown-ups think one should. "Pavana, Spain, Sixteenth Century," is purely æsthetic. One cannot read anything into it. Yet it dominates by communicating terror and implacability, and demonstrates again that, while a person's mind may be far away during any perfected technical accomplishment, the absent mind impresses itself on the manner of performance. One cannot read what it is that induces the ferocity into this woman's dance; one is as a person in the presence of people who speak a strange language. But one knows it bodes no good for somebody. If ever we have a ballet which absorbs what Miss Enters has brought out of the dance, it will compare to all ballet we know as Wagnerian with pre-Wagnerian Opera. We shall have a ballet-drama in which circus, drama, and dance are at last fused.

PAUL BANKS.

Sir James and the Stars.

There are a sort of people who wish to gain a little knowledge about many things, provided the acquirement of it is made easy. "Drink deep, or taste not the Pierian spring," is a warning they choose not to heed; and they regard you as a tactless person if you ask questions which expose their essential ignorance of what they have for the moment decided to "read up." They want to escape the grammar of a subject. That the way to learning is difficult, that one cannot truly understand anything unless one starts at the bottom, is a platitude; but it is a platitude they find convenient to forget. They prefer to take a lift to the summit where, like tourists, they gaze about them open-mouthed; and because they now can see farther than they did, fancy they can understand what they see. This is an error. But they enjoy the sense of wonder. They find entertainment listening to the clever guides who make them so terribly at ease, who give them facts and figures which fill their prattle with vague immensities when they are safely seated again at the dinner table.

One of the most popular guides to knowledge at present is Sir James Jeans,* who politely hands the ladies and gentlemen to gape at the stars. With admirably lucid phrases he explains to them some of the secrets of the observatory, and obligingly refuses to notice they put a blind eye to the telescope. They depart feeling they are astronomers because they have a crick in the neck. And for a while after they bemuse themselves over millions of millions of millions of miles, are nebulous about the nebulæ, seem pleased to be astonished at the divagations of the earth's pole, and the eternal movement of the stars.

But we cannot all be astronomers? I should hope not indeed. Then are we not to read what the astronomers are doing and thinking? No. We are to mind our own business. Star-gazing is silly unless it is our business. "Twinkle, twinkle, little star, I don't wonder what you are," should run the rhyme for those who are adult and do not work in an observatory. A ploughman will not be likely to find his furrow straight if, behind the plodding horse, he muses on the speed of light or the apparent presence of vegetation on the planet Mars. An accountant's job is to get his figures right, not to miscalculate how far it is from his office to Sirius. But he may not enjoy being a ploughman, an accountant, and though bread has to be earned, when the day's work is done he likes to take up his hobby? It happens to be the study of the heavens?

Ah, that is quite a different matter. He is then an amateur astronomer. He does not wish merely to take a Cook's Tour round the constellations. Then, particularly if he is a beginner, he will derive great benefit from a study of Sir James Jeans' new book, for it is written for those who are quite innocent of any knowledge of astronomy. But for such a reader, of course, the volume will only be the first of a library of books on the subject. And he will con them over and over again whenever the clouds prevent him from climbing to the roof of the house to use the telescope which he has fitted up in an uncomfortable, home-made observatory—a room which he will nevertheless prefer to all the armchairs and novels in the world.

But the rest of us—what have we to do with the volcanoes of the moon, the orbit of Neptune, the distance of the nearest star, the supposed interior temperature of the sun? I cannot sympathise with those who feel unhappy because the new astronomy seems to them to make the world shrink to a speck of dust and mankind to a group of parasites living upon that speck. I am as tall as the next parasite. Why should I feel small because the universe is larger than the ancients were aware? If there is nothing new under the sun, what matter if it is new to me? I think them wise who of old thought that the sun was made for their convenience. To him who feels he wants to crawl because the homely roof of heaven has been removed to reveal the immeasurable distances of space, to him who can no longer see that the moon is beautiful because science has told him it is a cold, dead body—the still-born child of the once-flaming world; to him I say: Go to, vulgarian, and crawl before a flea. Abase yourself before a daisy. These deserve as much wonder as the stars in their courses. If you must be sad, will not the seashore at evening make you sufficiently melancholy? It is good to feel humble—but this world is big enough for us to feel small in.

This sounds a little severe, eh? A little too superior in tone altogether? I quite agree. It is human to feel curious about things—about this world, about other worlds, and especially about what is called the next world; and it is exceptional to have the will to push curiosity past a small satisfaction, to acquire an appetite for complete knowledge. I am stating only a point of view, and won't pretend to live up to it myself.

And now let us go out into the cool evening to inspect the stars, "heaven's candles," as Shakespeare called them. They keep their secret well. The telescope brings them ever so little nearer; the astronomer now calculates a little more accurately their size and weight and distance; he can find no purpose for their existence. Yet, after all, the stars make pleasant lamps for lovers. Troilus found a purpose for the moon when, mounting the Troyan walls, he could see by her light the Grecian tents where Cressid lay, and sighed his soul towards them. Milton saw the moon as apparent queen of the night who "O'er the dark her silver mantle threw." The poets have their uses: they bring us back to human values.

JOHN SHAND.

* "The Stars in the Courses." By Sir James Jeans. (Camb. University Press. 5s.)

The Films.

Le Million: Phoenix.

