

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART.

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NOTES OF THE WEEK.

HAVING, we hope, made clear in our "Notes" last week the reservations with which we shall henceforth join in the present "credit" agitation, let us take a short busman's holiday on board *The Spectator*, No. 5,010. The ride is not particularly safe, for Mr. Strachey is travelling so fast along Holborn that no motorist dare show a bonnet out of any side turning until he has gone by. We learn from the conductor that our journey ends at the "Bank." Upon observing that we see no object in such a high rate of speed we are met with the cryptic reply that there is less object still in a high rate of interest. Pursuing the matter further, we ultimately discover that Mr. Strachey is racing to stop them putting the Bank Rate up.

Well, well. Some of us are adventurous people. We like something to *happen*. And we are not sure that, hard as our seat is and heavy as the jolting, we do not positively enjoy being rattled along on an ex-"Combine" "pirate"—be the destination where fate wills. There is something exhilarating in imagining a Conservative driver getting his social license endorsed. The licenses of us others are ploughed into tatters by these magisterial reminders of exceeded speed limits; but — a constitutionalist, a traditional upholder of Authority! We begin to think of John Browdie, who —

"The fact is," said Nicholas, not very well knowing how to make the avowal, "the fact is, that I have been ill-treated."

"Noa!" interposed John Browdie, in a tone of compassion; for he was a giant in strength and stature, and Nicholas, in his eyes, seemed a mere dwarf; "doant say that."

"Yes, I have," replied Nicholas, "by that man Squeers, and I have beaten him soundly, and am leaving this place in consequence."

"What!" cried John Browdie, with such an ecstatic shout that the horse quite shied at it. "Beaten the schoolmeaster! Ho! ho! ho! Beaten the schoolmeaster! Who ever heard o' the loike o' that noo! Giv' us thee hond agean, yongster. Beaten the schoolmeaster! Dang it, I loove thee for 't."

And so we muse that the overthrow of financial tyranny may yet finally come about through the revolt, not of the schoolboys of society but of the ushers themselves. Even a "reactionary" reacts; and

the reaction, when it does find release, will be none the less potent for having been entangled in a "constitution" complex for generations.

However we may regret that Mr. Strachey is stopping at the Bank where costs are decided, and is not proceeding further East where prices are fixed, we cannot but admit that he has some justification for it. For instance, he is able to quote from the *Observer* the fact that Bank of England stock, which stood at 163½ in 1921 stands to-day at 258. He is also able to reproduce the following comment by the Financial Editor of that journal:—

"The appreciation shown here is extraordinary. It was caused by the severest slump in trade this country has ever known. There is no fear of a recovery at a similar pace."

"Any comment of ours," says Mr. Strachey, "would indeed seem to be painting (or perhaps we should say, gilding) the lily. Really they *must* not go about saying that an appreciation of 94½ per cent. in Bank of England stock 'was caused by the severest slump in trade this country has ever known.' It simply will not do. Remember that the currency policy of this country is absolutely in the hands of the officers of the Bank of England, who have unquestionably a responsibility to their shareholders as well as to the community at large. But, according to the *Observer*, the interests of the Bank of England shareholders and of the community at large are in exact and direct opposition."

Any comment of ours would indeed seem to involve a repetition of our "Notes" of almost any week during the past year, so we shall not try our readers' patience by making it. We have arrived at a juncture in political education where it is impossible to open a newspaper of any party tint or social prepossession without coming across lifelike photographs of ourselves in our earlier postures. The real line of cleavage—namely, that between finance on the one side and the community both as producers and consumers on the other—which we could only faintly trace on the chart of publicity with our weak circulation, is now being gone over by the "j" nibs of the great noise-makers of Fleet-street. The erstwhile suppressors of Douglas's "I. 47th Theorem," are now become the demonstrators of "I. 14," "I. 4" and such

other theorems and definitions as must sooner or later manifest its truth. Let us hope they make quick progress this term.

Meanwhile there is one point upon which we should offer a comment or two, and that is in reference to Mr. Strachey's remark in the article to which we have been referring that "we are not amongst those who believe that the bankers act in their own interest and not in the interests of the country." If, as we must presume from the nature of the context, the reference is (a) to *British* bankers, and (b) to the *motives* which actuate them, we agree. A little reflection will show that, limiting our survey to one credit area administered by a banking system (i.e. excluding considerations of the interplay between such a system and others which may function in other areas), the interests of the banks' shareholders cannot be subserved by a policy which strangles productive co-operation within the given area. The industrial health, for instance, of Great Britain, is, in the last analysis, the health of us all, however we make an income. But the average bank shareholder, it may be objected, does not see it; he does not look at the situation comprehensively; all he is after is his dividend. That may or may not be, but it is irrelevant; for the shareholder has no more power over bank policy than any other member of the community. If we suppose that his main objective has been to draw all the dividend that the credit-system can bear, we can only say that he has been singularly unsuccessful. Compute the disparity between banking profits *earned* and banking profits *distributed*, and the impression left on any observer's mind will be that these bank shareholders are a particularly submissive class of citizen. But submissive to what?—to whom? The answer is, to an idea, and to the "expert" authority which sponsors it. The idea is, of course, that future "stability" is greater than present enjoyment—that the building up of reserves is greater than the drawing of dividends—that general prosperity can best thrive on the basis of individual penury. This much is clear at any rate, that our banking institutions practice what they preach, they do dose their own shareholders with the same medicine as they give to us all. Now, every publicist who gets up and says that this medicine is not a medicine at all, it is a poison, has, of course, our cordial support, and we are gratified to see so many of them doing it. But in so attacking it they had better make sure whether or not the Bank of England is able to change it. Is it, in fact, true that, as Mr. Strachey puts it, "the currency policy of this country is absolutely in the hands of the officers of the Bank of England"? Does this country command its financial self-determination?

Let us see. We must go back to the Treaty of Versailles. It was there that the perpetuation of the Gold Standard was agreed on by the greatest assemblage of international bankers ever known in the history of the world. It was there that the policy of Deflation was endorsed by financiers representing all the nations of Europe. It was there that the seed of high bank rates was sown. Nor were these measures decided upon without full realisation of what they would mean to the lives of the millions of individuals whose interests were being disposed of. The question was investigated by the Brussels Financial Conference. The League of Nations appointed Professor Gustav Cassel as official adviser of the Conference. He presented a memorandum to it in 1920. Although in favour of deflation as a principle, he pointed out the ruin and destruction that must follow from it, and advised against it except in a very limited and modified manner. But the Conference ignored his advice and reported to

the League of Nations urging the re-establishment of the gold standard throughout the world. A year later Professor Cassel presented a second memorandum, this time to the Financial Committee of the League of Nations. This was in September, 1921. We quote the following passages from this memorandum:—

"Deflation is, shortly, a process by which the internal value of the monetary unit is increased. This means a deliberate raising of the purchasing power of this unit in regard to commodities and services—i.e., a general and uniform reduction of prices, wages and salaries as measured in terms of the monetary unit. * * *

"The means of effecting such a rise in the value of the monetary unit is a restriction in the supply of the means of payment and a consequent reduction of the nominal purchasing power of the public. To this end there are two measures at our disposal, and, in present circumstances both must be applied simultaneously. The first and most general is a restriction of credit, involving a curtailment of the amount of loans and a more stringent selection between the different demands for loans. But the principal instrument of such a policy is an abnormally high bank rate calculated to raise other rates of interest correspondingly above what the real scarcity of capital would require, and thus place an effective brake on all forms of demand for credit."

"Finally, we have to take account of the effects of depreciation on public finance. By the enhancement of the value of money which has taken place during the past year, the real burden of public debt has in many countries been increased to a most serious extent; in some cases so much as to make it very questionable whether the country will be able to bear the burden. In consequence, a corresponding aggravation of the burden of taxation will have to be faced whereby enterprise and production will, inevitably, be gravely handicapped during a practically unlimited series of years. The uncertainty whether countries which used to be regarded as first-class debtors will be able in the future to meet their obligations is, of course, a new and very serious influence, which operates against that restoration of confidence which we so sorely need. If deflation be carried still further in such countries, there can be no doubt but that their State finances will break down and public bankruptcy will have to be declared. * * *

"Such being the content and the effects of the program of deflation, we may reasonably ask ourselves for what purpose such a process can be regarded as particularly desirable."

We will complete our quotations with two short extracts from Professor Cassel's earlier memorandum:

"The restrictions (i.e., of credit) must then be so sharp that a stage is reached where the banks lend less than the actual savings deposited with them, and use the rest to cancel nominal purchasing power. . . . The difficulties of a prolonged application of such methods are obvious. . . . A prolonged period of falling prices and consequent economic depression will never be accepted as a wise device of deliberate economic policy."

