

# THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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## CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK . . . . .	205	CHRIST THE WORLD-LIGHT OF GNOSIS.—II. By Eugen Heinrich Schmitt . . . . .	211
France and her taxes. The Brest Chamber of Commerce's Resolution. Mr. Hore-Belisha and Assurance profits—assurance companies as tax collectors. The League Council and Germany— Germany and American dominion—the auction of Stinnes's properties—the International Pulp and Chemical Company's issue oversubscribed. The I.L.P. Agenda for their Easter Conference— summary of financial Resolutions. More work and less play at the Universities—an attack on "leisure" values.		GERTRUDE STEIN.—II. By C. M. Grieve . . . . .	212
"ARBITERS OF COMMERCE." By S. P. Abrams . . . . .	208	MUSIC. Elizabeth Schumann. The Budapest String Quartet. By Kaikhosru Sorabji . . . . .	213
ART. Some Definitions. By Ernest Collings . . . . .	209	DRAMA. Much Ado About Nothing. By Paul Banks . . . . .	213
THE ESSENCE OF DEMOCRACY.—IV. By Richard Montgomery . . . . .	210	REVIEWS Let Loose. The Morality of Birth Control. It Occurs to Me. The <i>New Leader</i> Book. The Story of Wilbur the Hat. . . . .	214
		LETTERS TO THE EDITOR From T. B. Johnston, K. J. Reid, and "Ignor- amus." . . . .	—
		VERSE Thought and Fact. By Philip T. Kenway (212). . . . .	—

## NOTES OF THE WEEK.

The French Senate has adopted the Payments Tax by a show of hands. And now it remains for the French people to adopt tax payments by a show of cash. The Payments Tax is one applied to business turnover at the rate of 1 franc 30 cents per hundred. (The rate first proposed was two francs per hundred.) The great merit of such a tax is that it avoids designating any particular victim. "Turn-over" is a monsieur without a soul to protest, or a purse to protect; therefore everyone feels safe in entrusting the "deficit"-baby to his care. The infant will be rocked in the cradle of the anonymous deep, so to speak. It sounds too nice to be true; but, if the French Government only knew it, there is a way of bringing off the miracle. In fact, it is precisely because the methods of doing so have been discovered that the world's bankers are in such a nervy state about France. Once upon a time, when the Financier went to the political party, everyone was tongue-tied. To-day, while it is true that nobody openly gainsays his suggestions as to what games shall be played, the company plays his games to the accompaniment of whispering among the youths and giggling among the maidens. Does he command "musical chairs"? Then this naughty French party dances round, and when the music stops for the first time, behold a Finance Minister without a seat. It happens in every game. A coincidence, no doubt—but for those tittering flappers. The poor uncomfortable Financier reflects sadly on the lack of reverence among the young people of the present generation, and wonders what will happen next. He well may.

The *Daily News* publishes a report from its correspondent about the French situation. He writes:—  
"It is realised that the financial crisis is so full of danger that the public will not attach importance to a constitutional point in face of any practical measure to restore confidence and to stop the rot in the franc."  
Lest it be supposed that he is quoting the opinion of some Communist sapper of the Constitution, let us hasten to give the evidence.  
"Evidence of this is seen in a motion adopted by the

Brest Chamber of Commerce. It points to the calamitous effect of the inflation . . . warns the Government against further recourse to the printing press, and calls upon Parliament to end its discussions and quarrels, and pass laws calculated to end the crisis."

True, there is nothing manifestly unconstitutional in the form of this resolution, and it might have been passed over without comment had not the *Daily News's* correspondent deliberately connected it with his earlier statement. We must assume that behind it is an unconstitutional policy, of which he knows something, but refrains from speaking about.

Chambers of Commerce, at any rate in this country, are practically run from branch-bank parlours. Together they may be looked upon as the Banker's Federation of British Industries as opposed to the one we know, which is a Producers' Federation of British Industries. It will not be forgotten that when the "P.F.'s" showed signs of annoyance with the Bank of England over the raising of the Bank Rate, and a disposition to require explanations about it, the "B.F.'s" came out with a resounding counterblast in the shape of a vote of confidence in the Bank and the gold standard. The result we know. Chambers of Commerce are, as one would expect, organised internationally as well as nationally, and there is a stirring future before this larger organisation. If and when the rumoured Central Bank of Europe is consecrated, a European Chamber of Commerce will be its prelate.

We quote the following from the *Star*:—  
Mr. Hore-Belisha (Lib., Devonport) is to ask the Secretary to the Treasury (Mr. Ronald McNeil) if in 1924 our industrial assurance companies and societies collected from the people about £46,000,000, and gave back in benefits about £15,250,000, and that in addition to a balance of over £30,000,000 out of the premiums collected they had an income of over £10,000,000 as interest and dividends on investments.

The question also states that  
During the last five years the companies collected about £135,000 a day and have returned only £42,000 a day, thus retaining for themselves £93,000 for every working day during these years.



The shareholders of one company divided 17,000 per cent. on the capital actually paid in. Several other companies paid dividends on the capital paid in from 300 per cent. to 500 per cent. During 1924, for every working day, 23,000 policies lapsed, the holders of which lost every penny paid in premiums, although many of these holders paid premiums for anything up to 30 or 40 years. Finally Mr. Hore-Belisha asks for an inquiry.

It will be seen that Mr. Hore-Belisha is on the wrong track. He is concerned with the profiteering aspect of insurance. It is striking enough to hear that industrial assurance companies collected £40,000,000 more than they disbursed in 1924, but the point is not that there was this surplus, but how it was allocated. Here, unfortunately, Mr. Hore-Belisha wanders off into percentages, which tell us nothing, seeing that he does not say on what amount of capital the bloated rates of dividend he mentions were paid. Nevertheless, his figures can be made useful. For instance, the £10,000,000 received by the companies as interest and dividends from investments. This serves to remind students that although the private purchasing power of the public is made up wholly of wages, salaries and dividends, the sum total of wages, salaries and dividends actually distributed by no means becomes private purchasing power. Here we see a block of £10,000,000 of distributed dividend going direct to an "investor" who is a non-consumer. In so far as this is typical of the general situation, one can see that the lavish distribution of profits, although discountenanced on principle by Finance, need not necessarily be "harmful" from the banks' point of view. It all depends who gets the dividends. For instance, if a company earns a net profit of £1,000 in one year on a capital of £100, and the bulk of its shares is held by an assurance company, a distribution of the whole £1,000—1,000 per cent!—would mean that the bulk of the £1,000 would not be distributed at all in the sense that it came into the pockets of consumers; it would go to the assurance company; and the ultimate effect would be just the same as if the other company had retained most of the £1,000 as a reserve fund. One may generalise and say that to a larger and larger extent distributions of dividends are becoming mere transfers of reserves from one company's ledgers to another's. The private investor is left to sit under the table waiting for an odd crumb when the bankers pass the bread.

We agree with Mr. Hore-Belisha that an inquiry into the question of assurance finance is necessary. We wrote at length on this subject some time ago, pointing out that the assurance companies on the one hand and the Treasury on the other were in essence money-collecting annexes to the credit system. Everyone knows that a tax is a tax, but few recognise that an insurance premium is just as much a tax, and a worse tax; for at least the Government spends its money as it collects it (although a large amount does not go back into the public's possession), while the assurance company avowedly aims at "accumulating" it, as the saying is. If there is an inquiry it will be futile unless it investigates the question of (a) how much the public pays per annum in premiums to the assurance companies; and (b) how much is paid back to the public in (1) claims and (2) dividends in the same period. We say the public advisedly. The public pay all premiums, some of them directly (as in the case of life policies, or fire policies, on their private property), and the rest indirectly (unemployment, pensions, employers' liability, and so on) through prices. But what do the public get back? "Oh, but, of course, they get less back; for how otherwise could the assurance companies save up a fund to cover insured risks?" will be the objection. Well, ignoring everything else we might reply, we will content ourselves with this: Show us that there is such a fund—

show us the money. It is not there. "Securities," yes, any amount of them. But not money. The money has been destroyed in bank-loan repayments; and if anyone should say that, even so, the same amount and more has again been created and issued by the banks, we reply that new charges to the same amount have thereby been imposed on the future incomes of the public. So we come back to the main point that if the public part with money at a faster rate than they get it back, they are being taxed into abstinence. Abstinence means a lessened demand for the ultimate products of industry. Lessened demand means stagnant trade and flowing doles. These depress the value of "Securities." And since these securities are the assurance companies' "fund," it will be realised that in the last analysis the very attempt to create an effective fund operates to destroy it. This result, fantastic as it appears, is consistent with the true realisation of what wealth really is. It is a flow—it cannot be saved—as Professor Soddy pointed out in his *Cartesian Economics*.