There is no director whose future career promises to be so exciting to watch as that of Réné Clair. Until the end of last year, neither his name nor his work was known to more than a relatively small number of people in England. Then he made history with "Sous Les Toits de Paris," which not only revealed an entirely new talkie technique and promise, but was in many important respects the most satisfying sound film yet made. It has also been a pronounced box-office success; after an initial run at the Alhambra it was taken to the Regal, whence it proceeded to the Rialto, where it has been playing for fifteen consecutive weeks, although it had originally been intended to show it for a much shorter season.

If I emphasise this remarkable box-office success it is because I firmly believe that "Sous Les Toits de Paris" is going to exercise a very important influence on the future of the commercial film. As I predicted a long time ago, the novelty value of the talkie has completely worn off. American exhibitors are largely back to where they were immediately before the sensational success of "The Singing Fool"; the screen play alone fails to hold average audiences in the United States, with the result that there has been a return to the accompaniment of pictures by variety acts, or "flesh turns" as they are elegantly called in the United States. But the provision of such a programme merely adds to the financial troubles of exhibitors, who have, incidentally, been compelled in many instances to lower their prices of admission, while the taste of the public for vaudeville-cum-talkie will possibly not endure very long. Hence the urgent necessity to inject some element of novelty into the commercial film.

The talkie has, of course, definitely come to stay, even if for no other reason than that on the one hand exhibitors want to see a return on their expenditure in installing sound projectors, while on the other hand the general public, in the English-speaking countries at least, has become so thoroughly debauched by sound, that the silent picture no longer appeals to the majority of filmgoers. Colour has already been tried on a large scale, but has also lost its novelty value. It appears to have been largely abandoned by American producers—our own, who are as a rule at least two years behind Hollywood—have only flirted with it—and in any event nobody will like a bad film any the better, or go to see it when he otherwise would not, merely because it is in colour. The wide film is still in the experimental stage, while its use on a large scale would involve exhibitors in additional expenditure. Moreover, as in the case of colour, the mere size of a picture will in the long run not make the difference between financial success or failure. The same is true of stereoscopy, while the television of films is still too much in the air, even if all the immensely difficult technical problems have been solved, which I believe is not the case.

So it comes back to this; in order to restore the popularity of the film in the United States, on which the rest of the world still depends for the majority of its pictures, it will be necessary to make better pictures. That is to say, to make better films than most talkies to date. And that necessitates the evolution of a proper talkie technique—a new technique—of which we have hitherto had but few signs. That is why I believe that Clair will exercise a great influence on Hollywood, Elstree, and other centres of the industry. Unless I am mistaken, his influence is already showing itself; Alfred Hitchcock's forthcoming production of "Rich and Strange" is, I am informed, to be so economical in speech that the total dialogue will occupy only twenty minutes, while no fewer than five hundred distinct scenes, about twice the usual number, are provided for in the script.

In "Le Million" Clair again exhibits a new technique. Although the musical accompaniment is in itself mediocre enough, it plays an important part in the picture, and is indeed an essential element of the theme. The director has here wedded the screen to the stylised rhythm of the ballet, plus a burlesque of grand opera convention. Song is adroitly and successfully used for contrapuntal effect; the chorus, sometimes invisible, serves both as a commentator on and participant in the narrative, as an extremely novel kind of compère in fact. Since the result is a combination of burlesque and fantasy, one cannot make too close a comparison between "Le Million" and the somewhat sordid realism of "Sous Les Toits de Paris"; the just criticism is that in both pictures Clair has attempted something entirely new in sound technique, and has on both occasions brilliantly succeeded.

"Le Million" is by no means a flawless production. It would have been better with a far smaller amount of dialogue, and the introduction of English-speaking sequences—a somewhat clumsy expedient that breaks up the continuity—was unnecessary, although I presume it was regarded as desirable for the English market. I wish it were possible to show this film mainly without dialogue and without the two English compères. The acting is not so good as in "Sous Les Toits de Paris," although Annabella, as Beatrice, is unusually charming.

Everyone interested in the best type of film should see this picture.

DAVID OCKHAM.

The Hon. Sir Charles A. Parsons.

By James Golder.

VII.—THE IDEALIST.

I am sure it is not claiming too much to assert that Parsons' life and work is an illustration, almost approaching perfection, of the practical progressive idealist. If any of his friends who got closer to him than I did, recollecting, and perhaps a little aggrieved by his foibles, consider this an exaggerated statement, I would ask them to reflect that greatness is usually unconscious. An idealist is a man possessed. He is not his own. He is the servant of his ideal.

It has been shown that Parsons valued and dealt with theories. He either translated them into objective facts or consigned them to the scrap heap discredited. With ideals it was different, for ideals are the driving force which seeks to make *ideas* real. No one knows where they come from, nor where they will lead to, for, like babies and poets, they are born, not manufactured.

Parsons must have been told over and over again in those early days at Armstrong Whitworth's and Clarke Chapman's works on Tyneside, what a fool he was to ever dream that the magnificent Watt engines could possibly be improved upon except in unimportant details. I can easily recall the ribald laughter of those who pointed out to me the first steam turbine I ever saw; while at the same time they informed me of its hopeless future.

It was conceded by some wiseacres that, in view of electrical developments, it might have a limited field of application. That it would, eventually supersede the Watt engine, and reduce it to an auxiliary, was the dream of one solitary man, Parsons, the objective idealist.