In spite of these warnings, it is common knowledge that the controllers of credit did afterwards initiate a policy of deflation, not only in this country but in America also. And no one, we imagine, can resist the conclusion that what took place was in pursuance of a compact arrived at by the delegates and officials who attended the Financial Committee of the League of Nations from all quarters of the globe. Therefore, Mr. Strachey's suggestion that the Bank of England has unfettered control over what shall be the currency policy of this country is one which ought not to be accepted. An Englishman's word is his bond, we are told; and if any self-appointed plenipotentiary, whether English or not, has given an undertaking committing the people of England to undergo the miseries entailed by deflation back to parity with the dollar, then the solution of the problem is something more than the mere raising of an agitation of the proposed action of the Bank of England. We are brought right up against the secret diplomacy of international finance.

But, having said that, we must go further and point out that yet something more is in question than

the moral consideration whether we shall honour the "scrap of paper" which has been signed on our behalf. If we were physically able to do so, no doubt we would. But it is not. To undergo a further depression of prices, profits, and wages at this time would bring about economic strangulation. This phrase has a familiar ring, has it not? It was used by the German Government to describe the situation in which it felt itself compelled to precipitate the last war. Whether the conditions were such as to justify Germany's resort to arms is of no moment; the significance of the episode lies in the fact that Germany, when adopting that line of defence, knew herself to be addressing a world of political experience which recognised the truth that nations which find themselves unable to support their populations at a certain and calculable standard of life must either submit to social disruption or must blast their way through the impasse with high explosives. And since the penalty of going to war, even if the war is lost, is no worse than the perils of the peace immediately preceding it, the choice is almost certain to be war. Now Great Britain is in a double peril. If she resists the reversion to the Gold Standard she is upsetting plans made by other countries in the expectation that she would submit to it. If she submits to it she cripples her internal trade and pushes not only private firms but public authorities into bankruptcy. Of the two evils, certainly the first is the less. Therefore, we give all our support to the *Spectator* and other journals who are speaking up for the interests of British citizenship. In the meantime we must warn them of the problem that will arise if and when the threatened deflation device of the Bank is stopped. That problem is the almost religious fervour with which Wall Street is going to keep up the price of gold. Any tendency to falter in our adhesion to the principle of a gold basis of credit and currency is a menace to the price value—and, therefore, the economic bargaining value—of America's huge store of that metal. According to current financial theory, America, by virtue of this mountain of metal, ought to issue decrees and the rest of the world, by virtue of their metallic penury, ought to be obedient to them. And the bankers of every nation, loyal to their own principles, are trying to fulfil what they conceive to be their obligations to the stability of the banking system. But when, inside each country, it is realised that the fulfilment of such obligations entails unemployment, depressed trade, and paralysis of all sorts of overdue reforms, resistance to bank policy becomes inevitable. All this leads up to the important fact that if we would alter internal financial policy in consonance with internal need, we must not only agitate but arm.

It is considerations of this kind which actuate the Labour Government's revealed and unrevealed policy on armaments. As we hinted last week there are a large number of adherents of the Labour Party who have been disagreeably surprised at the inconsistency between the pacifist professions of their idols before the last election and their practices now that they are in office. But what would these pacifist supporters of the Ministry have? They seem to speak as if the politico-economic slate was swabbed quite clean at the advent of each new Government. It is true that in respect of domestic policy they have become familiarised with the defensive phrase "we have inherited" this or that commitment on the lips of Ministers of State. In a much narrower form by the foreign undertakings of their predecessors. The continuity of both financial and foreign policy has long been a commonly received tradition of Government—a significant but by no means a singular conjunction in view of the development of finance in

its international aspect. No Government would be permitted to function for a week were it to show the slightest tendency towards impairing the military efficiency of the country. The only scope allowed it is that of deciding, wholly under the guidance of expert advice, what shape that efficiency shall assume. There are, indeed, rumours of increased activity in various quarters at this very moment which it will be better not to indicate. And the coincidence of this activity with the foregoing indications of an internal struggle between two schools of financial policy is a symptom of the gravity of the issue. We have to make our choice between functioning as a catspaw for deflationist America and thus blistering ourselves in a European turmoil, and trying on the other hand to form a combination (if we are not strong enough to do it by ourselves) which will be able to tell Wall Street to perform the function itself.

The basis of our power of resistance must be fundamentally military, and then economic. And the economic resistance must take the form of a national internal credit policy containing all the "boom" benefits of "inflation" while avoiding its penalties. In short, an expansion of financial credit must be demonstrated to be compatible with a diminishing price-level. The method has long since been made known by us; and now the penalties for ignoring it are visibly fastening themselves on every phase of our industrial and social life according to our forecasts. To the claim of financial orthodoxy that "Surely you must see that it is for the common good that one pound sterling shall buy as much as possible" (the basic deflationist argument), we must reply: "Yes, but do you guarantee that if you are permitted to raise the purchasing value of each pound the number of them in circulation will not be lessened?" The answer, if candidly given, will be in the negative; for how do the deflationists propose to increase the value of the £? By the same method as one increases the value of rubber—that is, making it scarce. But the dilemma presented by the old economics is past and gone. It took the form: "Which will you have, many pounds of a low purchasing power or few pounds of a high purchasing power?" This was saying to the manufacturer and consumer alike: "In which of these ways do you prefer to perpetuate your present workhouse level of existence?" But now the new economics denies the dilemma, answering, "We will have the many pounds, but each of a high purchasing power."

But we shall have to make haste. The plans of the financiers are proceeding quietly, quickly, and extensively. The Congress of the International Union of League of Nations Societies at Lyons has resolved to invite the Governments to agree to the calling of a conference of all central issue banks and of the Federal Reserve Board to draw up an international plan for the stabilisation of the exchanges. In the same Reuter telegram which tells us this, it is mentioned that an Argentine delegate (it would be an Argentine delegate; there is such an air of disinterested spontaneity about the Argentine) had preferred a detailed plan in connection with the suggested creation of an international bank of issue and an international currency. Remember, that wherever the League has called itself in to help little nations "on to their feet" its procedure has always been to insist that the bank of issue should be outside the control of the national governments concerned. It, therefore, needs no great imagination to envisage a federation of such banks, and the ensuing regimentation of governments and peoples alike by a world credit-monopoly.

New Brains for Old.*

IN view of the fact that Mr. Withers is an oracle for many, his book is of more importance than its contents warrant. So I will draw attention to a few points which were outside Mr. Kitson's field.

In so far as the book is concerned with its title, it is of interest, for Mr. Withers is well equipped to deal with the subject, and gives a most lucid description of the pre-war methods of banking, including the manufacture of money by the banks and the extent to which in pre-war days they were able to circumvent the limitations of the gold standard. But when he passes on to war and post-war finance the interest wanes. Much that he says of the financing of the war is illuminating and sufficiently sound to pass muster, even though the fundamental idea in Mr. Withers's mind seems to be a mistaken one. When, however, he reaches the subject of the various new economic schemes it is difficult to deal with him. Although the whole book is written in a very patronising style, Mr. Withers speaks from time to time of "an ordinary mind," "us men in the street," while those who hold the ideas to which he objects are "mighty brains," and so on. Can it be that his estimate is right?

Speaking of Prof. Soddy, he writes (p. 196): "To us ordinary folk . . . on the subject of wealth he is even more bewildering. For he tells us that 'the wealth of a community can only be increased by production and discovery, not by acquisition and exchange. For every plus there is an exactly equal minus . . . Has he really tumbled into the school-boy's pitfall which makes folk believe that every merchant or dealer who makes a profit inflicts a loss on somebody else?'"

When Prof. Soddy distributes the learning for which he is so eminent in his real field he surely exchanges that learning for goods . . . and so confers a double advantage." Now, it seems clear that mere exchange cannot increase material wealth, and that the dealer who makes a material profit on mere exchange would be taking something for nothing. But dealers render services, and it is for this that they take payments in profits. So, too, Prof. Soddy renders services by bringing his knowledge to the lecture-room or within the covers of a book; and in addition to this he has produced much of the knowledge first. Another careless bit of argument is to be found on pp. 38, 39, 40. On pp. 38, 39, he points out that the right way to finance a war is by taxation. "With it the goods and services needed are bought by the Government with money which the citizens, having paid it in taxes, are unable to spend on themselves. There is thus no increase in the aggregate demand for goods and services" (which is barely true even if the whole community is "bled white" by taxation). But on p. 40 he says that an objection to financing the war by loans is "that it leaves a debt behind. It thus postpones taxation."

