

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

During the Debate on Unemployment last week Mr. Hammersley, Conservative member for Stockport, spoke of the condition of the cotton trade. Two hundred mills in Lancashire, he stated, were "in the hands of the banks," which had lent them "£15,000,000 in the form of overdrafts." He thought that the banks should get together and devise a new policy. Fifty of the mills should go out of production, and the remaining 150 put on a sound basis. To do this the banks "might have to write off £2,000,000 at once, but that was better than losing the other 150 mills in five years' time" (Report in the *Daily Mail* of December 20). We presume Mr. Hammersley to mean that the £15,000,000 is the amount of overdrafts still outstanding. Since the bulk of it would have been advanced during the boom of 1919-20, it should strike ordinary Members of Parliament as singular that the banks' dividends since then have been maintained so well. Of course, if the banks have been bringing this huge sum into their balance-sheets year by year as a good asset, their book profits will have appeared sufficient to justify the dividends they have distributed, even after allowing for their inability to recover the interest which would normally be charged on such advances. But if they have applied the prudential principle which they impress with such urgency on the directors of commercial concerns, they will have written this £15,000,000 down to such a figure as represents its convertibility into cash, and have charged their profit and loss account with the difference. But, if so, how can they justify the distribution of so much dividend? They may be able to say that they have reserves sufficient to bear the loss, but that would only be a good answer in the case that they were able to rely on eventually getting in their £15,000,000. Of course, there is no puzzle about it at all to those who know how the credit system works. They need, indeed, not know more

than Mr. McKenna has taught his shareholders, namely, that bankers' loans create deposits, and that repayments destroy deposits, to realise that the result of the banks' having been unable to recover the £15,000,000 is that, on balance, £15,000,000 more credit has remained circulating in trade than would otherwise have been the case. And in these days when everyone's complaint is that there is "no money about," the "gravity" of this situation will not appear so real to industry as the banker professes to regard it. What is poison to the credit-system is meat to the production-system, and *vice versa*—a truth which itself affords full justification for a Public Inquiry into their inter-relationship. We welcome Mr. Hammersley's airy suggestion that £2,000,000 shall be written off. It opens up a line of public education in the right direction. He runs the risk of having it pointed out to him that what he is asking for amounts to a subsidy to the cotton industry—a retrospective one, it is true, but none the less a subsidy. That, however, will be all to the good if it leads him, and his fellow Conservatives, to examine for the first time the fundamental economic implications of financial subventions of this sort in the light of Mr. McKenna's analysis of credit-creation and credit-destruction. They will then be on the road to the discovery that the only unsound element in the subsidy, as such, has been (a) that its distribution was specific and not universal, and (b) that its distribution was not accompanied by a policy concerning retail prices. The trouble has been that it was a loan in one direction, to be afterwards recovered from all directions—whether in new taxes or additions to prices. Naturally, the vast majority who had to repay the loan, which they had not received, kicked at the minority who received the loan but who escaped the liability to repay it. But there was never any necessity for this. There has been a bankers' law against it: but that is an entirely different proposition—and one into which there will have to be strict investigation soon. A

subsidy granted to one set of producers is paid, for the most part by them to other sets of producers who use the proceeds to defray costs arising out of their own bank borrowings. That is to say, the banks immediately receive and destroy the subsidy, leaving the amount of credit in circulation virtually unchanged. On industry's side the sum total of costs has been increased and decreased again by the same amount. On the community's side, some individuals have received extra money and others have parted with an equal amount—leaving unchanged their total financial resources. In the end the total costs of industry's goods and the total contents of consumers' purses stand in the same ratio to each other as before the subsidy was issued. It only remains to add that that ratio shows a large discrepancy in the disfavour of consumers—a discrepancy which, being chronic, is the very difficulty which has made subsidies necessary.

The Social Credit proposal for a general subsidy in new credit to the community would bridge the gap between industry's total book costs and the consumers' total money. Also, it would obviate the necessity for special subsidies to particular industries, and thus eliminate that sense of injustice which these grants have aroused among those sections of the community who have not got them. That will soften the psychological atmosphere. Then one may proceed to consider whether there would still remain a widespread popular objection to non-producers receiving a share of the subsidy. Now, in view of the demonstrable fact that modern industry requires all the consumers it can get as customers, it should be remembered that to-day the people who are participating in production are already subsidising those who are not. The bulk of non-producing consumers are the dependents of investors, administrators, and wage-earners. Therefore a just distribution of consumer subsidy which was confined to these categories of "producers" would entail giving to each one of them a share commensurate with the claims of dependents on his earnings. Whoever supported the most consumers should receive the most consumer credit. If that be granted, then there is clearly a difference only of method, and not of principle, between financing the "worker" to enable him to keep the "non-worker" and financing the "non-worker" to keep himself. The alleviation of burdens would be generally diffused by either method. But our own objection to the first method rests on the principle that the function of consumption is an integral factor in the development of industry, and is of equal importance to the function of production. Hence the would-be consumer has an economic right to receive his or her share of the subsidy direct from the national credit-authority, and not by *ex gratia* subventions through other people, who would thereby have the power to attach conditions to its distribution. The question whether this or that person is working in industry to-day is superficial. The immense power of industry to produce goods has been built up by past inventions and past labour. It has been inherited. It is "something" that the present generation has "got for nothing" from past generations. Therefore the beneficial ownership of this power belongs to the descendants of the multitudes of people (mostly unknown) who contributed to its creation. Now, can it be affirmed that there exists to-day a single man or woman who is not a descendant, and a very near descendant, of one or other of those pioneers? It cannot. Therefore every British citizen has a right to his "Descendant's Dividend," his share of consumer credit.

The reluctance which we encounter among people to admit this right arises chiefly from their belief that it cannot be conceded without taking something

away from the means of life of the better-off to give to the worse-off. This fear is unfounded. Industrial engineers are able and are waiting to double and treble output as soon as financial obstacles shall have been removed. And the Consumer Dividend will remove these obstacles by raising the general demand to the level of the possible general supply. There is also a fear on the part of producers; it is the fear of what is called "over-production": and all over the world the most rigid precautions are being taken to scale down output. By some magic you see industry frightened of its life lest it grow too rich in goods, and consumers equally frightened lest they grow too poor in goods. Yet consumers include producers—so that you have two mutually destructive terrors persisting together in the collective psychology of the same group of individuals. Can there be any explanation except that people have suspended their critical faculties in obedience to a false economic doctrine?

