

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 1809] NEW SERIES Vol. XLI. No. 2. THURSDAY, MAY 12, 1927. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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NOTES OF THE WEEK.

In the *Banker* for May there are one or two things worth recording. When the Japanese Government was changed in connection with the Suzuki failure, the new Minister of Finance was a former Governor of the Bank of Japan and President of the Yokohama Specie Bank—Mr. Takahashi. The troubles through which Japan is passing are held to foreshadow a policy of bank amalgamation as the resources of the smaller banks are "too slender to enable them to weather the slightest storm." The writer of the article in question assumes that these storms are bound to happen. They need not. It is the banks' own choice to risk being short of legal tender during a run on them. We are not disparaging the convenience and utility of bank credit, but we do assert that the possibility of any bank depositor's suffering the least disquietude about changing his deposit into legal tender ought to be unthinkable. And when we say "ought," we mean *can be made* unthinkable. But since doing this would involve public recognition of the principle that elected Governments are the repositories of the community's credit—with the corollary that control of credit-issue belongs to Parliament—the depositor will be left to run these unnecessary risks. In no other business than banking is it the settled policy of its administrators to keep themselves short of the very commodity they claim to deliver on demand. We admit that in the case of the large British joint-stock banks the risk of failure is *nil*. But the reason is because the risk is secretly insured with the Government free of any premium.

In another article in the above magazine Mr. William Graham, M.P., discusses the Problem of Economy. He says that since 1919 Great Britain has "poured out" between £300 million and £400 million "in mere relief," for which to-day there is "practically no capital or other asset that we as people can show." Considering that this expendi-

ture arose from the fact that industry could not find orders to keep its existent capital assets at work, it would be interesting to know why Mr. Graham wants more of them.

Alongside Mr. Graham is Mr. Snowden in a six-page attempt to fill up the gaps left by the American Press in their write-ups of Mr. Norman. It has left him little scope for presenting new facts, but he has managed to make some statements worth recording. The first is that Mr. Norman's policy has been to create central banks in all those countries which were without them before the war, and to restore the "independence" of such central banks as had partly lost it during the war. The second is that Mr. Norman is now "on a great eminence," the head of a "sort of financial League of Nations." European statesmen, he observes, have to "court the Bank as well as the Government," and they find the Bank "less pliable than the British Government." The following passage should particularly interest the Federation of British Industries:—

"Mr. Norman has always believed that trade can only be conducted by obliterating international barriers, and he has opposed many attempts to attach conditions to loans issued in London, such as provisions that some proportion of the money should be spent in purchasing British goods." (Our italics.)

But although British credit is thus not to be used for consolidating British trade, the necessity for protecting the interests of the international banking trust is not overlooked. "The borrowing country must prove its determination to put and keep its national finances in a sound condition." The nature of such proof is indicated in a summary which Mr. Snowden gives of Mr. Norman's views elaborated before the Commission on Indian Currency.

"He said the Central Bank should have the sole right of note issue; it should be the channel, and the sole channel, for the output and intake of legal-tender currency. It should be the holder of all the Government

balances; the holder of all the reserves of the other banks and branches of banks in the country. It should be the agent, so to speak, through which the financial operations at home and abroad of the Government would be performed. . . . When necessary it would be the ultimate source from which emergency credit might be obtained in the form of re-discounting approved bills, or advanced on approved short securities or Government paper."

It requires very short reflection to see that under such conditions there will be no such thing as Government borrowings. A "German" bond issue on the London Market will simply be the form under which the Central Bank of Germany effects a transfer of credit from the Central Bank of England. And when the credit is transferred it will be used for purposes previously agreed on by the two Banks in question—of course, in accordance with the over-riding policy of the international financial trust of which they are members. The volition of the British or German political Government will be a thing of naught. We now see how the world is to be "made safe for democracy." Democracy is to be saved the risk of making mistakes in the world. Finance will manage everything. And yet, we suppose, there will continue to be General Elections, and that Mr. Snowden will continue to offer himself. For what?

The next item in the *Banker* is an anonymous article on "Bank Managers and Life Assurance; a Wide Field of Opportunity." A great many people, says the writer, consult their bank managers about investments, and it is one of the official functions of these managers to give advice on the subject. Why not for insurance? In the past, it is true, the bank manager has often acted as agent for assurance companies, but it has been a position "personal to himself," and he has "retained the commission." It is to be assumed, the writer considerably proceeds, that the expounding of the advantages of this and that assurance company has taken place in the manager's spare time . . . "thrashed out in the evenings by the fireside in the rooms of either the client or the banker": (this ought to be filmed) and "the latter may well feel when the policy is issued, that he has earned his commission." Certainly. Why not? But now comes a passage perilously near to blasphemy:—

"If there be a drawback in this practice it is that the offices which the banker represents may not offer quite the very best terms for the particular type of policy that the client needs. Human nature being what it is—"

(What, what? !)

"—the banker will be favourably disposed, whether he recognises the tendency or not, towards the office which pays him the largest commission; and that office, which may be the best for him, may not be quite the most suitable for his client."

No, not quite entirely the most absolute best to the third decimal point. All this leads up to the suggestion that as the present generation of bank managers retires, the new managers may be "served with a list of rules" in which they may learn that any commission which they receive "must be shared with the bank itself." This may jolt the "interested" manager, but it hardly overcomes the drawback previously referred to. Indeed, the writer immediately goes on to say that it is "natural" that a bank itself should be willing to help forward the business of an assurance company "which is one of its own customers," and, similarly, "reasonable" that an assurance company should "expect its bankers to assist it in any way they can." So the inquiring client may be done out of an odd halfpenny just the same. However, as he says, this is a matter on which all assurance companies "would be glad to come to a definite arrangement with the banks." No doubt. It has often been pointed out that the amount of life assur-

ance per head in this country is far below that in some others. The leading assurance companies naturally feel that there is room for expansion, and that seven thousand bank branches ought to be potent business-getters in that respect. But the business must accrue to *them*, not to outsiders, who may blackleg by offering lavish commissions among the seven thousand managers. The Assurance Trust must get "disinterested" services at all costs. And as it is willing to "come to an arrangement" to get them, how shall it not succeed?

Mr. Henry Parker Willis discusses in the same magazine "Great Changes in American Banking," from which we select one passage:—

"Not a few of the Reserve Banks are now shifting their funds very largely to New York, keeping local re-discounts down to a minimum and transferring their spare funds to the New York market for investments in bankers' acceptances. . . . One outgrowth of these conditions is largely to accelerate the flow of bank funds into the stock market." . . . "This tendency is aggravated by local conditions at many places throughout the country. So far as the Reserve banks are concerned, they actually have outstanding at the present moment a decidedly smaller volume of credit than they have had for two years or so past." (Our italics.)

This implied differentiation between an "outstanding volume of credit" and a coincident totality of deposits has its bearing on the phenomenon of the relatively low retail price-level in the United States. It would be useful to know what proportion of the huge nominal deposits of the American system actually flow through the consumers' markets.

There is a curious argument a little later in this article. Mr. Parker Willis, after saying that if there were to be a general breakdown of bank credit in any one of the Reserve districts, the local Reserve bank could draw on its New York investment funds, continues:—

"The present conditions, however, do not foreshadow any such general breakdown. *Instead of that—*" (Our italics.)

Notice:—"instead of"—

"—there has set in an era of individual bank collapse, illustrated by the fact that during the year 1926 no fewer than 956 institutions of all sizes were closed or went into the receivers' hands." . . . "And, unfortunately, preliminary figures for 1927 thus far seem to warrant a belief that nothing has as yet been done towards checking the failure epidemic."

Mr. Willis seems to be arguing that the failure of non-member banks (two-thirds of the 956 families were of non-member banks of the Reserve system) has strengthened the position of the others. We do not doubt it. Bank failures are deflationary events, as we pointed out when we discussed the failure of the Home Bank in Canada. In a real sense a "bank" failure is the failure of its depositors: for it is they who have to do the writing off—the writing off of their loans to the bank. The Real Credit of the community so affected—its concrete assets, skill, knowledge, and will-to-work—remains unchanged; the only change is that the privilege of exploiting it falls into the hands of fewer, and thereby stronger, financial institutions.