As the time for the meeting of the League of Nations approaches so do apprehensions rise as to what is going to happen. "Sir Austen Chamberlain," remarks the *Observer*, "ought to make it clear in very earnest terms that if Paris, Rome and Warsaw persist in their recent tendency, the English-speaking world will be wholly alienated. America, Britain and Germany may be found standing out of the League together." This "recent tendency," is, of course, the pressure to get Poland a permanent seat on the League Council at the time of Germany's admission to that privilege. There are rumours of dissension in the British Cabinet—even of Sir Austen Chamberlain's resignation. Did he, it is now being asked, say anything in Paris at the time of the Locarno pact to encourage the "recent tendency" which is causing all the trouble? Have we all thrown up our hats over the new "Spirit of Locarno" only to find gauntlets being thrown down over its interpretation? Again, what are we to make of the threat that America (notice the sequence), Britain and Germany may dissociate themselves from the League? The financial interpretation comes naturally to mind. American dollars have gone in floods to Germany. Germany is an American dominion for all practical purposes. Britain is America's junior financial partner, and the City is allowed a sphere of influence in Germany. For instance, last week its anonymous agents attended an auction of some fragments of the smashed Stinnes Trust and bought the lot up before the public could get a sale catalogue. An issue of 600,000 8 per cent. cumulative participating preference shares of £1 each at par by the International Pulp and Chemical Company was first announced in the Press on the 23rd ult. At the foot of the announcement was a notice that "the above issue has been largely oversubscribed, and therefore no further applications can be accepted."

Let us digress for a moment. In view of our comments on the occasion of the Stinnes crisis the following is a vivid sidelight extracted from the prospectus of the above company:—

"The vendor to and promoter of the Company is the Inveresk Paper Company . . . who, by Contract No. 1 below mentioned, has agreed to purchase the before-mentioned 21,900 shares of the Koholyt Aktiengesellschaft of Berlin from the Darmstädter and Nationalbank . . . for acting on behalf of the following four shareholders, G. Hugo Stinnes . . . £491,500; Hugo Stinnes, g.m.b.H. . . . £179,500; Mr. Hugo Stinnes . . . £76,500; and Gewerkschaft Mathias Stinnes . . . £33,930."

One notes that whereas Stinnes could not raise any money to run his concerns there is plenty forthcoming to induce his family to let somebody else run

them. The property comprises five freehold factories in Germany

"of which the two at Königsberg are believed to constitute one of the largest organisations for the production of high-grade chemical pulp in the world, and the others are devoted to the production of paper, chlorine, caustic soda, and other products used largely in the manufacture of paper."

All the pulp output for 1926 has already been disposed of, and

"the whole of the 1927 output could be readily disposed of, but it is considered that prices are likely to harden, and that it will therefore be to the Company's advantage to limit forward sales for the time being."

So nothing was ever wrong with the real credit of the Stinnes trust. Even in pieces, it works. The only thing missing was the money to work it. It is a strange reflection that the greater the real credit of a concern the less financial credit it can get. When it embraces a wide field of industrial activity it is said to be "top-heavy" and "unsound." But split it up into little administrative patches, each waiting hopefully for a "hardening of its prices" against other patches, and suddenly, by some magic, every square inch of the whole field is clawed at by the investment trusts of the world as a gilt-edged proposition.

We will now return to our subject, the Anglo-Saxon financial penetration of Germany. Who can wonder at the dissatisfaction of Italy and France with the prospect of America and Great Britain putting their nominee on the League Council? For henceforth it will be to the interest of Wall Street and Threadneedle Street to see Germany through her economic difficulties. In the existing circumstances this cannot be achieved without injury to the trade of other European nations. They will want to say something about this. It is beside the point to argue, as the *Observer* does, that the Council of the League must be small because it is intended to be an executive. That only raises the question of whether it ought to be an executive. Nor is it relevant to urge, as that journal does, that "permanent membership is wisely confined to the greater nations who must sustain the greater responsibility if the League is to succeed." Succeed in what? "Suppressing minority views" is the only answer that occurs to us.

The Independent Labour Party holds its next Annual Conference at Whitley Bay at Easter. The Preliminary Agenda is prefaced by a statement of the "Function and Policy of the I.L.P." "The I.L.P. believes that the Socialist policy should be concentrated upon a direct attack on poverty." That is good. "It asserts that the workers have the first claim upon the wealth of the nation, and denies the claim of those who live by owning instead of working." That is bad. It is also silly tactics. Millions of poor people depend for a living, or an essential part of it, on the proceeds of ownership. Moreover, has nobody considered the investment holdings of the Trade Unions themselves? If we remember rightly, too, the General Federation of Trades Unions in its last Report revealed a most generous holding of War Loan. "Since higher wages would be worthless without the power to control prices. . . . That is good: . . . the demand for a Living Wage necessitates (a) the establishment of a national banking system, with the control of currency, and credits for national purposes; and (b) the nationalisation of the importation of food and raw materials." Item "a" gets hold of one end of the remedy; item "b" is a nice phrase, and no more. The other end of the remedy—the revision of costing methods on a new principle—is ignored. The Agenda contains a number of resolutions on incomes. The National Administrative Council of the I.L.P. calls for "supplements to working-class incomes, varying with the

number of persons in each household." That is good so far. But the money is to come "out of direct taxation" thus "beginning" the "necessary redistribution of the national income." That is bad. Here is a summary of other resolutions:—

Clapham refers to the lack of purchasing power and wants national ownership especially of banking, mining, transport, gas, and electricity, so that there can be a minimum wage below which no worker should be allowed to fall. Pontypridd wants to shuffle the taxes. Glasgow City wants a Commission of Inquiry to determine a minimum wage for all wage earners. London Central calls for family endowments coupled with a national minimum wage. Norwich insists on a definite endowment of every child; there must be an income for each member of the family, instead of one for the father only. Southport wants the Government to buy foreign wheat and meat so as to eliminate speculation.

Coming to finance:—

The N.A.C. appreciates the work of the Finance Enquiry Committees, but is of opinion "that the terms and conditions of the transfer to public ownership of land, industries, banking" (observe the sequence) "and other forms of wealth production and distribution, should be determined by the circumstances which obtain at the time of transfer." (Our italics.)

In other words, it will wait and see what terms the owners will demand. It does save a lot of unnecessary chatter, does it not?

Hutchesontown and Portobello are for "taking over all necessary industries and services without compensation," but will assent to the State's assisting aged people, widows, and orphans who lose their "income from investment."

That is thoughtful—especially of the widows and orphans; for there would be a large number of them by the time the dispossessed were put in their place.

Bolton, too, opposes the principle of compensation. So does Stockport Central. Compensation should be only for a term of years or at death, says Norwich, for "the principle could not benefit the workers by the removal of exploitation." (This last remark is true enough.) Ladywood, Rolton Park, and Sparkbrook call for the "socialisation" of the banking system so as to increase "real wages" and "expand the home market." They want to "eliminate waste," and they do not like "luxury industries." Abercynon, Aberaman, Taibach, Aberavon, and Tredegar consider that the nationalisation of industries will be impracticable while the issuance of credit remains in the hands of the private bankers.

They are wrong. What would be impracticable would be the reaping of the expected yield in terms of the means of life.

Kingston and Shavlands would nationalise banking and establish municipal banks. Southport is after municipal banks. Selly Oak too; and these banks must have the power of functioning like Joint Stock Banks "with power to accept current accounts."

Selly Oak does not mention anything about the power to create deposits. Let us hope it means it all the same.

King's Norton and Newport hark back to the Capital Levy.

We are surprised at them. Didn't they see the Vickers' Reconstruction Report? Summing these resolutions up it will be seen that in none of them is there evidence of any idea of what really stands in the way of credit which comes out of a bank and credit which goes into a pocket. Their sponsors all assume that if they could only decide (a) how much credit should be lent to producers generally, and (b) in what order various kinds of production should be financed, everything would work out all right. But it would not so long as the cost figures in every factory account continued to be carried forward, as they are now, into the prices of consumable goods. The resulting figures, even if a Socialist Government ran the whole country's industries, would, on the face of them, prove that the nation could not afford to pay the "living wage." If the Government thereupon challenged the meaning of these figures, well and good. But to do that it would have to find out on



what economic ground to challenge them. That is why we want to see the Socialist Party (and the other Parties too, for that matter) start now. It is never too early to learn.

There has been a stir-up at the Universities lately. Somebody has cracked a whip over the 'Varsity athlete who puts sport before work. Henceforth everyone will be required to qualify for residence by writing the correct answers to a number of questions in an examination paper. No longer will the famous sprinter, cricketer, footballer, or oarsman be admitted to the privilege of University association irrespective of his capacity for cramming. If he does not pass the test he will be sent down. The reason given is that there is a greater number of studious young men anxious to go to the Universities than can be accommodated, and that it is distinctly unfair—as well as disadvantageous to the country—that they should be kept out by slackers. The days have gone by when men could gain prestige there by giving of their best in the direction they thought best. Their places will be taken by the offspring of parents who did well out of the war. These young aspirants are not to be blamed for their parentage, but at the same time they come of a stock which, speaking gently, is less than the best. If it is they who are to set the tone of University life, it will not be long before we shall see Oxford and Cambridge advertising in *John Bull* that they will find every student a job at the end of his term.