This is not a good thing because taxation is more easily paid in war-time when industry is fully occupied with turning out goods to meet an insatiable demand than it is when peace comes and industry is faced with the difficult task of readjustment." There may perhaps be some justification for this kind of juggling, since Mr. Withers is really engaged in proving a general thesis, but it is clear that he should not be so very supercilious, as he often is, concerning his opponent's use of words.

In much the same way a considerable suggestio falsi is allowed to creep in on p. 125. Mr. Withers says that "the war revealed a quite astonishing capacity for production when the working power of the community was really set to work," and that having performed economic miracles we were inclined to think they could continue "without the tremendous

effort and whole-hearted co-operation. . . . If the land was to be made fit for heroes . . . it could only be done by hard work"; and p. 124: "The Government . . . encouraged us in the belief . . . that the country's wealth was unlimited and there was a bottomless purse . . . for reforms." No one would deny that there was tremendous effort and much co-operation due in great measure to anger, fear, and patriotism, but also in great measure to the demand for labour at high wages, so that the implication that it is up to the fighters to come home and make trade successful when there is no demand for labour, and no sales to pay high wages, is barely honest.

But the real disappointment of the book is that Mr. Withers has either failed entirely to catch the idea which the new economists are hunting or has skilfully contrived to convey the idea that he has not caught it.

For instance, he seems firmly convinced that the issue of credit proposed by the new economists is to be forced to the bitter end (what Mr. Withers is pleased to call the "logical conclusion," pp. 92, 105, 112), as in Germany and Russia, though it is self-obvious that one of the functions of the Douglas "Formula" is to put itself out of action when the moment comes. So, too, on p. 186, he can find no better attack than the imbecile assumption that the producer who receives a credit will have made no profit by selling his goods, "Is he expected to go on carrying on the business of a bootmaker for nothing to the extent of the demands upon him?"

Now, when a writer is determined to damn any proposal for the casual reader he may well use such superficial debating methods, even if he knows the real state of things. But in Mr. Withers's case I am inclined to think that this is not so. On p. 11 he writes: "The consequence of giving the Government a free hand with the printing press was that debauch of currency and credit creation. . . . It brought in its train a rise of prices. . . . These unfortunates found that the money they received brought them in a continually diminishing amount of goods. . . . in other words, that paper money did not long possess the same efficiency . . . as was formerly shown by gold." Now, how far is the implication in this statement true—namely, that the rise of prices was in essence to be attributed to the dilution of currency? For this is really the test on which the book is written. As a first general statement a dilution will raise the nominal price, but not the actual price. In rather more detail it will depend on whether the dilution is introduced by way of payment for productive or unproductive services, whether prices rise or not.

A great proportion of the war inflation was spent along avenues of production destined for prompt destruction, and when we bought a pound of potatoes we were also paying for a cartridge. What the exact numerical advantages and disadvantages of such a method of payment may be compared with those of a taxation collected in gold, it is unnecessary to inquire here; the fact which is of importance as far as the new economics are concerned is that inflation is not in itself a cause of rising prices, but only in conjunction with certain circumstances. Also, even with a gold currency prices would rise if half the products were destroyed.

Hence it would seem that Mr. Withers is to be compared either with the supporters of the child-slave drivers of 100 years ago, who called heaven to witness that the Lancashire cotton trade was doomed unless small children worked fourteen hours a day, or with the very estimable people who were fully assured (since they had never troubled honestly to question their assurance) that their chimneys would remain unswep for all time unless little boys went up them. And in both cases events promptly proved them wrong.

L. WALLACE.

The Current Conflux.

"Unless something entirely unprecedented enters quickly into the hearts of mankind, the orphans we are now bringing up will, in their turn, go to war as if it was a game, and find it, as we found it, a grave." "That something . . . must be . . . League of Nations." "Teachers . . . must study the literature provided . . . atmosphere will be created in the schools in which League notions can and will grow." "Formal lessons must be confined to the upper standards . . . but the stories told to the children in all classes must breathe out peace and love so that by the time the younger ones reach the higher classes they will take in the teaching of the League as naturally as can be desired." "The League of Nations Union works through its Education Committee in attempting to permeate the national education with the aims of the League . . . branch in every school . . . Model Assembly in the Upper Standards . . . the 'Wonderful League' be supplied as a Class Reader." "Our children still read of deeds of blood and war in books which . . . glorifications of war heroes. There must be a cleansing. In Vienna we have destroyed 20,000 of such books, only the covers have been saved for handicraft lessons. There is a piece of practical work for peace."—*Paper read by Mr. P. Matthews (N.U.T. Representative) at a meeting of the League of Nations Union on June 21.*

"Vienna, Saturday.—The difficulties of the Civil Service staff, owing to the Government's being unable, in consequence of the meeting of the League Council in Geneva, to make further concessions. . . ."—*Observer.*

"Vienna, Wednesday.—In connection with the financial situation here, five of the principal Austrian banks to-day tried to save the Depositen-bank." "The five banks decided that bankruptcy is inevitable for the Depositen-bank unless they risked their own stability. Hundreds of small traders are ruined and the bank's 1,500 clerks are unemployed. But the consequences probably end there and the group of banks called 'the big five' is strengthened."—*Daily Mail.*

"Vienna, Sunday.—Rabbat, the bank-note forger. . . . judge visited him in his cell to notify him of his sentence of nine years' imprisonment, with twenty-four hours of darkness annually, to be followed by deportation."—*Daily Mail.*

"The annual report of the Southend United Football Club . . ." "The overdraft at the bank is now £3,000 . . ."—*Daily Mail.*

"A Reader.—At the age of sixteen and a half, I certainly think you are too young to have a serious love affair, especially as it is one in secret from your parents. Why not be merely chums with this boy, and tell your parents about the friendship?"—*Girls' Cinema.*

"At Goole, to-day, Joseph Dixon, aged twenty-one, a painter, of Worksop . . . fifteen charges of house and shop breaking . . . within the present month." "He had broken into three churches, two clubs, a brewery, a picture-house, and offices."—*Daily Mail.*

"Bucklow (Cheshire) Guardians have decided to take steps to recover all loans granted to the unemployed."—*Daily Mail.*

"In the discussion several speakers pressed the Chancellor to extend exemption of means up to the income-tax limit . . . but it came as a staggerer to the House to be told by Mr. William Graham that such a

concession would cost £15,000,000 in the first year. That ruled it out as impossible."—*Daily News' Report on Pensions Debate.*

"Nearly 800 pitmen and boys have received notices at Peace and Partners' St. Helens Colliery Company, Durham, to terminate their employment on July 9, as the colliery is to close."—*Daily Mail.*

"The value of musical criticism' as the title of a debate is somewhat in the air. Value to whom? I can tell you exactly what its value was to me. When I was a music critic it was £5 a week."—*G. B. Shaw.*

"The choicest specialists of the world are to assemble with the object of finding out by discussion how untruth in advertising can be eliminated. If, by concerted action, this purpose can be achieved, so that a statement published by advertisement shall receive unquestioning belief, publicity by which alone Imperial trade can be extended to the full capacity of its desert, will be incalculably strengthened."—*International Advertising Convention.*

"Forty-five failures a day. Berlin's procession of bankruptcy."—*Daily Mail' Headlines.*

"About 32,000 people in Sheffield have not yet paid the rates levied in the latter half of 1923." "Magistrates will be busy for some weeks." "There are 30,000 unemployed, and the Guardians are in debt to the extent of £1,000,000."—*Observer, June 20.*

"The Sheffield Loan. . . £1,000,000 at 4½ per cent. . . . price of issue 96 per cent." "The net loan debt of the corporation is £13,693,555. . . . reproductive assets represent a capital value of about £10,659,068."—*Daily Mail.*

"The battles of trade unionism will in the future be due less to wicked, designing employers than to the scientific development of industry."—*The Post.*

"Christchurch, Tuesday.—A petition appealing to the British Government to transfer to the Dominions the pension rights that would have been enjoyed by immigrants over-seas if they had remained in Great Britain is being largely signed in New Zealand."—*Daily Mail.*

"The danger to the commonweal is still more formidable if in a particular industry or group of industries Capital and Labour can be arrayed with a united front."—*Mr. Lloyd George.*

"Protection and Socialism lead alike . . . though by different routes, to sectional predominance. Liberalism leads to the predominance of the common interest over every form of monopoly and trust."—*Mr. Lloyd George.*

"In a letter Mr. Frank Hodges says that, owing to lack of work, 55 examiners at Woolwich Arsenal, whose discharges were suspended last week, will have to be discharged to-day."—*Daily News.*

"A young girl, on her first sight of the Rt. Hon. J. Ramsay MacDonald, at a recent garden party: 'He looks quite nice—not a bit fierce. I'd no idea. . . .'"—*Press Report.*

"Just as if they did not know that unemployment broke the last Government, and will certainly break this one into little bits unless they begin to do something—and something real."—*Workers' Weekly on the present Government.*

*"Bankers and Credit." By Hartley Withers. (Nash and Grayson. 6s. net.)