Mr. Willis proceeds to predict a general breakdown of land credit in certain regions. "Hundreds of millions of dollars of mortgages are undoubtedly in default and on the point of foreclosure." Exactly what is to be done he cannot say, but whatever it is, it must be planned with a view to "sustaining existing land credit," and of "preventing any sudden collapse of the outstanding structure of mortgages." We like that word "sudden." If the bankrupt mortgagors will only be reasonable and sink under one by one at sufficiently long intervals of time to enable the mortgagees to auction their properties

at decent prices, well and good. But given a sudden general collapse, the mortgagees could not sell, and would have to carry and administer the properties. We presume that this situation is one of the "local conditions" which is "aggravating" the tendency to withdraw credit from the country and place it in New York. The bankers running for cover. For the rest, Mr. Parker Willis's article should give pause to the learn-from-America school of reconstructionists in this country.

In August, 1925, a bookmaker, Mr. Alfred Baines, of Harrogate, paid a cheque of £200 to a Mr. Wood, presumably in settlement of a betting transaction. Mr. Baines was probably obliged by his rules to date and pay the cheque on the day he did so, but apparently was not satisfied with the transaction. At any rate he passed over the cheque too late, as he thought, for the payee to be able to cash it on that day. But Mr. Wood was some hustler. He managed to get it cashed at the payer's bank (the National Provincial) at five minutes past three—five minutes after the bank's official closing time. The next morning Mr. Baines, having presumably made investigations which led him, reasonably or otherwise, to decide to stop the cheque, sent his son to countermand its payment. Too late. The result was that Lord Hewart, at the last Leeds Assizes, had to decide on Mr. Baines's suit for a declaration that the bank was not entitled to debit his account with the £200. It does not appear that Mr. Wood arrived at the bank before three o'clock. Presumably Mr. Baines had made sure he could not. So the point was whether the bank had the right to receive and deal with an applicant for cash after its closing time. Lord Hewart decided in favour of the bank on the ground that it was entitled, within a reasonable business margin, to deal with the cheque. The leading argument on Mr. Baines's side was that a bank may not cash a cheque after the closing hour because it could not effectively dishonour a cheque at that time. In Lord Hewart's view this contention failed: but, in the words of the Legal Correspondent of the *Banker*, who writes on the matter in the current issue, he "did not decide the larger question as to the implied obligation." It is not surprising, in view of the obviously important practical issues involved, that Lord Hewart added that the case "seemed to be on its way to the House of Lords."

One of the most exciting episodes during the second reading of the Trade Unions Bill was the speech of Mr. Spencer, and its reception. Mr. Spencer was the Nottinghamshire miners' leader who broke away from the Miners' Federation and made independent terms for the resumption of work by his men. For this he had been expelled by the Federation, and is now disowned by Labour generally. We need not go into the details of his speech. It was an assertion of the miner's right to work when he wanted to. Naturally it was uproariously received by the Ministerialists; and is to be printed and circulated as Conservative propaganda. Equally naturally, Labour could find no invecutive adequate to fit this attitude—for if upheld generally it would mean the end of united bargaining. Here we have a clash of two incontestable rights which must remain utterly irreconcilable—until the advent of the Social Credit régime. There are three fundamental principles involved.

1. If a man does not like the conditions under which he is required to work in industry he has the right to walk out.
2. A man who has walked out of industry for the reason given, has no right to prevent another

man walking in who is satisfied to accept the conditions.

Here Mr. Spencer is right, and his Labour opponents wrong.

Promptly we shall be told that this is nonsense, for in practice the two rights would destroy each other. But we are enunciating fundamental principles, and have not finished. There is yet another:—

3. A man who refuses to accept the conditions under which he is required to work in industry has, notwithstanding, the right to adequate means of subsistence.

Leave aside the financial and moral objections to this third principle and look at the psychological effects of the three principles together. Mr. Cook, we will say, is asked to work an eight-hour day at a given job for £6 a week. He can get £5 a week whether he takes this job (or any job) or not. He decides not, and takes the £5, on which we will assume he can keep his family without undergoing hardships and anxiety. He meets Mr. Spencer, who says he is content to do the job for the £6. Now, it is conceivable that Mr. Cook might threaten to punch him on the jaw if he did take the job; but it is next to impossible to suppose he would feel the least bit inclined to. For all Mr. Spencer would be doing would be, in effect, charging Mr. Cook £1 to undergo an experience which Mr. Cook had already decided was worth £1 to avoid, and the sacrifice of which money would still leave him in at least a safe economic position, while giving him command of all his time. Mr. Cook might say: "Well, you are a damned fool": to which Mr. Spencer would probably reply: "Perhaps: but that is *my* funeral": and there would be the end of it. Each would have done what he thought best.

In selecting figures so nearly equal as £5 and £6 we risk spoiling our case by inviting the inevitable rejoinder that on the basis of that small margin everybody in the country would retire from work. We could, of course, reply that a much wider margin would still support our argument, but we prefer to fight well in front of our prepared position and to say that even with such a "temptation" to idleness as we have assumed, the response of the mass of workers to the inducement of a mere extra £1 a week would prove that the bulk of men at present feel a pressing need for *disciplined occupation as such*. Leisure is an acquired taste. We are not certain we could not advance the point still further, and question whether many of them would not ignore the money inducement altogether. At any rate there are two or three cases within our own experience where men have been pensioned off, but have petitioned their employers to allow them to come to work just the same at the pension scale of income. However, it is sufficient for us to generalise and say that industrial engineers and organisers are quite capable of dispensing with human labour as fast as it is likely to withdraw itself from industry.

We do not want on this occasion to expound the principle of the National Dividend. It is enough to assert that the Government and the banks between them possess the power of giving effect to the third principle we have laid down without charging any taxpayer a penny, and without impairing the soundness of our national economy. To those who wish to know how, there is an extensive literature available. In the meantime the Labour movement may make its mind up that so long as "no work means no pay" there will always be this clash between those who would have the workers die in unity for their future, and those who recognise that even at the price of disunity, they must live for the present.

Engineering, Money, and Prices.*

By C. H. Douglas.

II.

The extraordinary feature of the present day is that, when people are told that the workshops of this country are clamouring for orders, that the shops and department stores are full of goods, that a large proportion of the population is, at one and the same time, asking to be allowed to make more goods and services, while complaining that it cannot get more than a bare minimum of those goods and services that are available, because it has not got the tickets to hand over in exchange for them, the situation is regarded as being in the nature of an act of God, and impressive gentlemen deliver homilies to us on the inexorable nature of economic law. In other words, the statement that a thing cannot be done because there is no money with which to do it, is accepted as a good and final reply to a demand for action.

Some examination into the mechanism, therefore, by which these tickets that we refer to as money are issued, and the conditions governing the control of their issue, is an important part of this subject. In the first place, we have a number of tickets described as "legal tender," which are comprised under the description of Bank of England notes, Treasury notes, gold, silver, and copper coin. In round numbers, in this country these amount to about 380 millions, and bear about the same relation to the total volume of tickets as do teetotallers in America to Prohibition. In exact figures, it is .7 of 1 per cent. The other 99.3 per cent. of the ticket system with which we are dealing is represented by bankers' credit, that is to say, by payment by cheque. Now, every effort is made to convey the impression that a cheque upon a bank is an order to the bank to pay out money which was paid in, either by the drawer or by someone else. This idea is, of course, fostered by the fact that, so far as *personal* banking accounts are concerned (as distinct from commercial banking accounts) it is roughly a true statement, but it must be remembered that very few personal banking accounts bear any considerable ratio to the so-called wealth of the persons to whom they refer. Very few people keep large personal bank balances. Nevertheless, no transaction as between a buyer and a seller can take place without the use of money in some form or another. To see where this money comes from, it is necessary to examine the technique of Bank Loans.