The accepted doctrine that all costs must go into prices sounds like a self-evident truth. In one sense it is. But it is not applied in that sense. The point is *what costs must go into what prices?* In present accountancy practice the answer is: the cost of all production—capital plant and commodities alike—must go into the price of the commodities only; whereas the principle of a true accounting system is to charge only commodity-costs in commodity-prices. But, objects someone, commodity-costs must include plant-costs. Quite so; but they must contain them once only, and not a duplication (or more) of them: or, if industry's costs are in part allowed to be duplicated, consumers' incomes must be "over-duplicated"—otherwise there must always be "over-production." It does not take any other quality than patience for everyone to prove to his own satisfaction that such duplication exists. It begins when the banker asks for his loans back before industry has disposed of all the production resulting from the expenditure of those loans. In any normal period of trade the total of bank "deposits" remains practically stationary between one balance-sheet and another. Since loans increase deposits and repayments decrease them, this stationary level of deposits means that the banks are calling in loans at much the same rate as they are issuing them. That, of course, means that industry as a whole is withdrawing money from consumers as fast as it is borrowing money from the banks. But in that case industry should be delivering production to consumers as fast as even if manufacturing it. Industry cannot do that even if it would; for it manufactures things for its own use as well as for consumers' use. As we say, it develops its "capital resources"—its factories, tools, and materials, and these only pass out to consumers over periods of months and years following them. One can illustrate what happens by supposing industry to borrow £1,000 for three months. Let us say that on January 1 it begins to distribute this sum as wages, salaries, and so on. On March 31 it has made, let us say, a plant worth £250. It is worth £750, and consumable goods worth £250. There-fore, it must get the £1,000 back from the consumers. But only a quarter of its production is saleable to consumers. So it must charge £1,000 for £250 worth of goods. But, if so, industry can thereafter not make any charge for the use of this plant. There is no fund of consumers' money against which it can do so. Now, if the industry we are considering be taken to represent our national industries as a whole, we can see that it would not attempt the task. Its accountants would quickly point out the impossibility. But suppose, to fit the illustration more closely

to actual practice, we imagine the £1,000 to be lent in sums of, say, £200 each to five little capitalists, who each make £150 worth of plant and £50 of consumable goods, then each can believe it quite feasible for him to collect his £200 for £50 worth of goods, and then go on gradually charging up the £150 on account of his plant. Some might succeed; but only to throw the others into bankruptcy. A critic might question their moral right to attempt such charges at all. But any one of them could reply that (a) he had incurred a risk when he first borrowed, and was entitled to whatever good fortune might reward his enterprise: (b) that when he first recovered the £200 he had to pay it all to his bank, and at that point had not even begun to get a reward: (c) that in any case he had to accumulate enough money to replace his plant when it wore out.

Now the whole difficulty arises from the fact that the banks do not discriminate between loan repayments representing (a) the true cost value of goods sold to consumers, and (b) the true cost value of plant and so on retained in industry. They retire and destroy all the money repaid to them without reference to what has happened in the field of physical production and consumption. In the case we have chosen, the right principle would be for the bank, when receiving the £1,000, to destroy the £250 only, and hold the £750 to the credit of consumers, thereafter issuing it to them as and when industry required to make charges for the wear and tear (or replacement) of its plant. The best method of distributing the money is a matter for salaried experts to work out: the important point is the principle itself. If applied to the general industrial problem in Great Britain to-day, it will take no long reflection to realise that the banks alone hold the key to its solution. As a first step they ought to restore sufficient credit to the community to bridge the gap between a reasonable collective price for goods available for consumption and the total amount of money which the community has available to meet it. The next step is to get industry to expand its output. That involves a guarantee to industry that further consumer credits will be distributed sufficient to raise the consumers' demand to the new level. That guarantee is implicit in the Social Credit Price Regulation method, which in effect pays industry a financial premium proportionate to the volume of commodities and services supplied to consumers. This exactly reverses the incentive offered to producers. To-day they fear a large production because they cannot sell it except at a loss. To-morrow they will hope for it because they can sell it at a profit.

We note that the Trades Union Congress has accepted an invitation to confer with employers on their common problems. Is it too much to hope that the external financial obstacles to their ideals will be brought into the discussion? We fear so. What the parties will do will be (to apply our illustration) to see how well they can get on in the absence of that £750 from consumers' purses. A little off investors' dividends; a little off labour's wages; a little more economy in operating production; a little extension of shareholding among the workers—in fact, a little more capital-labour chewing of its common tail. Everything will be done except to invite the banker to revive the nation's dormant credit. These explorers will wander aimlessly through the silent palace, and not one will have the wit to kiss the sleeping princess.

When the temperature dropped last week the retail price of coal went up. Naturally there was a row in the House, and poor Mr. Lane Fox was asked "what

about it." The next morning Fleet-street was chattering the same ineptitude. The Government, said the Colonel, "has no power to control retail prices." The House and the Press accepted that dictum without demur—and went on criticising him. He could only suggest that consumers should boycott the merchants till the price had come down. Freeze until the warm weather comes again, and you will force coal down to its warm-weather figure. The merchants have explained that they are merely recouping themselves for losses in the summer. The *Daily News* accepts this as probably true, but comments that "a system which works in this way, at such frightful cost in unnecessary misery and wretchedness, is not merely obsolete, but intolerable." But the "system which works in this way" is the whole industrial system. If it must recover all its costs it is merely silly to speak of the consequences as "unnecessary." Moreover, a coal industry that refrains from recovering its costs goes bankrupt and closes down; and where are the consumers then? This is only one illustration of a general evil. Suppose, for instance, that a tremendous and prolonged heat-wave drove everybody to slip out of woollen into cotton clothes. The cotton industry would raise prices. If challenged, it would use the coal-merchants' argument. It would, moreover, point out that it had to collect £15,000,000 to pay off the bankers' overdrafts before it could make a penny for itself. And, for that matter, have not the coal-merchants also overdrafts? It is not the merchants' coal in the carts that exhausts our money: it is the bankers' mortgages on the carts.