It is one of the great indictments of war under modern conditions that it puts persons in command of privileges for which their breeding and traditions have not fitted them. The brawn and courage which turned the tide of war abroad has been sacrificed to the pimples and cunning which made a turn on prices at home. One of the major evils of war (let the I.L.P. observe) is that it *redistributes incomes*. It impoverishes families whose long familiarity with wealth has bred in them a contempt for it as a standard of worth and enriches others who have only learned to worship it. This fact is a tremendous cultural argument for the Social Credit principle, which, while seeking to raise the standard of life throughout the whole of society, would yet advance each family *in its own degree*. He that has nothing, let him have something; for so are the humanities observed. But also: He that has much, let him have more still; for so are the æsthetic qualities of civilisation kept untainted. The athletic values now being subordinated to those of mere "swotting" are values natural to the age of leisure for which we are looking, and they need to be jealously preserved. Here, as always, the instincts of ordinary people lead them truly. In a month's time hundreds of thousands of them will turn out on the riverside to see which University wins a boat-race! Deep down they know that they are seeing in those sixteen fellows the embodiment of that subtle differentiation of race which has crowned Britain with her glory. But now, pride of race and pride of national achievement are being trodden under foot by the internationalists. The League of Nations is to be everybody's nation. The cosmopolitan financier's pen will delete boundaries and decree disarmament, peace, and hard work. Bankers are nothing if not pragmatists; and as there are to be no more battles of Waterloo, then—no more playing-fields of Eton.

#### Nero Resurrectus.

"Bank-notes to the value of £830,000 were publicly burned in a retort at the Rome gasworks to-day to decrease the circulation. The ceremony was attended by the Finance Minister, Signor De Stefani, who stated that the notes burned will not be replaced. He hopes to repeat the burning often in future."—*Daily Mail's* "Rome Correspondent."

## "Arbiters of Commerce."

There is a jest current to the effect that an African business man seeking temporary accommodation from his bank, and being met by a blank refusal, commented that there were two great evils in the world, the social evil of prostitution and the commercial evil of banking. Such an example of irreverence has been rare, but is becoming more common, and after the experience of the last five years many business men are relieving their feelings towards the banks by similar remarks.

Some of these have apparently touched upon very raw spots, as is evident from the outburst of Mr. Walter Leaf at the annual general meeting of the Westminster Bank on January 28. He says, in reply to those who had accused him of the statement that the banks were "the arbiters of commerce,"

"To be the 'arbiters of commerce' is a duty too high for any but the responsible Government of the country; to attribute it to the banks is a confession of ignorance which should disqualify at once any claim to attention from serious people."

Now who could have imagined that the banks would disclaim responsibility on the grounds of modesty? Surely, after taking Germany in pawn, after stabilising Austria into a condition of industrial atrophy, after blockading Russia and holding over France the fate of Germany, surely the regulation of British commerce is not too onerous a task. In one important sense Mr. Leaf is right, for it is undoubtedly true that control of commerce is not the duty of the banks, but is the duty of the responsible Government of the country. His testimony on that point is very valuable, though we must register the paradox that every Government denies that it can do anything, and asserts that the conditions of trade are ruled by the immutable laws of economics. And we can sympathise with this reply; for as the Government is compelled to go to the banks for its cash and credit, it must find itself very much handicapped in taking an independent part in determining the flow of cash and credit which decides the fate of commerce and industry. One can imagine that if the Government had a monopoly in the business of dealing in cash and credit, then it could rightly be blamed for not fulfilling its duties in the administration of the country's trade, but as this monopoly is in the hands of the banks it is they who must take any praise or blame there is to allot.

But Mr. Leaf also attempts to meet this reply by explaining why the banks are not in a position to be the "arbiters of commerce." He says:—

"The only arbiter of commerce, in the financial sense, is the power which controls the issue of currency. That is the power which supplies to commerce the cash with which it works, the power which can control prices by inflation or deflation at will. The only creator of credit is the Government, which has the power of issuing legal tender."

This cleverly evades almost completely the question of controlling trade and industry and substitutes that of controlling the cash basis of the banking business. It might appear from the statement quoted that the Government supplies the cash with which industry works, and that it alone is responsible for inflation and deflation. But substitute "banking" for "commerce," which is of course the real meaning of "commerce in the financial sense," then it is clear that Mr. Leaf is not dealing with trade at all. There is no doubt that the Government, by regulating the note issue, could alter the volume of credit flowing through the banks. How much of a real power this is, however, may be appreciated when one considers the part which "expert City opinion" plays in determining every action of the Treasury. And when it is remembered that the Gold Standard is now a real factor in the credit situation, any doubt is finally

resolved. For by its adoption, and the handing over of its administration to the Bank of England, that institution and its satellite banks have been the ruling factors in inflating and deflating credit in the sense of increasing and decreasing it, without any relation whatever to the needs of trade and employment. So much so that both Mr. John Maynard Keynes and Sir Josiah Stamp have stated that that regulation of credit is the prime cause of our present industrial situation.

But even this argument does not touch the real issue, which Mr. Leaf has left severely alone, and this is that the issue of all credit, whether borrowed by the Government or by industry, is the monopoly of the banks; and while they hold that, they are the undoubted arbiters of commerce in whatever sense the word is used. Further, they are the arbiters also of Government policy since any loan which the Government desires to raise is dependent upon the willingness of the banks to create the credit with which it can be taken up. When, therefore, Mr. Leaf says that the Government is the only creator of credit, one can only be charitable and assume that he has no personal knowledge of the fact that his bank accepts as good deposits cheques on overdrawn accounts at other banks, and buys bills with its own credit, and that he has never heard of Mr. McKenna. He certainly does not go so far as to say with Mr. Holland-Martin that his bank's "true function is to collect the savings of the people and lend them to merchants, manufacturers, and traders."

But Mr. Leaf has more to say upon the fact that it is not a banker's duty to regulate commerce. Having disclaimed any right to carry on this function and asserted that only the Government is entitled to do it by reason of its responsibility to the people, he turns round and advocates the transfer of the power to issue legal tender from the Government to the Banking System as represented by the Bank of England. Says he: "It is officially and publicly recognised that the time is at hand when the issue of currency notes ought to be handed over to the Bank of England." Thus forgetting what he so religiously believes, he wishes to see the Government deprived of what he has called "the power which can control prices," and in spite of his original modesty, claims that power for the banking system. If so, the Government will be left with no function but that of administering banking policy, and coercing the nation into obedience to it.

S. P. ABRAMS.

#### PRESS EXTRACTS.

(Selected by the Economic Research Council.)

"Wheat, that maker and breaker of the backbone of America, has had the audacity to advance over 12 cents a bushel. This was accomplished under the pretence of bullish news from the Argentine, but few will put credence in such alleged excuses. *Manipulation, not current events, is the source of all movement.*"—*Wall Street News*, December 5.

"The Chancellor of the Exchequer is now trying to get in the arrears of excess profits duty and the corporation tax by making a demand through the Inland Revenue authorities for clearing off outstanding arrears before March. About 100 cotton spinning companies are affected for at least £120,000. The total arrears are computed at about £2,000,000, but there is little possibility of the money being secured. In March, 1920, the tax authorities allowed the collection of these accounts to stand over, subject to the payment of interest."

"The present demand has come as a big surprise to the trade as a whole."—*Financial Times*, December 24.

"Germany has recently decided on a wholesale closing of her steel works on the ground that their productive capacity is much larger than her share of the world's steel trade is likely to be in the foreseeable future."—*Wall Street News*, November 30.

## Art.

### SOME DEFINITIONS.

Architecture, a communal art, exists to satisfy worthily the material need of man to live with his fellows. It draws its inspiration from the position and structure of the earth whose dwellers, in setting up pyramid, arch, dome, or other building, acclaim the universal powers.

Sculpture, whatever its association with the communal necessity of providing images for purpose of worship, commemoration, or magic rite, persists by reason of individual man's need of re-enacting (metaphorically speaking) in shaped material, through the fused senses of touch and sight, his actual or imagined experience of union with another being and the consequent alternating balance between annihilation and enhancement of personality.

Architecture and Sculpture (the Sphinx of Gizeh suggests a combination of the two worthy of development) mark on the earth the passing of the peoples and enshrine their spirit. Mesopotamians, Egyptians, and Greeks each left a sharply defined expression of form, and their inheritors, who may roughly be grouped into the three great religious bodies—Buddhists, Christians, and Mohammedans—in a fervour of missionary effort, lighted, unknowingly, in their own works the spark which kindled others: In the East, Indian architecture and sculpture, that ecstatic offering to the procreant energy of the sun, and Chinese sculpture, that mirror of the calm acceptance of nature's way; and in the West, that reassessment of shape which, growing partly from a vision of Greece, through Rome, has gradually taken a world-wide view, and is now at the beginning of an attempt to create synthetic things.

Painting (a two-dimensional art), unlike Sculpture (a three-dimensional art), cannot exist apart from Architecture; but Painting has three ways of expression:—

1. It may frankly accept its position as the handmaid of Architecture and, using line and flat colour, be content to adorn, as on the walls of ancient Egyptian tombs or in the caves of Ajanta.

2. It may represent that which is seen, actually or in imagination, as in Titian's "Bacchus and Ariadne."

3. It may, by its use of contour and tones in relation, emphasise its representation of three-dimensional form and thus do homage to Architecture and Sculpture, as in Michelangelo's ceiling to the Sistine Chapel. The modern painters, Gauguin, Van Gogh, and Cézanne, may be said to have worked in these three ways respectively. Cézanne has been exalted above the other two because of his insistence on three-dimensional structure; but the need of such practice as his only arose as a reaction from the widespread mists of impressionism. A longer view of painting will, possibly, see Gauguin as the classic artist of the three by reason of his static two-dimensional decoration, simple and reticent.