(Major Douglas then described the technique of credit creation.†)

The railway ticket, described above as a limited form of money, has, however, in addition to being only a demand for transportation, a rigid relation to a certain kind of transportation: that is to say, one first-class ticket will obtain one first-class seat, other things being equal, but £1 sterling in 1914 would obtain probably more than twice as much of the average articles that you use, as the same £1 sterling in 1927. To begin with, you buy in 1927 to the extent of at least 20 per cent. of your income something that you do not want, that is to say, taxes. It has, therefore, to be recognised as fundamental that the amount of money available at any one time only derives importance in relation to the price of goods. In other words, a money system derives its features not either from money alone or prices alone, but from the ratio be-

tween the two of them. If this ratio of money to goods is such that there is more money than goods, goods will be important and money will be unimportant. If the ratio is such that there are always more goods than money, money will be important and goods will be unimportant. The plain issue before the world at the present time is which is more important, money or goods? The facts of the situation are that there are clearly more goods than there is money with which to buy. The reason for this situation is complex, but one of the fundamentals, without attention to which the situation cannot be rectified, is as follows. When a manufacturing concern pays out wages and salaries, its costing department enters this payment in the costs of production. Let us imagine that these wages and salaries are always paid in Treasury Notes. These Treasury Notes go back to their source after a very short time, through the agency of prices paid to retail distributors, and are paid out again. *Each time* that they are paid out, they pass through the cost accounts and, consequently, *each time* appear as a component of prices. There is nothing in this circulation of the Treasury Notes which increases the amount of money in the world, but each cycle represents the creation of a batch of *prices*. To put the matter shortly, *when you make goods you make prices* but you do not make money. As a result of this divergence, total prices produced over a given period of time are greatly in excess of total money distributed over the same period of time. In consequence, the ratio of money to prices is considerably less than unity, and there is a constant struggle on the part of the industrial system to obtain purchasing power, either from export markets (which struggle is the prime incentive to war) or by the manufacture of so-called capital goods, the money distributed in respect of which temporarily assists in the payment for consumable goods.

The problem set for, I believe, the engineer to solve, therefore, may be stated thus. He had to obtain a clear statement as to what the production system is aiming at. Such a statement is certainly not available at the moment. If the aim is maximum production, he must stipulate for the provision of buying power to take away the production as fast as it is turned out. If it is a given standard of living with a consequent steady increase in leisure, he must specify for the provision of buying power which is not derived from employment, because such an objective postulates a constant decrease in the amount of labour required in the industry. What he cannot be expected to do, in my opinion, is to combine the *fundamentally incompatible objectives of labour-saving and the provision of unlimited employment*.

Having attained an objective, he ought to be in a position to state the conditions under which he can achieve it. These conditions, on the one hand, have to do with the physical capacity for output of his plant, but they have equally to do with the number of demand tickets, or money, which his output brings, or ought to bring, into existence. If this latter aspect is not satisfactorily adjusted, his programme of production must inevitably break down.

(Conclusion.)

PRESS EXTRACTS.

"Industry could produce on borrowed capital, but could not sell to the consumer until he had accumulated the necessary cash. Now the gap in the circle has been closed. In proportion to his financial operation the consumer has the same standing at the bank as the producer. It is said that for every consumer possessing the ready cash for purchasing an article at \$1,000, there are 550 who can make a down payment of \$200 and carry the remainder comfortably." *The Iron Trade Review*, Cleveland, January, 1927.

Scotland and the Banking System.

By C. M. Grieve, J.P.

(Member, Scottish National Convention),

IV.

In the same article I said that "The majority of the Scottish Labour members returned to the House of Commons went there as 'internationalists.' They were very luke-warm Home Rulers. A short experience of Westminster transformed them completely in this respect. . . . The salutary emergence of a Socialist preponderance in the Scottish representation is entirely a post-war product, and is to be interpreted from the Scottish Renaissance point of view as a significant assertion of the old Scottish radicalism and republicanism. Prior to the Union, Scotland was always a 'nest of rebels' and 'never noted for loyalty to monarchy,' and the old Scots Parliament, though it was far from being a democratic body, placed on its statute-book measures of social reform in many directions in advance of any yet enacted by the Mother of Parliaments. An analysis of the difference in psychology and 'direction' between the English and the Scottish Labour and Socialist Movements shows that this interpretation is by no means far-fetched. The English Movement is constitutional and monarchical; the Scottish revolutionary and republican."

My objection to the Clyde group is that they are not living up to their reputation—they have not yet become adequately Scottish (or revolutionary) in the sense indicated above. They, too, are afflicted with this inexplicable supineness. I know that (unlike their political opponents) they are seriously concerned over their impotence—which they themselves do not understand. Let them cross-examine themselves on their knowledge of, and tactics with regard to, financial control. Till they do that they will remain as impotent as they are now, no matter what else they do. Politics which fail to grapple effectively with "The Power behind the scenes" play at presenting "The Merchant of Venice" without "Shylock." And the best way in which they can begin real business at this juncture is to realise that the menace to their movement in the Government's Trade Union Bill is a purely English thing—that such a measure emanates entirely from the strength of the English Conservative vote, and will be carried through by the English majority—that a Scottish Parliament would be always a radical one—that the unification of the English and Scottish Socialist and Labour Movements is playing into the hands of the common enemy and that the best way the former can pursue its own purposes, and at the same time help the latter (and the International Socialist and Labour Movement) is by immediate and complete disjunction and insistence upon Scottish autonomy in the fullest sense of the term. What a tremendous repercussion that would have! What are the Clyde group afraid of? They have an effective majority of the Scottish electorate behind them as it is. Such a gesture would rally at least two-thirds of the entire Scottish people to their side. England would have to submit to the Scottish demand—and a Scottish Socialist Government could do infinitely more for England than a handful of Scottish members forming part of a minority element at Westminster and subject to nullification by English conservatism.

Were such a step taken, the Scottish Press would immediately find (as the extent of the Socialist vote in Scotland, despite it, already indicates) that it is destitute of power over Scottish public opinion—that it is in the position of the dry bed of a river whose waters have changed their course and are now running underground to find a new outlet. That new outlet will be found as soon as the Scottish Socialist M.P.'s are as good as their words in regard to Scottish nationalism. The rocky wall

against which the waters have disappeared from the dry bed of the Scottish Press are seeking to win through is the obdurate inability of the Scottish Socialist M.P.'s to stand out of their own light. Let them cease to be stumbling blocks to their own ideals—and they will be surprised at the power of the current that will flow through the channels they are still inadvertently blocking.

I know most of the Scottish M.P.'s personally, and I know that they lack the necessary imaginative power to transform themselves into "men of destiny." To them, for the most part, as to their political opponents in Scotland (the same psychology at work on a different plane—"merely political," but, despite party differences, inspissated with similar reactions to the "Power behind the scenes") nationalism such as mine is unwelcome and incomprehensible for the same reason (alluded to in *THE NEW AGE*, April 7, 1927) that makes "many persons who call themselves Labour leaders fear Mr. Wheatley as much as they dislike him"—because of his "uncompromising attitude" to "official Labour." *THE NEW AGE* said on that occasion:—

"This is precisely what we should expect to be the impression given to outsiders by an otherwise gifted politician who had patiently studied the credit question from the new economic angle. Take Mr. Wheatley's so-called revolutionary attitude. When analysed it simply means that he justifies the pressure of the workers for a living wage, and encourages them to ignore the inability of many industries to afford such a wage. To critics who do not hold the key to his philosophy, this appears as evidence of a will-to-revolution. It is nothing of the sort. Mr. Wheatley knows that the demands of the workers can be conceded without injury to the employing interests, and with benefit to consumers generally; moreover, he knows how. He also knows that the financial rulers of this country know how. Lastly, he knows that they look like refusing to apply the remedy unless or until forced to do so by direct action in the industrial field at home, or in the military field abroad. In such circumstances he would be false to his convictions if he preached passive acceptance of things as they are. He rightly leaves that sort of thing to Mr. Snowden and others, who seem to conceive that the constitution requires them to put barbed-wire entanglements round the prerogatives of the banking interests, and who fail to realise that in doing so they are assisting in establishing an economic blockade on Capital no less than upon Labour."

