

# 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	121	VIEWS AND REVIEWS. William Blake. By R. M.	127
The new Super-Tax legislation—the financial dilemma between collecting taxes and accumulating reserves. Mr. Runciman on building fleets out of revenue. Mr. J. H. Thomas and Mr. Solly Joel at the Olympia. Mr. Spencer and the new Federation of Industrial Mining Unions. Railways versus road transport—Mr. J. H. Thomas's new campaign—enter Mr. Cramp—also the Arcos episode—lastly the 'bus combine. The Anglo-French German central-bank managers in America—Gold bullion as sand-bags.		<i>William Blake and The Lord's Prayer.</i>	128
THE MIDLAND BANK AND A FINANCIAL INQUIRY.—II. By C. H. Douglas	125	DRAMA. By Paul Banks	129
SIR HERBERT SAMUEL AND THE "OBSERVER" (Editorial)	126	The Sitwell Season. On Marionettes.	129
UNEMPLOYMENT, TARIFFS, AND A FINANCIAL INQUIRY (Editorial)	126	MACAROONS AND SUICIDE. By William Repton	130
		REVIEWS	
		<i>Benjamin Franklin. Perfectly Scandalous. Gems and Life. The Hope of the Workers. The Songs of Sea and Other Stories.</i>	
		THE MANCHESTER ECONOMIC RESEARCH ASSOCIATION	131
		LETTERS TO THE EDITOR	131
		From W. T. Symons and Hilderic Cousens.	
		VERSE	
		<i>From the Past.</i> By Lionel Grant (129).	

## NOTES OF THE WEEK.

The Super-Tax section of Mr. Churchill's Finance Bill led to a heated debate last week. The issues involved are a striking example of the anomalous character of the financial system in general. It is fundamental financial law that Governments must balance their Budgets. They must collect sufficient money to balance (and, if possible, overbalance) their disbursements. In the application of this law the Super-Tax among others, was instituted in order to tap the super-incomes. That would have been all well and good if super-incomes automatically yielded up the levy. But they did not. Between the Inland Revenue authorities and the tax they tried to collect stood the Super-Income owners. They, with considerable ingenuity, discovered that what was in effect a super-income need not necessarily be an income in the legal sense; and that in such case the authorities would be powerless to collect the tax. So they worked out a very pretty wangle. To appreciate it, one must bear in mind that the Super-Tax is an impost on personal incomes, and not on profits of business organisations as such. So, to illustrate: there would be a private company X, with three partners, A, B, and C. The company would earn, say, £30,000 net profit available for distribution—which would mean that A, B, and C could draw £10,000 each. But if they did they would have to pay Super-Tax on everything over £2,000, and it would amount to no mean sum. For here is the scale applied to the £8,000 surplus:

	£	s.	d.
od. in the £ on the first	500	18	0
1s. in the £ on the next	500	25	0
1s. 6d. in the £ on the next	1,000	75	0
3s. 3d. in the £ on the next	1,000	112	10
3s. 6d. in the £ on the next	1,000	150	0
4s. in the £ on the next	2,000	350	0
4s. 6d. in the £ on the next	2,000	400	0
	£8,000	£1,131	5

This charge of, say, £1,100 each against A, B, and C would, of course, be additional to the standard

Income Tax of 4s. in the £ levied on the company X in respect of its £30,000 profit. This latter charge, amounting to £2,000 each, A, B and C cannot escape. But they can dodge the £1,100 by the device of drawing only £2,000 each as personal income. This leaves £8,000 each in the business for the moment. They now have two options: if they decide that they want to use the £8,000 for their personal benefit they can "borrow" it in their capacity as individuals from themselves in their corporate capacity as X: moreover, they can borrow it in perpetuity and free of interest. Or, if they prefer, they can plough the money into the business—possibly paying off debentures, extending their factories, buying new machinery, and otherwise consolidating their resources. They can, of course, combine these alternative policies. In either case the Super-Tax is not payable.

Now this process of evasion has been actually and extensively practised exactly as we set it out. There has been no secret about it, for it was immaculately legal. But Mr. Churchill badly wants this money. So he proposes in effect to give new powers to a Court of Referees so that they can supervise the allocation of business profits by private firms and veto anything which may prejudice the revenue from Super-Tax. So far so good from the point of view of the Government. But far from good in a general financial sense, for it is promoting a kind of civil war between accepted financial principles and procedure. Mr. Churchill as Tax Imposer is pursuing a course opposite to that which he should logically follow as a Bankers' Minister. In his first rôle he must get his tax irrespective of the consequences, but in the second he must regard those consequences as ultimately more dangerous than would be the non-collection of the tax. So long as the Court of Referees used their powers simply to stop individual partners "borrowing" from themselves for purposes of personal consumption, that would solve the problem of evasion and at the same



time be consistent with High Financial policy. Consumption would be restricted and tax revenue commensurately expanded. In a word—fine, robust Deflation. But if the Referees went further than that, and compelled private firms to divert profits from reserves, debt-repayment and capital development, into the pockets of their partners, so that these should now be liable to pay to the Government what, after all, would be only a fraction of the money so diverted; that would be a long step towards Inflation. For instance, to revert to our hypothetical partners A, B, and C, and supposing them to have been leaving their £8,000 each in the business; to compel them now to draw it out is at the same time to give them possession of £6,900 after they have paid up the £1,100 Super-Tax. One might reason that having previously been content to do without the money, they would voluntarily return the £6,900 to the business. But one might be wrong. There is an enormous psychological difference between one's refraining from drawing money and putting it back when once it is in his possession. And the difference is raised to the fourth power if his wife discovers his pass-book.

For the moment, however, it is reasonable to suppose that the Court of Referees will balance these considerations and establish a practical compromise. But Governments come and go. An Administration might come into power which insisted on the Court's modifying its policy. In that case, although no doubt High Financial interests could stop it (for the Court would be packed with their nominees) their intervention could not be carried out secretly. Every month that passes is dragging financial policy further inside the arena of public politics; and this general quickening of public curiosity is the background on which we must inscribe our necessarily speculative analysis of Authority's present calculations. It is in a dilemma. Insofar as it wants taxes from private incomes there must be private incomes to be taxed. But insofar as it wants industrial finance to remain "sound" it must depress private incomes to the lowest limit. But insofar as it depresses private incomes it reduces retailers' revenues and undermines industrial development. And insofar . . . unemployment. And insofar . . . relief and doles. Whereupon it becomes necessary to raise fresh taxation. Authority is then in a dilemma. Insofar as it wants higher taxes it must raise private incomes or deplete industrial reserves. But insofar as it wants industrial finance to remain "sound" it must depress. . . . But this is too depressing. Let us listen to Mr. Runciman.

Mr. Runciman is proud of the fact that his grandfather built a ship; and then out of its earnings built another; and then out of their earnings another (and so on, and so on, down to the nethermost barnacle on the keel of this paragraph). This, and not Queen Victoria's bible, was the secret of England's greatness. In those days there were no Referees to tell him what to do with his profits. They would have been shot at sight like pirates. All this, and a great deal more, did Mr. Runciman bring up during the Debate for Mr. Churchill's instruction and edification. (Mr. Henry Ford is a mere imitator, after all—and America has nothing to teach us.) To-day Britain's shipping industry is the wonder of the world. That its earning power is the despair of its shareholders does not appear to be relevant. Yet fundamentally the two phenomena are cause and effect. A general building up of fleets and other instruments of production or transport out of revenue is clearly impossible as a permanent policy unless the general pool of money is constantly increasing, and increasing very rapidly. One firm may collect the money

cost of two ships against the disbursement of the cost of one; but all firms together cannot hope to do it unless new money comes into existence to bridge the difference. But, as Mr. McKenna has frequently insisted, the amount of money in any country (or, if you like, in the world) is dependent entirely on the action of the banks in creating and issuing it. Even suppose them to issue increasing quantities of credit, they are at the same time debiting them to industry and will require them to be repaid.