Painting can evoke the closest appearance of reality, and this illusion has led the art away from the control of Architecture and from the largely unexplored aims of suggestion.

Architecture, mankind's hymn of construction, Sculpture, man's symbol of the irradiation of the individual by the universal, and Painting, the hand's signature in line and colour, each needs to be approached with penetrating criticism, and the achievements of the past assessed anew, that, to-day, each may be urged to fulfil its function to the utmost for mutual significance.

ERNEST COLLINGS.



## The Essence of Democracy.

### IV.

The war between individualism and collectivism is not a class war; it is the essence of democracy. The great majority of the people were—and are—ready to adopt the irresponsible anarchist values of the successful. Democracy erected the self-made man to stand in the broken frame of the divine mirror, and exhorted each youth to copy him. Far from there being a class-war each individual is on both sides, so that the war is within each person. In his outlook as individualist every man—or woman—asserts rights the realisation of which would smash society to discrete atoms, no man having a duty to his neighbour. When, on the other hand, failure to realise monomaniac ambition introverts the individualist value each person begins to state claims the realisation of which would mean a society so automatically operated that none would be able to get apart from another. The right to strike, the right of the employer to cease business, of the shopkeeper to close his shop, all sorts of rights affirmed in one conscious attitude are replaced in the other by the right of other people that nobody should strike, and so forth. Always, however, it is rights, in other terms, power or safeguards; it is never responsibilities, which is to say, uses for power, that are emphasised. Each man is endowed, it is taken for granted, with certain desires, caprices, and interests, which he has a right, it is asserted, to cater for to the full; he need not ask whether all his whims are equally worthy; if some are found inimical to the rights of other people a bridle, in the shape of a statute, will be made for him, thus to keep him on the right road. Democracy is a neurosis of the national soul; and at this point of our enquiry we can justly assert besides that the alleged state of freedom called democracy breeds neurosis in the individual soul. Each man and woman of this age is torn by inner conflict so that shape and character are lost. It is not that man adapts himself to his circumstances, but something far beyond this; when circumstances change he is no longer the same man. When he feels strong he demands the abolition of privilege, so that he may climb above his superiors; and he leaves the State to sweep up the wreckage in his wake, provided it refrains from taxing him with the cost. His eyes are fixed on his ambition. In fine, when the democrat is well he is Napoleon, fantasies of whom, Emerson disclosed, exist in every democrat's day-dreams. The neurotic democrat, however, is not single-minded, and as a result he is not consistently Napoleon in action. The moment the rain starts he runs to his mother. He claims privileges for those whom equality of opportunity and natural selection may cause to be trampled on. One hour he asserts his right to all the power he can get; the next he claims that the State ought to divide it into shares, and ensure him his morsel. It is hardly possible for both conscious and unconscious wishes to be realised. Complete security of tenure—even for Members of Parliament, as one of them recently demanded—could hardly be arranged along with unprincipled competition for every job and office in the Empire; it is not easy to pretend belief in the myth that a score of Cabinet Ministers' batons can be miraculously distributed, one to each schoolboy in the land. No wonder can be aroused, where citizens can accurately be described as anarchists intimidated by the desire for self-preservation, that all proposals for amelioration are directed to mere improvements in the system. At the same time as delegation, referendum, electoral initiative are advocated as a means to the salvation of the weak, the strong are working out devices for thwarting them. Men do not know either their aims or their motives, yet they agitate for the conditions of title to honours to be published; for peerages to be put in the Party office window labelled

with the price. Diplomacy, democrats cry, must be conducted in the public hall, since nobody can be trusted in conclave. Every act that concerns two, to satisfy democracy, must completely cease to be in any degree a matter of character, and becomes one regulated by a code. While the system absorbs the whole consciousness of man the man himself is lost.

Under this perfect system, if votes are accurately counted, and the result strictly applied, no administrator can be held responsible for the outcome. If the intelligence tests have been minutely administered, and the results meticulously audited, the impersonal result is taboo, and beyond human right of correction. The freedom of will that God bestowed on Adam is completely forsworn, because tradition tells that Adam's responsibility proved too much for him. No man now dare either trust another to exercise it, or exercise it himself. Repudiation of free-will, because it leads to the judgment of man by machinery, is falsely called freedom. No man by machinery, is falsely called freedom. No man, however, in the way of superior counting machines, registering devices, and so forth, can by any imaginable process endow either governors or citizens with the character which alone can fit them for their rank, either as governors or free citizens. Wherever the code is established the man deteriorates. The effect of the Insurance Acts on the insured is by no means redemptive, and is, from the angle of the character of the men, inferior to the effect of the friendly society. If the whole routine of scientific office-management could be applied to the nation's affairs, the result would be bad for the people. Perfect codification of the divorce laws is bad for marriage. To treat men and women all alike, in a word, is to make them alike, which, though in the end it ensures that the system works to perfection, would do so at the expense of rendering man futile.

Schools for character become rarer and more superfluous at the same time that the indiscipline of the younger generation is the main topic for moralists. Every new educational institution prints over its entrance, Efficiency. Behind the un-Christian worship of ability and adaptability—united as one term in efficiency—the immature human being is armed with the weapons of knowledge to the sole end of enabling him "to fight his way to the top," where there is said to be more room than in Heaven and Hell. All the current national standards regard ability and adaptability as the measure of man. The diplomas he gains, the debates he wins, the money he obtains, the circulation he commands, the some-thing that can, in the immature arithmetic which our minds have to the present mastered, be counted. Courage, truthfulness, friendship, fidelity to a vow, loyalty to an order, honour, all internal standards, have been exiled from real life, and, presumably, to perish miserably and entirely. Only some joker here and there with a taste for antiques can be found cherishing them. Marrying and unmarried, to have children or not to have children, even the question whether a man or woman may be permitted to remain procreatively fertile, are seriously suggested as proper to be determined by reference to a code. The individual, moved by anarchic values, claims the right of caprice; such social valuation as there is has to be effected by the machine outside, for whose misdeeds, once it has begun to work, no man is nameable, before his fellow man or God. Intelligence tests, cranial dimensions, genealogical trees, Wassermann reactions, anything may determine what a man may be allowed to do, and whether he may be allowed to live—except his own spirit; the reason being that spirits are no longer educated; spirits are not necessary. Democracy is an effort on the part of man to live without a soul.

RICHARD MONTGOMERY.

## Christ, the World-Light of Gnosis.

By Eugen Heinrich Schmitt.

### II.

The world recognised by Jesus of Nazareth stands therefore in all essential principles in direct opposition to the world-view of the past, indeed, to the world-view of the great mass of men down to the present; and without a clear understanding of this opposition, neither the figure of Jesus nor the opposition of the church and Gnosis arising in the following period can be understood. Finally it is only from this standpoint that the succeeding cultural development of the so-called "Christian" world can be understood. This represents simply an immense struggle as mankind tried to free itself from the old barbarism, in which in all essential details it was still sunk, by overcoming the most profound cultural contradiction known to history. And this is a battle which is not yet fought out, and which penetrates to the depths of our present cultural life.

This is in the first place an opposition between the ideas of God. The ancient world considers the principle of physical dominion over the creatures of Nature as the essence of the divine, as the ideal of loftiness and perfection. Godhead in the sense of the Christ is on the other hand a power without violence which seeks to enlighten and to bless with its light everything without distinction. The old God is a God of vengeance and retribution; the God of the Christ is a mild light which can desire only good, can strive after and realise only good. And this is in accord with its sublime, tender, soft, non-resisting nature, which resembles not the destroying lightning that "falls from heaven," the dominance of the ancient thunder and lightning God, Jehovah or Jupiter, but the gentle sun rays which spread only blessing. The God of the Church is the external lord of might; the God of Christ is an inner power, one with the highest form of our innermost life. The God of the Church is an object of external blind belief in authority; the God of Christ is a living object of internal perception, one with the beholder. Its redemption of the world is redemption through knowledge, "Gnosis": "Ye shall know the truth, and the truth shall make you free." (John viii., 32.) This God, then, is not a Nature shrouding itself in mist, but a Light-nature, the highest light, the light for the spirit and in the spirit; no "Prince of this world," who is, indeed, condemned as Baal, as Belial, i.e., as lord, and ruler by violence, but the light of souls, the kingdom of heaven within, the infinity within, the living primeval source of all spirits, in which they are One. As this living bond, it is the light of the all-embracing reason, the light of the knowledge that sets the world free, the world-light of the Gnosis, as the Logos and all-uniting love, which is of one essence with that which it loves. And this leads us to the second fundamental opposition, to the doctrine of the human essence and the human spirit. To the ancient world, to believers and unbelievers, to idealists and materialists alike, the human essence considered even from the spiritual side appears as finite—be it as spiritual thing or material thing. But the teaching of Christ is that the living infinity of the Kingdom of God has not risen somewhere outside there among the clouds, but in the human spirit, that into the kingdom of heaven only the Son of Man enters, who now and by the nature of him lives in heaven, i.e., in this living infinity which moves above all stars, and whose name is Light of Reason, and Love. The teaching of the Christ is that the living individuality, the ego of every human being is this light of the world, every one a primevally individual ray of the universal light of reason; and that the knowledge of this truth alone set the world free from all the fetters of degrading animalism, borne alike by

rulers and by ruled. The teaching of the Christ is that we are Gods, i.e., illimitable, living light of heaven, radiating beyond all bounds of space and time, rays of the sun of the spirits, and of the sons of the highest. And from this knowledge of the Godhead, and of the human spirit alone follows the new higher morality which is opposed to the morality of this world.