Now idealism in everyday life is in the curious position of being simultaneously accredited and discredited. The ideal is the unattainable runs the argument. It is wisdom to entertain it, but folly to expect to achieve it. The Emersonian advice about the star is probably accountable to some extent for this, but for Parsons, and men of his type, the ideal was a calculable objective reality. Something which possessed substantial dimensions, which the eye could see and the hands could handle. The star may give direction, as to the navigator, but the calculable ideal of possible achievement gives at once objective and driving force on the journey.

Perhaps another reason for this curious contradiction lies in the confusion which exists in the mind between standards and ideals. Ideals, being organic, prove themselves by growth and development. Standards, being inorganic or crystalline, prove themselves by achievement. The distinction is important if the practical progressive idealism which inspired Parsons is to be understood. Parsons found many things standardised and fixed. The Whitworth thread and the hexagonal nut, e.g., were left untouched by him, as indeed were many other achievements of his predecessors, such as the wonderful machine tools which ministered to his demand for refinement and precision. Had any of these things stood in the way of his main objective he would no doubt have left his mark upon them or swept them away. When we come to deal with his versatility it will be seen that he was obliged to improve the work of others in order that they should help him. No territory is sacred to the passionate idealist. No standard can stand in a dynamic world, for nothing is permanent that is not on the move. To this man and his kind the standard is a gauge and nothing more.

In all engineering workshops where precision is of high importance there is what is called the tool room. Here cunning craftsmen, highly skilled in the art of measurement, guard the standards. There is also a very important spot in the workshop called the marking-off table. This consists of a large well-planed iron slab set to a dead level. Upon this table the rude materials from foundry or forge receive a coat of whitewash, which enables the mechanic to mark off from the plans their final form.

If any questions arise, and they often do, as to the straightness of an edge, the flatness of a surface, or the truth of a shaft, the marking table calls upon the tool-room for the standards. The tool-room mechanic can produce a standard straight edge, a standard flat surface, and a standard gauge for detecting the truth of a revolving shaft.

Vertical lines are checked by plumb bob. Horizontal lines are checked by spirit level in engineering as in architecture. All these things are standards because they are fixed and finished as definite achievements. There can be no edge straighter than the straight. No surface flatter than the flat. There are no degrees of verticalness or horizontalness. These things are standards by which what has been done can be computed. Being practically perfect, they are as much use to idealism as a cul-de-sac to a traveller. Standards are only valuable in service to an ideal. They determine accuracy alone. They have nothing to do with progressive direction of objective.

It has been stated in a previous sketch that Parsons was no standardiser. What then was his criterion of perfection? The answer can be given in one sentence. It was a mathematical concept of perfection. Three things gave direction and force to his efforts, and those three things were ideals. They had no tangibility at all, except in mathematics.

The first was Boyle's law of steam expansion. The second was Joule's law giving nature's fixed rate of exchange for the transformation of heat into mechanical energy. The third was the erudite cycle of operations associated with the names of Clausius, Rankine, and Carnot.

The truth is, an ideal is always mathematical. An ideal that cannot be expressed in terms of the exact science is a sham ideal, a will-o'-the-wisp. By men of old time it was called poetical; but that is a subtle distinction without a real difference, because balance, harmony, equilibrium, and rhythm sum up what men call music; and music is but the poetry of the integral and differential calculus.

It is along the line of music and mathematics that the satisfaction of the creative impulse is achieved. Without this satisfaction a man is dead while he lives. He is like the beasts that are said to perish. Whether Sir Charles was an executive musician or not I am unable to say, but his invention of the auxetophone showed refined knowledge of harmonics. The high speed of rotation of enormously heavy turbine shafts and dynamo rotors also called for the exercise of great knowledge and skill in balance and equilibrium.

With ideas and data such as these it was possible to calculate, in advance of any design, what the steam consumption of any given turbine would be. The first calculation would be made on the assumption that there would be no losses in transforming the heat energy of the steam into the mechanical energy required at the shaft. This would give the *rate* of steam consumption for what Parsons would call a theroretically perfect turbine—that is, a turbine manufactured in heaven by archangels. The answer is quite definite, and might be, say, e.g., ten pounds of steam per horse power per hour. With this information, and all the elaborate data that experience has rendered available, the real turbine can be designed and manufactured. When it is tested, and its *actual* steam consumption measured against the power developed, the efficiency-ratio is obtained.

If the actual consumption is 19, as against 15 for the ideal, the ratio is 15-19, approximately 80 per cent., which means that the necessary loss or cost of transformation is 20 per cent. This might well be called nature's discount on the exchange of energy from one form into another.

The maximum is 100 per cent. efficiency-ratio. It is represented in this case by the figure 10, calculated on the constant natural rate of exchange discovered by Joule, a Manchester brewer. The efficiency-ratio of Parsons's first turbine in 1884 must have been very little above zero. The efficiency-ratio of the Chicago plant is very close to the maximum.

Parsons's progress in the early days towards this achievement was almost certainly the outcome of the instincts and inspirations of genius alone—with rule of thumb methods at times. But there can be no question that he was only able to endure so rough a course as one who kept his eye steadily fixed on the invisible—the very definition of the idealists; and in doing so he has rescued idealism from the petrifying charge that it is thoroughly unpractical.