Mannigfaltig.

By C. M. Grieve.

BEYOND MEANING.—III.

"THE content of emotional feelings, even the simplest," says Ouspensky, "—to say nothing of the complex—can never be wholly confined to concepts or ideas, and, therefore, can never be correctly or exactly expressed in words. Words can only allude to it, point to it. The interpretation of emotional feelings, and *emotional understanding* is the problem of art. The combinations of words, in their meaning, rhythm, and music—the combination of meaning, rhythm and music; in sounds, colours, lines and forms—men are creating a new world, and are attempting therein to express and transmit that which they feel, but which they are unable to express and transmit simply in words, i.e., in concepts. The emotional tones of life, i.e., of feelings, are best transmitted by music, but it cannot express concepts, i.e., thought. Poetry endeavours to express both music and thought of high tension leads to a higher form of psychic life. Thus in art we have already the first experiments in a language of the future. Art anticipates a psychic evolution and divines its future forms."

Amongst the difficulties that stand in the way, Ouspensky enumerates the following:—

1. "Anything that can be said about the understanding of temporal relations is inevitably extremely vague. This is because our language is absolutely inadequate to the *spatial expression of temporal relations*. We lack the necessary words for it; we have no verbal forms, strictly speaking, for the expression of those relations which are new to us, and some other quite new forms—not verbal—are indispensable. The language for the transmission of the new temporal relations must be a language without verbs. *New parts of speech* are necessary, an infinite number of new words. At present, in our human language, we can speak about 'time' by hints only. Its true essence is *inexpressible* for us. We should never forget about this inexpressibility. *This is the sign of the truth, the sign of reality*. That which can be expressed cannot be true. All systems dealing with the relation of the human soul to time—all ideas of *post-mortem existence, the theory of reincarnation, that of the transmigration of souls, of karma*—are symbols, trying to transmit relations which cannot be expressed *directly* because of the poverty and the weakness of our language."

2. "Our concepts are limited by language. Our language is *deeply dualistic*. This is indeed a terrible obstacle. I showed previously how language retards our thought, making it impossible to express the relations of a *being* universe. In our language only an *eternally becoming* universe exists. The 'Eternal Now' cannot be expressed in language. Thus our language pictures to us beforehand a false universe—*dual* when it is in reality *one*; and *eternally becoming* when it is in reality *eternally being*."

3. "At the present stage of our development we possess nothing so powerful, as an instrument of knowledge of the world of causes, as art. . . . Only that fine apparatus which is called the *soul of an artist* can understand and feel the reflection of the noumenon in the phenomenon. . . . Art is the *beginning of vision*, but sees farther than merely human sight, and therefore concerning certain sides of life art alone can speak, and has the right to speak."

Commenting on Ouspensky's arguments, Gorham B. Munson declares that it is becoming more and more patent that our civilisation is sliding down, en masse, an old slope of consciousness, and that, tragically summed up in the eight hundred pages of *Ulysses*, we shall remain there, sightless and sick, eternally twisting upon ourselves, unless a new synthesis of consciousness can be achieved, a synthesis which will dissolve the pains and beauties of disrupting machinery, the strange souls of crowds, into a more serene equilibrium, a synthesis which harmonises with the great discoveries of modern science and modern nescience. "It is possible," he continues,

"for a student of literature to take three attitudes towards the statements of Ouspensky on language. He can throw out those fields of consciousness for which Ouspensky says

language is peculiarly inadequate. He can limit the province of art and donate the rest to philosophy and science to struggle with as best they can. But the history of art, which is the history of astounding and ever fresh conquests of subject-matter, warns him that such arbitrary exclusion is too perilous. If he persists in his exclusion, he must deny much of Egyptian and Hindu art, he must rule out Blake and Dostoevsky and Whitman, he must lose ever so much more. We are then likely to get an art whose premises run directly counter to science, mathematics, and metaphysics, to find art reduced to handling entirely a world of appearances and simple psychological realities. That situation will eventually lead to the justification of art as solely an instrument of pleasure, a wonderful sensuous game of chess. For this sensory art our language is doubtless sufficient, and the exponents of it can boast with Gautier that as far as they are concerned the inexpressible does not exist."

It is not surprising to find that Lascelles Abercrombie, in his "The Theory of Poetry," adopts this attitude:—

"The art of poetry consists both of having something to say and of saying it. Speechless poets—mute inglorious Miltons, and so on—do not concern us. . . . But sometimes the *dumb poet* is offered more seriously to our notice. He signifies now not pathetic *failure to be a poet*, but, on the contrary, a triumphant soaring beyond the reach of language. There may be these spiritual triumphs; but so long as we are merely told about them, we have to take them on trust; they have nothing, at any rate, to do with poetry, unless they at least try to make themselves communicable. And when we remember what Dante and Shakespeare did manage to communicate, we may suspect that these unspeakable exhalations are only, after all, another kind of failure; the art was lacking. So, when Samuel Butler says, 'the greatest poets never write poetry—for the highest poetry is ineffable,' we recognise it as a case of what Hobbes calls 'the frequency of insignificant speech.' This ineffable poetry is as good as a square circle. It has no function but to enable Butler to seem profound when he is only talking sentimental nonsense. . . ."

And Professor Abercrombie proceeds to tell Leeds and Liverpool that while "the imperfections of language make themselves uncomfortably obvious when we are trying to be clear about language itself," some of this confusion may be avoided by adopting the terms "semantic" for the meaning of the sound and "phonetic" for the sound of the meaning. The "semantics" of language in poetry comprise all that is implied in the phrase "the magic of words"; and Professor Abercrombie has no fear but that his precious "semantics" can express anything or everything. Munson, however, is more than a match for him controversially: and states the opposite case with none of the sneering and effect of professional jealousy disengaged in the sentences just quoted. "But if we adhere," he proceeds, "to the tradition of art, and refuse to set any boundaries whatsoever to its subject-matter, then we can either agree with Ouspensky or contradict him by asserting that our present language is equal to any demand made upon it by an expanded state of consciousness. The latter may be developed into a very strong argument, and it is certainly true that it is a case of the majority of artists being inadequate to the language rather than of the language being inadequate to them. But our contradiction has to contend with two significant facts. Our great realists (or mystics, if you will) have always wrestled with the language, have evolved peculiar styles and forms, have been remarkable innovators. And our lesser mystics have always botched their expression."

The argument is incontrovertible.

(To be continued.)

"Of great Riches, there is no Reall Use, except it be in the Distribution; The rest is but Conceit. . . . The Waies to enrich are many, and most of them Foule."

("Of Riches," Francis Bacon.)

"Funiculi-Funicula."

By Marten Cumberland.

Madame, the supper was worthy of Lucullus, was it not? The wines were excellent, and you noticed perhaps that the orchestra played "Funiculi-Funicula." To me, the blending of "Funiculi-Funicula" with ortolans and Veuve-Clicquot is incongruous. The tune is for ever associated in my mind with memories of quite a different nature.

That light, tuneful air never fails to remind me of Ivanoff, of dark Paris streets, and of starvation. It is an ugly word—starvation, is it not, Madame? A word particularly objectionable at such a supper and among such an assembly as we have just quitted. And yet I assure you it has its educational value. Without it I should probably have been unable to paint with what little skill you are pleased to attribute to me. Without it I should never have understood the Christian Religion, and without it I should never have met Ivanoff, the only man of undoubted genius I have ever knowingly encountered.

But I implore you, Madame, if you ever feel inclined to test the educational value of starvation to try its efficiency in Paris, rather than London. I, who speak to you, have taken my course in both cities, but have found its true value only in Paris. In Paris, if one is young and possesses temperament, one can even starve with a certain artistic dignity. If one is very young and very temperamental one may yield to the delightful persuasion that one is a genius. For it is the fashion in Paris for your genius to starve.

In London, "au contraire," your national genius dines, and flourishes as the green bay tree. His genius lies in detecting what the public wants, and in supplying it, and the public responds by giving him such trifles. In Paris, on the other hand, your true genius does not give the public what it wants, but the public retaliates by leaving him to starve. Sometimes, when he is fairly starved, and comfortably buried, the public finds that after all it did want what he was so ready to give it, and there is then a great deal of ink spilt to prove this simple fact, and a trifle of money collected for a memorial stone.