By a coincidence we have just seen the Annual Report and Accounts of the Associated Coal Consumers, Ltd., which is a co-operative organisation of coal consumers. Its figures tend to support the coal merchants' contention, for they disclose a year's net loss of £4,112 9s. 2d. on an issued capital of £9,692 16s. Its financial year, which ended on June 30, 1927, covers five months of the Coal Lock-out—to which fact the directors attribute the high relative loss. Before we speak of its balance sheet we must say a word about its other accounts. The profit on its Trading Account is £2,168 2s. 6d.; its receipts for transfer fees and interest on investments are £445 18s. 9d. Total £2,614 1s. 3d. Against these items are expenses as follows: Rent, salaries, and general management expenses, £5,629 7s. 10d.; depreciation, of lease, repairs and maintenance of rolling stock and head office, £697 2s. 7d.; directors' fees, £400. Total, £6,726 10s. 5d. Balance (loss), £4,112 9s. 2d. All these items constitute its Profit and Loss Account. The deficit of £4,112 9s. 2d. is now brought down into a "General Revenue Account." The balance of this account at the beginning of the financial year already showed a deficit of £1,426 6s. 4d. Adding the year's loss, the result is a debit total of £5,538 15s. 6d. On the credit side there is only one item, namely, the receipt of "Premium on issue of Associate Shares," £875 18s. Subtracting this, the net accumulated deficit is £4,662 17s. 6d. This loss is now carried to the Balance Sheet. It appears there as an "Asset"! Let us hasten to inform the uninitiated that there is no reflection on the directors and their auditors. The accountancy system itself requires them to put it on the "Assets" side in order to make the grand total balance with the liabilities. That is one of the humours of the accountancy system. The list of assets does not purport simply to show what values the shareholders own! it must include all other figures which go to balance liabilities. As an illustration; if these directors had never dealt in coal at all, but had gambled the shareholders' subscribed £10,000 odd on a dog race and lost it, the balance

sheet, according to accepted accountancy principles would read as follows:—

<p>LIABILITIES.</p> <p>Share Capital Issued. £10,000.</p>	<p>ASSETS.</p> <p>General Revenue Account. £10,000.</p>
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Of course, experienced business men would see the truth at once; but any ordinary person would get the impression that this "asset" was a fund of some sort. We must emphasize here that this is all legal and straightforward, and that, far from wishing to do the company an ill turn we would rather support it, for it is a company of consumers. Possibly ill-fortune has followed it on that very account. Our reason for singling it out is that its balance sheet happens to be particularly frank and informative—much more so than that of most companies, controlling investors' money to ten times the amount here in question.

The Associated Coal Consumers, Ltd., shows as one of its liabilities a bank overdraft of £5,624 os. 4d. To secure this it has been obliged to pledge the following assets: Treasury Bonds £3,300, and its lease of No. 11, Bedford Square, valued at £2,447 10s. The Treasury Bonds, of course, represent reserves, and these reserves it has accumulated out of profits made in previous years. They represent money which it could have distributed in the form of cheaper prices, but for the very contingency which has now materialised—namely that it must finance its losses by borrowing, in order not to have to sell working assets to raise the money. Now the Company possesses stock £1,260, railway wagons £3,517 16s., appliances, plant, etc., £48 6s. 10d., as well as cash £298 17s. 11d. Total £5,125 os. 9d. Taking for granted that these are reasonable valuations they ought to have spared the Company the necessity for pledging Treasury Bonds for their overdraft—and antecedently the necessity for buying them instead of cheapening its prices. But the banker does not look at it that way. Whatever happens to anybody else connected with a business concern he takes care to make sure of his money. So he exacts gilt-edged assets for his accommodation, leaving the other assets—those which would slump in value immediately they were auctioned under an insolvency order—to the shareholders. This is the fundamental cause of the huge aggregate reserve funds of industries in general. They could do their work just as well without them; but they cannot rely on bank finance for the work without them; and if they cannot rely on that they cannot work at all. And the consumers of the country pay for all this unnecessary, expensive subservience to bankers' law in the retail prices of commodities in general. But to come back to coal: would it be any wonder if the Coal Consumers Association did happen to slip a shilling or so on the ton if the market happened to favour them? For so long as it owes that overdraft it is under the risk of being called upon to pay it at any moment, in which case it would have not only to sell its Treasury Bonds but probably dispose of its lease as well. The remedy for this particular case must be a general remedy such as we have indicated in the foregoing paragraphs. An affluent community of consumers is the true economic security for industry's borrowing powers.

THE VANISHING TRICK.

He is rash
Who hoards his cash;
And worse who spends it.
The Thrifty goes
To One Who Knows,
And to that Expert lends it.
And so it serves
To swell reserves—
Which ends it!

L. S. M.

The Midland Bank and the Bankers' Institute.

By C. H. Douglas

III.

Returning, however, to Mr. Hyde, one cannot help feeling the presence in his address of a certain impish humour which, I think, is peculiarly English. After remarking, "It has been seen that if we can increase our cash we can increase our advances, and thereby increase our deposits by eight or nine times the amount of the increased cash" (my italics), he goes on to say "The question, then, is, How are these notes to be got out of the pockets of the people, where they fulfil no useful purpose, and into the reserves of the banks, where they will fructify in this desirable manner?" We might paraphrase this by saying: "How can the public be induced to surrender their legal claims on goods and services in favour of the banks, who will multiply them by nine, appropriate eight-ninths of them, and at the same time charge the public 6 per cent. for the privilege?"

There is, however, another aspect of Mr. Hyde's line of argument which probably comes nearer to the serious intention of the Midland Bank, which, whatever its general orthodoxy, evidently does not see eye to eye with the Bank of England on all questions. It is clear enough that if bank loans, and consequently public purchasing power, are a function of currency and must be increased or decreased as the amount of legal tender held by the joint stock banks is increased or decreased, the more legal tender actually and physically held by the joint stock banks, the less they are dependent upon the Bank of England.