Thus he will stand as the only realist, which, though paradoxical, is not contradictious. The things he could see, the results achieved, were *measurable*. The results he could not see, but could adequately conceive, were *calculable*. This gave objective reality (in pounds of water per unit of power) to his aim.

The path of law, extant or adumbrated, was for him the high road to that unity denominated "one-hundred per-cent. efficiency" in waste-elimination. In keeping that path he had great reward, for he must have passed away satisfied that he had finished the course and kept the faith of his original ideal.

Price Regulation.

[*This is an Editorial article reprinted from the February issue of "The New Economics For Australia." We print it to show that the conduct of Social Credit operations on the Australian front is in capable hands; and also to prompt readers to support this journal. The annual subscription is 2s. 6d., and should be sent to Mr. J. McKellar, 6, Ormsby Grove, Toorak, S.E.2, Victoria, Australia.*—ED.]

There is a group of economic students who hold that the stabilisation of prices is an essential step to the rehabilitation of the productive system, and they would endeavour to achieve this end by the control of the issue and recall of currency. Mr. C. H. Wickens, Commonwealth Statistician, is a notable advocate of this proposal, and he recently submitted a report to the Federal Cabinet. Some members of the Federal Parliamentary Labour Party support the idea, and Mr. Scullin, Prime Minister, in his recent speech at Ashfield, N.S.W., made a general reference to the need for "restoration and stabilisation." Mr. Wickens in this report says:—

"With deflation there is a gloom of falling prices, extensive unemployment, commercial crises, business failures, production restriction, and unemployment assumes colossal proportions. Australia's problem is to check the deflation of currency shown by statistical prices. To obtain an equitable price level, regulate the currency, so that when the price level falls the issue is increased, and when the price rises currency is restricted. Stop the rot which has set in on Australian prices of all kinds." Mr. Wickens advised the appointment of a committee of bankers, economists, statisticians, and Treasury officials to work out details for the scheme, the principle of which, as is evident from the above, is, taking the prices of certain commodities as a guide, that when such prices rise or fall, currency shall be withdrawn or issued accordingly, leading to either a reduced or greater demand for goods, with a consequent fall or rise in prices; in this way it is hoped to keep prices stable.

No Suitable Price Level.

In theory the scheme sounds plausible enough, if it be granted that stabilised prices are essential to the effective working of the economic system, though we do not admit the claim; but this scheme would fail completely as a workable policy if consumers are to be able to buy the total output of industry, and industry at the same time is to recover all its financial costs. Under present ecomonic conditions, wherein the sum of money received by consumers in any period is only a fraction of the prices of the goods produced, there is no price level at which consumers and producers can meet on terms of mutual advantage. If prices be stabilised at a level that enables consumers to buy all the products of industry, producers must go bankrupt; or, if prices be stabilised so that producers could recover their costs, portion of the output must remain unsold. The position, for example, is one in which consumers receive, say, in any week, £10,000 as their incomes, while the prices of the goods made and placed on sale are £20,000; therefore, if prices be stabilised at £10,000, so that the goods can be purchased by consumers, producers must lose £10,000; or if prices be stabilised at £20,000 in the endeavour to safeguard producers, then goods to the value of £10,000 would come on to the markets and there would be no money to buy them.

Engineers and Agriculturists Needed.

Nor do we like the way the proposed committee would be constituted. Monetary policy, as defined by Mr. McKenna, of the Midland Bank, England, "is the policy which concerns itself with regulating the quantity of money," and as this banker admits, and as everyone should know, the determination of monetary policy has been, and is, in the hands of the bankers; and, seeing that the policy pursued by the bankers in the past has led to such a tragic mess of things, it is surprising that anyone can reasonably look to them to get us out of the mess. The committee, it is true, would also include economists, statisticians, and Treasury officials, but their inclusion could make little difference, for the work of such people generally is merely that of recording what happens in the economic system, and as individuals they never express an intelligible reason as to why it does happen; and in the main they support the banker's point of view.

The usefulness of all money depends upon the goods and services that can be secured with it in the country in which it circulates; if there are no goods to be bought, money is worthless; and the function of money is to enable the distribution of the goods and services provided within a community. Consequently, it is natural to expect that a properly constituted committee, whose endeavour would be the attainment of the necessary synchronisation between the flow of goods and the flow of money, should include, as an essential group, a body of power engineers and expert agriculturists to estimate and advise as to the quantity of goods which could be made available. Neither bankers, economists, statisticians, or Treasury officials could do this; yet obviously, without such information all efforts to adjust the money system to the productive and distributive systems can only be regarded as guess-work. And, being advised, the work of the bankers and accountants would be to adapt the financial and pricing systems, so that these would reflect the facts of productivity given them. While the economists and statisticians could record the result. Apparently the need for engineers and agriculturists on such a committee escapes Mr. Wickens. Yet, clearly, is not their knowledge most essential, vital, to the whole business? Imagine the printers of railway tickets endeavouring to decide the number of tickets needed, without an instruction from the railway authorities, who know the seating and carrying capacity of their services?