Mr. Runciman's grandfather avoided having to borrow bank credit himself by collecting excess profits made available by the issue of bank credits borrowed by some other concern or concerns. His immediate customers were simply intermediaries through whose hands the credit passed. His ultimate customers were, of course, individual buyers of consumable goods, from whom alone industry can as a whole recover and wipe out its costs. As Foster and Catchings remark about Mr. Ford in their new book, *Business Without a Buyer*, Mr. Ford, by financing his concern "out of revenue," is financing it out of the pay-rolls of other concerns; his meat is their poison, and the extension of his policy to other industries could not proceed far before it landed America in the bankruptcy court. And although international trade helps to disguise the operation of this factor by getting the foreigner to drink the poison, it still works, and it will produce the same impasse internationally as it would otherwise do more quickly at home. It is this truth which makes a financial inquiry an urgent necessity. The incidence of re-investment policy on the sales problem is more important than the question of gold-currency-credit ratios. What the banks do about lending credit is one thing; but what accepted *financial policy* itself requires these borrowers to do in the matter of accounting the credit afterwards is another. Finance, as an institution, rightly bases its policy on a composite balance-sheet. There must be a similar procedure on the part of industry. In all essentials it can produce a sufficiently accurate account of its assets, liabilities, and need for revenue. If it does, it will realise at once that its costing methods, which look innocent enough to the individual industrial-accountant, are nothing less than suicidal when embodied in a national system. The Federation of British Industries must put forward a leader able to press the physico-economic view in as authoritative a way as that in which Mr. Montagu Norman now imposes the financial-economic view.

In a critique of the recent Walker-Milligan boxing contest at Olympia, Mr. Jimmy Wilde, who writes on this sport for the *News of the World*, alludes to his having been chatting there to Mr. Solly Joel and Mr. J. H. Thomas immediately before the contest. Mr. Joel, he says, forecasted a win for Walker in the sixth round. (Walker knocked Milligan out in the tenth—and had virtually won in the seventh.) There are a good many other contests of quite a different character about which Mr. Joel can forecast the results before they begin. So he is never short of a pal. Mr. Thomas, as Comptroller of Investments to the National Union of Railwaymen, naturally and properly seeks to establish intimate relations with people who have the *entrée* to the training quarters of heavy-weight market operators. And why not? The unfortunate General Strike made serious inroads into the funds of the N.U.R., and the more quickly the damage can be repaired the better. "Down flags and lanterns," is an expensive pastime: and if "Up Stocks and Shares" will cancel the bill, surely every railwayman in the land should watch, with eager expectancy, Jimmy and Solly sitting Cheek by Joel at the

Olympian ring-side and planning the building of Jerusalem in England's green and pleasant land.

Mr. G. A. Spencer, the leader of the Nottingham miners, who broke away from the Miners' Federation during the Coal Lock-out, presided at the inauguration of the Federation of Industrial Mining Unions at St. George's Hall, Stepney, last week. It has between 60,000 and 70,000 paying members in the various coal areas. In his speech he said that they objected to have their opinions "moulded in a Russian mould." Referring to critics of the new venture, he declared that they seek a solution of industrial difficulties by ignoring realities—that they talk of increasing wages and reducing hours without reference to existing economic circumstances. Nevertheless, he proceeded:

"I do not know that I have not a greater admiration for these people, deluded as they are, than for that other section of our critics who, knowing the realities, and in secret condemning the extremists, have not the courage to expose their fallacies."

The *Daily Chronicle*, which reports his speech, says that Mr. Spencer suggested that an inquiry should be "immediately instituted into the British currency system," with a view to ascertaining "to what extent it had been crippling and impairing industrial activities." When he was so fiercely assailed from the Labour benches on the occasion of his notable speech in the House, it will be remembered that we examined his and their apparently irreconcilable attitudes, and showed how they could be reconciled by a Social Credit policy. We are glad to see that Mr. Spencer is talking in a similar spirit and looking in the same direction as ourselves for a remedy. If only Mr. Frank Hodges had taken the same line some years ago when he had the opportunity, the Miners' Federation might have avoided the present schism, if not most of the graver trouble which led to it. We see that Mr. Hodges was invited to become President of the new Federation, but declined. The delegates, according to the *Daily Chronicle*, are very disappointed. But we think they are wrong. What their movement might have gained in prestige by the association of his name it would have lost in effectiveness by the embarrassment of his influence.

Extremists will probably taunt Mr. Spencer with advocating something which is already being agitated by an increasing number of capitalists. The answer to that is that there is no adequate and permanent remedy for the miners' troubles (and, by extension, Labour's troubles) that does not at the same time cure those of economic capitalism. Nor, to put the truth conversely, can the capitalists save themselves by any method involving wage-restriction—not even if Trade Unionism unanimously assented to it. That is the negative side of the problem. The positive side is the fact that there is a third element, namely credit capitalism, embodied in the banking system, which is restricting the capitalists' and workers' "wages" together. This is the enemy. It is a much more subtle one to attack, because it cannot be caught with the proceeds of economic plunder in its hands. Its sin is not that it has abstracted from capitalists and workers the real wealth that they have produced; but that it is holding their unadvised productive powers in the leash of gold-standard regulations of its own devising. No law of a physical nature exists that need prevent a doubling of output of the *means of existence*; but only laws of a financial nature. Therefore no capitalist and no worker can afford to let the origin, rationale, purpose or incidence of those laws remain a mystery. So Mr. Spencer, however little suspicion he may have of the flagrant anomalies concealed in the financial system, is intuitively right in supporting the

demand for an inquiry. He is right, because it is in this direction that he can accept the co-operation of capitalists without signing away the interests of his members. There is no other direction in which Labour will, or ever should, ally itself with Capitalism. We will consider in the next paragraph an example of such other, and futile, overtures to capitalism.

First let us refer to the time of the General Strike. We then recorded in these Notes a rumour that there was a tip sent round to invest trade union funds in railway shares (THE NEW AGE of May 27, 1926). If so, it would refer to the investment of the funds of "loyal" and "constitutional" trade unions. In that case the current absorption of their actual funds in strike pay would be no obstacle to their acting on the tip. Once assume the approval of the banks, and the investments could be made by the same method as enabled capitalists to subscribe for £7,000 millions of War Loan out of £900 millions of deposits. The banks would buy the stock and pay the subscribers the difference between the interest due on their loans and that due on the stocks. Against this theory lies the objection that railway dividends have been disturbingly low since that time. But the answer is that stock purchases are made at least as much in the expectation of capital appreciation as of dividend earnings. "Hold for a rise" is a frequent recommendation in newspapers; and if investors' bankers remain loyally behind them they can hold for ever if need be. So much for the theoretical feasibility of the tip referred to. The probability or otherwise of there having been any foundation for the rumour has been a matter of guesswork, and not very intriguing guesswork at that; for it has not fitted in with any observable developments since.

Until this week. Mr. J. H. Thomas has let loose an attack on the road-transport industry. An Olympian prize-fight on an economic plane, and for majestic stakes. We need not spend time on his arguments, because they were generally based on the allegation that the railways were paying rates which subsidised motor transport—an allegation which the *Star* staggered with one of its famous short-hook articles last week. The facts in the case are of no particular significance beside Mr. Thomas's policy. It may foreshadow practical business, or it may be designed to direct the aspirations of railwaymen along harmless lines. It may combine both objects. At any rate, it is not difficult to see that if this new agitation led to the railways' recovery of lost markets from the motor carriers, there would inevitably be a substantial rise in railway-stock values. If, therefore, the above rumour was true, and the N.U.R. (and other selected "loyal" trade union executives) hold railway stock, the reward of their foresight would be assured. On the same supposition, too, Mr. Thomas's intimate association with Mr. Joel and other divinities of the Stock Exchange would be satisfactorily accounted for.

But quite apart from speculations about Mr. Thomas's motivation is the more practical question of the effects of this *sectional* co-operation between Capital and Labour. We may note in passing that Mr. Thomas, of all men, has been the most insistent in reminding Labour that the interests of a class must be subordinated to the interests of the community. It is a curious application of this principle to ally railway capital with railway wages in a war against motor transport capital and wages. To reconcile it with the present agitation, Mr. Thomas would be bound to show that a victory for the railways would lessen the price of transport generally. He has not done so: and until he does one must rely on general



reasoning, which points to the exact contrary. Transportation is divided in its present proportions because the community have found out experimentally that those proportions work out the most cheaply under existing circumstances. Any alteration in them caused by political influences is bound to be an interference with the community's freedom of choice as between the alternative services, and as a practical corollary, cause an increase in the price of transport. Thus not only is the community—which means in the end the individual consumer—kept short of income relative to prices, but is not to be allowed to spend what income he has where price is cheapest. Even the members of the N.U.R. have no guarantee that their incomes would rise as a consequence of blotting out road transport. We have pointed out previously that all large Trade Unions go in for investments. Their executives naturally invest on business lines. So if the whole Trade Union movement were to agree to support Mr. Thomas's agitation, the investing Trade Union executives would transfer their funds to railway stock. Following the victory of the railways there would be on the one hand a large body of railway men expecting to cash it out in wages faced by a close ring of Trade Union executives whose policy would be to keep up the price of railway stock. Naturally these executives would have the support of railway administrators and of railway stock-holders in general. The latter would unanimously look at a 1s. a week rise in a railwayman's wages as a sacrifice in profits of 52s. a year, and therefore (assuming capitalisation on a 5 per cent. basis) a reduction in investment values of £52. Apply this figure to the whole railway system, and the intensity of the ensuing psychological conflict between the men and their leaders can be realised. The moral is a familiar one in these pages: an investing Trade Union has got to behave itself.