It is this blockade upon Capital—more than upon Labour—and not Mr. Ridge-Beedle's ridiculous "reason," is the explanation of the present position of Scotland in particular. I have already referred to the fact that Scottish bankers do not require to lucubrate like their English confreres—the Scottish people do not even require "circuses." This, and a great deal more of stock-conception Scottishness (imposing, in accordance with a well-known psychological law, even more on the Scots themselves than on anyone else), is easily explicable—it is the old story of imitativeness exceeding the model. The Scots have become more English than the English. They have taken their medicine and have got to like it so much that it has become their staple article of diet. I believe this analysis of Mr. Wheatley's case is sound—if not we must await a Labour leader it will fit, before there is any promise in the situation. But let me assume that Mr. Wheatley answers to it, and transpose what the Editor of *THE NEW AGE* wrote from a New Economics angle into the terms of my Scottish nationalist standpoint.

"I am a full-blood Indian, twenty-six years old. My people are the Ogallala Sioux, living . . . in South Dakota. I have land allotted to me there, but it is leased out for five years to a white man. I like to work at farming and stock-raising, but I do not care to manage my own place. The trouble is, if any Indian prospers his relatives want to stay at his place. We are not supposed to get rich like white people. When one has anything he is expected to help all his poor friends. I like these ideas, but they prevent us from building up our homes like the white people."—Quoted by *The Countryman* from an article in the *Century*.

*Extracts from a paper read at the Institution of Mechanical Engineers on April 22.

†This description can be seen in a reprint of Major Douglas's address, "The Engineering of Distribution," delivered at Liverpool in January. Obtainable of the Credit Research Library, price 6½d., post free.

Some Comments on Shelley.

One of the chief difficulties in reading Shelley is that there is no static force in his verse. All is in movement, image forming after image—often one out of another—all drawn from a fugal universe of such substance as comets, rivers, seas, mists, winds and birds. The very rocks that he pictures seem to be crumbling, so effectually does he telescope the processes of æons of time; or he sets mountains burning like meteors in the fiery atmosphere of his mind. He brings, too, a sort of double-handed appositeness into his images which seems to make them flow both backward and forward at once, so that the reader's imagination, already taxed by the processional splendour, has to go running up and down the ranks of the pageant in a frenzy of anxiety lest it should have missed an allusion to something that has passed, or should miss one that is yet to come.

"Within the surface of Time's fleeting river
Its wrinkled image lies, as then it lay
Immovably unquiet, and for ever
It trembles, but it cannot pass away!
The voices of thy bards and sages thunder
With an earth-awakening blast
Through the caverns of the past;
(Religion veils her eyes; Oppression shrinks aghast)
A winged sound of joy, and love and wonder,
Which soars where Expectation never flew,
Rending the veil of space and time asunder!
One ocean feeds the clouds and streams and dew;
One Sun illumines Heaven; one Spirit vast
With life and love makes chaos ever new,
As Athens doth the world with thy delight renew."

Here, for instance,

"A winged sound of joy, and love and wonder"

stirs the mind to an awareness of power which has a threefold vitality. This awareness is only half satisfied, and the whole imagination is stretched and expectant for a more complete crystallisation of the idea; so that when

"One ocean feeds the clouds and streams and dew";

is reached, there is an eager recognition and sense of completion, though the mind returns to examine the parent from which this fuller image sprang. But both are so volatile that no definite relationship can be established, and the mind becomes frenzied, runs to and fro between the two, and so adds to the bewilderment which increasingly comes from the incessant flood of images that have displayed only half their content before they are gone like whiffs of brilliant vapour on a windy sunrise.

In advising Shelley to "load every rift with ore," Keats gave counsel which he did not intend. To him Shelley's work seemed rhetorical, and perhaps rapid, for his eyes, like those of his contemporaries, had not become acclimatised to Shelley's cloudy universe. To them it seemed just a confusion of sun-diffused vapour, passing and breaking above the solid and coloured Earth to which Shelley so rarely descended. Even in those rare descents, as in the famous passage in "The Cenci":—

"Two miles on this side of the fort, the road
Crosses a deep ravine; 'tis rough and narrow,
And winds with short turns down the precipice;
And in its depth there is a mighty rock,
Which has, from unimaginable years,
Sustained itself with terror and with toil
Over a gulf, and with the agony
With which it clings seems slowly coming down."

The scenery seems uplifted and enlarged, as though the drama involving such Cyclopean passions were enacting in the crazy mountains and ravines of the planet Venus. By blotting out the hard lines and masses of Earth however, it is possible to find that Shelley's sky-built country has a variety and form of its own, elusive and delicate in comparison with the terrestrial regions, but no less proportionate, balanced and detailed.

From the exhausted and vision-racked reader's point of view, it might be permissible to wish to make Shelley more static, and to induce him towards those qualities which find their highest expression in Wordsworth. They are those powers of human serenity, a will-imposed peacefulness, a conscious pedestrianism. Carried to an extreme almost of spiritual masochism they inform the work of Robert Frost, and give him a kind of negative intensity, that in its contracted, resigned, bowed-down strength, has something in it that threatens to excel the explosive power of the Romantic technique. It is in this sense that Shelley might have been advised to load every rift with ore—so that by the natural presence of a proportion of baser material the gold could be more sanely and soberly appreciated.

It is not usually observed that Shelley has much in common with Blake. Both have the habit of transmuting emotion through idea to image so quickly that their verse becomes exhausting to read, so swift and uninterrupted is the procession of images. Again, there is a similarity in their imagery, for both are pre-occupied with cosmic scenery, and live in a world of clouds, mountain tops, rivers, stars. Olympian gestures of gods are the constant symbols of the abstract ideas of both these poets, and they have a common faculty of suggesting antitheses in a single simile, and so stirring the imagination of the reader in a way which is almost unbearable. Here, for instance, are two illustrations from Shelley:—

"Hierarchs and kings
Who from their thrones pinnacled on the past
Sway the reluctant present, ye who sit
Pavilioned on the radiance or the gloom
Of mortal thought, which like an exhalation
Steaming from earth, conceals the orb of heaven
Which gave it birth"

"Oh, that the words which make the thoughts obscure
From which they spring, as clouds of glimmering dew
From a white lake blot Heaven's blue portraiture."

In these two images we have a good example of that definite form of Shelley's sky-built country of which I spoke above. The picture of words arising from, yet obscuring thoughts, as mists of dew rise from and hide the clear lake, occurs in the Ode to Liberty, which was written early in 1820. That simile remains in the poet's mind—a definite image in his mental landscape—for nearly two years. Then the occasion comes for him to use it again; but by now it has developed, and its philosophic purport is taken one step higher. The second occasion is therefore not an idle copy of the first, but a definite expansion. Thought is now examined, and is discovered itself to be an obscuring agent which both indicates and hides the presence of its source. Such is an example of that lovely order—in the Platonic meaning of the words—which was gradually building up within Shelley's mind. He looked constantly on himself, interpreting past revelations afresh in the light of new ones. His echoes are deliberate restatements of past music.

"Lost Echo sits amid the voiceless mountains,
And feeds her grief with his remembered lay."

No matter how one search, no such order can be discovered in Blake's aesthetic. Like Shelley, he fed his imagination on the manna supplied by the French Revolutionist, Illusionist, Rosicrucian ideas current during the latter half of the eighteenth and the beginning of the nineteenth centuries. But Blake fed greedily, grabbing handfuls at random and stuffing himself into a condition of bombastic drunkenness. So his poems, and particularly the Prophetic Books—give us sporadic bursts of this celestial, or, perhaps we might say, Himalayan, rhetoric, that have no artistic sequence, or even emotional relationship to each other.