It must be obvious to students of these questions that the high policy of international finance, in certain aspects at any rate, is quite conscious, easily recognisable, and persistently pursued. This policy is to construct in every country a pyramid of financial power, and to place at the apex of this pyramid a central bank free from Parliament or other orthodox political control. By the device of tying central banks to a more or less bogus gold standard, the whole of these national financial pyramids can be brought under control of one central agency having control of the gold. It is perhaps hardly necessary to remark that this is the United States Federal Reserve Board, which is to a considerable extent subservient to the policy of international finance houses such as Morgan and Co., Kuhn Loeb and Co., and, in the background, the Rothschilds, through their family affiliations with the Warburgs and the Schiffs. Any proposal such as that which we have just been considering does, to a certain extent, untie the joint stock banks from the Bank of England and weaken the control of the Federal Reserve system over the situation. It is hardly to be supposed that the Bank of England is unaware of the fact that it is not exactly carrying with it the whole-hearted support of the banking community, just as the joint stock banks are aware that the average business man is not inclined to join the bank manager and the tax collector in his esteem, and it is quite probable that both parties to the controversy realise that they have entered on a duel in which some shrewd blows will be given and taken. The proposed £10,000,000 loan to Russia by the Midland Bank, which would undoubtedly have offended Wall Street, was stopped in a manner calculated to inflict all the loss of prestige possible. Similarly, the "chequelet" scheme provoked Government action of a type which plainly marked it as proceeding from the Bank of England. Up to the present, therefore, the honours would appear to rest with the central bank, which is exactly what one would anticipate. On the other hand, the

progress of the Bank of England to the acquisition of the paper currency issue does not exactly appear to be having a smooth passage, nor do I think that the possibilities of action on the part of its opponents are entirely exhausted. It is a fairly new thing, at any rate in this country, for the chairmen of very large undertakings, such as the Midland Bank, to lecture to general audiences on the inner mysteries of banking, and to advocate an enquiry into the principles of finance for the benefit of the general public. Mr. McKenna has been doing this, and his action will undoubtedly assist in creating a body of opinion of which notice will have to be taken. In conclusion, I think Mr. Hyde's address may serve to confirm the opinion which I have previously expressed in regard to the bearing of the action and policy of the Midland Bank on the general situation. It is an important bearing, and in a destructive sense it may prove to be of fundamental significance. It represents the emergence as a factor in the situation, of producer control of credit, and the recent re-organisation of Messrs. Vickers and Armstrong and the impending reorganisation of other large industrial undertakings, combined with the aid of the Midland Bank, and accompanied by the dominating representation of the Midland Bank on the directorates of the reconstructed undertakings, should be noted in this connection. As I ventured to prophesy some years ago in *Credit Power and Democracy*, producer control of credit is quite probably an intermediate step between the financial control of credit and the consumer control of credit, and it will, so far as I can see, tend to accelerate the difficulties which arise from the concentration of credit control. If it be regarded as, humanly speaking, certain that the difficulties which are becoming almost intolerable in so many aspects of human society must shortly eventuate in a formal and gigantic struggle between contending ideas, it is, however, probably quite true that producer control of credit will, in the first stages of that struggle, facilitate the rapid development of armed strength.

It has been suggested by me on many occasions that, in spite of the obvious and lamentable defects in the spectacle presented by the British national character at the present time, there does not appear to be in existence anywhere a culture exceeding it in essential tolerance, kindness, and the ability on occasion to see facts as they are. The deep-rooted and very widespread dissatisfaction with the existing state of society—a dissatisfaction by no means confined to the subject of finance—seems to me in some ways a much healthier sign than the aggressive self-glorification which is a feature of post-war America. It was not for nothing that in 1897, a year which might be said to mark the zenith of the temporal power of the British Empire, Mr. Rudyard Kipling wrote "The Recessional."

For the foregoing reasons, as a transitional measure tending towards the effective preparation of armed strength, I think that the policy of the Midland Bank has to be accepted as practical politics, but I am equally convinced that the ultimate determining factor in the coming struggle will be what is called the moral factor, although the end in itself has nothing to do with morals. It bears the same relation to effective human mass action that cohesion does to the strength of materials under stress. There are probably many factors which govern this cohesion which are even less understood in regard to human beings than they are in regard to materials, and they are not very well understood in regard to materials, but so far as finance is concerned, I do not think it is open to question that no conception of centralised finance will hold together the individual units composing the British nation under the stresses to which it will be subjected in the next few years. Whether the necessary transition, which would appear to involve, on the part of

those who have to make it, the discarding of the philosophy of the Old Testament in favour of that adumbrated by the New Testament, can be made at the right time, I do not profess to have any decisive opinion. (Conclusion.)

"While English travellers bring back glowing tales of the prosperity enjoyed by the United States, it appears that American manufacturers are less certain about it. In an address to the National Electrical Manufacturers' Association in New York, Mr. M. W. Alexander, president of the National Industrial Conference Board, stated that in recent years about two in every five manufacturing corporations have either made no profits or have incurred deficits. Taking the income-tax returns for the six years ending 1925, he has discovered the following percentages of corporations which reported deficits or no net income, viz., 37, 54, 41, 37, 41, and 39 per cent. During these six years, for every 100 dollars earned by the successful concerns, 32 dollars were lost by the unsuccessful."—*Iron and Coal Trades Review*, October 28, 1927.

"The most significant development for many months is the recent dispute over French tariff. If the problem were limited to France alone it would not be so serious. We believe that France is voicing the protest felt by all industrial European nations. Europe has been borrowing huge sums from U.S. investors and buying equipment from U.S. firms in anticipation of the time when it could develop enough export trade to pay the interest, and eventually principal, on these loans. The French attack on U.S. tariff apparently is a signal that the beginning of this period of intense European trade expansion has come. However, the present dispute finally is handled, it appears certain that American manufacturers must expect the stiffest competition from Europe. This pressure will fall first on American export trade, and especially on such-manufactured goods as the United States is not ready to risk lowering its tariff and exposing its domestic markets. This may come eventually, but not now. The alternative for European debtor nations is to build up a tariff wall around Europe against U.S. goods and at the same time break down as rapidly as possible the tariff barriers between the individual countries of Europe. This, we believe, is very likely to be done, and the French appear to have taken the first step to bring it about."—Report from Babson's Statistical Organisation, U.S.A., October 18, 1927.

"Our tariff squabble with France has lowered our prestige abroad. Europe, generally, irritated by our tariff attitude, is inclined to regard our issue with France as a test in which France has all the good wishes of the Continent. The *Independence Belge* reviews the incident, and opines that it will help in the formation of a European bloc to oppose us."—*Commerce and Finance*, New York, October 5. "The importance of having Europe on a gold basis and of the stabilisation of European currencies, is only beginning to be generally recognised in the United States. We have a large exportable surplus of agricultural products and a surplus not so large but of growing importance of manufactured articles, for which we are seeking markets abroad. The difficulty of establishing reliable and permanent markets for our goods in countries where currencies are inflated or widely fluctuating has been vitally demonstrated to many sections of our people during the past ten years. . . . The important fact from the standpoint of the American farmer or manufacturer is that their products do not move into foreign countries on a satisfactory basis, either as to price or as to volume, where currencies are not stabilised. In view of these considerations, the Polish stabilisation plan, carefully worked out as it has been, is part of a broad policy of assistance to Europe which could not be accomplished without American help because of our predominant position as a reservoir of gold and of credit. America may take a justifiable pride in the constructive and public-spirited work which has been done by such men as Charles S. Dewey in Poland, H. Parker Gilbert in Germany, Jeremiah Smith in Hungary, and Walter P. Roland W. Noyden, T. Nelson Perkins, and Walter P. Cooke as members of the Reparation Commission. . . . We may take no little satisfaction in rendering this help. But beyond that, it must be evident to all who study the matter that no people benefit more from the success of these plans of stabilisation than do the farmers, the manufacturers and the merchants of our own country, and indirectly our people as a whole."—Owen D. Young, in *Commercial and Financial Chronicle*, October 22, 1927.