Another weighty problem of knowledge is closely connected with the problem of the moral consciousness: the question of the origin of evil. The ancient world sees the final cause of evil in the will of the individual, and seeks—altogether in the crude, naïve fashion which is proper to the animal—to repay evil violence with equal violence, in order to render harmless or to destroy the hostile individual. This requital of evil by evil, this low animal impulse to revenge, is sanctified by a backward civilisation, and bears the name of justice. It is evident that this example of misdoing by heavenly or earthly authorities, sanctified on principle, is far more calculated to confirm a like low character in men than bad example in the form of mere individual private and profane craving for revenge. It is also natural that where public vengeance cannot offer the individual adequate retribution, or when (as in disputes between nations or rulers) no higher tribunal exists, these individuals or groups feel called upon to execute justice themselves. Thus it is the sanctified misdeed which is the great source from which spring up illegal and extra-legal misdeeds of every kind—robbery and murder, and theft in every form. Christ on the other hand sees the cause of evil in the power of darkness in which men are snared, and which prevents them from seeing and loving the light. Nowhere in the Gospels is found the infamous doctrine that the evil in the world has its cause in the individual fault of the father of the human race, through which was aroused the insatiable craving for revenge of a heavenly ruler, a craving which persists not only to the third and fourth generation, as is recorded of the God of the Jews, but through the whole countless series of generations. This doctrine is indeed directly contradicted in the passage where the disciples ask Jesus: Who had sinned, the man born blind, or his ancestors, that evil overtook him. Jesus answers that the cause of the evil is not to be sought in any retribution for sin, whether committed by the man himself or his ancestors, but that the final cause of evil lies therein, that only in its opposition to evil, to darkness, to imperfection can the glory of the divine be revealed; and that the struggle against these evils and the victory over them is itself the divine glory, which in its radiant splendour overcomes evil and sin and suffering and death; and that we should not ask the evil question, dictated by a low mind, as to the retribution for sin, but should perform the deeds of the light, so long as in this earthly light we have the opportunity to do this. And Christ concludes with a reference to himself as the light of the world (cf., John ix. 1-5). According to this exalted view of the world, it can, then, never be our duty to execute revenge and retribution; but least of all is this work of the animal a task for the Godhead. But our task is to liberate from the twilight and the night those who dwell in darkness, to enlighten and to bless those who persecute and hate us for this holy truth's sake, and to arouse them to behold the living inner infinity, that light of paradise which slumbers in the soul even of the most degraded. The judgment of Christ is the judgment of infinite pity.

And these fundamental ideas of Christ are at the same time the fundamental ideas of Gnosis, which has maintained and maintains them with imperturbable holiness in opposition to the Church and its intellectually and morally inferior doctrines. These ideas of the Christ are the heavenly rays which shine through all gnostic systems.



## Gertrude Stein.

II.

By C. M. Grieve.

Work like Gertrude Stein's is, of course, the product of a complex, and, beyond that, of a transitional, age; and the author's motives—and the effects she secures—are manifold. Edith Sitwell has defended Gertrude Stein's work in a recent Hogarth Press pamphlet, because it breaks up the traditional associations of words—opposes their overwhelming tendency to arrange themselves in certain stereotyped forms. J. C. Squire, while condemning it as meaningless, treats this contention that it seeks to create pure form verbally, without meaning, as its main, if not only, defence. Superficially it certainly has affiliations with Dada, with certain of Joyce's experiments, with the various forms which the reaction against mere meaning has taken amongst the ego-futurists and others with whom I dealt in my "Beyond Meaning" articles in these columns some time ago. But these affiliations are exceedingly superficial. They are by-products—not the main effect of Miss Stein's methods.

These methods are a legitimate, if unlooked for, extension of a species of effect to which literature in all ages and in all countries has had recourse. Everyone is familiar with the effects of realism and humour achieved, for example, by embodying in a story a bit of "English as she is wrote"—some semi-literate epistle at once diverting and pathetic in its bad spelling, lack of grammar and punctuation, and weird jumble of context. Sir Walter Raleigh's Letters, published the other day, for example, contain the following extraordinary anticipation of Joyce's style, written in a letter to his sister Alice in 1880: ". . . she said you may come with teddy and me and Oh! there may have been others, but I have for git, so now this morning what Should come from teddy but a note from teddy saying that he was not well and so it was through the hospital and he was going back in March and all that It makes me angry going so near that awful blot and so what was it o yes and so teddy could not come and jessie said very well we will be able to go any other time for me and my blood boiled and I said you be extremely careful miss you are treading on ground that will bring you to a bad end. . . ."

Everybody knows that even in these days of popular education a very considerable proportion of His Majesty's mails consist of epistles just so written. And it is true that a very much larger proportion of human talk, and human thought, consists of similar stuff—similar, but worse. The need to write or to speak, screws people up a bit beyond the level of their ordinary cerebration; both are artificial processes in which they are not "just themselves." Miss Stein is mainly occupied in showing average cerebration as it just is. A bit of her prose, spatch-cocked between other work written up to certain levels, is, of course, amusing. It offsets the solemnities of human art with a salutary irreverence; as if to say, "Don't pull that stuff over me—I know what's behind it all." Even as *amphigouri* it has its merits, even if it is only delectable or beneficial in homeopathic doses, since language is not only a vehicle of thought; it is powerfully determinant of thought. But Miss Stein's work has far profounder qualities underlying its superficial values as "pattern," as "nonsense," or as "rebel art." Its principal value perhaps lies in its rejection of what Hulme called "the bastard conception of personality"—its demonstration, not only that people are not entitled to "their own opinion," but that they are incapable of having anything of the kind, and that almost all their "thought" is irrelevant to them. What she gives us is just what lies at the base of all the elaborate word-spinning which forms our philosophies, and politics, and tendencies

of public opinion and so forth—what the great majority of people "carry away," for example, from any address or lecture, or from any book they read. This, of course, is not limited to the "lower orders" of society; the "upper orders" are equally fatuous and inept, and so are most of the so-called educated classes outside a certain small circle of interests in which they have been trained or have trained themselves to maintain "a certain level."

Elsewhere I have written: "The animal beings of any two individuals, as a matter of fact, differ far more, and far more significantly and purposively, than their minds can possibly do. (Thousands and thousands of minds are indistinguishable in the main.) It is upon these obscure factors that social catalysis almost entirely depends—social catalysis and therefore human history—and not upon our five senses and rational understanding, and it is these hidden and all-but-unconstrued factors, too, that determine our ultimate destiny while all that we pin our faith to—morality, industry, civilisation, religion, knowledge—are either utterly irrelevant or only most indirectly and obscurely relevant in ways quite unrelated to those in which they are universally supposed to exercise their influence. Give me a writer who can describe convincingly—in a fashion that can make us feel the different life and life-history and life-purpose behind, say two anonymous bits of and life-shoulder, I might then have come confidence in listening to him going on to discuss such delicate and debatable matters as the differences between two temperaments." I went on to complain that the realistic and the so-called psychological novels were as unrealistic as the romantic to which they are commonly opposed—opposite points on the same vicious circle which it is Miss Stein's purpose to break through entirely—and proceeded to say: "A person's thought is usually the least personal and certainly the least significant thing about one—the least determinant of one's present position and prospects, not to speak of one's latter end. It depends upon external far more than upon internal factors—upon transient influences than upon any direction derived from the actual development of the individual with whom indeed it has often so exiguous a connection as to be unable to bring the slightest influence to bear upon general character and actions any more than upon physical dimensions or features."

## THOUGHT AND FACT.

*Les faits galopent plus vite que la pensée sur les routes du temps; nous les trouvons à chaque étape, narquois et déjà reposés, et cette expérience tant vantée n'est plus que la carte inutile de régions déjà traversées.*—(André Maurois.)

While, poring maps, our devious road  
We take at early day,  
Time, with his team of steel-shod facts,  
By fields and hills and stony tracts,  
Goes headlong on his way.

And when, worn out, we reach the inn,  
He, up and fed 's, departing,  
We, with no time for meal or nap,  
Must make another hopeless map,  
Another anxious starting.

PHILIP T. KENWAY.

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## Music.

Elizabeth Schumann. The Budapest String Quartet.