It was, as I have said, whilst undergoing a course of starvation that I met Ivanoff. When I first saw him he was standing outside a gramophone shop in the Boulevard des Italiens, and it was the expression on the man's face that attracted my notice. A gramophone inside was playing Gounod's "Ave Maria," which evidently touched a chord in his memory that evoked some powerful emotion. It was obvious he had forgotten where he was, and was oblivious to the curious glances of the passers-by. While I watched the play of expression on his dark face, and the look in his deep black eyes, I failed to notice his general appearance. It was only afterwards that I remarked the unkempt aspect of his long shaggy hair, and the pitiful struggle with poverty plainly depicted in his dress and meagre figure.

The gramophone suddenly ceased playing, and the look slowly faded from the man's face, leaving it blank and emotionless, but for the eyes; they blazed a little yet. It was then I noticed, by one or two signs, that he was a Russian, and I addressed him in that language. He started with pleasure at the sound of his own tongue, and we quickly fraternised.

As we walked down the Rue Royale we discussed literature, the opera, social amelioration, and the educational value of starvation. On this point we differed. I maintained that your genius is never to be crushed by suffering or neglect, but rather, either of these brought out his best qualities. I quoted Ruskin, and mentioned the example of Samuel Johnson. He maintained quite opposite opinions, and instanced Chatterton.

From this hour our acquaintance quickly developed

into friendship. We passed whole days, and often whole nights, together. When I had a little money I rented a fifth-floor attic, in a narrow little alley off the Boul' Miche, and often we took it in turns to sleep on the floor of this room. It was in these days that he told me of his early life in Kieff and of the beloved master who had taught him to play the violin. He told me of the death of this master, of his coming to Paris, and of the years of practice and study there. He spoke of his ambitions, and of his alternating between hope and despair, and finally of the physical breakdown that had ruined his prospects just as he seemed certain of success.

Those were the days of our comparative wealth when we shared the luxury of the attic. More often than not, we spent the whole night seated on a bench in the Champs Elysées, or hanging about the great railway stations, or watching fruit being unloaded in the markets.

Often, with but a franc in our pockets, we would repair to a little baker's shop in the Faubourg Montmartre and buy two sous' worth of bread, waiting until the early hours of the morning when we knew the loaves would be warm and newly baked. Then, crossing the road to a Charcuterie opposite, we would spend our other eighteen sous on pâté. Of this we would make two sandwiches, and, turning down some dark by-street, would devour our portion with out a word or glance at one another. The common dignity of our manhood forbade us to gaze on each other during such a banquet.

One evening when I met Ivanoff he seemed more than usually moody and excitable. As I made a little money through the sale of a sketch to a depraved comic paper we passed most of the evening in a little café in Montparnasse, where we could play chess, of which game he was particularly fond. Later we left the café, and started to walk to the Quartier Latin, and our attic off the Boul' Miche. On the way Ivanoff appeared particularly nervous. At times he talked brilliantly and feverishly with a wild, impassioned eloquence, and reckless humour, that reminded me of the "Fantasio" of Alfred de Musset. At other times he lapsed into gloomy silence.

We were crossing the Pont Neuf, and, just as we neared the middle of the bridge, we heard an old man scraping villainously at a violin, and producing sounds which were a horrible caricature of Gounod's "Ave Maria." Hearing our approaching footsteps, he abandoned his career of crime, for a moment, and stepped forward to ask for alms.

Obtaining a closer view of our appearance in the bright moonlight, he stopped uncertainly, whereat Ivanoff laughed. "Ah, my friend," he cried. "Silver and gold have I none, but such as I have, give I thee." With that he snatched the violin from the startled man's grasp, and, drawing the bow across the strings, started to play.

I shall never forget that long, lank figure, with its dark shaggy hair, and black glowing eyes, standing there in the moonlight, and fiddling as the lost soul of some Nero might fiddle in Hades. The instrument was not precisely a Stradivarius, but Ivanoff played like one possessed, and could have drawn immortal melody from a broomstick that night.

A crowd began to gather round, but he still went on playing one air after another, until finally, in some mad mood, he came to a conclusion with the jaunty air of "Funiculi-Funicula," which was at that time popular in Paris. He snatched off his soft felt hat, and, with long hair streaming in the wind, he passed among the crowd, and with jests and laughter, compelled them to pay tribute. This done, he thrust the hat, half full of coppers and silver, into the old man's hands, and turned away abruptly, without waiting for either thanks or hat.

We gained our attic in silence, and solemnly tossed for the delights of the hard, narrow bed. In silence we undressed, and I dropped wearily on to the floor.

The next morning, when I awoke, a cold sunlight streamed in through the grimy window and across the tumbled bed—but Ivanoff had gone.

He had gone, and I did not see him again until years after, and then under very different circumstances. It was to-night, Madame, that I saw Ivanoff again. The orchestra was playing "Funiculi-Funicula," and as the last note ended I glanced for the first time at the chef d'orchestre. He was bowing obsequiously to the tolerant, well-bred applause, and for a moment I did not recognise, in this sleek, supple-backed personage, the wild-eyed genius I had once known.

My friend Ivanoff has proved his theory of the educational value of starvation.

The Theatre.

By H. R. Barbor.

THE DREAM AND THE AWAKENING.

Reminiscences of "A Midsummer Night's Dream" for me always crystallise around the Puck of Gertrud Eysold. The event of all my Shakespearean experience was to land one night by accident into Berlin's Grosses Schauspielhaus and to find Reinhardt's production of "Sommernachtstraum" just begun. One settled down to a workmanlike performance imaginatively staged in that dim, vast ex-circus-building. Then one was no longer merely sympathetic with the legitimately induced mood of the piece; Puck had come.

A quick-moving, alert little figure on that acre of stage. A figure that in a queer way suggested a question-mark written in quickly moving water; gestures that an impertinent bunny-rabbit soul inhabiting for a space the body of a child might have dictated to its temporary envelope. Silken voice, fluent, infinitely varied reflections, effrontery, authority, an assured and unearthly callousness. Puck was there. Shakespeare existed for Eysold for the nonce.

I am not greedy. I do not ask two major delights in a generation from one play. That is why I return thanks for new pleasure when recently the New Shakespeare Company gave "The Dream" at the King's Theatre, Hammersmith. Here were two unfortunately only two, admirable performances, the Bottom of Mr. Balliol Holloway and the Hermia of Miss Dorothy Green.

The former was no stranger, but familiarity with Mr. Holloway's ineffable fooling breeds only the appetite for more. His is the Bottom pluperfect. His assumed lust for parts in the craftsmen's tedious brief entertainment, his self-satisfied eloquence to the fairies, his dry stolid complacency and the rich fund of humour that in this, as in all the other parts with which he has delighted this admiring auditor, is used discreetly and never breaks down into mere clowning, define Mr. Holloway as a comic actor of a rare vintage.

Miss Green, like Mr. Holloway, has put the English theatre under a debt to her for a gallery of classic portraits. I have seen her over a period of several years in a number of Shakespearean rôles not one of which was not skilfully laid in and considerately and conscientiously finished. Above the mediocre actresses that are apparently considered, or consider themselves, good enough for Shakespeare, Miss Green towers inviolate.

I am torn between the desire to see her starring (as she has the ability and beauty to star) in Shaftesbury-avenue, and the inclination to beg her to go on with her patient insistence in the suburbs and provinces on the excellences of our and the world's greatest dramatist.

When recently a daily journal offered a prize for suggestions of how to popularise Shakespeare, a waggish camerado, turned solemn for the moment,

told me of his solution. It was "Shoot all Shakespearean actors." There is a measure of justice in this drastic sentence, for there can be little doubt that the theory of "adequate" acting in repertory and Shakespeare has done more to smash the Drama of Ideas and the Dramatist of Imagination than all the propaganda of enthusiasts inside the British Drama League and outside can rectify. But before we train our broadside on the galley, we must exempt players like Mr. Holloway and Miss Green from our cannon-fodder rule. And can it be that such players will succeed in leavening the whole lump?

At any rate there was Miss Green with a voice rich as fruit cake but not so cloying, speaking verse as verse and yet with all the meaning of all the lines; with her own superb physical attractiveness, but without that beauty-conscious cajoling of the audience that destroys half the effect of many actresses, of half Miss Green's charm, distempering those it is meant to allure. Her poses, too, were a re-creation of the figures of Greek vases. Assuredly her sleeping position on the woodland bank was culled from Keats' "still unravished bride of quietness." If it was not, the spirit of the same classic ease and relaxation brooded over dreamy Hermia.

For the rest the show was but so-so. In the New Shakespeare Company, or among the Old Vic. players, there is the same unbridged rift between those who can and those who cannot. Perhaps one day we shall see in Shakespeare's London a company of a level of competence equal to that of the Berlin theatre. Till then one must be grateful for our Swinley and Holloway, our Hay Petrie and our Dorothy Green.