Now let us turn from Mr. Thomas to Mr. Cramp. While Mr. Thomas is offering the railway companies many *quids*, Mr. Cramp is begging them for a few *quos*. Speaking last week at Doncaster, he invited them to show a generous spirit about the Strike, and to restore to all the men their lost places and privileges. There have been a lot of pin-pricking acts which the railway men categorise as "victimisation." "If you will stop victimising our people," says Mr. Cramp to the railway interests, "my partner, Mr. Thomas, will help you to victimise those road transport Bolsheviks."

This leads us round to another angle from which to look at this scheme. Since the Arcos raid there has been a steady accumulation of evidence that it was a move in the Petrol War. Since the competitive efficiency of road-transport is immediately affected by the price of petrol, this evidence is important. Let us summarise it.

There was the Arcos raid. This was followed at once by a severance of Anglo-Russian trade and diplomatic relations. The *Daily Mail* simultaneously organised a boycott of Russian petrol. It printed a large number of posters and distributed them free to retailers who would sign a guarantee that they were not buying it. The poster contained the words, "No Russian Petrol Sold Here." Thousands of retailers rushed for them and stuck them up all over the country as magnets for patriotic motorists.

What has been the general effect is problematical: but that it has not been entirely successful is suggested by a recent public announcement by Mr. Leslie Urquhart, who is a sort of trustee for dispossessed holders of Russian oil properties, that he will proceed in the Courts against traders who import or handle Russian petrol. He proffers the illuminating information that whereas, while the Trade Agreement with Russia was in force Russian oil properties had to be

regarded as belonging to the Russian Government, the rupture of the Agreement legally implies their reversion to the ownership of original proprietors—his cosmopolitan group of pre-Revolution stockholders—who are thus able to treat Russian petrol as "stolen property" and secure redress against anyone who handles it anywhere. The practical bearing of all this lies in the fact that Russian petrol has been cheap petrol.

On this subject there is some interesting comment in a circular issued by the Power Petrol Company a week or two ago. They frankly say that they get their supplies of crude materials chiefly from Russia, and go on to argue that their refined product is "more British" than the large majority of other petrols, asserting that whereas 8d. in every shilling spent on Power Petrol "stays in circulation in this country, the equivalent of 8d. in the shilling spent on others leaves this country." This is because the conversion from crude to refined spirit is carried out by the Medway Oil and Storage Company of the Isle of Grain, Kent. As a direct reply to the *Daily Mail's* attack this is good argument. They follow this up by reminding the public that—

"An attack was launched last November by the Combine Distributing Companies endeavouring to secure the monopoly for petrol in this country by reducing prices below an economic level. Prices were further reduced in March and April, and the formation of a ring round the retailing firms was attempted by offering a bonus to retailers selling Combine brands only. While certain independent firms found themselves at so great an economic disadvantage that they ceased operations, the support of the public for the independent firms was so wholehearted that not only was the trade of certain firms—our own included—unharmed by the Combine's attack, but they actually secured a large volume of business through retailers who refused to have their business run by other people. This price-cutting campaign failed completely to eliminate the competition at which it was directed. The independent firms have brought prices down and are still going strong. The oil in Russia is good and if it is not imported directly into this country from Russia it will be imported into this country through other countries, who will get a profit from its handling which should be in this country."

The Company states that the Standard Oil Company of New York are despatching equipment to be constructed in South Russia to refine a volume of oil represented by 500,000 long tons of kerosene over a period of three years according to a contract made between them and the Russian authorities.

We can now put a picture together. It is clear that Mr. Thomas's attack on the transport services is forwarding the policy of the great Oil Combines. It comes as the last of a series of attacks carried out against non-Combine petrol, first by the Combines, then through the Home Secretary, then Lord Rothermere, and then Mr. Urquhart. If the Combine eliminates independent competition in this country, the price of petrol will go up, and the pressure of road-transport rivalry against the railways must be relaxed. There appears to be no limit to the ramifications here partially disclosed. For instance, Lord Ashfield and the 'Bus Combine have also been helping by their politico economic attack on the independent 'bus owners; for, whereas the L.G.O.C. are bound by contract to the Standard Oil Combine for their petrol, the independents are large buyers of independent brands.

The first rumour of what the Governors of the Bank of England, the Bank of France, and the Reichsbank are agreeing to do in collaboration with Mr. Benjamin Strong, suggests that Federal Reserve gold is to be sent to Europe and deposited in the vaults of these banks in certain proportions. We

used to be told that gold must automatically move about in response to changes in international trade conditions. It now appears that it can be moved for reasons of private financial policy. The picture we see is that of bankers dragging bars of bullion like sandbags to stop the breaches in the more exposed positions of their monopoly. Sniping against the gold-standard is becoming prevalent in Europe—so the gold itself is brought over to discomfit the snipers. In the old days, when depositors gave evidence of a yellow streak and set up a run on a bank, the effective cure for the panic was to show them some yellow metal. Porters would stagger into the bank from cabs with bags on bags full of sovereigns (or whatever the bags contained—at least, there were sovereigns showing at the top), and then the depositors would wilt away under the sneers of the tellers, and all would be peace. It is said that faith will move mountains. It will also apparently see mountains where none exist. Everyone remembers the recent episode of the Bank of France's supposed stock of £20,000,000 of gold which wasn't there (the Bank of England had it). France got on just the same until the French bankers revealed the fact. Even then France would not have cared had not the bankers pretended it would ruin her. The forecasted gold movement is likely to take place. America, under the Federal Reserve ratio, does not need more than half her stock to support the volume of credit she can use. And since the other half is earning no profit, it may as well be loaned for exhibition purposes in London, Paris, and Berlin as kept where it is.

## The Midland Bank and a Financial Inquiry.

By C. H. Douglas.

### II.

If the only issue involved in this situation were concerned with a difference of opinion as to the desirability of such a mass of production, it might be left to the solvent of time to settle the policy in regard to it. I cannot help feeling that it is not sufficiently appreciated in responsible circles that this more or less aesthetic issue is quite secondary, and that the time available in which to deal with the really important issue is quite limited.

In all the arguments put forward by the Midland Bank and, broadly speaking, by the great majority of currency reformers, it is assumed that because in times of trade prosperity more goods are consumed, therefore all, or very nearly all, of the goods that are produced are consumed. This fallacy was exposed at least a century ago. In the Rutland Arms at Bakewell, Derbyshire, there is a broadsheet dated May 18, 1843, issued by the stage coach proprietors in opposition to what they refer to as the "Lies and Man-cheater Railway." Beyond a tinge of regret that their robust phraseology is not available for use in the present controversy, their main contentions do not concern us, but one sentence which occurs in their broadsheet seems to me to be of more than passing interest. It is as follows: "It is a known fact of the present day that the chief source of all our national distress is that the consumption is not equal to the supply." The interesting point about this extract is that it was evidently a matter of common discussion nearly ninety years ago. It is not difficult to guess how it came about that so few references to this discussion have come down to us. What was not, so far as I am aware, a matter of common discussion was the exact process involved in the financial system which even one hundred years ago prevented consumption from being equal to supply, or supply from slackening when the limits of useful consumption are reached.

Let me reiterate this point. So far as it is possible to obtain an indication of the present views of the Midland Bank from Press sources, these would be directed towards such steps as would increase both production and consumption. But there is no public indication that its directors recognise or, at any rate, are prepared to deal with the proposition that there is a considerable and probably increasing disparity between possible consumption and a given amount of production.

A hundred years ago Great Britain was the workshop of the world. So long as she could produce, she could sell abroad in almost any quantity. Consequently, the fact that a rising level of consumption involved a still more rapidly rising level of production did not result in any serious check to the working of the machine. To-day, however, the situation is completely altered. Every country is attaining the status of a producing country. Under the financial system as it exists, a rise in the level of consumption in any country involves a corresponding or greater rise in the amount of exports for which a market must be found.