Madame Elizabeth Schumann at her Wigmore Hall recital last week was one more *éclatant* demonstration of the fact that excellence in modern opera—Madame Schumann's large audience was without doubt attracted by her Covent Garden successes in *Rosenkavalier* last and last but one seasons—is no guarantee of excellence in the singing of Mozart. The Mozart group was all I could hear, but it was enough to show that her singing is indifferent; bad phrasing, defective breath control, noisy intake of breath—hideous defects in anybody, let alone in a professional singer. She never once gave us the fine, perfect, clean cantilena line that is the very essence of good Mozart singing, but all the time indulged in that vicious and execrable habit so prevalent among German women singers of scooping up to notes, approaching tones from below by a slurred-up *appoggiatura*. Several times she broke phrases in a very ugly and inartistic manner, and her endeavours to force unnecessary and over-stressed emotionality into the music were crude and entirely unwarranted. As so often with modern singers, there was too much "interpretation" and not enough singing. Only indisposition could have excused the casual, careless, slovenly way in which the runs in the "Alleluja" were skidded over—resolving themselves into little more than indeterminate portamenti. Mme. Schumann's audience was enthusiastic and loud in applause. It is quite enough with the average concert audience to have made a conspicuous success in one particular thing to be ever after received rapturously, no matter how unsuited to one's style is that which one may be doing or how indifferent one's doing of it.

\* \* \*

The Budapest String Quartet, who showed themselves the other evening at the Wigmore worthy to take a place among the finest of string quartets, deserve the greatest congratulation, gratitude, and encouragement from all of us who know and appreciate the genius of Reger for giving us a rare chance of hearing the Quartet Op. 109 in E flat, a work hitherto unknown to me, but which a first hearing only from such consummate players was enough to assure one that one was listening to a splendid work. All the composer's best qualities are to be found in this Quartet—his power of large and massive structure, his amazing fertility of invention and imaginative power, his gift of eldritch mischievousness and "diablerie" in the scherzo, his power of sombre, brooding thoughtfulness expressed in a penetratingly beautiful slow movement, and finally a real and typical Reger fugue to which it was an exhilaration of the mind and spirit to listen. The Budapest Quartet would lay us under an immense obligation if they would repeat this fine work at their next recital, in spite of the protests of *The Times* critic, who sees no reason why Reger should be played at all. Considering the number of musicians of international reputation who have publicly expressed their conviction of the value of Reger's work, either verbally or by taking the trouble to learn and play his very difficult music—artists of the rank of Lamond, Max Pauer, Kwast Hodapp, Backhaus, to mention but a very few only—one would have imagined that it would have occurred even to the journalistic nonentity quoted that Reger's work cannot be entirely valueless. To ask, however, of the average critic of our London dailies that he shall perform these imaginative feats is like asking of water that it be dry. It is an article of faith with English critics that Reger's music is dull, dry, and turgid—by which is meant that it is beyond the technical and intellectual capacity of Academy of Music students, which is perfectly true. Happily it is so; it is thus safe from the abominable mauling to which the works of the Old Masters are subjected, coming, as they do, within the range of teaching material. It is a popular and safe thing to abuse and slander his work, since scarcely anyone here knows anything about him, and who speak with knowledge and authority, and are additionally safeguarded from such contradiction in the case of the "leading" journals, by an arrangement whereby no communication expressing a conflicting opinion is ever allowed to see the light of day; in fact, it is not too much to say that no letter convicting their critic of gross inaccuracy, unfairness, injustice, or misrepresentation has the slightest chance of appearing in the big dailies. What actually is the arrangement between critic and editor no one has yet succeeded in discovering, but the evidences of its existence are too glaring and palpable for it to be denied that it does exist.

KAIKHOSRU SORABJI.

## Drama.

Much Ado About Nothing.

When old playgoers get together at a Shakespeare show the one thing that is not the thing is the play. It is an occasion for reviving the hero-worship of a grander time, and demonstrating the progressive decline of acting by contrasting the striving mummerys of to-day with the histrionic genius of an heroic age that never can be again. For my part, I am unable to foresee any more profit in weighing Ainley against Irving and Madge Titheradge against Ellen Terry, especially in these days of short-weight committees of enquiry, than in exposing the impersonators of Shakespeare. In a time without standards of any kind, when anybody may like just what he likes, the play and the characters, so far as I am concerned, are still the main thing. Though schools of professors were to allege next week the identity of Shakespeare and Prester John I would agitate neither for them to be burnt nor thrown into an asylum.

"Much Ado About Nothing" appears to take its title from a terrible lot of fuss over the false report of a virgin sweet-heart's infidelity, which the other characters find it as easy to believe as if it were a play of to-day. The young lover who is deceived about the maiden's virtue strikes the most capricious and suspicious sweetheart in the audience as a credulous fool that any girl of spirit would reckon her virtue well sacrificed, if that were the only way, to lose. He was so lukewarm at the beginning that he would allow his friend to woo her for him; and such a cad at the end that he waited until they came to the altar to denounce her. Conspirators, however, would talk, even at that time, and, since guilt is easier of belief than innocence among the titled characters, the villain is divulged in the presence of more discerning and virtue-loving common people, who act promptly and with decision. Everything accordingly comes right in the end, and the maid who showed so little fight when wrongly accused, too little, in fact, ever to have been guilty, as the common-sense and up-to-date behaviourist-friar clearly saw and plainly said, presumably exacts her revenge after her marriage and the end of the play have screened the future from our view.

That Ian Fleming failed to make us take Claudio to our hearts was thus due to the character of Claudio. Insignificant as Hero was, we felt she deserved a better fate than marriage to such a tepid lover, who was ready to believe anything and marry anybody, and whose prowess at the wars, related in the first scene, must have been a false rumour. Clare Harris was as sweet and yielding a Hero as we could expect her to be, which is nothing to her discredit, since she would probably, being Hero, have taken a more fighting line. In addition to Elizabeth Belloc's Margaret, I liked Herbert Grimwood's Don Pedro. A little of Mephistopheles, a little of Don Juan, in his make-up, he successfully supported the idea that the devil is a faithful friend and a thorough gentleman. The only worth that Claudio ever suggested was in his having Don Pedro for a friend.

Interwoven with this play is the one we go to see—the comedy of Benedick and Beatrice; and to complete the three plait—for Shakespeare is nothing if not generous—the hilarious interludes of Dogberry, with which Tom Reynolds made the groundlings guffaw and the serious students hurt their faces. The plays of *Much Ado* and Benedick could have been interlaced very well without Dogberry and the watch. But the contrast between Hero and Beatrice, between Claudio and Benedick, much as we like to fancy ourselves the latter pair, would not alone have provided such merry entertainment.

Benedick and Beatrice, confirmed bachelor and spinster, who loved nothing so much as making epigrams at one another's expense, deceived—not by the villain but by the ladies and gentlemen—into believing that each was loved by the other, are the worthy motive of the play. Henry Ainley's Benedick, especially in the difficult soliloquies, was natural and manly. The innocent and unwilling butt of the whole household, he never, in all his consequent recantations of his reiterated bachelor-vows, lost our respect, for which every Benedick in the audience no doubt rendered up, knowingly or not, his gratitude. Madge Titheradge's Beatrice was witty, scornful, haughty; and, at the proper time, humane. Yet I cannot refrain from admitting that she did not wholly satisfy me. She seemed sometimes a little too much in earnest; to be making victory in the battle of wits more the end than the joy of crossing swords.

PAUL BANKS.



## Reviews.

**Let Loose.** By H. E. L. Mellersh. (Selwyn and Blount. Price, 7s. 6d. net.)

If a scientist discovers how to release atomic energy, where will it lead civilisation? To Utopia, or Armageddon? Mr. Mellersh answers this question in his novel. Christopher Mence makes the great discovery—and thereby precipitates another war. That is the story. It will be seen that the author knows something of the economic implications of modern invention; and there are numerous evidences throughout his book that he holds ideas familiar to readers of THE NEW AGE. For instance; Christopher at a garden party:—

"Chris stood and watched it all—and felt good. The bright green grass, . . . the graciously moving figures, the pleasant hum of talk. A private paradise—a phrase of Croft's—yes, that was what it was, . . . a sort of reserved Utopia set in the midst of—Hell. Was he being disloyal to Croft and the others" [who were Socialists] "in accepting all this? . . . He caught sight of Betty, in yet another white frock, of crêpe-de-Chine, conforming in shimmering light and shadow to her every movement, revealing her pretty figure, accentuating the grace of her walk. No, surely he was not being disloyal! This beauty was right—it was very right that some at least had the time and the means to aim at loveliness without reserve. . . . More of this was wanted, that was all. Utopia. Happiness. Good work and good play. And in spite of what everybody said, it was possible now—for everybody. He had made it possible. . . ."

Alas for Chris. He had yet to learn what use civilisation would make of the possibility. He was to remember another remark of "Croft's"—"We're not ready for the tools people like Chris, in their technical enthusiasm and brilliance, give us. We're . . . like a child with a loaded revolver." Crêpe-de-Chine for every woman? No. Crêpe—tout court. The appearance of disturbing ideas like this in a work of fiction is a good sign. The author has not Karel Capek's deftness in the handling of material, but his vision is true. In Capek's "Krakatit" a stupendous explosive was discovered, but all that happened was the blowing up of an arsenal. Mr. Mellersh does at least envisage consequences of equal magnitude to their cause. Energy, like murder, will out. Then, again, Mr. Mellersh's concept of a sudden collapse of the new war as being occasioned by a revolt among the soldiers is, we believe, sound. Few people are aware to what extent the disaffection among the fighting forces hastened the conclusion of the last war; and whereas the evolution of this attitude took four years to become dangerous then, it would take perhaps not more than as many months to arrive at an equal degree of tension next time. We should have liked to see a little more explanation given by the author of the manner in which the exploitation of the inventor's discovery led to the trade stagnation and unemployment he describes; his narrative skips some links in the logical sequence and therefore will not convey that sense of inevitability to the ordinary reader, which should be the outstanding characteristic of a purposive story like this. But that is a minor consideration. Mr. Mellersh has written an interesting novel with a "New Economic" moral.