RICHARD CHURCH.

Views and Reviews.

CURRENT IDEAS.—I.

Wyndham Lewis's essay, "The Revolutionary Simpleton"—to which I have previously referred briefly—is so wittily and entertainingly written that it came near to convincing me of his thesis. Since I first read the essay, however, I have given it a good deal of thought, which it demands as the most alive effort I know made in this country towards a unified critique of present tendencies in literature and philosophy. I have gradually approached the view that Wyndham Lewis has not yet focussed his objections to what is bad in current thought. His conclusion that the orientation of the European mind towards the concept of *time* rather than towards that of *space*—he shows that the "space-timers" are actually "timers"—and that this is the fundamental evil of current philosophy and life, seems to me hasty and not disinterested. Anyone with vitality left after making such adaptations to immediate necessity as he must who pursues those philosophical speculations which are the nebulae of future institutions, is likely to direct his attention more towards one of the two ideas, time and space, than towards the other. Wyndham Lewis as a plastic artist—in his realm an innovator, explorer, and discoverer—is concerned with space. His art, on this plane, is the adjustment of quanta of space in aesthetic proportion. It is his vocation to maintain clear and permanent boundaries of space, such being an essential condition of form. Greece, as he affirms, is his spiritual home.

Until the Renaissance the European mind was occupied almost wholly by spatial conceptions. Logic, art, mathematics, philosophy, were spatial. Although "motion" was experienced it was motion from one *place* to another, and motion was merely a means or a condition. It was not the apparent cause of psychological "pain," and, therefore, not the object of enquiry. The courses of the stars were fixed, and the *courses* were of far greater mental moment than the fact that the stars moved. Everything had been created and set in its place, to be disturbed only by a miracle. The universe was an example of plastic art. One time caused no disturbance, since all times were alike; forms alone, and then only by *design*, changed. From the Renaissance to the present day the *concept* of time has more and more dominated thought, especially since the twin ideas of progress and evolution developed elephantine significance in the nineteenth century. Thenceforward the philosophy of *time*, of history and evolution, has tended to become the only philosophy. Hardly a question can be put, on trade-unions, politics, art, the price of beer, or a cure for corns, that is not taken as an excuse for writing a history of the world. Things are *distinguished*, in short, in time. Wyndham Lewis, fixing upon this "time" attitude, and on all who concentrate attention on it, as "the enemy," is a spatial artist fighting for self-preservation.

Every philosopher affiliated with Bergson, every artist whose work betrays the consciousness of "eternal flux," every "time-space" philosopher-scientist, such as Doctors Alexander and Whitehead, represent, when viewed from Wyndham Lewis's present standpoint, the destroyer of all worth preserving. Even Spengler—essentially a time-philosopher who regards time as the stream in which all events are to be interpreted—notwithstanding Wyndham Lewis's commonsense agreement with some of his main claims, is lumped with the enemy.

To object to the philosophical occupation with time as a *whole*, however, is to protest against Galileo and Laplace; it is tantamount to advocating birth-control to their parents. After Galileo, instead of only two "times," the day of creation and the day of judgment, every day is a day both of creation and judgment. Once it was perceived that the sun is the root of a tree of which the earth is a branch, and that all living creatures on the earth are twigs of that branch; that civilisations are the summers in which the tree comes to flower—which becomes fruit and rots—obsession with time was inevitable. It was equally so that history, inexact as it is, and the study of pre-history in the guise of coiled history, should for a period at least absorb the efforts of interpreters of the significance of human beings.

So brilliant and commonsensible a thinker as Wyndham Lewis is surely not trying to order back this tide. His own analysis, indeed, is largely itself a time-interpretation. His acknowledgment that the "fluxions" of Newton were not unrelated to the birth of the flux-philosophy, his genealogical tracing of the ideas of Whitehead and Alexander to Bergson, his affirmation of a preference—which I share—for the "spatial" style of Greece to the temporal style of Gertrude Stein or James Joyce; all this is doing in temporal Europe precisely what the temporal Europeans do. I hope it is not presumptuous on my part to suggest that Wyndham Lewis is probably not opposed to the "time-ensemblist" but to the "time-analyst"; that his true opponent is the prevalent contemporary attitude of accepting the idea of flux—which involves atomicity—as the final and sole clue to reality. His true antithesis is not space against time, but, I suggest, form against formlessness; creation against flux.

The time-school, which may find itself compelled to seek re-adjustment after the implications of Einstein have been worked out, is itself divided. On one side the direction is towards a point of view inimical both to art and religion, and on the other side one which I believe to be favourable to art and religion. The first class, as throughout the history of materialism, expects to discover the truth about the whole by ultimate analysis; to explain a man by domesticating a cell, finally to understand a melody by counting the vibrations of the component notes, and to shake the truth out of the universe by imprisoning the mind of an atom. This school of thought is at present checkmated by the same continuity and the same formative principle in the atom or cell as it determines to do without in explaining the organism. It is not so much that the scientist-philosophers are ignorant of the fact of continuity as that they cause it to be ignored as they shape other people's attitudes. The truth is forgotten in that process by which, in Wyndham Lewis's phrase, an idea becomes an ideology; that process in which Darwin's cautious tentativeness became the dogma of politicians and religious rebels; or in which the chemical and physical discoveries of the nineteenth century became the doctrines of flux on the one hand and of progress on the other.

What might be called the cinematographization of the universe is a dangerous thing out of which to create an ideology. Granular democracy already reflects too much of this concept. Each atom of each element of each molecule of each substance may well be a complex of patterns flashing in and out at high speed, as Dr. Whitehead has laboured to communicate; and apparent continuity of manifestation may be illusion due to "reiteration" at a speed the inefficient human eyes and instruments

cannot detect except by inference. Yet the eye was designed—by the creature which evolved it—for detecting not discontinuity or reiteration—but continuity. The musical note is not a *single* vibration of reed or string reiterated at such and such a speed per second; it is a musical note, and *composers can build with it*. Analytical knowledge makes no difference as regards the creative spirit responsible for a tune. All that it can ever help is *means* of expression.

R. M.

The Death of Chivalry.

By Ellerton Grange.

At the present time we can discern no physical or mental disability which prevents women from engaging in any pursuits formerly regarded as peculiarly masculine. This new type of woman it is who has the latch-key. This simple instrument is taken as the badge and symbol of emancipation from that thralldom of the female which has existed ever since the Middle Ages. This type hunts, shoots, fishes, fences, smokes, drinks, and swears as does the male, who is not being copied so much as usurped. The latent masculinity of the female mind is now unmasked. Left to themselves, some of these emancipated ones would play football and enter the ring—for neither of which exhibitions does the lagging public taste seem ready.

A recent medical lecturer, who had been inveighing against what would once have been called the "fast" habits of the girl of to-day, and declaring that she drinks certain alcoholic mixtures (called by the odious Americanism of "cocktail") has been replied to by a woman writer to the effect that if this is so, it is only what men have done and shown her how to do. This writer hits the nail on the head; she admits that the new type is merely adding masculine to feminine vices. Man cried out for an out-of-door companion, and he has got her.

The hand that rocked the cradle lights the cigarette. This new creation is, of course, very puzzling to those who thought that the female mind was fixed for ever in the groove of domesticity and dependence. This smoking, drinking, and swearing female has been represented to be on the road towards hygienic and moral perdition; but somehow this damnation does not seem to come off.

There was a day when any woman who drank alcohol as some girls now do would have been considered a lost creature, but to-day all that is changed; and maleness of character in woman is not regarded as equivalent to moral corruption. It has repeatedly been remarked that the young woman of to-day does not faint with the easy inevitableness of her great-grandmother; even in the physiological attributes of her nervous and vascular systems she is approximating to the male type. Some women can view prize-fights and bull-fights with quite as much equanimity as men can. Out of this masculinised type many a good nurse was made during the war, for many women can endure perfectly the sight of blood and the sounds of suffering.