That is the problem: under the existing system general, i.e., world prosperity, is a mathematical impossibility. It involves the proposition that every country must export more than it imports, which is patently absurd. In the endeavour to meet the requirements of this mathematical absurdity, international friction is inevitable, and we would put it to Mr. McKenna and the Midland Bank with all the gravity that the importance of the situation would seem to justify, that merely to aim at "trade" prosperity without realising that, under conditions as they exist at the present time, trade prosperity must involve greater exports and must therefore be gained at the expense of some other country, and with the reasonable certainty of diplomatic complications, is to accelerate the arrival of the next international conflict. It is quite open to argument that even so, the interests of this country make such a course inevitable in the circumstances, but we surely ought to understand what we are doing.

(To be continued.)

"The claims of those who advocate family endowment schemes require the most careful analysis. . . . A family cannot unreservedly be regarded as a burden carried by parents on behalf of the State. If large families are a cause of poverty the remedy lies with the parents themselves. Before the father—or perhaps we ought to write, mother—of six children is to be paid a subsidy, it is surely necessary to show, not that the children need support—which is a separate question—but that their parents needed six rather than two children. When these doubts have been answered there will be time enough to talk of ways and means."—*The Manchester Guardian Commercial*, April 14, 1927.

"Are we never to learn anything? The United States has now the wealth of the world, and is the object of the world's most bitter and relentless hatred. It is not at all improbable that a combination of nations may, at no distant time, make war upon us to despoil us of our wealth and to destroy our predominant economic and political position in the world. We have many economic and political contracts that are creating more and more friction every day, and that may precipitate an armed conflict at any time."—A. S. Lanier, of Washington, reported in the *Manufacturers' Record*.

"As President of what is probably the most vigorous textile society in the country, I see the wool textile trade seriously affected by the unfair competitive position due to the compulsory measurement of our operatives' wages in gold. . . . This, in common with all other productive industries, calls for the immediate abandonment of the deflationary policy which has allowed the manipulators of money to write up their stocks and increase their profits at the expense of industry."—Mr. Arthur Hitt, President of the Bradford Textile Society, in *The Drapers' Organiser*.



## Sir Herbert Samuel and the "Observer."

According to the *News of the World*, Mr. Lloyd George and Mr. J. M. Keynes were in close conference with Sir Herbert Samuel at Churt last week. The Liberal leaders have been disappointed in an attempt to buy the Toulmin group of newspapers, namely, the *Lancashire Daily Post* and its allied papers, which have been sold to Mr. Harrison, the newspaper proprietor, for something like £600,000. They will have to consolidate their interests in Lancashire by some other means. The report mentions that they are at work on a compulsory profit-sharing scheme, to be included in their election programme. But the most intriguing information is this:

"Sir Herbert is now acclaimed as the forthcoming Prime Minister, and it is said that Mr. Lloyd George has promised to serve under him."

This may be incorrect but it sounds true. It better accounts for the dramatically swift revival of Liberal prestige and success than the hypothesis of Mr. Lloyd George's premiership, especially when the latter gentleman's attitude during the General Strike is taken into account. For Mr. Lloyd George showed plain anti-deflationist tendencies; and although he may have recanted since, it would still remain a matter of moment to the high financial interests to secure a new Premier who had never professed views of that nature. The persistent disparagement of Mr. Baldwin's Administration in the *Daily Mail* and elsewhere, coupled with the free advertisement of Liberalism afforded by the *Evening News* lately, suggested that more wires were being pulled than were within the reach of Mr. Lloyd George. And now there comes the biggest scoop of all—the temporary abdication of Mr. Garvin from his editorial position on the *Observer* in favour of Sir Herbert Samuel. In last Sunday's issue are the first three columns of a Samuel Manifesto on the Coal problem, with another three columns promised for next Sunday.

Sir Herbert's analysis of the situation contains nothing unfamiliar to readers of this journal. Nor have we space to follow it in detail except to note that he reprobates the mining companies for having distributed bonus shares when they were prosperous, and insinuates that land-owners are getting too fat on royalties, but avoids saying that the money should have been paid to the miners instead. He flatters the miners ("The miner is often a thinking man") and warns "the well-to-do classes" not to "cherish the belief" that the discontent of the miners is the product of Mr. Cook. "It is Mr. Cook who is the product of the discontent." The rest of his article is a diatribe against the inertia of the mine owners, the several items of which are authenticated by judiciously selected facts and figures from the Coal Commissions' reports. Coal distributors come in for part of the blame, and in this connection there is the pat on the head of the London Co-operative Societies, who "could do the work at a cost, in respect of establishment charges and clerical salaries, of 1s. 7d. per ton less than the coal merchants." Naturally he has to refer to the falling off in demand, but says that that is because coal is too dear to attract foreign orders. He is evidently leading up to a proposal to reorganise coal-mining by closing uneconomic pits and running the others at full tilt. There is one thing he insists upon, and that is that the miners' wages must not be lowered any further; but since everybody from Land's End to John O'Groats is already aware that they cannot, there is no particular merit in this display of humanitarian concern. There is no reference to the credit question. Perhaps that is reserved for special treatment next week.

## Tariffs, Unemployment, and a Financial Inquiry.

Six weeks ago the Economic Conference at Geneva vaguely approved the idea of a general reduction of European tariffs. To-day Germany, Rumania, France, and Spain have either raised or have announced a rise in various items on their tariffs. The *Daily Mail* asks what Britain is going to do about it, asserting that already this country is taking "about one-fifth in value" of the total goods exported by the whole world. It refers slightly to an opinion recently expressed by the Swedish economist, Dr. Cassel, a few days ago, that, in the interests of "world-prosperity" a nation should abandon such of its industries as require high protection: upon which it comments that "such a nation would speedily die of unemployment." The other nations, it observes, "would not carry the worship of 'world-prosperity' to the length of maintaining the destitute workers of those countries whose trade they had secured." Then it concludes: "The truth is, however wicked it may seem, that nations do not think of 'world-prosperity,' but of the prosperity of their own people." There are some well-scored debating points here. That they are answerable by Free Traders on their own plane of argument is true; but that fact only serves to show how futile it is to discuss the surface contradictions of deep issues.

The one irrefutable fact is that, as a physical proposition, a country which is importing more goods than it exports is thereby increasing its means of conferring prosperity on its citizens. In the Social Credit phrase it is building up its Real Credit. And since the more it accumulates Real Credit the more it can create and distribute Financial Credit without inflationary consequences, the "unfavourable balance of trade" for the "nation" can be turned into a favourable balance of cash for every individual composing its population. Then why is it not? Because of the doctrine that citizens may only receive incomes as rewards for work which they themselves perform. If the foreigner works for them for nothing (as he does whenever he dumps goods on them and takes none in return), they are not allowed the monetary means of consuming his free gift. But if they present goods to the foreigner they are allowed to come wherewith to buy more goods themselves. The orthodox economist, who accepts this situation, is not even consistent with himself. He insists that people cannot expect to consume unless they first produce. Yet he defends a system which titles them to consume most when the production retained at home is least; and to consume least when the retained production is most. This anomaly is a product of financial policy and practice. The reply to foreign dumping—if a reply is needed—is to enable the population to share up the dumped goods in the form of a national dividend. The mechanism for doing this is a matter of creating and distributing the necessary financial credit. The obstacle is that the banking system controls financial credit and claims to decide on what conditions it will issue it. So the immediate practical step for the inhabitants of Free Trade Britain is to push on with the agitation for a full inquiry into the rationale of banking policy. One of the latest representatives of industry to show a lead in this direction is Sir George B. Hunter. After giving the Middlesbrough Chamber of Commerce some startling facts about the condition of trade here he concluded with the observation that if no other way out of the impasse could be suggested the gold standard would have to be disregarded.

## Views and Reviews.

WILLIAM BLAKE.

That Earl Crawford has recently unveiled a memorial to William Blake in St. Paul's Cathedral, the Church of Empire, is a distinction for St. Paul's Cathedral if not for William Blake. For nobody could care less for temporal power than the poet who wrote that "State religion is the source of all cruelty." Centenaries are a safe institution. The genius who is not dead after a hundred years have elapsed from his birth is certain to be at least respectable, a condition that has already overtaken Mr. Shaw since it was perceived that all his plays are sermons. It is two hundred years since the birth of William Blake, who, having been accepted by the world, may at last be claimed by the English. For the English as a nation to adopt Blake, however, is like time swallowing eternity.