**The Morality of Birth-Control.** Ettie A. Ront. (Bodley Head. 5s.)

There is no doubt as to where Mrs. Ront stands. She is vehemently of the mind that the salvation of the British people awaits the complete dominance of women. One might sum up her attitude in the old phrase, "the claim to equality is an assertion of superiority." "Supposing," Mrs. Ront writes, "a healthy, intelligent woman were economically free, sure of necessities, comforts, and amenities of life for herself and her children—supposing, that is, she were sure of her reward as the most important 'producer' in the nation—would she not then be free to improve the quality of her product? Would she not select the finest possible man to act as the father of the finest possible children? Supposing the next generation bred from types of men like Nansen or Edison, would that generation be quite so unkind and stupid as if bred from war-mongers and village idiots who happened to have acquired or been endowed with more than their share of pelf?" It is not easy to hand out the expected affirmatives. Not all people, not, at a hazard, all women, improve the quality of their work merely because they are free to do so. Quite intelligent women might doubt whether they would be sure to produce telepathic Frankensteins if mated with Edison. They might even prefer a man who comes home at week-ends to a Nansen. And the loveliest and most intelligent women, possessed, if they had not beauty to command, of jobs and enviable incomes, marry millionaires who

may, for all I know of them, be either war-mongers or village idiots. The stupid, unemancipated, dependent, and homely woman, on the other hand, may make some fine young fellow imagine her a goddess, and present him with a procession of pioneering sons. It seems a bit of a speculation. Constructive birth-control, like re-construction once was, works out perfectly if human beings are treated like arithmetical figures or logical points. Biology, however, is both less scientific and more complicated than mathematics, apart from the added ethical puzzle at the point where we come in. "War is an evil substitute for birth-control" would be a final argument for birth-control if it were true, and if there were no substitutes more evil still for war. Mrs. Ront vigorously adopts the optimistic faith that all will be well with society if everybody has rights enough, and women most of all.

**It Occurs to Me.** By Yaffle. Illustrated by Flambo. ("New Leader." 2s. 6d.)

It was a risky thing to reprint the only contributions that make the *New Leader* worth buying, for in future many will wait for Yaffle's next collection, and the sales of the I.L.P. organ will decline. Mr. Brailsford is to be congratulated on having secured the services of the only humorist in this country who can generally combine irony and propaganda with success; from "What Literature Owes to the Police" to "Elementary Economics." Everyone should get it.

**The "New Leader" Book.** (2s. 6d.)

Some of these reproductions from the *New Leader* are worth having, such as *Orvielo* (Muirhead Bone), *The Cossack's Council of War* (Repin), and the *Portrait of Tolstoy* (Kramskoi), but there is no reason for the resurrection of most of the prose, poetry, and woodcuts.

**The Story of Wilbur the Hat.** By Hendrik Willem van Loon. (Boni and Liveright. \$2.50.)

This purgatory of an American hat was written and drawn "for the fun of it" by Mr. Van Loon, and is "published as usual" by Mr. Liveright. The conceptions and their colouring are excellent, but the drawing is scrappy and the humour rather tedious; still it is a vast improvement on the "Pip and Squeak" "tripe" which is dished up for children here, and which Sir William Orpen and the Archbishop of Canterbury think so fascinating that they have to write to the *Daily Mirror* about it.

## LETTERS TO THE EDITOR.

## OUR MONETARY POLICY.

Sir,—It is the fashion in certain quarters to blame the British manufacturer and the British workman for the present deplorable state of our industries, thus diverting the attention of "the man in the street" from what is the real cause of our economic troubles, namely, the deflation policy of successive Governments. Even the Prime Minister himself would appear to subscribe to this view, for in his speech at Sunderland he said that for the last six years he seemed to have been asleep whilst others had been awake, and urged employers and trade union leaders to visit America and study American methods. But let us go back and see what was the state of America in 1921. Fortunately we have indisputable evidence in a letter addressed to the Secretary of the American Treasury by the editor of a well-known journal, "The Manufacturer's Record," protesting against the policy of deflation then being pursued by the United States Government. The letter is dated September, 1921, and in it he says:—

"Under deflation we have the following:—  
"5,700,000 men and women out of employment.  
"The production of iron and steel being the lowest in history; and iron and steel largely typified the conditions in lumber, in the textile industry, and in many diversified manufacturing industries.  
"Greater poverty and financial distress among the farmers of the West and of the South than at any time since during the fearful agricultural depression from 1892-96, with millions of farmers seeing everything which they had accumulated wiped out and thousands of farms sold under mortgage.  
"Railroads seeking almost in vain for traffic sufficient to pay operating expenses, with thousands of locomotives lying idle in the round-houses, and hundreds of thousands of cars standing idle on the tracks.  
"A large proportion of the industrial interests of the country either completely closed or running on short time;

and mercantile interests suffering a loss in business and in profits, which has to a considerable extent wiped out all of the profits made during the period of prosperity.

"Thirty billion dollars decline in the value of products of farms, factories, and mines, and securities, or an amount far exceeding the cost of the war to this country."

The above is extraordinarily interesting, for it shows that under the same policy of deflation as is now being practised in this country the condition of America at that period was far worse than our condition to-day. What followed is instructive to us at the present time, when our coal, cotton, engineering, shipbuilding, iron and steel, and other industries are in the same parlous condition. In the continued attempt to bring down prices the American Government at last came up against the miners, who refused to have any further reduction in their wages, and struck work. The strike lasted some months, and in the end the miners were successful. The Treasury, apparently realising it was useless to carry the deflation policy further, gave up the attempt to force prices lower, and confined their efforts to keeping prices as far as possible stable, with the result, as all the world knows, that great prosperity has taken the place of great adversity.

Now what was the position in this country at that time? Let us carry our minds back to the election in 1918. Mr. Lloyd George then came into power with a huge majority, and started with energy redeeming his promises—education, housing, back-to-the-land, corn production, etc. The year 1919 was a prosperous one, trade was booming, industry was in full swing, and the difficulty was to get workmen. The professional men—lawyers, doctors, accountants, house-agents, etc.—were busier than ever in their history. Revenue came in above expectations, and £200,000,000 was available for debt reduction. Then something happened. The International Convention of Economists held at Brussels decided that steps should at once be taken to get back to "the complete and effective Gold Standard," and at the end of 1919 our Government, in pursuance of this resolution, restricted the issue of currency notes, which are mainly used for the payment of wages. Bankers, through lack of legal tender, called in overdrafts, and orders from abroad were cancelled because merchants could not get their bills discounted. Trade was pulled up with a jerk; the whole position was altered, and unemployment rapidly spread. Then came demands for reduced wages, resulting in strikes, which again increased the distress, and with a falling revenue due to the reduction, and indeed in many cases the total absence of profits, with not a few heavy losses, Mr. Lloyd George had no alternative but to scrap his schemes of social reform. In turn the nation scrapped him.

Until the restriction on the issue of currency notes we were prosperous and fully employed. Is it reasonable to suppose that in the space of a year or so British manufacturers and their workpeople have suddenly become incapable and inefficient? America in 1921 was in a worse state than we are to-day; is it reasonable to suppose that they have as suddenly become a race of supermen? Of course, both suggestions are absurd. It is as clear as the noonday sun that it is the financial policy adopted by Governments which makes or mars.

As one who has recently been in America I can safely say that a good deal of nonsense is talked about the superiority and productivity of the American workman, at any rate so far as the pottery trade is concerned. The one advantage—and it is a very great one—that the American pottery manufacturer has over his English competitor is his apparently unlimited command of capital (due to the prosperous condition of his industry), which enables him to take risks which, under present conditions, no English potter would dare to do; indeed, he would be a fool if he did. But in 1919, before the policy of deflation was adopted, he was as enterprising, and taking these risks just as freely as his American competitor is doing to-day.

No. The trouble is the monetary policy of the Government, and the blame must not be put on the shoulders of the British manufacturer or the British workman.

The Bristol Pottery,  
Fishponds, Bristol.

T. B. JOHNSTON.

## THE NEW AGE AND SOCIALISM.

Sir,—Major Douglas, in the first lecture published by you on February 11, makes one or two assertions in regard to Socialism and High Finance which to my mind require explanation. He states that he is fairly sure that there is a close connection between High Finance and Russia. I can distinctly recall a paragraph in a certain issue of THE NEW AGE about a year ago, which, in dealing with Russia's return to the Gold Standard, referred to the deliberate policy of Lenin after the revolution in 1917 of destroying entirely monetary

purchasing power by deliberate inflation. It is hardly credible that finance would initiate a movement so destructive of its own interests.