What is Actual Cause

A sound test to apply to any proposal made for the solution of the economic problem is to see whether it is built up directly from the actual seat of the defect. Supporters of stabilisation have noted the effect of an immediate restriction of bank credit, and conclude that the cause lies there; and they then proceed to frame a remedy which aims at maintaining a regular flow of credit. But in this case the apparent cause is not the real one. That is to be found in the deflation or withdrawal of money by the banks at some previous time—a practice occurring continually—which deprived the people of the money which, if retained, would have made them independent of bank credit. The facts of the matter are that money received for the making of capital goods, i.e., factories, machines, etc., in, say, January, is withdrawn from the public in the same month, though the goods are not used in production and charged into prices until, say, February; and for the public to be able to pay these costs and get the goods, bank credit must be obtained; and this is granted only for the making of more goods, which puts consumers in the same position in regard to the new goods—they must get bank credit to buy those in, say, the next month. Thus it comes about that the community cannot get goods without getting into debt to the banks, and are subject to the banks' will in the matter. Now it is true that when the banks refuse these loans, goods cannot be sold, prices slump, and capital values drop; but to regard this immediate restriction of credit as the real cause is to overlook the original withdrawal of money in the "January," which gave rise to the deficiency in "February" and onwards, and so rendered the public dependent on the banks for purchasing power Had the deflation or premature withdrawal of money not occurred at that stage, the people would have retained money equal to the financial cost of the capital charges in price, and would have been able to pay those charges and so maintain capital values without recourse to bank loans.

Investments Cause Disparity.

Investments are one way by which money is prematurely withdrawn from the community. In illustration, let us suppose a manufacturer to borrow £5,000 from a bank for extension of plant; such a loan would imply the creation of new money to that sum, and would increase the amount of money in existence accordingly. Now factory plant is not a thing which consumers as such buy, therefore the £5,000 as it was spent would mean an increased demand for the consumable goods then on sale; and the prices of these goods would go up, leading to a super-profit for the sellers. Consider now that the retailers making these profits are persuaded by the manufacturer to buy shares in his factory; and that when he receives the money it is used to repay the bank loan; and that that means that a sum of £5,000 goes out of existence. It is evident, then, since the sum of money within the community has been reduced by an amount equal to the capital cost of the new factory equipment, that for this new charge as a cost in the price of goods to be paid by the public, new money must be created by the banks; because, otherwise, the only sum they would have would be the amount received as current wages, salaries and dividends, which are also costs in price. Now if the banks refuse to create the necessary money and issue it for the making of more factories, can such restriction be held responsible for the disparity which already exists between consumers' purchasing power and prices, due to the inclusion of the plant charge? And hence the unsaleability of the goods? In the immediate sense it would be. But for the originating and real cause of the deadlock, we must go back to the withdrawal of the £5,000 by investment. Had this sum remained in the hands of consumers instead of being filched from them in higher prices and subsequently invested, they would hold sufficient money to pay the factory cost in prices without depending upon the banks to create it. Deflation through investments is the deflation which must receive attention. Money invested is money which short circuits back to production without being used to buy goods for consumption; and so leaves goods on the markets unsold.

Unrestricted Credit—The Result.

The argument may be advanced that if the banks did not restrict credit, industry would at any rate continue to operate. The answer to this is, that if industry continued on these terms it would mean an increasing accumulation of capital goods and goods for export, with an intense international competition for markets, leading to war. Since consumers receive only the "A" payments (wages, salaries and dividends) disbursed by industry, they never receive enough money to buy the total output of goods at prices covering "A" and "B" payments ("B" payments are raw material, plant charges, etc.), and portion of production is necessarily devoted to goods other than consumers' goods; that is, factories, machines, etc., which in turn are used in production and so accentuate the position. Writing on this point in "Credit Power and Democracy," Major Douglas says: "The point to be borne in mind is that B is the financial representation of the lever of capital, and is constantly increasing in comparison with A. So that in order to keep A and the goods purchased with A at a constant value, A plus B must expand with every improvement of process, while at the same time this increased production must, in the nature of things, be of such a nature as will enable it to be paid for under Group B. It must not, therefore, be an ultimate product—something that human beings, as such, require for their personal use—but must take the form of factory buildings, machinery, etc., for the production of which bank overdrafts can be obtained, or else be production for export."

"Price" Not True Indication.

Advocates of stabilisation rightly demand a more scientific control of currency than now results from an observance of the superstition of a so-called "gold standard"; but their proposals do not furnish it. They would make "price," which should operate as the mechanism of control, the determining factor in control. The true basic principle upon which currency control should rest, is the relation of money to goods, or, more fully, the power of a people to produce goods; and the customary fluctuations of "price" do not afford a reliable indication of that power. By way of illustrating that contention, suppose that the flow of money from production to consumers is, say, £1,000, and that this sum is spent each week on goods, and so flows back to production; and that prices are "stable" at £1,000. Consider now that the flow of money is increased to £1,100, the additional £100 being created and issued for the making of machinery; and, further, since machines do not come within the buying range of consumers, that the price level of the consumable goods purchased rises to £1,100. Now under the price stabilisation proposals, this rise in prices would be taken as an indication that money-demand was outrunning production and currency would be withdrawn. But, clearly, such an assumption and the action taken would be wrong, for no account is taken of the additional machines now existing, and which would probably increase productivity far below £100; and rightly, should allow for an increase in money rather than a decrease.

Scientific Price Regulation.