William Blake was both the archetype in history of the true Protestant and the real forerunner of the romantics. As Mr. Chesterton once said, a Protestant is a man who says: "I will see God face to face though He slay me." Blake could see God face to face without being slain in that he had, to use a phrase of Matthew Arnold's, got himself out of the way. Because he sought nothing for himself he could be occupied his life long with his own soul; because he sought no power he was able to see a great deal of the truth; because he believed that everything he did was the shadow of the same bright light as illumines all men he became a great individual. The absoluteness of his values gave him freedom fearlessly to obey his conscience. As for his romanticism, Blake justified it by harbouring those illusions which absolute values entail, and which add grandeur to life though they may not make it prosperous.

For the seer to be also artist is a spark across an abyss. It is a synthesis of the contradiction between an appreciation of eternity and a regard for the things of time. Blake realised at once the absolute unimportance of temporal man—and his absolute absolute individuality. Having encompassed this utter paradox of life, Blake gloried in it, and thus acquired, along with God and Walt Whitman, the right to contradict himself. Only philosophers endeavour to blot out the contradictions of life; for poets they are indispensable. As long as the manifest world continues, no truth will be complete without its opposite, and both will be barren unless they beget a new truth. Perhaps the most organic literary expression of truth is the aphorism, which the poet- visionary especially favours. Much of Blake, even in the longer poems, is in aphoristic form, and probably the most lasting of Blake's work consists of the aphorisms from his own inspiration, for which he was indebted, neither to Swedenborg nor to Boehme.

One cannot read the aphorist straight through as one would read a sonnet or a peroration. Nietzsche remarked that his works were not for people in a hurry. When he described justice as love with seeing eyes he threw a truth into the readers' spirit the experience of which is not fully attainable until the ripples have flowed out to infinity. While reading Blake one must keep quiet. "Nobody can speak truth in such a way as to be understood and not be believed," yet understanding is not for turbulent spirits. Truth is not seized; it dawns. Blake's argument for the true creative order of the Poetic Genius and form, for the truth that reason is not absolute but only one of the organs of the creative spirit, is hardly susceptible to empirical test, but it is final. Perhaps it depends on perception by faculties that, while crude and untrained in savage man, are almost

atrophied in civilised man because of his lack of faith in them.

It is dangerous to begin a moderate sized book\* with a summary of mystical doctrine. The result is almost necessarily formal and intellectual in the manner against which Blake vehemently protested. What is far more dangerous—and Dr. Clarke falls into both traps—is to systematise Blake's philosophy, and convert it during the process into an attack on the Jews. Dr. Clarke sweeps a good many other people away in passing, but his book invites the charge of being anti-Semitic propaganda, with which Blake would certainly not have associated himself. If a society were formed by Jews to provide the world with translations of the Talmud gratis, "it is safe to say," writes Dr. Clarke, "that the world would soon make an end of the Jewish religion if not of the tribe itself." If the threat, despite its vagueness, is good prophecy—Blake noted that that sort of prophet never existed—the Jews can hardly be blamed for postponing the wholesale distribution of the Talmud by street-corner tract ladies until the Christians become Christian. Possibly Dr. Clarke would agree with the man in the public-house: "How can you be a Christian with Jews?"

It is regrettable that Dr. Clarke has allowed the Jewish question to decoy himself, his reader, and reviewer from the Lord's Prayer and Blake's enlightening comments on Dr. Thornton's translation of it. To the spirit there are two Jews, first, the promulgator of the doctrine of righteousness and the law, and, second, the victim of the promulgation. Besides being a representative of Judaism—which Blake disliked along with most other *isms*, including most of all rationalism—the Jew is an organ of mankind.

"And all must love the human form  
In heathen, Turk, or Jew;  
Where Mercy, Love, and Pity dwell  
There God is dwelling too."

The fact that Dr. Clarke quotes this verse ought to have made him more careful about the Jew. Anti-Semitism is not one of the insanities in which the sane minority find hope for the world. Dr. Clarke is a homœopathic physician and a writer of delightful books on Hahnemann and his work. It is good to meet him also in the company of Blake, and quoting the Bhagavad-Gita. It is not good to meet him casting out the Jews as persons.

Dr. Thornton's translation of the Lord's Prayer was as prosaic as Dr. Clarke maintains; it deserved Blake's sardonic comments, including his parody beginning "Our Father Augustus Cæsar, who art in beginning Substantial Telescopic Heavens," and including a request for "our taxed bread," not to mention the reference to "all is debt and taxes between us and Cæsar and one another." But the pitfalls attendant on re-translating prayers ought to be evident nowadays to everybody. Complaints about the authorised version abound, but those who set about improving it usually end by respecting the original translators and being laughed at by their fellows. The version of the Lord's Prayer offered by Dr. Clarke is vastly more pure and true in sentiment than Dr. Thornton's; but it lacks the magic of the simple original. Dr. Clarke's book is well worth a revised second edition. The present edition contains a great deal that is welcome and worthy, especially the chapters illustrated by quotations from Blake. It has at least rendered one reader a service, for which he expresses gratitude; it has caused him once more to become engrossed in the poetry of Blake.

R. M.  
\* William Blake and the Lord's Prayer. J. H. Clarke, M.D. The Hermes Press. 7s. 6d.



## Drama.

### The Sitwell Season.

Whether the notice of a public reading of poetry be legitimately included under drama or not an invitation to "Beautiful Readings of Beautiful Poems" at the New Chenil Galleries—certainly appropriate surroundings—justifies waiving the doubt. Performance of dramatic compositions is well provided for with special buildings, special groups of craftsmen, and a complete industrial organisation, whereas the mention of a poetry reading merely calls up ghosts of child-reciters and drawing-room declaimers better left in their graves. Elocution is the last throw of a bored company in which no singer is present. Yet the speaking of verse is an art that shows signs of revival. Unfortunately the few verse speakers who have received public attention have been mainly the people who have written the verse, the intention of the audience usually being to boast more of knowing that the writer is handsome than about having heard the verse. An author who lets himself be persuaded to give a reading of his poems rarely adds to his reputation or theirs. Those who have listened to verse-recitals broadcast will agree that among professional elocutionists the person with prosodic fads to advertise on the credit of the Oxford accent is more plentiful than the reciter who can make poetry sound organic and creative.

Seeing that the works read by Osbert, Edith, and Sacheverell Sitwell are already, or shortly to be, procurable in book form, a public reading by the authors must be judged exactly as would a public reading by anybody else, that is, by the quality of the rendering. While I admire much of the work of the Sitwells there is no option but to say that all of them greatly need production for poetry reading. They did not do justice to their own work. Modesty is a shabby virtue for which the Sitwells are not usually blamed; nevertheless, on this occasion more immodest readiness to add fit execution to the matter would have added to the worth of the aesthetic experience.

Of the three Mr. Osbert Sitwell gave greatest care to the ideas he had to communicate apart from the form of the communication, and as a consequence was the most interesting to listen to. Miss Edith Sitwell's reading was characteristic of the impression given by her work. She seemed far more occupied with the music of the words than with anything conveyed in them. She resembles all intelligent people in that she reads too quickly for the audience's full comprehension and enjoyment. Mr. Sacheverell Sitwell, suffering from throat trouble, cannot be excused his pronunciation. Poetry-reading, although an entirely different art from oratory or acting, has the same need for cultivation and for the beautiful diction whose loss Mrs. Patrick Campbell is rightly lamenting. Poetry-readings are welcome indeed; but the public has a right to expect that public readers will study, evolve, and master a definite technique of verse-delivery. It is their duty to stimulate the audience to work as hard as the quality of the poetry requires for its complete experience. To show anything one must be a show-man.

### On Marionettes.

If it be a crime for a critic to enjoy himself, let the plea of guilty save the expense of a trial over my experiences with the Italian Marionettes. Since their transfer to the Strand Theatre I have availed myself of the courtesy of Dr. Leigh Henry and the changes in programme to see the puppets again, as much this time from the back as from the front of the stage. Marionette working, I find, not only runs in families; it has run in the same families for more than three

centuries without break. Secrets of technique and skill are almost like family skeletons, and are guarded in a manner that throws light on how it came about in the times of the guilds—if it did come about—that the word *métier* became the word mystery. Wire-pulling, in spite of all the reforms of machinery and Parliaments, remains a craft and a mystery.