To turn from the dream world of imaginative truth to the wide-awake society as conceived by what does duty for imagination with Madame Karen Bramson is an uncomfortable wrench. This lady has mixed the conventional ingredients of drawing-room comedy into three acts of repetitively unimportant dialogue. That Mme. Bramson evidently means us to take seriously her attack on the "Tiger Cats" of her title does not imply that she has stated the problem effectively—far from it. Her play would have taken up no space in this column but for the fact that Miss Edith Evans has, for some reason (?), seen fit to appear in it. For the play though bad, is no worse than several of those other indiscriminate and fatuous pieces that apparently pass muster in the indiscriminate intelligence of some of our alleged showmen.

Baldly epitomised, the story runs (or rather jaunts along) that Suzanne, the handsome wife of the neurologist André Chaumont, is "fed up" with her husband because he writes books; lectures to that mysterious but enthusiastic section of leisured femininity that likes lectures (or lecturers), and does not make enough money for or fuss of his spouse.

So she arranges a motor trip with a bad, but apparently not very bold Baron; spends a night with him; tells the neurologist and gets shot. But André, being of complicated mentality, and no handier with a gun than with wife, confesses, after all that he shot her through jealousy, and not because he wanted to rid the world of, and exemplify for posterity a poisonous social influence. That was what Suzanne wanted (though as a mere man, I suspect that if Tanesco had proved handier with a wench, the story might have been different). Anyhow, André kneels protesting his love, and swearing to stop neurologising, and the curtain falls on a triumphant Suzanne. The last act, a fortnight later, which discovers André taking lessons in revolver practice, was not played, apparently because Mme. Bramson had not written or "imagined" it. Well, there may be people who like this sort of thing. Evidently Mr. Lion doubts it, since the play is only on for matinees.

But that this superficial clap-trap should be distended into the semblance of beauty by the art of our finest actress is a disgrace to the English theatre that does not find her a better occupation.

Evans played the part magnificently, as she does every part. She even contrived to make us believe in the vainglorious stupidity of Suzanne. I have never seen an actress so divest herself of sympathy or use such handsome gifts, physical and mental, so sparingly. But it is all to no purpose—unless it be to show us that the actress can beat the purely commercial show-ladies at their own and only game.

The tremendous élan, the full-sailed romantic quality and quantity that distinguish this actress, her splendour, in a word, positively gave the effect of miscasting. Of course, she has all the technique and appearance for the part; but she has so much beside that she positively bulged through the seams of a very seamy piece of work. When you try to confine a gale in a pill box, the only thing that suffers is the pill-box.

So when Suzanne won, we ought to have been sorry for André, and for ourselves. But the fact that Suzanne was Evans changed all that, and we only knew that this wordy scribbler of pseudo-scientific best-sellers had been caught up in some cosmic process which was beyond comprehension, perhaps beyond good and evil, but indubitably beneficent. And that was nothing whatever to do with Mme. Bramson's puny play.

Mr. Robert Loraine, an actor with a significant past, an insignificant present, but still, praise the gods of the theatre, with many of the possibilities of retrieving his reputation, played André. As I was not present at the first performance, I cannot speak to the emotional restraint with which some discerning critics have credited him. At the second performance he did a lot of extraordinary things, and made funny saxophone noises which actors of the "Guinness school" affect. I sympathise with Mr. Loraine, for the authoress had given him things to dictate to his secretary that one would expect of a humbug who war writing for "The Guess-me Institute of Nerve Healing."

Read the little grey books, price 3 francs 50 per volume. The series of ten, complete in fumed oak book-case 35 francs," or some such slap-stick impudence. But Mr. Loraine had moments too, when I remembered, oh so regretfully, his Shavian heyday. (Why won't you do it again, Mr. Loraine?)

Mr. Nicholas Hannen added nothing to his reputation in the best-observed part of the medley. Miss Nadine March, as the countess, gave us a cross between a minnette and a Miss from the suburbs of, say, Birmingham. Another clever player wasted.

Reviews.

The Torchbearer. A Review of Education and the Other Arts. (Messrs. Wells Gardner Darton and Co., Ltd. 1s. quarterly.)

We are like Israel Zangwill, who wishes this new quarterly, edited by Mr. C. R. King, B.A., Principal of Hall Green House, Birmingham, success, but points out that

"it has a huge task before it. The whole social system is against the full and aesthetic education. . . . Obviously (he says of his own youngest son) he is not a fool, and ought to have an individual education. But if he did, he would need a special teacher and would lose everything that comes from the comity of school-life; unless he went to a school which gave an aesthetic education. But if he received such an education, he would be entirely unfitted for the economic framework of society. Most professions call for a stereotyped education and a child needs to have millionaire parents or to be a genius in order to do without such a stereotyped education. . . . The world has to be converted, society has to be transformed to make them (Mr. King's ideals of an educa-

tion based upon the child's individual needs) practicable. . . . But men like Mr. King have a big fight before them."

But yet we find Mr. King making a poor compromise with mediocrity at the very outset. So little is his propaganda timeous that he has failed to procure a sufficiency of suitable articles even for his first issue. The majority are on a very low level; and no movement in any way approximating to what he has in mind can be created through such dowdy and dubious media. Even the style of his own opening article, "The Artist as Teacher," is significantly *passéist* and precious:—

"'If all men were poets,' cries Babel, scornfully, 'how shall they eat bread?' 'Go ye,' I say, 'unto Bilston and see; pass ye to Tipton of happy fame and behold what the manufacturer has made of man. Go lastly to Flanders and consider whether, had all men been poets, they could have steered the barque of their world-community to ruin more abysmal than have the helotry of Mammon.' Poets live on dewdrops in truth no more than the Theocritean grasshopper, and they would be capable of organising their supply of food and other necessities with at least as much intelligence as that supply is nowadays organised—or disorganised. This is of the far-distant future: that poets and artists of all kinds should teach the children now—this is the narrow way of salvation, and none other leadeth thereto."

There are as many chuckleheaded fallacies in that paragraph alone—misconceptions of the possibilities and impossibilities of the modern world, of the functions of art, of the relation between language and value of idea—as ever there were devils dancing on the point of a needle. But, despite his unfortunate vocabulary, both of word and idea, hopelessly clichetical and conventionalised though it is, we can discern what he is driving at and sympathise with him. But if he had been able to express himself more clearly and with fewer plumes borrowed from the very spirit he is contending against, although he is so busy fighting his protean enemy in one guise that he has failed to realise that it has completely overcome him in another, he would never have embarked upon his present enterprise, at least in the company he has chosen. What does he suppose he can effect with such a heterogeneous collection of tenth-rate scraps and provincial fudge, as H. G. Wells's address on "The Teacher as Statesman," Sir Francis Younghusband's chuckleheaded and intolerably platitudinous "No Religion?" and Sir Neville Wilkinson's pathetic "Poetry for Little Children." Poets and artists have enough to do being poets and artists without usurping the duties of the schoolmaster, as is borne out by what little attempts at imaginative literature this issue contains. Take Edmund Blunden's verses, for example:—

"Old hares limped from frond to frond
With joy half-mastering terror,
And lonely trees blushed air beyond
Like Venus in a mirror."

Instead of teaching anyone or anything the majority of the contributors should learn to write. From mediocrity nothing but mediocrity; to mediocrity nothing but mediocrity. *Sauve qui peut.*

The General Federation of Trade Unions. Twenty-fifth Annual Report.

In these anxious times it is heartening to see a non-banking organisation in such a sound financial position. The Federation started the year beginning April 1, 1923, with £94,396 in hand, and ended up on March 31 with £108,960 in hand. This latter amount is comprised of National War Bonds £20,000, Deposit Account with the Co-operative Wholesale Bank £70,000, Current Account at the same bank £18,278, and Current Account at the Midland Bank £331, leaving a margin of only £350 odd, representing investments in such risky things as productive enterprises. The chief items of its revenue were Contributions £58,513, and Interest and Dividends £2,429. It expended £39,689 on Benefits, and £1,848 on "Management Committee and Delegations,"

£2,302 on Salaries, the balance being for other normal business expenses, making up a total expenditure of £6,698, exclusive of Benefits.

On pages 10 and 11 there are enlightening summaries of the receipts and expenditure of the Federation since its inception in 1899. For the whole period of twenty-five years it has taken in contributions from the workers £1,233,047, and "from other sources" (dividends and interest) £107,718. It has expended in benefits £1,129,107, and otherwise £102,448. Its present Reserve Fund (as already indicated) is £108,960. The yearly figures of this Reserve Fund form an interesting study. From £29,000 in 1914 (to the nearest thousand) it went up as follows: 1915, £76,000; 1916, £135,000; 1917, £178,000; 1918, £227,000; 1919, £254,000. Then came deflation, the slump, unemployment, and the resulting call on the reserve, which diminished to £120,000 in 1920; rose to £175,000 in 1921; fell in the two succeeding years to £127,000 in 1922 and £94,000 in 1923, and rose in the year under review to £109,000. Its record year for benefits paid out was 1919-20, when £220,000 was drawn. Its record year for contributions received was 1920-21, when £101,000 was paid in. Its record membership was 1,583,058 in 1921 (134 societies affiliated); its present membership is 920,050 (117 societies).