Feodor Sologub.

By C. M. Grieve.

The death at Leningrad after a long illness of Feodor Sologub (pseudonym of Feodor Kurmich Tetérnikov) has deprived Russian literature of a notable figure—the last survivor of the great Symbolists, and one whose work is better known in Europe and America than that of Annensky, Ivanov, and a few others, born within a few years of each other, and all worthy of far more attention than they have yet received outwith Russia. Sologub was born in 1863. He belonged to the working-classes, but after his father's death his mother went into service and her employer saw to the boy's education. He became a provincial schoolmaster, and later an inspector of schools. He "commenced author" in 1896, with three volumes—verse, short stories, and a novel respectively. It was eight years before he published anything further, but he had been continuously busy in the interval, writing and polishing and republishing his work. It was not until 1907, however, that he was able to abandon his profession and devote himself entirely to literature. His complete works began to appear in 1913, and comprise twenty volumes—five of verse, the remainder of fiction and drama. Two of his novels and several volumes of his short stories, fables and fairy-tales have been excellently translated into English by John Cournos, and translations of a few of his poems are to be found in Deutsch and Yarmolinsky's and in Paul Selver's Anthologies of Modern Russian Poetry.

Sologub is best known as the author of "Melki Bes," translated into English—not very exactly—as "The Little Devil." This was worked at, off and on, from 1892 to 1902; parts of it were serialised in 1905 in a periodical which did not live long enough to give all of it; and, after being turned down by various publishers, it was ultimately published in 1907, and scored an instantaneous success. Prince Mirsky in "Modern Russian Literature" (World's Manuals) says "it is probably the best Russian novel since the death of Dostoevsky"; but in his subsequent "Contemporary Russian Literature, 1891-1925," the same critic modifies the claim a little by saying "it may be recognised as the most perfect Russian novel since the death of Dostoevsky." But he makes not dissimilar claims for several other novels; and when it becomes a question of distinguishing between the purely Gogolian vein of Bely's "White Dove," or the same author's effect of Dostoevsky—not at his most Dostoevskian but at his most Gogolian—in "Petersburg," those equally under-world effects of Remizov's, whose peculiar touches, however, are quite out of Dostoevsky's line, or that genius for pity, as intense as Dostoevsky's but free from all "Nietzschean," "underground," and "Karamarov" ingredients which belonged to Garshin, we are in a realm of subtle distinctions few English minds can thrid. Suffice it that "Melki Bes" is a very great novel and that, in respect of it, its author's name occupies an assured position in closer proximity to such a giant as Dostoevsky than any non-Russian writer has yet reached. "His prose," say Deutsch and Yarmolinsky, is "fantastic and Poe-esque, yet in 'The Little Demon' he follows the Russian realistic tradition." This is nonsense and misses the whole point of the book. It is a purely symbolical and poetical work, and its principal figure, Peredonov, has

become a term in Russian literature as distinct as Oblomov or Stavrogin—or as "Falstaffian" or "Dickensian" in English literature.

To say that "the decadent aspect of Russian modernism is best exemplified by Sologub, an exasperated solipsist, living in a sick, fantasmal world," is as irrelevant to the discussion of Sologub qua poet or novelist as Prince Mirsky's statement that much of Sologub's work is nothing more or less than an effort to satisfy his peculiar complex by exteriorising it—a complex which it is not for the literary critic, but for the specially trained psycho-analyst, to study in detail. Such a contention should apply equally to the content of "normal" works. From the psycho-analytical standpoint the absence of any noteworthy presence of any; and from the purely literary standpoint the presence or absence of either is irrelevant. The literary critic has no business to come to any work *parti pris* in favour of sanity. A heroine who walks barefoot may be Sologub's sign manual in all his stories; but is she, in and for herself, any more or less interesting than a man who reads the *Daily Mail* or carries a cheque book? Of course not!

Sologub's Manichean idealism is another matter, readily separable from the merely pathological. The point of all this mixture of nihilistic conceptions, sensual perversities, and so forth, is that they issued in a wonderful neo-classicism. As Prince Mirsky puts it:—

"His metres are simple and ordinary, but refined to the utmost degree of perfection. His vocabulary is almost small as Racine's, but he uses it with almost equal precision and felicity. . . . It is useless, except one be a master of English verse, to attempt any translation of them (i.e., his idealistic lyrics). Their beauty is classical; it depends on the imponderables of rhythm and meaning. As in all classic poetry, the poet's silences are as important as his words, that which is left unsaid as that which he says. It is the most refined and most delicate of all modern Russian poetry."

"IN A DREAR-NIGHTED DECEMBER . . ."

When June was here, the trees were all astrid
With music, and their mirrored graciousness
Made lovely waters ever lovelier,
Where all day long by myriads numberless
In wavering depths of clouded tawny-green
Smallimps of light and shadow danced half-seen.

When June was here, the trees at the dusk hour
Stood shivering in silent ecstasy,
And dark against a heaven like a flower—
Wide-petalled, pure, its far tranquillity
Washed clear as amber by soft summer rain—
Seemed sharers in my heart's strange, happy pain.

But June long since is dead, and they are grown
Unfriendly now, and miserly and old;
The leaves are fallen and the birds are flown . . .
Morose they brood on their lost autumn gold,
Reaching their crooked fingers, black with cold,
To warm them at the sunset's crimson fires,
Or steal the phantom silver of the moon;
For they remember not more dear desires.
And when with her cool breath Dawn blows too soon
The starry candles out in the dim skies,
Each into chill and muffling mist retires,
To veil them from the world's awaking eyes.

DOROTHY HAYES.

Current Political Economy.