It is as well, if the art of marionettes is to prosper, that the institution of the family should not absolutely perish. For puppet-working, in the nearest English equivalent to family-mystery, is team-work of the first order. So far as the audience is able to tell, there can be no star-system among marionettes, since all the operators are out of sight, and the little wooden figures are scarcely likely to vary in salary or in conceit. Possibly this absence of the star-system is one reason why London did not at once take to the marionettes, since the Russian ballet, which, all said and done, consists of marionettes also, became not only a fashionable cult but a popular one. For a marionette to move across the stage it has to be passed from hand to hand along the line of invisible operators on the bridge, so that its movements proceed regularly, as though dictated by one brain. Individual marionettes may bow comically to the audience in acknowledgment of their applause, but the ensemble of the whole production is the work of the whole company of operators. Dr. Whitehead is almost furnished with a parable for his research into the problem of continuity.

The supplanter of the "Willow Pattern Plate" in the programme is a vaudeville piece, "Darby and Joan's Dream," with music by Marie Mely—a pseudonym which is not an anonym since the name of Countess Vanden Heuvel follows it. The piece is entirely unworthy of inclusion in the Marionette Theatre. There is only one way of lulling the elder members of the audience into a retrospective sob over their lost Victorian childhood, with its sentimentalised simplicity, and that is to revive the actual Victorian work as Mr. Playfair has done in "When Crummies Played." Mr. Playfair's piece would surely make a magnificent marionette-entertainment; or why should we not have some of the later Victorian comedians with their actual hits in a complete Victorian music hall? Every dream of "Darby and Joan's Dream" could have been contained in less than a quarter of the length. The posture of the old English country couple sleeping on the rustic bench was excellent marionette craftsmanship, as were also the few steps of hornpipe danced by the young English sailor with a somewhat Italian gait supposed to be dreamed by the old couple; in the twilight effect the stage setting was pleasant; but so small and few compensations could not sustain so much inferior naturalism. In this turn the marionettes make a mistake similar to the one attributed to women—of despising superiority over human beings in a realm where it is worth having in order to compete for equality in one where it is not.

With marionettes at their best, the spectator enjoys the illusion of sitting among the gods while the Olympian jesters on the bridge make fun of men. There must be a vast field in history, and in the institutions of modern life, beyond the burlesque of things of the theatre, opera, and music hall for marionette opportunity. The puppets have as much claim as human actors for authors like Shaw and Barker to write for them. Julia Chatterton's "The Dream of Sheba"—a bigger theatre accommodates the drums better, but they still deny justice to the rest of her musical setting—is in the direction of expansion. As Dr. Leigh Henry obviously perceives his concern to select music that demands a serious hearing for the intervals between marionette pieces is one sign—the marionette theatre will not have done full justice to itself until it has fully exploited

its immense potentiality for growth. Here is a medium and a technique for a drama as engaging as that of the human actors and actresses. For those who lay stress on the importance of the theatre as against the supreme importance of the author's personality and views, it should prove a superior medium to the ordinary stage.

PAUL BANKS.

## Macaroons and Suicide.

By William Repton.

Would he come over to tea and bring his two little daughters? He would be pleased, and at half-past four the trio arrived. He was sixty-six years old, tall, and in full face looked like his famous countryman Schopenhauer, and spoke without reserve, a habit that is only acquired or used by those who have reached the metamorphosis of Nietzsche's lion. In this category I only include subjects that matter; the full-throated crowd speak without reserve about anything.

Six round the table, on which were spread six little dishes, each containing prawns and mayonnaise, beetroot, lettuce, onions and cucumber. A dish of gingerbread, a cake-stand holding fancy cakes, a plate of white bread and butter and a plate of brown. Herr Julius would have some bread and butter, and, yes, he took tea—lavishly. He would have a cake—among the pink, white, and mauve cakes were two almond macaroons; his eyes sparkled. Could he?—did anyone else?—no? no one wanted even one. "It is years since I had one of these," he said, and I detected in his reminiscence, a tone, somewhat melancholy, a sound like a musical sigh for things that had once been, but were not now. The whine of a beggar leaves the heart a stone, but the tone of his words struck like a hammer on a bell within me. Here, then, was holy ground in the confines of the spirit. It were better to leave it, serene, secure, and inviolate. It were better to pinch the spirit of curiosity by the neck; it were better quietly to discipline the wanderer in the vast spaces of speculations and descend to earth. When the rest had left to see a dancing display he and I went out.

There is a pleasure in touching the earth through her green carpet. Macadam, flag-stones, cement, and wooden blocks, are the vesture of city territory that conspire in the creations of robots. We walked slowly along shady roads; the blackbirds were singing, bees were humming in the beech trees, and when we reached the common, a refreshing breeze greeted us. Herr Julius leaned on my arm. The contact again set in motion all those thoughts when he had with childish delight taken a macaroon. Again, curiosity was driven away.

We reached an old tumble-down inn, and found our way into the garden. In the distance was a cedar tree, with the sun showing to perfection the lovely colour of the trunk. The new green of this year was sharply defined—on one bough was age and youth. Orange blossom covered a little shed at the end of the garden. There was a little peace, and Herr Julius, unbidden, began to tell me of his life.

At the age of thirteen he had left Germany for Chicago, had worked hard in a cigar factory, had worked also with Samuel Gompers, and had worked to follow his bent—he was a singer. He had returned to Germany, and had worked with Wagner at Bayreuth. He had sung in all the old wizard's operas. But the word "work" was predominant.

"Have you ever come to the very end of things? When you think that there is no other way out," he asked.

"Yes, once when I was twenty," I replied, craning my neck across twenty-two turbulent, preposterous, sweet and sour years. "There is a door up

to which all our thoughts bring us by different routes; we knock and there is no answer and no signs of it being opened."

"But do you think that by putting an end to life that that is the door opening?"

"I don't know; on this side, life is a fact. A cry of pain is a reality; an empty belly is a greater fact than saints in heaven."

"Humph": and both our thoughts retired—a trifle exhausted.

Then he recounted how he had held for some time the rights of Gorki's "Lower Depths," a play that had had the effect of an earthquake on my feelings. How it had smashed the complacent hardening of the view that values on life were the aristocrat's function. How it had rended asunder the view that goodness can be taught by precept, how it had left high and dry the Brutus attitude to life. How the hell can you fight in life if you must preserve a crease in your trousers? Of what account, then, are clothes and titles in the world of the spirit? Herr Julius had made and lost thousands; had been through the sunshine and north-east wind of fortune, and at the age of sixty-six could laugh, and find delight in a macaroon.

Who will sing about prussic acid? An offspring of the almond—not everybody's taste, but having, in the macaroon, been harnessed with sugar, egg-white, and flour, it goes down. So does the draught white, and we must not be too analytical. I left of life, but we must not be too analytical. "What Herr Julius, smiling, yet I recall his words, "What is it all for?" But forty-two may have a few illusions; sixty-six has none, and, in the words of Jesse Lee Bennett, "The world is an infinitely complicated place. And every man and woman is, ultimately, alone. Alone in a universe filled with terror and pain and misery but also with wonder, with beauty and splendour." And one little truth have I grasped from a chance remark to me by Karel Capek. The animal kingdom does not know the word "help." We, as risen human beings, can only make its meaning live by putting it into practice, and the question of what is it all for can bide our tune along with those of why birds sing, why women say no when they mean yes, why Ford thought he was benefiting the human race by blocking up roadways with tin, indiarubber, steel, stink, and glass, and what is the effect on the cost of living now that there is a procession of Atlantic fliers.

### FROM THE PAST.

There shall be touching of hands  
(Only these finger tips)  
Lighter and far more hopeless  
Than words at our lips.  
They must be blown by music and strewn by the dance.  
Our fervour shall pass like the glint of an old romance.

Figures to tread on the grass  
(Let viols be wailing!)  
Weaving in, weaving out the pursuit,  
The flight, the unveiling,—  
Decorous bending of knees and the droop of lashes—  
You shall have these, and embraces. The rest is ashes.

Gardens under the moon  
(There were none like ours)  
Dark and old in remembrance  
Gave us haunted bowers  
Sprinkled with a dust of magic not known everywhere.  
They are blasted too,—and now no gardens are fair.

But peal the tune again!  
(Your hand is not gone)  
With eternal retreat and return  
Let the dance go on.  
The vague pretensions of dark shall not make us afraid  
To dance, to hope,—and attain not, here in this shade.

LIONEL GRANT.



## Reviews.

"Benjamin Franklin." By Phillips Russell. (Ernest Benn and Co. 25s.)

The author of this biography promises two attractive things on the book-cover. He describes Benjamin Franklin as "the first civilised American," and describes the work as "a study in the light of the new psychology."

"When the author began to study the life of Franklin he believed there was an inner Franklin, the springs of whose actions could be uncovered. His search was only partly successful, and he is now convinced that either there was no inner Franklin or that the outer Franklin so successfully covered and shielded the inner man by a host of external activities that any attempt to penetrate more than an ell below the surface of his life is and must be baffled."