The Report proper, over Mr. W. A. Appleton's signature, could easily be taken for a bank circular but for the salutation "Fellow Workers" at the top. It is a sound and orthodox survey of conditions here, there, and everywhere outside the worker's home. Stabilisation, foreign commerce, "the balance of trade," international standardisation of prices, the Versailles Treaty, are all discussed with Thread-needle-like precision and firmness. Mr. Appleton frowns over the fact that "savings do not, to the same extent as in pre-war times, find their way into trade and industry"—and thus into the wages of his clients, and thus into contributions to the G.F.T.U. He quotes figures for 1921-23 of Government and Municipal borrowings (home, colonial, and foreign) £936,616,000, as against £252,994,000 for development trading and business, and comments: "It would be a good thing for the unemployed if the authorities borrowed less, and the people who save had their faith restored in the stability and remunerative value of business investments." There is a little mixed thinking here, for, after all, borrowed money is good wage money whether distributed by Selfridge's or Mr. Wheatley—although we are prepared to be told that the incidence on the fortunes of the G.F.T.U. may be different. Besides that, why does the G.F.T.U. not set the example by getting rid of its War Bonds? However, Mr. Appleton may well be proud of the position of the concern, and no doubt the shareholders will extend him a cordial vote of thanks for his management. We may yet see him translated to the position of a director of a nationalised Bank of England if he keeps on as he is going.

A Short History of International Intercourse. By C. Delisle Burns. (Allen and Unwin. Pp. 159. 3s. 6d. and 5s.)

"Of course, all the stories about the happiness of the Middle Ages and of the times before the present financial system became dominant are false" (p. 126). So that's that! It is something, however, that in such a brief historical outline our financial discontents should find notice at all. "In some ways former times were better than ours, e.g., in their painting and architecture; but the majority of men in spite of much distress are better off to-day." But what Mr. Burns should ask himself is whether men were ever so badly off in comparison with their means of being well off as they are to-day. After over a century of labour-saving inventions should they not be able to live by pressing buttons? In his discussion on the means to end war, the author writes: "What will make peace most secure in the future is the general sense that every one will lose if the peaceful intercourse between nations is interrupted." Meaning and navies) to take care of themselves." But this it appears by no means implies refusing to pay for them or to serve in them; nor finding out the cause of their existence and removing it. Every one who writes a book, whether it is a history or not, infallibly makes a record of one character—distinctively his own, or a sort of composite photograph of contemporary beliefs. But apart from direct criticism, an indirect criticism of life. It is in this indirect criticism that the author scores his chief success. The purpose of the book is to show how far civilised life has arisen out of the peaceful co-operation of different peoples. It is a description by reference to numerous examples, chiefly European, of the good influence which nations have had on one another. It presents a swiftly moving panorama covering the ground

from the Dark Ages to the present day, and offering at the end a glimpse of "To-morrow." It is, says the preface, a preliminary sketch "intended to indicate the lines along which study in schools and research should develop, in order that history may become less local in interest, and may become based upon a clearly conceived standard of civilised life."

The degree of condensation required to cover the ground in the small space available may be imagined. The main difficulties of the task are to maintain interest in spite of the necessary curtailment and to make the condensation in something like the same proportion throughout. These difficulties have been triumphantly overcome, the main attraction of the book being that, unlike its pleonastic title, the style is concise and transparently clear.

BOOKS RECEIVED.

- The Divine Songs of Zarathushtra.** By D. J. Irani. (Allen and Unwin, Ltd. 5s. net.)
- The White Stallion.** By F. Victor Branford. (Christophers. 5s. net.)
- Introduction to Modern Philosophy.** By C. E. M. Joad. (Oxford University Press. 2s. 6d. net.)
- The Merrie Tales of Jacques Tournebroche.** By Anatole France. (The Bodley Head. 2s. 6d. net.)
- Contemporary British Artists.** Draughtsmen: Edna Clarke Hall, Randolph Schwabe, Henry Rushbury, and Leon Underwood. (Ernest Benn. 8s. 6d. net.)
- Borrow.** Selections, with Essays, by Richard Ford, Leslie Stephen, and George Saintsbury. (Clarendon Press. 3s. 6d. net.)
- Cancer.** By J. Ellis Barker (John Murray. 7s. 6d. net.)
- The Rebuilding of Rural England.** By Montague Fordham. (Hutchinson. 10s. 6d. net.)
- The Bells of Heaven.** By J. B. Hunt. (Melrose. 7s. 6d. net.)
- The Wishing-Well.** By Samuel Gordon. (Melrose. 7s. 6d. net.)

LETTERS TO THE EDITOR.

THE SINGLE TAX.

SIR,—Mr. Jones professes to see a difference between purchasing power and money; but while it is true that the purchasing power of the units of money (pounds, shillings, or pence) varies in relation to two fluctuating factors—(1) the total amount in circulation, and (2) the quantity of goods being offered for sale—the sum total of the nation's purchasing power is identical with the sum total of its various forms of money. If Mr. Jones regards purchasing power as one thing and money as another, I shall be glad to learn from him where this purchasing power is to be had, and how one can get hold of it, as, so far, money is the only instrument possessing purchasing power that has come my way, and I confess it does not come frequently enough or in sufficient quantities to please me fully.

He says also that "by forcing all land into availability for use, the Single Tax would lower rents—one element of costs; while the reduction of the taxation of industry made possible would lower another element of costs." If Single Taxers would only lay "Progress and Poverty" reverently on the shelf for a month or two and study the principles of finance instead, even orthodox finance, they could not pen such sentences. Rents are determined by two factors—(1) the amount of money bidding for land, and (2) the amount of land available for use. If the Single Tax increased the amount of land available by forcing "idle" land into use, it has no control over the other factor: the amount of money bidding for land. The banks control that, and if, in their wisdom, they decide to issue credit (a form of money) rather more freely than usual they would present us with a general increase in rent instead of the expected decrease, in defiance of all the theories of the Single Taxer.

What does Mr. Jones mean by "the reduction of the taxation of industry made possible"? Does he know? The upkeep of the national services, etc., which regulates taxation, would cost as much after the introduction of this cost Tax as before it (except in so far as any part of this cost represented rent paid to private persons), and this cost would be a charge on industry, for although the Single Tax is to have the pleasure of swallowing up all other taxes, it still remains a tax, and, like all taxes, must appear in prices in one guise or another, or it could not be collected. The only saving a Single Tax can effect—a problematical one—is a saving of rent, and what the rent-payers gain the rent receivers must lose. From the community's point of view there is no gain—gain and loss being equal, they cancel each other. If we assume that this saving comes off, and that wages do not fall on account of the reduction in the cost of

living, and that costs and prices do fall by the amount of the saving—assumptions which constitute a pure act of faith since prices and wages are at the mercy of financial operations over which the Single Tax could have no control—the only result would be that the aggregate of prices would be reduced by the amount of the rent saved, and the aggregate of the nation's money, or purchasing power, would be reduced by the same amount. This would leave the unequal relationship between total purchasing power and total prices—the cause of all the world's most deadly problems—approximately the same as before—to be strictly correct, rather worse. That is all. If the banks took steps to keep the aggregate of purchasing power from falling, as they could, there could be no reduction in aggregate prices.

The fact that some of those in receipt of wages or profits would be able to get more goods for their money does not affect the general situation in the least. They would gain at the expense of the people to whom the money of the rent receivers formerly gave trade and employment, just as the last three or four years was obtained at the expense of the poor devils who were made bankrupt or unemployed by the deflation policy inaugurated by the banks in 1920. And the Single Tax is simply a crude and clumsy mode of deflation. It is quite impossible under the present financial system to reduce aggregate prices except at the expense of somebody's income, and as Single Taxers make no pretence that their scheme will change the financial system, it is obvious that it is neither a cure for economic ills nor yet a palliative of them.—Yours faithfully,

H. M. M.

SIR,—The only explanation I can think of for the persistent error of the secretary, Liverpool League for the Taxation of Land Values, is that he does not understand the true significance of costs. His contention is that the Single Tax will reduce the burden of rent charges; that a reduction of rent charges will cause a reduction of costs of production, and that a reduction of costs of production will be reflected in a reduction of prices. All of these statements and despite the strongest objections. Mr. Jones then urges prices by reducing costs the total aggregate of purchasing-power is increased.