"Many faint when they do look on blood," said Shakespeare; and this fainting, which is a sensorio-vascular reflex action, is as common in men as it is in women. Woman is now the weaker sex only in respect of development of bone and muscle. She always did withstand pain better.

Physicians tell us, too, that anæmia (chlorosis), or the "green sickness," is now not nearly so common as it was. Biologically this new female type is interesting in that even her organism is losing much of its femaleness. The mammary development is in many cases quite insufficient; children cannot be

suckled even when the mother is willing to undertake this. The pelvis is conforming more to the male type, which cannot but embarrass the function of childbirth.

These changes in the masculinization of the female had been going on before the Great War, though that man-made cataclysm, by shaking all things, shook down the obstacles to the full emergence from the female mind of its latent maleness. The war did in a few years what it might have taken centuries to accomplish. Thus a type less domesticated, less dependent, less clinging, of coarser fibre, and of tougher tissues has been evolved.

The Great War was, then, in biological terms, the "releasing stimulus" which allowed the suppressed maleness of the female constitution to emerge into prominence. For one cannot have in evolution what is not present at least potentially in the thing evolving; and so a new type of femininity has arisen, not contrary to Nature, but beyond previous experience in Nature—ultra-natural, as it were.

The other great type of male female so prominent at the present time is the politically-minded woman. This type claims equality with man, not so much in his sports and habits, as in his political, civic, and professional activities. These women profess to see no grounds of disability as between the sexes; if they do not wholly ignore the physiological aspect of the sex differences between the bodies and minds of men and women, they overlook them in their eagerness to focus their attention on their "rights"—for they want no privileges. They regard men as hostilely entrenched in a position from which they must be dislodged. They are not so much the companions of men as their co-legislators, co-senators, co-jurists, co-physicians, co-professors, competitors, and rivals.

They claim complete equality with men in the political, municipal, civic, legal, and professional spheres. It was their predecessors who took so much trouble to get the vote, not so much because they wanted to return members to Parliament, as because they regarded the right to vote as the outward and visible sign that women should be under no legal disability, and should be exercising their right to vote, not merely by permission of the obstructive male, but in virtue of their own acknowledged status. The suffrage for woman was to show man that woman was no longer on sufferance.

The terms used were unfortunate; if "suffragette" meant anything, it meant either a small vote or a female vote, certainly not a female voter. There was, in fact, no word suitable, for a "voter" meant a male who votes, just as a doctor means a male who teaches. The word "suffragist" connotes no sex: it is merely a long word for a voter. All this shows the paucity of terms suited to women in a man-ruled world. "Chairman" is another anomaly. "Other times, other manners"; other times, other names.

When male characteristics are present in the hermaphrodite female mind in a high degree they become strikingly conspicuous. Thus when courage is there, it is firmness indeed; and an Edith Cavell can face the firing squad with the courage of a Cœur de Lion. When literary ability and humour are present, they are so conspicuous as to be spoken of as "quite masculine" in quality—and a George Eliot is produced once in a century. When women excel in the very masculine science of mathematics, they show an astonishing grasp of its principles and processes.

In regard to poetry, music, and humour, the female mind is apparently deficient in the male qualities which produce the best in these realms of mental activity. Even when supreme excellence is required, as in cooking and dress-designing—usually regarded as exclusively female occupations—it is the man that is sought after.

If, then, the tendency of the moment is towards the expression of more and more maleness on the part

of the female, shall we not inevitably witness the death of chivalry?

For chivalry is based essentially on the belief that woman is really the weaker vessel needing the protection and support of man; the idea that she is his equal, far less his rival, is completely foreign to it. Chivalry arose out of the same spirit that prompted the Crusades: the sanctity of the Holy places must be protected from the pollution of the infidel, just as the gentle purity and appealing helplessness of woman must be guarded by the knight in shining armour.

But can chivalry survive? Can it survive the unleashing of the latent and to some extent unlovely maleness in the female character. Neither the independent out-of-door girl nor the austere, self-sufficient, "mannish" spinster needs a protector. You defend what needs defence, and you protect what calls for protection; one exalts that which is morally higher than oneself. But if you find that the idol has feet of clay, you are apt to forget the head of gold. If our idols have come off their pedestals and declare that they are as frail as we are, then they cannot expect the surging crowd in the arena to continue to worship them. *We cannot worship that with which we compete.*

Men have given women privileges which they now claim as rights; if women insist on being rivals, they must work out their own economic salvation. They cannot expect it both ways; if they struggle in the crowd where each fights for his and her own hand, they cannot also expect the courtesies of the old time chivalry. Of course chivalry will not die all at once—nothing does; but in the struggle for economic independence it will be suffocated at last. People say they have no time even to be polite nowadays. Women have cried out that they must be as men; they must therefore struggle and suffer as men.

Just as to-day we are witnessing the earlier stages in the evolution of the new type of the masculinised female, so we are as certainly witnessing the initial stages of the death of chivalry.

The Physics of Capital Charges.

By Arthur Brenton.

The word "production" as used in describing economic activities is not exact. Physically, it is Nature who affords all the production: man only converts it to his use. Not only so, but he wastes a good deal of it in converting it. He is like a sculptor who begins with a solid block of marble and ends with a statue of perhaps only one half the weight of the original block. And if you imagine the sculptor eating the chippings to keep himself alive, you will get a vivid picture of what is entailed in the process of economic production. Perhaps the picture would be truer if, instead of a statue, you substituted a carved pillar intended for a central-bank's premises—for by that means you would exhibit the fact that the sculptor could only eat marble as and when he was making "capital" goods. No "capital production" no consumption—an exact description of financial policy.

To return to the point. Production, in a physical sense, is more properly described as *Reduction*—the reduction of a large quantity of natural resources to a small quantity of finished goods. Further, as shown in the above picture, those finished goods are all "capital" goods, for the consumable goods are consumed during the process as they are made—they are part of the physical losses of Reduction. What remain at the end are non-consumable goods—the means of further (or quicker) Reduction. From this physical standpoint we can appraise existing economic policy more easily than

by viewing it from the monetary standpoint. It is better so for the additional reason that the *central* problem of economics is *Cost, not Money*; and the element of cost can be investigated without reference to money.

To illustrate this let us work out an exercise, using weights instead of money. We will imagine Industry as a whole working up natural resources through a succession of periods. We will assume the following conditions in every period of "production."

1. That of these materials one-third become food and are eaten; one-third are lost; one-third emerge at the end as "capital" goods.
2. That the capital goods made in each period increase the productive capacity of industry by 10 per cent.
3. That such increased capacity is fully utilised and operates on 10 per cent. more material in every cycle.
4. That capital goods are worn out at the rate of ten per cent. in each cycle after they are brought into use.

We will show four periods in tabular form:—

Period.	A.	B.	C.	D.
	Materials worked up, Tons.	Consumable goods distributed, Tons.	Losses of materials, Tons.	Capital goods made in each cycle, Tons.
1	3,000	1,000	1,000	1,000
2	3,300	1,100	1,100	1,100
3	3,630	1,210	1,210	1,210
4	3,993	1,331	1,331	1,331

Period.	E.	F.	G.
	Balance of capital goods from previous cycle still in existence, Tons.	Cumulative total of capital goods available, Tons.	Wear & tear losses expected in each period of use, Tons.
1	—	1,000	100
2	900	2,000	200
3	1,800	3,010	301
4	2,709	4,040	404

Before considering these figures* let us assume an ideal state of affairs where Industry is the property of the community who are all shareholders; that they take out their consumable goods as dividends; that they are all satisfied with their individual shares.

The table shows consumption to be increasing in the progression 1,000, 1,100, 1,210, 1,331, and so on; while capital is accumulating in the progression 1,000, 2,000, 3,010, 4,040, and so on. Assuming that the consuming capacity of the shareholders is more than 1,331 tons, they will go on increasing their 4,040 tons of capital until they reach repletion—whereupon they will probably take a little leisure. A very pleasant prospect.