Another statement which I think will tend to alienate the sympathies of many, who like myself have graduated to Credit Reform via Guild Socialism, is that "so far from the expression of extreme Socialism of this type being a bar to advancement in the Treasury and the great financial houses, it is almost a requisite to promotion." If Collectivism had been the term applied it would be more understandable, but in the face of the known facts "extreme Socialism" appears fantastic.

An exact opposite state of affairs was the common experience until quite recently, and, indeed, even to-day social ostracism and economic penalisation is the more usual reward for expressing views of a revolutionary tinge.

In the early days of the Socialist movement the pioneers, Morris and Owen, for example, were mainly concerned, like Douglas, with the servility engendered by Capitalism, and it is only since the Fabian Society became influential that Collectivism has become the goal of the "Movement."

Therefore, I think it is both impolitic and unjust to throw slurs at the Labour movement as such, whatever censure certain of its leaders may merit, and to appear to sponsor a middle-class policy, as parts of the lecture tend to do.

In conclusion, I would like to ask in what sense Wheatley, as an advocate of increased purchasing power, and Cook, as an organiser of Trade Union resistance to further wage reduction, can be considered as in league with High Finance.

In my opinion, because of the influence Cook and Wheatley exert in the working-class movement, they deserve more sympathy from THE NEW AGE than Industrialists like Weir and Baldwin.

K. J. REID.

[Lenin's destruction of the purchasing power of money involved no dangers for Finance. Witness the subsequent situation of Russia—hat held out for contributions of credit from the City, not to speak of Mr. Reid's own reference to the Russian prodigal's repentant return to the gold standard. No story could have had a happier ending—for the bankers.

Socialism is an attitude of mind. Collectivism is an economic principle. Both oppose the principle of private profit. Fundamentally, Finance is neutral to either principle and to the attitude of mind behind it. In the absence of any definition we can only think of "extreme" Socialism as extreme fervour. We are quite aware that people who express revolutionary views are penalised—by anti-Collectivists, who do not want to be relegated to the salary list. The bullying is smiled at by Finance, for it all helps to exhaust the two parties in irrelevant controversies. Finance wants to see a sort of balance of power maintained between them. A complete swallowing of the one by the other would deprive the banker of his casting vote.

We note the admission that Collectivism has become the goal of the "Movement." Very well. The duty of this journal is to deal with that goal and not with the "concern" of Morris and Owen, which evidently was incapable of preventing the Fabian Society from exploiting and misdirecting it. Moreover, servility is now seen to be engendered, not simply among the workers by Capitalism, but among both capitalists and workers by Finance.

We are not aware of having thrown slurs at the Labour movement. We have never suggested that Cook and Wheatley are in league with High Finance. We do not know what a "middle-class policy" is. We cannot remember expressing any sympathy at all with Baldwin and Weir, but have given a fair measure of sympathy to what Cook and Wheatley stand for. If what is meant is that we pay more attention to what is said by responsible members of the Government in power than to the views of others the reason should be obvious.—ED.]

## CURRENCY RESTRICTION.

Sir,—What puzzles me, as one of the men in the street, is, seeing that currency notes are required to pay wages, how it is possible to get the one million people now unemployed to work, and another million working full time instead of short time, if the present restriction on the issue of these notes is to remain in force? Twice in 1924 the circulation of currency notes touched the fiduciary limit, and immediately it was followed by a big slump in the circulation, showing that the restriction had done its work, and trade, which was increasing, was pulled up.

Perhaps some of your readers can enlighten me.

IGNORAMUS.



## FORTHCOMING MEETING.

## THEOSOPHICAL SOCIETY LECTURE.

Mr. C. F. J. Galloway will be lecturing on Social Credit as under. His title is "Theosophy and Economics."  
Sunday, March 14.—Folkestone, "Adyar," 58, Shorncliffe-road, 3 p.m.

## Credit Research Library.

The following books, issued by the Pollak Foundation for Economic Research in America, are being added to the stock of this Library.

They have not been written with the intention of supporting the Douglas Credit Theorem, but they bring into most lucid review facts and figures which will be invaluable to those who desire to see that Theorem related in detail to existing business motivation and practice.

The books are complementary to the literature sponsored by the Social Credit Movement, because of the fact that, whereas Douglas has isolated and synthesized the fundamental principles of Accrediting and Accounting production and distribution, these writers have assembled and presented just the kind of statistical information and practical every-day argument that will impel business men to seek for a constructive economic policy such as Major Douglas has propounded.

**MONEY.** By W. T. Foster and W. Catchings. Price, 15s. Postage, 8d. Mr. Foster, formerly President of the Reed College, is now Director of the Pollak Foundation for Economic Research. Mr. Catchings, formerly President of the Central Foundry Company and of the Sloss Sheffield Steel and Iron Company, is now a member of Goldman, Sachs and Company, and a director of numerous industrial corporations. This book attempts to show the fundamental difference between a barter economy and a money economy; to show how business depressions and unemployment arise out of that difference. It traces the circuit flow of money from consumer back to consumer, and the obstruction in the flow. It is a foundation for the work entitled "Profits," next quoted.

**PROFITS.** By W. T. Foster and W. Catchings. Price 17s. Postage, 9d. This book, in the authors' words, "is the only considerable attempt to present the statistical proof that industry does not disburse to consumers enough money to buy the goods that are produced." The following is a summary of their conclusions:—"Progress toward greater production is retarded because consumer buying does not keep pace with production. Consumer buying lags for two reasons: first, because industry does not disburse to consumers enough money to buy the goods produced; second, because consumers, under the necessity of saving, cannot spend even as much money as they receive. There is not an even flow of money from producer to consumer, and from consumer back to producer. The expansion of the volume of money does not fully make up the deficit, for money is expanded mainly to facilitate the production of goods, and the goods must be sold to consumers for more money than the expansion has provided. Furthermore, the savings of corporations and individuals are not used to purchase the goods already in the markets, but to bring about the production of more goods. Under the established system, therefore, we make progress only while we are filling the shelves with goods which must either remain on the shelves as stock in trade or be sold at a loss, and while we are building more industrial equipment than we can use. Inadequacy of consumer income is therefore, the main reason why we do not long continue to produce the wealth which natural resources, capital facilities, improvements in the arts, and the self-interest of employers and employees would otherwise enable us to produce. Chiefly because of shortage of consumer demand, both capital and labour restrict output, and nations engage in those struggles for outside markets and spheres of commercial influence which are the chief causes of war."

The Pollak Foundation offers a prize of five thousand dollars for the best adverse criticism of this book.  
**THE CREDIT RESEARCH LIBRARY, 70, HIGH HOLBORN, LONDON, W.C.1.** Telephone: Chancery 8470.

## SUBSCRIPTION RATES.

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

All communications should be addressed, Manager, THE NEW AGE, 70, High Holborn, W.C.1.

## 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 mentioned below.

The adoption of this scheme would result in an unprecedented improvement in the standard of living of the population by the absorption at home of the present unsaleable output, and would, therefore, eliminate the dangerous struggle for foreign markets. Unlike other suggested remedies, these proposals do not call for financial sacrifice on the part of any section of the community, while, on the other hand, they widen the scope for individual enterprise.

Attention is directed particularly to the following amongst the considerable literature on the subject:—

- "Through Consumption to Prosperity," by Arthur Marshall Brenton, 2d.
- "The Community's Credit," by C. Marshall Hattersley, 5s.
- "Social Credit," by C. H. Douglas, 7s. 6d.
- "Real Wealth and Financial Poverty," by Capt. W. Adams, 7s. 6d.
- "Cartesian Economics," by Professor F. Soddy, 6d.
- "The Flaw in the Price System," by P. W. Martin, 4s. 6d.
- "The Deadlock in Finance," by A. E. Powell, 5s.
- "Economic Democracy," by C. H. Douglas, 6s.
- "Credit Power and Democracy," by C. H. Douglas, 7s. 6d.
- "These Present Discontents: The Labour Party and Social Credit," by C. H. Douglas, 1s.
- "The Solution of Unemployment," by W. H. Wakinshaw, 10s.

A preliminary set of five pamphlets, together with a complete catalogue of the literature, will be sent post free for 6d. on application to the Credit Research Library, 70, High Holborn, W.C.1, from whom the above-mentioned books may be obtained.

The undermentioned are willing to correspond with persons interested:—

- Bournemouth: W. V. Cornish, 77, Maxwell Road.
- Dublin: T. Kennedy, 43, Dawson Street.
- London: H. Cousins, 1 Holly Hill, Hampstead, N.W.3; Major C. H. Douglas, 8, Fig Tree Court, Temple, E.C.4; E. A. Dowson, 14, Dulwich Road, S.E.24; D. Wemyss Lewis, 176, Camden Road, N.W.1; E. Wright, 38, Bromar Road, S.E.5.
- Manchester: F. Gardner, 24, Mansfield Avenue, near Blackley.
- Middlesbrough: Mrs. E. M. Dunn, Linden Grove, Linthorpe.
- Newcastle-on-Tyne: W. H. Wakinshaw, 12, Lovaine Crescent.
- Rotherham: R. J. Dalkin, Wickersley.
- Hon. Secretary, W. A. Willox, 70, High Holborn, London, W.C.1.

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