Taking the above illustration, we can indicate roughly the operation of the Price Regulation of the Social Credit proposals. Prices would be controlled so that they could not rise and absorb more than £1,000 of the consumers' money; that sum being the extent of total consumption in relation to total production at £1,100. In these circumstances consumers would have to spend only £1,000, a sum that would buy all the consumable goods available; while the £100 which they would retain would represent their claim to the unconsumed portion of production in the shape of machines. Thus we should have a truly scientific control of money: £1,000 worth of goods consumed, £1,000 withdrawn through prices: £100 worth of goods remaining in existence, £100 in money held by the people. The financial position would reflect the physical facts. Price Regulation can give us such a result: price "stabilisation" never can.

Parvum in Multo.

Some years ago, possibly in 1922 or 1923—I cannot now be certain of the exact date—a paper, entitled *Fallacies of the Douglas Theory* was sent by its author, Mr. P. W. Martin, to Mr. Brenton with a request for a reply to the arguments put forward in it. At Mr. Brenton's request I wrote a reply, a copy of which is beside me at this moment.

Against Mr. Martin's contention that—to quote his own words— " the mass production of new money or credit attributed to the bankers by Major Douglas is simply a myth," I placed the evidence of Mr. McKenna, quoting specifically from his speech of January, 1921, which contained what was till then probably the most lucid, and certainly the most authoritative exposition of the technique of credit-creation by the banking system. And in reply to Mr. Martin's emphatic declaration that the " A plus B " theory is fundamentally unsound, I suggested that the essential conclusion might be reached by rather a different approach, and quoted from a manuscript in my possession which afterwards saw light as *The Community's Credit*. The argument then placed before Mr. Martin afterwards reappeared on pages 39 to 41 of that little book.

I assume that my reply reached Mr. Martin safely, although I never received any acknowledgment. At any rate, in his book, *The Flaw in the Price System*, published in 1924, Mr. Martin elaborates in several chapters a theory of price essentially akin to that which I had tried to compress into a single paragraph. My experience of the " A plus B " theory is that you either see it, or you don't, and that if you don't see it, no amount of argument will bring enlightenment. Accordingly, I was delighted to recommend a book reaching by a different reasoning a sufficiently similar conclusion. The general conclusion that the industrial world is normally and progressively unable to purchase its own production could not, I thought, be denied in face of Mr. Martin's patient analysis.

And now Mr. Martin comes along with a larger volume devoted almost entirely to an elaboration of this aspect of industrial economics. It is a most painstaking work, described on the cover as " the first satisfactory explanation of why buying intermittently fails to keep pace with production," and, frankly, the feeling uppermost in the mind of at least one reader is that the volume would be of far greater value if reduced to half its length and published at half the price. *The Problem of Maintaining Purchasing Power** is the somewhat ponderous title of a work which certainly cannot be dismissed as the ill-considered vapourings of a currency crank. And quite possibly what to one reader may seem like tedious repetition may to another be simply driving home an essential argument.

A number of minor defects occur in the analysis, but while these affect, they by no means vitiate, the argument as a whole. It would, for instance, seem an error to include capital equipment with finished products in contradistinction to raw materials and semi-manufactures. Capital equipment may just as logically be included with raw material as a fundamental basis of manufacture. Indeed, Mr Martin has to abandon this classification when he comes to analyse the effect of money-shortage on intermediate as distinct from ultimate markets (pages 87 and 88). Again, though he does not anywhere say so expressly, Mr. Martin seems to imply that, left to itself, business recession ultimately produces that superabundance of purchasing power needed to initiate a corresponding industrial revival. The accuracy of this view is yet to be demonstrated. And there are other doubtful assumptions which space will not allow to be enlarged upon.

When Mr. Martin outlines his remedies, one begins to realise how his industrious analysis of one particular aspect of the situation—admittedly one of the most fundamental—has rendered him so unable to visualise the position as a whole, that his remedies bear little or no relation to realities. As a means of maintaining purchasing power, Mr. Martin proposes a Purchasing Power Adjustment Board which would, with money secured through taxation, purchase high-grade securities. Then, whenever the pressure of purchasing power appeared inadequate to maintain business activity, the Board would finance works of public utility by means of money borrowed from the commercial banks, presumably on security of such investments. In this way, there would be provided a new flow of bank-created credit-money coming on to the market at the consumers' end. Afterwards, when the Board considered that purchasing power had been sufficiently reinforced, it would raise the money needed to complete the special works in progress, not by fresh borrowing, but by selling certain of its securities. Finally, if prices showed a tendency to rise, more securities would be sold, loans paid off, and monetary contraction induced.

In what essential, one may well ask, does the foregoing proposal differ from the spasmodic efforts of present Governments to relieve Unemployment by Public Works, except that the amount disbursed is to be calculated more scientifically? Taxation and borrowing—money based on debt rather than goods—the old gamut in very thin disguise. Must a country still rely on its banking institutions to monetise its own credit—at a price?

Mr. Martin also advocates international banking co-operation along familiar lines, with special reference to the stabilisation of the value of gold, or concerted reduction of gold-reserve ratios. Indeed, so akin are these suggested remedies to those advocated by the more liberal bankers and orthodox economists, there is a danger that some such proposal as that advocated by Mr. Martin will be offered to the world as a concession to the growing demand of thinking people for a reorientation of financial principles and practices. This, by its inevitable failure, would discredit for a generation the teaching of the true economists.