Costs of production are payments for services rendered; and all costs, however itemised, are representations of payment made to individuals at one time or other. Thus an item "raw materials" in a cost schedule, while standing as the direct purchase price of materials, is actually the sum of the incomes paid to individuals as wages, salaries, dividends, rent, or interest, etc., in the production of materials. Similarly are the items "overhead charges," "depreciation," "bank-interest," etc. So that all costs of production represent incomes to some people, and all incomes are costs of production in some form.

Now the basis of the social credit proposals is the fact that the total income which remains in the hands of the public at the end of a given period is insufficient to purchase all the product of that period at its minimum cost price. The reason for this is that the issue and withdrawal of credit money by the banks does not correspond cyclically with the production and delivery of goods and services.

This effect has been succinctly stated by a writer in a recent issue of the "Engineer." "While it is true that wages, salaries, dividends, etc., have entered into costs at some time, it must not be forgotten that, as work is represented by force multiplied by distance moved, so cost is really a product of a limited amount of money multiplied by the number of times it has circulated. Total cost is therefore greater than total money. . . . But unless total money is available at any one time is at least equal to cost prices of goods and services delivered at the same time it is obviously impossible for purchase of total production to take place."

It is this state of affairs, then, that is implied and should be understood from the use of the phrase "shortage of purchasing-power," which is the crux of modern social and economic problems.

The secretary, Liverpool League for the Taxation of Land Values, argues that this shortage of purchasing-power can be rectified by a system of taxation, which will, it is claimed, extinguish that part of cost of production which goes as incomes to landowners in the form of rent. Further, he contends that competition will produce additional reductions of costs (i.e., will reduce the incomes paid to other individuals than landowners!) and as a consequence prices will be reduced. "This means increased purchasing power," he continues. "But if the means of reducing prices is a corresponding reduction of incomes paid to individuals, purchasing-power, which, curiously enough, he quotes some

writer as saying, is "the relation of money to prices," is in no way affected. To increase purchasing-power, prices must be lowered while incomes remain at their present level, i.e., prices must be reduced while costs (incomes) are maintained. In short, goods must be sold at prices below what is known as their "cost of production." The Single Tax would contribute nothing towards such a result. A.

DEBT REDUCTION.

SIR,—The following quotations, taken from the current issue of the "Bankers' Magazine," may be of interest to NEW AGE readers:—

The reduction in the net deposits last year was £74,000,000, a sum which is in fairly close correspondence with the reduction in the amount of Treasury Bills outstanding over the year—namely, £67,000,000, and as this reduction was brought about mainly by the application of the surplus of Government revenue over expenditure to the process of debt reduction, there is no doubt that this was the chief factor in reducing banking deposits.

Who said that a loan created a deposit? Even after three years of declining deposits, however, the total, excluding the Bank of England figures, which, of course, are of a special character, consisting mainly of the cash balances of the joint stock banks, deposits are only back to a trifle below what they were at the end of 1919, when Government expenditures after the war and the tremendous expansion of commercial credit had added nearly £500,000,000 to the figure at which they stood at the end of 1918. Criticism of the financial policy of the past three years on the ground that it has involved unduly rapid deflation rather loses its force in the light of these figures. The purchasing power of the community, as measured by its banking deposits, rose approximately by 130 per cent. between the end of 1914 and the end of 1921, and since then there has been a reduction equal to 20 per cent. of the 1914 total, or, if measured in proportion to the total when the decline began, the contraction is less than 9 per cent. spread over two years.

When did we begin to measure our purchasing power by the amount of our bank deposits? It would be as reasonable to measure it by the estimated value of our deposits in the pawnshop! But the cream of this article is in the last sentence:—

Is it not the will to spend rather than the ability to spend which has declined?

In analysing the surplus of last year's revenue over expenditure in another article the following figures are given:—

Mr. Baldwin had estimated for the shrinkage of £95,466,000, whereas the decline was only £76,843,000. Similarly an increase in expenditure for the year had been anticipated of about £5,000,000, whereas there was an actual decline for the year of about £23,000,000. . . . When, moreover, it is also remembered that the permanent officials do well to form their estimates of revenue on the side of conservatism and caution, there does not seem much ground for objection to the fact that the surpluses for the past two fiscal years have so greatly exceeded expectations. It is true that as a consequence there has been little relief in direct taxation, but, on the other hand, something like £150,000,000 in debt has been repaid, and that is an advantage which every section of the community ultimately shares in, by reason, first, of the improvement established in the National Credit, and, second, by reason of the fact that the annual charge on the Debt is proportionately reduced.

"Ultimately" is a space of time that is long in passing. In a note appended to the Exchequer Balance Sheet for the past year is the information that in addition to the £48,329,000 applied to debt redemption the usual sinking fund charges amount to £40,000,000, "making a total issued out of revenue for redemption of deadweight debt in 1923-1924 of £88,329,000."

E. V. CHAMBERS.

"BYRON, SHELLEY, AND THE BISHOP."

SIR,—In my article which appeared under the above title last week the first footnote was omitted and the second appeared in its place. As this made my paper so unintelligible that it must have sorely tried the patience of readers, may I explain, as the first footnote did, that "the Bishop" is Dr. Henson, Bishop of Carlisle, whose recently published lecture, "Byron," was the subject of my review.

The second footnote showed that it was Mrs. Ward Campbell who was described as Shelley's "latest biographer."—Yours, etc., ARNOLD EILOART.

Pastiche.

NEW WINE IN OLD BOTTLES.

BY OLD AND CRUSTED.

"SIR COLE" AND "THE MONEY-PIG."

We are getting on. Here is Harry Hotspur opening his serried ranks and admitting amongst his lusty spearmen one "Sir Cole," who from this point of vantage throws down the gauntlet to those strong, silent men who control the Treasury, the Bank of England, and the Joint Stock Banks, whom he accuses of worshipping the great god "Par" in magnificent temples at every street corner on whose altars "the Treasury and the bankers daily burn incense in the form of currency and credit!"

In the subsequent issue of the "Morning Troglodyte" one "Sir Withers" retorteth hotly, but is promptly squelched two days later by another valiant knight from Clapham Park, "who goeth ye whole hogge."

Then a notable high priest of this mighty deity, Professor Gustav Cassel, who, in the course of an address before the Institute of Bankers, coyly admits that he is "no doctrinaire advocate of the gold standard" but the stream of his eloquence petered out in the sandy delta of orthodoxy, and he thought gold might be patched up to last at least another generation!—which gives one the impression that he was fighting a rearguard action, not a winning battle.

As for Sir Cole, he must have been rereading Hans Andersen's story of "The Money-Pig" that lived on the top of the wardrobe in the nursery, which was so crammed full that it could no longer rattle, "and that is the highest state a money pig can reach," and when the toys gave a midnight party "the money-pig was the only one that received a written invitation; it stood too high, and they were of opinion that it would not accept an oral invitation; and it did not reply, nor did it say that it would come, and it did not come; if it was to take part in the game it must do so from its place—they could arrange accordingly, and that they did."

Well, all good children know what happened to the money-pig. "It fell from the wardrobe on the floor and broke to pieces. The coins danced and hopped about, so that it was a pleasure to see them; the smallest turned round like tops, while the big ones rolled off, particularly one of the five-shilling pieces, which wished to get out into the world. And it did come out into the world, and so did all the others; but the pieces of the money-pig were thrown into the dust-bin."

Will this be the fate of "Money-pig-five," who having swallowed up all the businesses of the other little money-pigs is stuffed so tight that it cannot see out of its little eyes? Cannot see how angry the toys are becoming, so tired of playing the game according to its arbitrary rules, and want nice new boxes of bricks to build pretty cottages in trim gardens, with plenty of tickets to go a-marketing! But thou must make haste, oh money-pig, lest the toys so rearrange the game that thou art left out of it altogether—and that dust-bin is very capacious!

BUILDER AND OWNER.

I bought a little rectangle of land,
Cement, and lumber, and bricks, and sand.

I dug me a handsome cellar-pit,
And built me a box on top of it.

I made it stout, I founded it sure
To hold my wife and my furniture.

I planted a hedge all round about
To keep the world and the devil out.

I gave due thanks to the Deity
For the comfortable box he had given me.

I called in the neighbors, one by one,
To show them the labor I had done.

Some were voluble, some were shy,
And some looked on with a jaundiced eye.

No one was happy, not even my wife. . . .
What in hell is the use of life?

I'll up and sell my house and land,
I'll take the good wife by the hand.

We'll trudge, by God, through sun and rain
Till we find happiness again!

From "Palms," Guadalajara, Mexico.

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