But now we have to consider what alteration in the table will be occasioned if the existing financial principle of *charging for capital development in prices* is applied to this case. An obvious difficulty immediately confronts us. Our table shows no money. Nor can it; for *price* expresses a relation between goods and money; and we are ignoring money. But we can get round this. An addition to a price is equivalent to a deduction from the quantity of goods delivered for a given sum of money. That truth is inherent in the phrase "replacement" (i.e., putting back) of "capital." Therefore the shareholders in the present case must pay back *tons of capital* by assenting to a *deduction of the same number of tons from their "drawings"*

*Columns "A," "B," "C," and "D" are self-explanatory. In column "E" the figures allow for the wear and tear losses of capital goods: "E," for any given period, is obtained by deducting 10 per cent. from the sum of "D" and "E" for the previous period. "F," for any given period is the sum of "D" and "E" for the same period. "G" shows the 10 per cent. loss which will be realised on the next period on the capital goods accumulated to date at the end of each period; so that "F"—"G" for any given period gives "E" for the subsequent period.

of consumable goods. Suppose they do. We must now correct our table.

Missing the first period, in which no capital goods were ready for use, the shareholders will draw in the second 1,000 instead of 1,100 tons of consumable goods, the shortage being equal to one-tenth of the 1,000 tons of capital goods made in the previous period and employed in this. On similar calculation they will draw 1,010 tons in the third period, and 1,030 tons in the fourth.

But there will now have to be a further alteration in the figures. We have postulated that Industry is to work at full capacity; and since the shareholders are now drawing a less quantity of consumable goods, a still greater quantity of capital goods will be made. Let us, accordingly, show the table* finally amended:—

Period.	A.	B.	C.	D.	E.	F.	G.
1	3,000	1,000	1,000	1,000	—	1,000	100
2	3,300	1,000	1,100	1,200	900	2,100	210
3	3,630	1,000	1,210	1,420	1,890	3,310	331
4	3,993	1,000	1,331	1,662	2,979	4,641	464

Now isolate columns B and F.

	Before charging up capital,		After charging up capital.	
	B.	F.	B.	F.
	Consumption.	Capital accumulations.	Consumption.	Capital accumulations.
	Tons.	Tons.	Tons.	Tons.
1	1,000	1,000	1,000	1,000
2	1,100	2,000	1,000	2,100
3	1,210	3,010	1,000	3,310
4	1,331	4,040	1,000	4,641
	4,641		4,000	

The general lesson of this pair of tables is this, that the supposed economic necessity of replacing capital by abstention from consumption is a myth. Further, the right-hand table offers the shareholders no prospect of ever getting away from the 1,000-ton basis of consumption, however large their capital grows. It is obviously false to assert that the situation represented by the left-hand table is economically unsafe, for although consumption went up to 1,331 tons the capital necessary to sustain it was keeping pace with it, and would have gone on doing so. That granted, then capital is unnecessarily outstripping consumption in the right-hand table. Therefore, the financial principle of recovering charges for accumulated capital has no physical justification. It is, in Professor Soddy's phrase, an "inversion of science."

To avoid making the tables more complicated than they are a consideration has been omitted which would have made them all the more striking. It is this: that productive capacity might have been assumed to increase pro rata with the increase in the cumulative total of capital goods rather than by the 10 per cent. increases actually assumed. In that case the table would have shown consumption to be actually decreasing below the 1,000 tons.

The main purpose of this article, however, is to indicate a method of examining the principle underlying capital charges. It is open to anybody to assume other numerical indices than those arbitrarily chosen for the present calculations. That they are arbitrary is an indictment of statesmanship, which has neglected to provide the statistical material on which accurate factors could have been conveniently derived for this purpose.

* In this Table II. "A" is unchanged. "B," for any given period, is obtained by subtracting "G" for the previous period from the "B" of Table I. for the given period. "C" is unchanged. "D" is obtained by subtracting "B" + "C" from "A," all for the same period. "E," "F," and "G" are obtained as for Table I.

Drama.

My Lady of Belmont. Arts Theatre Club.

Many dramatists have made use, for one end or another, of a play within the play. Shaw even made a play out of dramatic critics, but only Mr. St. John Ervine is Northern Irishman enough to have outshined Shaw by making a play out of dramatic criticism. "My Lady of Belmont" is an anti-romantic attack on the "Merchant of Venice," a play at the end of which Shakespeare, not realising what was in store for him, left the characters alive for anyone who might need them to gather together in a sequel. In any branch of literary art sequels are dangerous to their makers, who do not even ask for their work to be considered independently. Any artistic appeal they may have is secondary, since primarily they challenge the audience's power of logical connection. Of sequels there are no enjoyers, every reader is a critic. Not a member of the audience has less right than Mr. St. John Ervine to follow Portia and Bassanio, Jessica, Lorenzo, and Shylock, into their private futures after the curtain of the "Merchant of Venice."

One is not free, however, merely to scrutinise Mr. Ervine's characters to test his loyalty to them and to Shakespeare. He sets out to expose them, to sit in last judgment on them. His play has done much towards revising the popular opinion of Shylock, whom moderns in general regard as a wronged man. In revenge for the crucifixion of one man by the Jews, the Christians have crucified all Jews, with the result that now the Jews sit on the right hand of power. Mr. Ervine's way of giving them their due may be the surest way of weakening them, especially if, in addition, their compromise of professing as Christians and believing as Jews is played upon as in this play.

Bassanio, maintains Mr. Ervine, was a rake without honour, or loyalty to his friends; he would spend any man's money and sleep with any man's wife. Gratiano was toady to Bassanio. As for Antonio, he was a moralising bore, who could not for the rest of his life drop the subject of his pound of flesh, nor forgive those who could forget it. Jessica was a fickle jade who must have a man—any man; and who was as faithless to her blood and sentiment when her old father came to see her as to her husband, Lorenzo. Only Dr. Bellario, besides Shylock and Portia, according to Mr. Ervine, merit the slightest respect, and even Bellario is a cunning old rascal interested mainly in his offended pride, in the technique of legal process, and in getting other people to lend where he would not risk money himself. What Mr. Ervine does not bring out—and since the mood is on us it may as well be—is that the real villain of the "Merchant of Venice" was Portia. It was her trickery and deceit which gave effect to the quibble "in equity" on which Shylock lost his case, and as a result of which Bassanio, Antonio, and the rest are able to foregather in this sequel. Perhaps that is why Mr. Ervine looks well after her. But, as Mr. Ervine's Bellario says, a good lawyer would have managed Shylock's case better.

Mr. Ervine is unduly cruel to most of these people. His play occurs ten years after the trial, when none of the original participants are so young as they were. Possibly Shakespeare succeeded with them because he met them in that decade earlier than Mr. Ervine. While the latter's play was being written I guarantee that the characters protested over and again that they had been long out of the business, that they were growing old, that the things reaped up were long past, if not forgotten. Besides, they might have added, with the spring of our lives our flowers of speech have gone, and transplantation

from one imagination to another is not easily borne even by younger plants.

The cast speak English, I hope, to Mr. Ervine's satisfaction. Brember Wills as Shylock, dignified and not melodramatic; D. A. Clarke-Smith, with more virility than any Bassanio I have before seen; O. B. Clarence, clever as Dr. Bellario; Brian Glennie as the child of Lorenzo and Jessica, Barbara Horder as Nerissa, Barbara Everest as Portia—nowhere in London may one hear a cast with greater all-round purity of pronunciation and articulation. Notwithstanding the effort to secure pathos by stage-tricks—music off with the stage empty, and so forth—the play appeals to the intellect alone.

Hamlet: Old Vic.