One closing remark. In a book dealing almost exclusively with the problem of maintaining purchasing power, it is curious to find no reference to Major Douglas, Professor Soddy, Mr. Arthur Kitson, or any of the growing band of writers on the New Economics. Possibly this course was deliberately chosen by Mr. Martin in order to preserve his analysis untainted by association with such heretics. If, by reason of this, the fundamental necessity of augmenting the purchasing power of consumers is more generally accepted, a realisation that something must be done may yet open the way for Social Creditors to demonstrate what that something must be.

C. M. H.

* P. S. King. 15s. net.

A Dynamic Universe.

" The Dynamic Universe." By James Mackaye, Professor of Philosophy, Dartmouth College. 300 pp. (Scribner. 10s. 6d.)

The first chapter contains an interesting idea of very wide embrace, far wider than the limited area in which the author makes use of it—the power of a Definition. He points out that a hundred years ago, when what we now call " the principle of conservation of energy " was being arrived at, the early stages of the discovery were complicated by the fact that the only word then in use was " force." Force meant that which produces mechanical movement. The idea was coming into men's minds that heat, light, etc., were interchangeable evidences of something, which something was conserved. They called it " force," being the word to hand. But " mechanical force " is *not* conserved (as such), so there was an apparent discrepancy. This difficulty was at once removed when a new word, " Energy," was coined for the something which was conserved, force being left with its old meaning. The trouble had really been a verbal one only.

He uses this clue to disentangle a similar difficulty regarding relativity. " What is the theory of relativity? The writings of the relativists show that it is not less than three different things, left undistinguished by them. There are:

" (1) The definitions of time and length. . . .

" (2) Certain assumptions, which these definitions have entailed. . . .

" (3) The assumption that the Einsteinian definitions actually give truer results than the Newtonian ones."

The first of these is no theory but only a definition, and as obvious a certainty as that a triangle has three sides. He then treats at length the assumptions of (2), and finds them to be refuted by physical facts. " The third assumption is the theory which embodies Einstein's discovery." He then discusses the evidence at length, and decides that up to the present time physical facts very closely confirm the theory, which is a " purely empirical discovery, not anticipated by the classical physicists."

Prof. Mackaye is, I would venture to say, a good philosopher, his arguments are acute, his language intelligible, and his purpose honest. The elaborate analyses of the various situations created by the theory of relativity are well worth reading, and the results at which he arrives valid ones—with perhaps one or two small exceptions. The only question which suggests itself to me is whether the relativists may not escape from some of his destructive criticism by denying the statements of which he accuses them.

For example, he has much to say on the question of the identity of gravitation and inertia, and argues the case well. But the statements on which he bases his attack are these.

Einstein wrote, " The same quality of a body manifests itself according to circumstances as inertia or weight," while Eddington says, " This identification of inertia and gravitation as arbitrary components of one property explains why weight is always proportional to inertia," Weyl's version being, " Inertial and gravitational masses are identical in nature." These three statements are very closely the same, the key-word for their full comprehension is *nature*. Such writers do not merely quote from one another like textbooks, so that there is a probability that the statements contain a truth. It is only the mathematical symbols which can say what " nature " means, for, very possibly, the writers have no clear concept, or they might have avoided confusion by amplifying the statement. But even if the truth is there, Prof. Mackaye's demand for a clearer definition will have served a purpose.

So, too, he objects elsewhere at some length to Eddington's use of the word " explains " in the above quotation. I feel it is not unlikely that, if pressed, Eddington would admit that it was a careless and unphilosophical use of the word, and that he really meant " gives a rationale for it."

The greater part of his criticism seems, however, much to the point, and such caustic remarks as the following seem quite justified. " In pursuing recondite mathematical investigations they have overlooked the obvious." " Perhaps the reader will consider what his verdict would be if the theory which involved such statements were not the specially privileged relativity theory but a geographical, or geological, or biological theory, the first requirement of which is respect for the facts of observation and care in the avoidance of contradiction." " There are reasons to believe that the ' causes ' of phenomena postulated by the relativists are mere unintelligibilities, which are able to pose as explanations by the power of suggestion contained in the words which claim to express them." " When physics reaches such a stage as this it reverts to the chaos of unreason, and all distinctions between the true and the untrue disappear."

This is not because he fears new ideas and clings to the old, for on p. 166 he writes, in connection with the theories as to the extinction of the universe, " It would prove that energy in the form of matter is doomed to dissipation, but not necessarily energy in all forms. This would reduce the universe to nothingness for human beings, to be sure, but such beings are doubtless ephemeral products in any event. . . . There is a tendency among speculators to limit the possibilities of the universe by the observational powers of man, which is as unjustified as to limit them by the powers of observing possessed by an oyster or a mole." He has here, I think, put his hand on a tremendous truth, which is actually the reason why his book was written, for he sees this multiplicity of forms of energy as a " dynamic ether " and is trying to find a statement of it in what he calls a " radiation theory." The theory itself does not appeal to me; in fact, as it stands, it seems hardly worthy of a philosopher, being only the introduction of a yet smaller particle to be called a " materion." It is too early yet to decide whether he is really trying to portray something which he has seen " in his mind's eye " or whether it is merely a logical progression from accepted views. I fear it is only the latter.