The condition of English politics in the present financial situation is even better described as perpetual check than as stalemate. In Parliament the Government and the opposition continue moving—when forced by the clock—but invariably come back to the same position. Moreover it is a tacit rule, accepted by both sides, that nothing new shall be so much as considered. Were it not that over a million men—not to mention their families—are living with one foot in the pawnshop and the other in the work-house, and that a whole nation is depressing its standard of life for a false principle, last week's debate on agriculture in the House of Commons could well be left for the grass to grow over it. All the arguments put forward by either side were answered by the other, while the only argument to which no answer could be found was forbidden by the Government, and its prohibition accepted by the opposition. So futile did the discussion become that it actually degenerated into an argument between Messrs. Lloyd George and Guinness as to whether the former honourable gentleman could justly be held to what he said at Limehouse thirty-one years ago. The ramifications of the question as to what Gladstone said in 1870, hitherto a heckler's practical joke, has become a serious Parliamentary game for amusing itself while England starves.

Mr. Guinness, answering the critics of the Government for its masterly inactivity, pointed out, while the debate was not yet a backchat, that agriculture was not in as bad a state as it might be, a form of self-consolation no doubt magnificently humorous when everything possible has been done towards the remedy, but only pathetically comic when the essentials of a remedy are ignored. "There was strong evidence," continued Mr. Guinness, "that (the farmers') depression was not due to inefficiency on their part, but that it was the experience of foreign countries." In suggesting that the reason for the English farmers' difficulties could be rendered familiar and therefore tolerable provided it could be shown that American and French farmers had difficulties Mr. Guinness was in earnest, for he elaborated the point. He had apparently forgotten the refuge of Sun spots, or the possibility that Mars might be oscillating. Before turning to the Government's record of work done, however, Mr. Guinness said: "The Government believed that the main root of agricultural depression was to be found in the question of prices, which had been steadily declining since 1921." Even this phrase indicates how easily this explanation is now uttered, and how completely any question is reckoned to have been disposed of the moment it is uttered. Perhaps Mr. Guinness, who is only the Minister of Agriculture, ought to be exonerated as regards matters of high finance. But the words "steadily declining" sound as though the phrase had not been thought but taught. Because Mr. Guinness is Minister of Agriculture, however, and not politically a financier, a question on the real issue ought to appeal to him. Money and prices apart, is corn or anything else edible and nourishing less worth growing this year than in 1920? If not, there can be no objection to the idea of adjusting the money to the corn.

"That," remarked Mr. Guinness with the same ease, still referring to the decline in prices, "was quite beyond their control." *The Times* report does not render the identification of "their" obvious, but it seems to refer to the Government rather than to the farmers. Of the farmers it would be true, of course, and only the Government hitherto

has professed to doubt its truth as applied to themselves. But if the decline in prices, which, as every banker knows, resulted from the adoption of the policy of deflation recommended by Lord Cunliffe's committee, was beyond the Government's control, who, between the Bank of England and the Federal Reserve, controlled it, and on whose authority did Parliament accept the position? Since it was known that industry would be disorganised, and depression rendered inevitable unless novel adjusting measures were taken, in whose interests were the novel adjusting measures put on the footing of forbidden topics? Like jesting Pilate, though for a different reason, we will not wait for an answer. The answer was anticipated in the Government's motion:—

"The Government, while fully sympathising with the difficulties of agriculturists, recognises that the present depression is neither peculiar to this country, nor removable by any direct Government action based on sound economic principles . . . and urges . . . applying such measures as are likely to promote stability and continuity, and to assist the industry to adapt itself to modern needs and conditions."

How English are *sound economic principles!* Not only will we have no protection, but nothing that the coiners of the phrase have not already tried and found—wanting.

With money dominating the situation, outside the farmers' control, outside the consumers' control, and outside—by confession—the Government's control, there is no option but to starve while the corn rots. "One of the greatest difficulties of the corn rots," said Sir A. Sinclair, "is that the land is starving for capital," for which the only sound remedy is apparently to open a farmers' savings bank! Landlords having gone bankrupt because the farmers could not pay any rent, agriculture is now to be saved by fair rents—combined with a clever scheme for adding the surplus capital of the farmers together, and reaching a total in excess of the sum. As a generous and enlightened alternative, the State might borrow from the banks and subsequently lend to the farmers at a rate of interest which the banks obviously know the farmer cannot pay. Stroke and counter-stroke thus go on, check and counter-check, for ever and for ever. Call the landlords no gentlemen they still carry on the conversation. Call lords, they merely ask for by-gones to be let be. Suggest, however, that the impersonal monetary dominant become only a controllable factor, and relations are at once broken off. Merchants for capital because money is scarce. Merchants with full warehouses of the capital goods required, to fill the warehouses again, cannot get the farmers to use the capital goods because money is scarce. Yet Parliament is not only ignorant of what money means, what is its use, how much of it is enough, too little, or too much; it dare not enquire.

"The landowner," said Sir W. Wayland, of Canterbury, "is not the cause of the farmer's failure to make a profit. The cause is not excessive wages. Neither is it laziness or lack of brains on the part of the farmer. Great Britain to-day was the dumping ground of the whole world for wheat, oats, barley, butter, and cheese," and Sir H. Sanders mentioned as one of the "Farmers' grievances" . . . "the letting of contracts for beef for the army to American and not to British contractors." Thus we come home. The greatest Empire the world has ever seen may have an army for its protection provided the greatest Empire the world is ever going to see may sell it its food. No doubt the army will fight better, if called upon, with American beef inside it, than

the ridiculously overvalued roast beef of Old England. That famous reason for maintaining British agriculture, namely, to feed us in a siege, looks very thin indeed if its products are not good enough to feed the army when there is no siege. It is no answer to say that England could not in any circumstances produce beef enough for the upper classes and the army. Scotland could produce vastly more beef than she does, and we agree with Mr. Grieve that it is not to our credit to provide deer forests for American millionaires while American millionaires provide beef for the British army. With capital and organisation—and the first is the chief means to the second—English agriculture could be made far more productive than it is. With English people enabled to consume the product of English agriculture by the straightforward expedient of controlling money and prices, English agriculture could be made more productive still. All that stands in the way is that the only system yet tried is one for controlling prices by the artificial restriction of the *medium of exchange*. That our disasters and depressions follow from this is no longer a mere theory; it is a demonstrated theorem, of which only those who will not see or cannot, are now ignorant.

An Open Letter to Labour Leaders.