"Hamlet" differs in creative method from Shakespeare's other tragedies. That "Spinozistic deity of all creativeness" is not manifest in this play, which concentrates one's interest more on the man with every visit. This single character of Hamlet exercises that fascination for the audience that one lunatic possesses for all possible lunatics. "Hamlet" is the king of problem plays, and must be held to justify the problem play in that it is almost universally reckoned the most interesting of all the works of Shakespeare. Over it the literary world becomes a pack of comic detectives, seeking the motive for the non-commission of a crime—for Hamlet's delay in killing a man the audience would sit on a jury to hang.

The play is a paradox. Hamlet not only swings between resolution and impotence, between super-sanity and super-madness; he swings between the greatest blank-verse in the language made for blank-verse and drivel to shame a daily-paper humorist. He cracks jokes that might have originated with—if they have not been salvaged by—George Robey. It may be, for all I care, that Shakespeare ruined a briefer plot that Kyd borrowed from Spain. What he did not take from mortal was the note of the verse, that reaching out, in sonnet and play, after phrases that steal light from Heaven to make the line more satisfying than the thing. As a solitary instance take his repeated effort to capture the dawn. Whether the morning "flatter the mountain-top with sov'ran eye," or "jocund day stand tip-toe on the misty mountain-tops," or, as in Hamlet, "look, the morn in russet-mantle clad walks on the dew of yon high eastern hill," the listener recognises the magician. If there are words of power, here they are.

Baliol Holloway had not rid himself of the hoarseness which intensified the realism of his Othello by giving him a negroid intonation. He will be glad of the rest which the end of the Old Vic season ensures for him after too strenuous a time. There were moments in the second part when I doubted whether he would see the play through, but the cheers of goodwill probably carried him the extra mile. Apart from this disability—for which I offer my sympathy—I liked his Hamlet. He made no effort to make a scholar and philosopher shrinking from actuality out of Hamlet. True, the youth was a scholar and a philosopher, but he had passion, a tongue like a whip, and a sword too easily bared. There was only one act he could not perform, that of killing his stepfather. He killed Polonius promptly enough—as well he might, since Hamlet was sensitive enough to aesthetic motives. The fellow whose platitudinarian intercession made Shakespeare's verse safe for the innocents ought to have been killed before the play opened. John Garside, who took the part, was a far better reason for Polonius than Polonius for himself, in that he performed it excellently. As Ophelia Gwynne Whitby had more opportunity than as Desdemona, and with the pathos of Ophelia's madness she won

her audience. The speed of Mr. Leigh's production, so fitting for "Othello," was to my mind a little slow for "Hamlet," in which there is so much less action and so much more explanation.

In September the Old Vic Company will try a West End season at the Princes—the only theatre with enough of the cheaper seats to make the experiment thinkable. No suitable theatre being available before September, and the Old Vic having to close for alterations, its productions have temporarily ceased.

PAUL BANKS.

Art.

LEON BAKST.

Had it not been for Bakst and his fellow-workers in the Russian Ballet, the theatre might still have been in the Drab Ages. The memorial exhibition of his work at the Fine Art Society's galleries shows how much modern scene-design owes to him. It is a feast, almost an orgy: vivid blues, violent reds, murky browns thrown together in a wild harmony. Often there is contrast, but never discord. There is a sureness in the combinations that suggests instinct rather than intelligence. There is a sureness, too, in the subordination of intricate detail to underlying design; while the design itself is never allowed to be dominant, as is so often the case with the moderns. So complete are the designs as works of art that it is easy to forget their purpose. Bakst himself admitted that he conceived a stage setting primarily as a painting into which the human figures had not yet been painted. Modern stage-designers have rid themselves of this fault (if it is a fault). Expression, and not decoration, is the keynote of their work. They have moved away from Bakst towards a bare simplicity, perhaps more European in character. But at least they have not forgotten his lessons on the use of colour. For that we must for ever be grateful.

WILFRID HOPE.

LONGING.

Oh, that some evening once again shall see
Your dear curved ankle swiftly walk the meadows;
Over the daisy-studded fields, down where the
white gate stands among the shadows.
Or when the hawthorn tree has spilled its flowers,
Pink and white petals, scattered on the grass,
There where we spent so many happy hours,
Just for a moment—I shall see you pass.

Oh, that the white gate in the field might bear
Once more the tender burden of your breast,
As you leant down, so thoughtful in the hush
Of twilight, lingering longer in the West,
And painted crimson by a Phantom Brush.

Now that the summer comes again, I wait,
Down by the pond, reflecting starry skies,
Into its depthless ripples, as I gaze
I almost see the wonder of your eyes—
What was that gentle touch upon my lips—
Surging the warm blood to my lonely heart?
Whose is that slender form, which lightly slips
Through the white gate—that it should make me
start?

Fancy has played me false; I did not see
Anyone; yet the hawthorn tree
Stirs as if shaken slightly—were you near—
Moves as if parted by your hand—and sheds
Her last white blossom in a solemn tear.

EDNA HYLDA MORGAN.

Reviews.

Historic Ships. By Rupert Sargent Holland. Illustrated by Manning de V. Lee. (Fisher Unwin. Benn. 12s. 6d.)

Just a nice, uninspired, freely derivative and perfectly inevitable boy's book, illustrated in a way to delight the heart of Father Tuck. No reader of these innocuous pages could possibly take any harm from them, but he will travel far more comfortably with Cook's. It is interesting to see that there were one or two Dagoes who did a little exploring in the early days, and got everything portable heaped up conveniently for Drake and his Drum. But Mr. Holland's ships do not stand out. The chief effect they create is one of complete and unplimsoled dilapidation.

Women and the Miners' Lock-Out. By Marion Phillips. (Labour Publishing Company. 94 pp. Paper 1s.; cloth 2s. 6d.)

Women are intuitional direct-actionists. This little book conjures up the picture of a husband and male friend in the throes of a heated political argument, constantly having to move from place to place in the kitchen to allow the busy wife to sweep up the floor. Here is presented a plain, unpretentious story of how the Women's Sections of the Labour Party raised and spent £310,000 for Red Cross work on the civil battlefield. Every word of it is worth reading. The curious thing is the wonderful way in which these women succeeded in mobilising workers and subscribers from all sections of society, notwithstanding the undoubted fact (very prominently discussed in the Press) that every atom of service and piece of money tended to "prolong the strike." Whatever their opinions on the wider issues, these women and their supporters forgot them all at the cry of the wounded. They got boots and leather at cost price out of capitalist firms. Locked-out colliers set to work with the leather and repaired old boots. Ladies volunteered to adopt miners' children for the term of the fight. And second-hand clothes, jewellery, and what else were got, anyhow, from everywhere all over the country. That there was abject need is beyond controversy in the light of the authentic stories which fill this book.

A little girl in Derbyshire, at the beginning of the winter, attended school in a sleeveless cotton frock. The sleeves had been taken out to patch the skirt.

School meals being rationed in number, children belonging to large families had to take it in turns to go to school for their meal.

Some children having no boots, their parents carried them to school, so that they should not miss their meals.

A woman . . . nothing to eat for three days, yet suckling her baby all the time.

A little girl, on her way up to London to the home of the lady who was adopting her, was so ashamed of her bad boots that she sat in the train all the way with her feet tucked under her.

Many children had not a rag to take on the journey to the place of their adoption. One such child was so ashamed of this that she told the tale that she had lost her parcel on the way to the station.

But the gloom of these horrors is relieved occasionally.

A group of lads were taken as guests by a Relief Committee in Norway. When they returned a fortnight later they had all increased in weight by 11 lb. to 16 lb. One or two were able to talk in Norwegian.

When some of the adopted children returned to their homes their mothers did not recognise them. "She looked like a little princess when she came back," writes one mother.

"Like a little princess." The alchemy of bed and board! The royalties from the sale of this book will be devoted to the work of the Women's Committee—which is an additional reason why it should be bought.

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Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C.1, and printed for him by THE ARGUS PRESS, Ltd., Temple Avenue and Tudor Street, London E.C.4.