So the author concludes, from which one may presumably infer that civilisation or studying a man in the light of the new psychology—or both—causes the inner man to vanish. The author has gone the wrong way, at least two wrong ways, about his task. He has first allowed himself to be dragged again and again from the essential subject, and he has tried to make a chatty book rather than a useful one. In following a hooded and cloaked party from London to the Hell-Fire Club, for example, "we arrive at the village of Marlow, in Buckinghamshire. We pass through and take the road to Henley, of boat-race renown." Perhaps that is the kind of topographical detail that Americans like in such works as the biography of Franklin. If so it is time somebody found the second civilised American to write a life of the first. In this book the reader is relieved whenever the author allows Franklin to speak, and is moved repeatedly to wish that the biographer had learned the crisp, clear, and direct style of the subject. Mr. Phillips gives more information about some things than Franklin did in his autobiography, but he does not give it nearly as attractively; and although the publishers allege that Mr. Russell rescues a great American from the myth-makers it is only to deliver him into the hands of sentimentalists and romantics.

Perfectly Scandalous. William Gerhardt. (Ernest Benn, Ltd. 3s. 6d.)

Fourteen characters are required for this lively comedy in three acts, one of them—Mr. Schmidt—being a supernumerary, apparently added to avoid ill-luck. Gerhardt has gone about his work in craftsmanlike fashion. The actors cannot let the piece run away with itself into farce because the author has put the farce into the first act, the comedy into the second, and an element of tragedy into the third. There are many places where phrases would need to be cut for production to avoid the echo of their previous use in the same play, but the whole should go well. "The Immorality Lady," as the play is alternatively entitled, is Mrs. Brandon, who goes through life taking care of other people's morals. She is not quite like the man in Wilde who was good till he was sixty-five and repented too late. She was worse off than he, since she had not the long bliss of his ignorance. Her youth was tarnished by one lapse, from which there was a consequence, a young critic who appears in the play. It dawns on Mrs. Brandon, however, as she is dying that she made the mistake of living other people's lives instead of her own. For those who cannot bear an artistic ending the author has written an alternative one. The scene, designed to facilitate an international gathering, is in a Tyrolean pension. The chief parts invite production as types rather than as characters, except in the last act.

Gems and Life. By Moysheh Oyved. (Benn. 5s.)

Sitting in his Cameo Corner, Mr. Edward Good, otherwise Moses the Servant, sees many interesting folk and thinks many engrossing thoughts. Down

they go in his penny exercise book in fluent Yiddish, to be transferred into English later on at a domestic Hampstead desk, where no customers interrupt. He writes with the soft and liquid charm which is part of himself. Now and again the imp peeps out, chuckles, and disappears. No wonder Moysheh Oyved has made so many friends among the cool and flute-voiced ladies who buy his trinkets and get his philosophy free of charge.

The Hope of the Workers. By Austin Hopkinson, M.P. (Martin Hopkinson and Co. 2s. 6d.)

Mr. Hopkinson likens production to corn. So much of this corn may be eaten, and so much is seed-corn (capital). You must, he argues, limit your eating sufficiently to leave enough seed for a next harvest. The total quantity of corn is so restricted (and will be for many years) that all-round self-sacrifice is a necessity—and hence the prime virtue. The "hope of the workers" depends on their allowing the Capitalists to superintend the rationing of the sacrifices. The Capitalists in turn are exhorted to show a good example by accepting their fair share of them. Labour must meanwhile gradually learn the art of managing industry, first as investors and afterwards as directors. Socialism is impracticable. Karl Marx was misguided (copious reasons given). But so is Mr. Hopkinson. His central argument is that the great danger to industry is over-consumption. It happens to be the opposite—under-consumption. If "captains of industry" can be trusted to manage industry they can be trusted to know what is the matter with it. Their unanimous complaint is lack of orders. Mr. Hopkinson says we must all be poor for years to come because of the war. Translated into the terms of his "seed-corn" illustration, this would mean that the war used up part of our pre-war reserves of seed-corn. But it did not. Britain's capacity for production is said to have increased fifty per cent. during the war period after allowing for all consumption and all destruction. So long as Labour can watch Capital closing down factories, burning ships, shooting calves, reducing areas sown with wheat, cotton, and sugar, capping oil wells, throwing fish back into the sea, and generally holding goods off the market, Mr. Hopkinson cannot expect to be taken seriously. These phenomena are all bound up with the price problem, and the price problem is an aspect of the credit problem. Since Mr. Hopkinson omits the whole subject of credit from his survey there is no object in extending this notice.

The Song of Songs and Other Stories. By Rhys Davies. (E. Archer, 68, Red Lion Street, W.C. 3s. 6d.)

Some of Mr. Davies's stories have already appeared in "The New Coterie" at different times, and attention has already been drawn to the work of this young writer in the pages of THE NEW AGE. Mr. Davies is a realist, and his style serves him well when he writes of death and the horrible deeds of crude and cruel people amongst the harsh ugliness of his mining valley in Wales. There is no sophistication or subtlety in the struggles of his people nor in their methods for obtaining love in their lives. In "The Sisters" there lives a general atmosphere of hatred and deceit, greed and savagery, for the struggle of the two women in the story is largely composed of these unamiable qualities in their attempt to capture and possess a man. The author wastes no drapery of cumbering words to cover up the mean qualities of his men and women. To an extent these six little sketches seem to betray the conflict in the soul of their author, his obsession of sex and cruelty and the reaching out to grasp the light shining in the human soul. When Mr. Davies learns that sex is only one of the interests in life he may do some really good work, and we look forward with considerable interest to the novel he hopes to publish later in the year. There is a striking portrait of the author by that fine artist William Roberts in this volume.

"The National Industrial Conference Board, New York, finds that savings have been increasing at a much faster rate than incomes. New annual savings, as represented by savings deposits in banks, by payments to building and loan associations, and by life insurance premiums paid, had increased from \$6.71 a head in 1914 to about \$33 a head in 1926, an increase of about 390 per cent. Average 'real' weekly earnings of industrial workers, that is, their actual earnings in relation to living costs, a cardinal factor in measuring the maximum that it is possible to save, in 1926 were 29 per cent. greater than in 1914, while the amount of money saved per capita of population in 1926 was 390 per cent. greater than in 1914."—Commercial and Financial Chronicle.

## THE MANCHESTER ECONOMIC RESEARCH ASSOCIATION.

We have received a copy of the prospectus of this Association. Its President is Dr. J. Hewlett Johnson, its Chairman Mr. S. Rigby, and its Secretary-Treasurer Mr. Joseph O'Neill. Its address is 10, Hardman-street, Deansgate, Manchester. The annual subscription is 10s. 6d. One of its services to members is a Library, from which modern works on economics and finance may be borrowed. These include books by Major Douglas, Foster and Catchings, Adams, Hattersley, Powell, Kitson, Keynes, and Hartley Withers. Others will be added from time to time. Mr. O'Neill will be pleased to hear from readers of THE NEW AGE who reside in the Manchester area, and hopes that they will become members.

The prospectus is a 4 pp. thin card folder containing the above information and in addition the following reasoned argument on "The Need for Economic Research":—

Sir Josiah Stamp, speaking at the annual meeting of the Institute of Actuaries, in 1926, said: "In economic matters we are still in the Stone Age." Plants, animals, and human beings which fail to respond to a changed environment become extinct. Nations which fail to respond to the changed environment since the World War will become decrepit. New conditions require a new economics, and whilst learned professors talk about a possible world shortage with bated breath, what in fact the World does dread is not shortage but abundance. An abundance of cotton threatens cotton growers, cotton spinners, and manufacturers with ruin. An abundance of coal makes coal unsellable, while a sudden shortage of supplies doubles prices. A post-war National Debt of £8,000,000,000 cannot be carried on a pre-war currency and credit with its corollary of pre-war incomes (wages, salaries, and dividends), nor can pre-war policies solve post-war problems. In the industrial field there is no limit to the possibilities of production. In the financial field it is a provable proposition that there is no necessary limit to the amount of money which can be created. Unfortunately, the two fields are farmed by different owners, whose policies do not always coincide. The problem of to-day is to find customers with the money to buy. Nations are putting up tariff walls to prevent outsiders giving them goods (we call it dumping) the while their own nationals may be starving for the very goods. We are prepared to send goods to Russia in exchange for credits which may never be again exchanged for goods. America is sending us goods and instead of taking goods in payment is piling up credits in this country. This means that she does not wish to take payment for them at once in goods and services. The need is for economic research to analyse the malady and formulate the remedy. To prescribe without accurate diagnosis is risky.