Gentlemen,—You have the most responsible charge in the world. Those who actually carry the vessel of civilisation, who handle with infinite patience the substances of the earth and the myriad inventions of their fellows, look to you to extract for them the full use and enjoyment of the civilisation that their labour sustains. They contribute the material foundation upon which every enrichment of life is built up; and it is for you, self-constituted their champions, to secure participation for them in the incredible wealth of the modern world, or be dethroned from your authority over their counsels. Their genius is in giving; they are poor hands at getting. Wherefore they are perpetually victimised by those whose evil talent expends itself in grasping what is so freely given, terrified lest *they* should be called upon to soil their hands in the world's labour or exercise their brains upon the intricate toil by which the world is kept habitable.

This you have clearly seen. But you have accepted division of men into these categories without probing the docility of the one or the perversity of the other; you have forgotten that men are of like stuff; and have not enquired sufficiently whether or no there is common ground between these two. You have identified the antithesis with Employer and Employee, with "Capital" and "Labour." Had you looked more deeply you would have found that these in their perpetual giving and those in their continued denial, are the wholesome and the unwholesome reaction to the same provocation. *Both live under the fear of starvation*; and if the conditions and remuneration of the world's work are such that a whole section of society has ceased to exercise the common, human delight in productive activity, whilst the greater part of men prefer labour, even under those conditions, to revolt, it is your part to examine the power behind both which so crosses normal human nature. What has twisted and subdued the spirit to such miserable courses—these denying their manhood in slavish subjection and those denying human fellowship in extricating themselves from a like fate?

You are deceived in thinking that this examination has been made in the rough division of society into capitalists and workers, for you lack the historic

sense in repeating, as of cardinal importance to-day, a division that was real in a time that has gone by. Not between these is the evil antithesis, for indeed the "capitalist" often works with a fierce energy far outstripping that expended by those who carry out his programme of production. And if his reward is much greater when he is successful, *you* should have the knowledge that no solution of the human distress with which you are concerned lies in depriving him of it. Ask yourselves two questions: (1) Did ever bankruptcy benefit the worker? (2) Is it the idle rich or the industrious rich who create and maintain the conditions of life that cry to heaven for relief? If the working rich must be blamed, what becomes of your division of men? If the idle rich, do you wish to precipitate them into the ranks of the unemployed workers, to endanger still further every safeguard and improvement won by the trades unions?

You rightly resist the specious call for "Capital" and "Labour" to unite, within the present money economy. They cannot—except on terms which intensify the evil condition that embraces them both. If "Capital" reduces its reward, for "Labour" to increase its remuneration, two things must happen: that the increased costs of labour in production will be reflected in prices; and that the *borrowing power* of "Capital"—upon which its operations completely depend at present—is impaired, which reduces production at the source and accentuates all the injuries from which society suffers.

I exhort you to look with fresh eyes on the situation of to-day and to make a re-survey of the factors. Recall the truth that all sections of the community have a perfectly justifiable fear of starvation—a fact of much greater moment than the miserable struggle between individuals and between sections of society for personal or sectional security. For what is the truth? That every human need can be supplied so abundantly that the real control of to-day over human destinies is engaged in the monstrous task of limiting and destroying the major products of the earth, producing artificial scarcity in essential commodities of human consumption.

Your perpetuation of the struggle on the present lines affords the smoke-screen behind which the real forces work. The murderous hand is that of *Finance*, which has brought all men into subjection under its terrifying domination. You obstinately fix your gaze upon those who are bribed by its rewards, the "capitalists," and fail to see that the whole life of the world is artificially governed by its purposes. You unconsciously work in the service of this deadly power when you envisage the modern struggle as between the labouring victims of that dread veto and those—whether the idle rich or the directors of labour—who profit by the toil of others.

There is a new and positive type of those whose manhood is so undermined that they seek to escape all social responsibility. Few in number, they are the *Controllers of Financial Policy*. That policy works for complete enslavement of mankind to the will of those who, from an apex of financial power, determine at what level human life shall be lived. They have first secured that no work of man shall be begun, and no finished product used, without reference to them for money. They have established "principles," and imposed them on the whole world, whereby *their will overrides human ability*, and determines what shall be done by men and what shall be enjoyed of the earth's fruitfulness and men's marvellous ingenuity.

All commodities of the earth are artificially limited far below the needs of men, by the successful fiction that money too is a commodity, governed in amount by natural law; the essential commodity, lacking which all others must be kept from human exploitation.

The unification of this colossal control over human purposes is not yet complete; and if YOU directed your thought to its overthrow, instead of expending time and strength in hopeless struggle against its effects, the world might be saved from nameless suffering, and brought rapidly to enjoyment of its prodigal abundance, and its scope for unrestrained human activity, rich and varied as the profusion of Nature herself.

Your antithesis proves true; but not in the negative sphere in which you have placed it. Fear has created a fantastic world of its own, super-imposed upon the real world, wherein those who are terrified of human association and of participation in man's essential labour, have succeeded in giving glory and authority to their refusal of life. They have excluded reality altogether from their purview, and have attained majestic and all-but-complete justification by other men of their denial of human life. This is indeed *Satanic* victory over Fear, and the Financial System is its instrument.

Whilst Fear converted fantastically to Colossus bestrides the earth, the natural fears of men beneath its dominance, whether expressed in labour or refusal of labour, are of small moment, and are impossible of cure.

The Colossus is a Fantasy; and for this reason its gigantic bulk and imposing appearance can be dissipated by common sense and by courage; nor is the element of Time an obstacle, for no material process is involved. The Fantasy may be replaced by Reality whenever men determine to do it.

If the great influence of your position were directed to this objective, the world of men might enjoy peace and abundance beyond their dreams, so rapidly that common sense would be seen as miracle. And the true antithesis of Fear, Joy, would rise in men's hearts to accomplish its perfect work.

ONE OF THE RANK AND FILE.

Drama.

"The Admirable Bashville": Phoenix.

Mr. Shaw's "The Admirable Bashville," produced by the Phoenix Society with the object of raising funds for the society's own re-birth, contains more evidence than could ever have been expected that Mr. Shaw once was young. One suspects that the play was written from a deeper motive than to protect the American copyright of any dramatised version of his novel, "Cashel Byron's Profession." No doubt "Cashel Byron's Profession" was written at a time when Mr. Shaw himself contemplated taking up the career of prize-fighter, and hung between the idea of hammering mankind's chosen champions one at a time in a measured and limited ring, and the idea of whipping mankind all together, which in the end he followed. The scene in the Agricultural Hall, Islington, in fact, shows the triumph of the general melee in which the hero knocks out everybody present over the advertised single combat according to Queensberry rules. In addition, the choice of literature as weapons and eternity, not to mention infinity, for time and place, enabled Mr. Shaw to tilt at the beginning of his career against the world's chosen literary champion, William Shakespeare.