A further interest in the book is the number of quotations from various authorities which it contains.

M.B. OXON.

LETTERS TO THE EDITOR.

MARX AND SOCIAL CREDIT.

Sir,—I did not suspect Mr. Symons of deriving Marx's economic theory from Hegel, but I was seeking a reason for his attempt to make Marx *the* precursor of Social Credit, as there seem strong reasons for denying this parentage on the economic side. It seemed to me—and Mr. Symons' second letter confirms it—that he is really interested in the Hegel side of Marx, and, finding him a great man, " creating a ferment," he desires to find Marxian economics in line with his own faith in Social Credit. I was concerned " with the parallelism of the analysis "; and on this point I still deny any *internal* resemblance between Douglas and Marx. On this point I will deal with Fr. Fletcher. He will not have it that the Marxian theory of value is vitiated by a radical failure to understand the machine. In Part III., Chapter VII., part 2 of " Das Capital," Marx lays down as a fundamental axiom that " the value of each commodity is determined by the quantity of labour expended on and materialised in it, by the *working time* necessary under given social conditions for its production." The unit by which value is measured is " simple abstract human labour." (Marx talks of *labour*, not of " productive capacity," as my critic would fondly have him do.) Fr. Fletcher is reading what he wishes were there into Marx when he says in reply to me, " Nothing like merely human muscular energy is connoted by the term ' labour.' "

And now, Mr. Symons, I am told by Fr. Fletcher that what is alive in the economic Marx is not the gospel according to Marx, but the revolutionary opportunism of Lenin which the Third International has substituted for it.

That Marx envisaged the social effects of the machine there can be no question, as a perusal of his admirable chapter XXV. of Part VII will show. But his failure to find a weapon to pierce through the " Law of Capitalist Accumulation," which rides upon the sub-division of labour and the machine, led to just the paradox I indicated, that he saw no way but to go through with it. It is this " evolutionism " of Marx, and his being used in the name of " revolution," that is the paradox, and I agree with Fr. Fletcher that Social Credit is revolution. But I am not guilty of foisting Lenin's technical deviation on to Marx, and then declaring a paradox. The technique of the Soviet Union, whether that of Lenin or Stalin, is precisely an example of the " evolutionism " of Marx. Whatever its theoretical and political orientation may be, it aims at economic salvation *through* industrialism instead of by a revolutionary handling of the forces that dictate its automatic growth which Marx saw but did not understand. I agree cordially with Mr. Robins that Proudhon is much more in the direct line as a forerunner of Social Credit.

V. A. DEMANT.

POINTS FROM CORRESPONDENCE.

Glasgow, April 30.—You will be pleased to know that at our last meeting we not only sold all our remaining literature, but sold out completely all the pamphlets you sent me last week. The meeting itself was such a success that the audience specially requested us to hold an extra meeting next Tuesday and ask our speaker to give an extension of his address. We are doing this, and for the occasion have secured a larger hall which seats 70. Another feature of all our meetings has been the generous response of members of the audience to the request made from the chair, that anyone interested should join our group and help on our propaganda work. Summing up, our net result for our series of meetings has been to treble the membership of the group, and to greatly increase our literature sales, while, in addition to this, we are having *a financial surplus over a considerable expenditure.*

W. F.

UNEMPLOYED AT MASS.

The Legion of Unemployed in Coventry held their first Church Parade last Sunday, May 3. They had elected to attend Mass at St. Peter's, Coventry, and had advised the Vicar, the Rev. Paul Stacy, of their wish, receiving from him an instant and cordial invitation to be present. For some considerable time now the Vicar has allowed the Legion the regular use of St. Peter's Mission Room for staff lectures, discussions, recruiting, and other purposes; and it was fitting that the friendly relations between his Church and the Legionaries should have been publicly signified in this way. The preacher at 11 a.m. and 6.30 p.m. was Fr. Demant, who is known to many of our readers as the Secretary of the Research Department of the Christian Social Council. The Vicar, in announcing the event beforehand in the St. Peter's Parish Magazine, said that it would be " a revival of the May Days which we used to keep at St. Peter's before social conditions had changed as they have since the war." And at the conclusion of the announcement he said: " May God bless this effort to make St. Peter's a centre of vigorous activity for social righteousness. *Every member of our congregation* should be at Mass on that day."

Readers acquainted with the quantity and quality of service which the Rev. Paul Stacy has rendered to further the object of the Social Credit Movement will understand what he means by his formula " social righteousness." The Legion's objective and strategy are based on an identical understanding of it. Social righteousness proceeds from economic righteousness; and economic righteousness proceeds from financial righteousness. Students of the credit question will have no difficulty in tracing the unbroken causal relationship between mathematical miscalculation at one end and moral degeneration at the other—between, that is to say, scientific unrighteousness and social unrighteousness—between the flaw in the price-system and the frustration of the will-to-perfection on all planes.

MEETING NOTICE.

On Friday, May 15, a discussion on the Douglas Social Credit Proposals will take place at the National Trade Union Club, 24, New Oxford Street, at 8 p.m. Eimar O'Duffy, author of *The Spacious Adventures of the Man in the Street, King Goshawk and the Birds,* etc., will argue with Marxian Socialists.

A consecutive introductory reading course in Social Credit is provided by the following sets of pamphlets :—

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The Social Credit Movement.

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

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

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