Some carefully chosen statements from speeches and writings of Lord Milner, Mr. Henry Ford, Mr. McKenna, and other authorities complete this publication, which thus has an interest for students in other centres than Manchester. If the type is still up, it appears to us that the prospectus could easily and cheaply be adapted to serve the purpose of any similar society which might be formed elsewhere. We wish the Manchester society success. There is no doubt that the coming months will provide innumerable opportunities for its work. The public are surely coming round to the idea that financial policy is the root of their troubles. A recent sign appeared in a cross-word puzzle! (*Morning Post* of April 2 and 4.) The "clue" to a certain word was given in the phrase: "Masters of us all." In the subsequently published solution the word was: "Bankers." We may also cite Tom Webster: "George is thinking of turning professional himself because he says there is no doubt that everybody's trouble commences at the Mint and ends up at Somerset House." (Cartoon in the *Daily Mail*, July 7.) "We are all credit reformers now," as Lord Balfour might say.

## LETTERS TO THE EDITOR.

## MR. PENTY AND DISTRIBUTION.

Sir.—With reference to Mr. Penty's letter of a fortnight ago, I offer my apologies to him for having written in such a way as to identify his policy with that of Messrs. Chesterton and Belloc. I had not forgotten that Mr. Penty was the progenitor of the Guilds Movement, and I had just read some references to an argument between him and some Distributists on price regulation. My error was to ascribe to him that great preoccupation with peasants which is theirs. They do agree on the essential mischief of machinery

and certain other modern devices. If I were in the unfortunate position of having to choose between Mr. Chesterton and Mr. Penty as counsellors to society, I should certainly prefer Mr. Penty.

HILDERIC COUSENS.

## THE NEW AGE GUARANTEE FUND.

Sir,—Will you kindly print the enclosed letter in THE NEW AGE. It has been sent, with a balance sheet and a list of contributions received during the year ended June 30, to all recent subscribers to the Fund.

I should like NEW AGE readers in general to be reminded of the existence of the Fund. I think there must be many who would be glad to help us raise the £500 we need yearly by sending a donation or promise a periodical subscription to the support of the journal. I will gladly acknowledge any remittance or promise.—Yours, etc., for the Trustees,

W. T. SYMONS,  
Hon. Sec.

Dear Sir or Madam,—THE NEW AGE has been saved from extinction during this, the fourth, year of Mr. Brenton's editorship, chiefly by the generous help of one friend, who came to the rescue in April last, but who wishes to remain anonymous. We were able to continue up to that point upon the balance of the sums contributed by the few persons to whom we appealed specially in May, 1926, and upon the continued faithful support of a band, smaller than in previous years, of those who have constituted themselves regular contributors, to all of whom the Trustees extend their warm thanks.

It is in the end upon the widespread support of the general body of readers that we must rely to meet the unavoidable money loss on production of the paper; and for this reason I am sending this letter to all those who have contributed during the two past years, whether their names appear in the current list or not.

We feel sure that the unique contribution of THE NEW AGE to the vital thought of the time is apparent to you. There is no other editorial writing that brings the same constructive criticism to bear upon public events; and although thought is visibly moving in the direction of the New Economics, resistance is at the same time hardening, and red herrings are present in shoals. Our most important moment has not yet arrived.

All Major Douglas's own writings upon the events and controversies of the time appear in THE NEW AGE; and the wealth of thought and hope that is naturally associated with the economic realities of the day, when imagined free from artificial restraint by the money system, finds stimulating expression in the articles on men and institutions that appear from time to time.

To be associated with the creative idea of a period is thrilling. It is some perception of that association which gives impetus to nearly every contribution that appears in THE NEW AGE, and stimulates Mr. Newsome's unstinted collaboration with Mr. Brenton, as contributor and literary editor, in bringing before NEW AGE readers the essential developments in sociology and culture which must go hand in hand with change of financial principle, and flower in the great variety of interests to which men will turn when released from the false restraints of the present time.

Please do all you can to enlarge the circulation of the paper; that is essential. But continue as well—and if possible increase—the amount of your support to THE NEW AGE Fund. We've had our "windfall" and special large gifts; and we shall need about double the total otherwise subscribed during the past twelve months, to meet our minimum loss on the year just commenced.

Yours faithfully,

For the Trustees of THE NEW AGE Fund,  
W. T. SYMONS,  
Hon. Sec.

29 Upper Bedford Place, London, W.C.1.

"Europe has to-day 4,000,000 unemployed, a fact unprecedented in economic annals."—M. Louis Loucheur, reported in *The Referee*, June 19, 1927.

"The gold basis countries of Europe are now at the mercy of the United States, and they are troubled at the uncertainties of the present situation. Many economists in Great Britain are still apprehensive of the workability of the gold standard. Articles are being written by Sir Josiah Stamp, J. F. Darling, an English banker, Professor Keynes, and others, to protest against the gold standard in its present form. They believe, rightly or wrongly, that it is one of the main causes of the present depression in English trade."—*Wall Street Journal*, June 1, 1927.



## 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.

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 un-saleable 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.

### 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.

### NOTICE TO CONTRIBUTORS.

Contributors are asked to take note that a column of large type in THE NEW AGE contains about 700 words, and a column of small type 975 words. Their contributions should therefore be of 700 or 1,400 words in the first case, or 975 or 1,950 words in the second.

Except in special circumstances articles should not run on to three columns. Normally a writer should be able to explain his thesis adequately in one or in two columns. If not he should divide it with the above measurements in view.

THE NEW AGE is on sale at Henderson's, 66, Charing Cross Road (close to Leicester Square Tube Station) and at the news stand on the corner of Holborn and Chancery Lane (opposite Chancery Lane Tube Station).

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

"Letters to the Editor" should arrive not later than the first post on Saturday morning if intended for publication in the following week's issue.

Cheques and Postal Orders should be crossed and made payable to "THE NEW AGE PRESS."

## CREDIT RESEARCH LIBRARY

### Books and Pamphlets on Social Credit.

- ADAMS, W.  
Real Wealth and Financial Poverty. 7s. 6d.
- BRENTON, ARTHUR.  
The Key to World Politics. 1d.  
Through Consumption to Prosperity. 2d.  
The Veil of Finance. 6d.
- DOUGLAS, C. H.  
Economic Democracy. 6s.  
Credit Power and Democracy. 7s. 6d.  
The Control and Distribution of Production. 7s. 6d.  
Social Credit. 7s. 6d.  
These Present Discontents: The Labour Party and Social Credit. 1s.  
The Engineering of Distribution. 6d.  
Unemployment and Waste. 1d.  
Canada's Bankers and Canada's Credit (Reprint of Major Douglas's Evidence at the Government Enquiry in Ottawa). 2s. 6d.  
The World After Washington. 6d.  
Great Britain's Debt to America: Method for Repayment. (A reprint of Major Douglas's suggestions to the Prime Minister, Mr. Lloyd George, in 1922.) ½d.
- DUNN, Mrs. E. M.  
The New Economics. 4d.
- HATTERSLEY, C. MARSHALL.  
The Community's Credit. 5s.
- POWELL, A. E.  
The Deadlock in Finance. 5s.
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It's Like This. 6d.
- SOCIAL CREDIT MOVEMENT (Symposium by members).  
Social Credit and Economic Democracy. 6d.
- YOUNG, W. ALLEN  
Dividends for All. 6d.

### Critical and Constructive Works on Finance and Economics.

- CHASTENET, J. L.  
The Bankers' Republic. 6s. [Translated by C.H. Douglas.]
- CHIOZZA MONEY, SIR LEO  
Fifty Points About Capitalism.
- DARLING, J. F.  
Economic Unity of the Empire: Gold and Credit. 1s.
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Business Without a Buyer. (In preparation.) 10s.
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Cartesian Economics. 6d.  
The Inversion of Science. 6d.  
The Wrecking of a Scientific Age. 6d.
- STRACHEY, JOHN  
Revolution by Reason. The "Birmingham Proposals." 7s. 6d.

### Instructional Works on Finance and Economics.

- BARKER, D. A.  
Cash and Credit. 3s.
- COUSENS, HILDERIC (Editor).  
Pros and Cons. A Guide to the Controversies of the Day. 2s. 6d.
- TOVEY, PHILIP  
Balance Sheets: How to Read and Understand Them. 2s. 6d.

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