In the novel Mr. Shaw was in deadly earnest. Its theme was an extension of a classic metaphor: in nothing that mankind does is evidence of those qualities of economy, logic, and directive action in a high enough degree to make an efficient prizefighter. At that time Mr. Shaw's god was efficiency, and if he did for a while refrain from publicly worshipping it, no doubt the reason was that he resented having to share it with the United States, though he does not now seem to mind sharing it with Mussolini. It cannot be said with confidence that the play has any theme, although it is given the alternative title of "Constancy Unrewarded." The constancy is not

Cashel Byron's, but Bashville's, the latter being that mighty butler who seemed adept in all the mysteries, including tricks of wrestling and fighting that made even the champion pugilist look slow. Perhaps the lack of a theme was due to the need for haste in racing the American pirates for the copyright, which was the excuse Mr. Shaw offered for writing the play in blank verse rather than in the difficult medium of prose. Whatever the circumstances surrounding the composition of the play, no other work by Mr. Shaw comes readily to mind which so nearly escaped from the awful responsibility of being Shaw.

The first act is dull and slow. In a long dialogue which is supposed to be a parody of Shakespeare, conducted in blank verse between a prize-fighter, Cashel Byron, and his trainer, Mellish, the audience groans and wonders how long it is going to be like this. That long dialogue depends for its one momentary relief on the opportunity—patched on—for Cashel Byron to assert that two things above all others he hated, his duty and his mother. For so much the audience laughed gratefully and in anticipation that there might be another good thing to come. In the second act Mr. Shaw worked off successfully his repertoire of jokes at the expense of gentlemen. When, for example, Lydia wanted Cashel Byron to drop the degrading profession of prizefighting, and elevate himself to the class of gentleman, the logical and oratorical bruiser could demand whether she would have him to stoop to be the thing that bets on him; and he could boast that all he had was the honest reward of his handiwork. Once more the audience were generous.

In the Agricultural Hall, Islington, it was Mr. Shaw's turn to be generous. Nowhere has he more artistically covered the pill of morality; in nothing that he has done does the pill taste less like a pill. From the coming of Cetewayo to see the fight, with his naive remarks about Englishmen and prize-fighting, to the rough-and-tumble Irish row and the coming of the police, this scene justifies the play. Mr. Allan Wade, the producer, did well in the difficult circumstances to concentrate his attention on this act and on the comic finale. He helped us to judge the riches that Mr. Shaw might have showered on the world if he had even been able, in Matthew Arnold's phrase, "to get himself out of the way." Here Mr. Shaw, far from throwing contempt on the Elizabethan manner by having Shakespeare and Elizabethan spirit, or at least on the Elizabethan spirit, or at least on the Elizabethan spirit, and has written as a result great nonsense, bethan ale, and has written as Cashel Byron the mantle of

For John Wyse as Cashel Byron the mantle of Shavian oratory was a good fit, but he seemed a slight fellow to have such prowess in the ring, unless for the play as distinct from the novel Mr. Shaw thought in terms of middle-weights. Roy Byford's Cetewayo and Cedric Hardwicke's Bill Paradise were the life of the Agricultural Hall scene, both actors playing in the gayest holiday spirit.

Mr. Aldous Huxley's "Happy Families," which preceded "The Admirable Bashville," was an attempt at the dramatisation of a psychological "As If." Unfortunately, it contained nothing dramatic. It was no more than a very slight intellectual exercise.

"Whispering Wires": Apollo.

Mr. Robert Loraine, apparently lacking faith in the attractiveness of "Cyrano de Bergerac" over the Christmas season, has got the theatre off his hands, and something probably nearer the public's deserts has been tried instead. Competition in crook plays, however, is keen. The public demands something novel every time. It cannot respond to one sort of thrill more than once. There are at present running two crook plays which have every recommendation that crook plays can have. They are full of thrills without mystery, and packed with

incident and clever dialogue. Each calls to instincts whose universality has given birth to myths. Miss Kate McLaurin's "Whispering Wires" develops no novel idea. The only reason why one hesitates at guessing the murderer before the murder is that one cannot believe the author would attempt a trick of that kind. Miss McLaurin appears to have been undecided as to which of three possible lines to follow; whether, as the abundant clues shown to the audience, though not to the detectives, hint, to write a play with the audience in the secret, thrilled by the near shots of the detectives; or, secondly, a play in which the audience's pleasure was to be derived from the game of spotting the thimble, as the suspicious behaviour of all the innocent characters implied; or, thirdly, as a concession to a scientific and pragmatic age, a play in which the question regarding the murderer should not be *why* or *who*, but *how*.

The last was certainly an ingredient of the intention behind the play, but when the moment came for all things to be made plain, the answer was in no sense part of the audience's lives, nor had the author by preparation made it so. Other factors, too, kept the audience wide-awake, reasoning beings, themselves suspicious that the explanation, instead of making them murmur rapturously, "Of course," was merely going to make them say, "Oh . . . that!" When at the end of the second act Doris Stockbridge was given two hours' notice of sudden, inexplicable, violent death, precisely as her deceased father had been in the first act, the memory at once arose of an ancient story about another locust coming and taking away another grain of corn. It might have gone on like that to the last character but one! The danger to Doris was in a sense the first thrill. Her millionaire father, whose profession consisted of doing the other fellows down in big, shady deals, had been portrayed and had represented himself in a light that invited no sorrow for his death and no sympathy for his daughter's bereavement. It was hardly necessary for her to hide her grief to bring suspicion on herself. It was natural for her to show no grief. Until Doris was threatened it did not seem of any importance whether the murderer was caught or not, or who, except Doris, had murdered him.

Everything that could be done with Montgomery Stockbridge, Mr. Frederick Ross achieved. Muriel Alexander insinuated Doris into our hearts as she set out to do. James Carew's detective made the cumbersome methods he had to adopt as lively as possible. As good a lady secretary as I have seen was performed by Edyth Goodall, though she rather overdid the subsequent nervousness. But the outstanding performance in the play was a little comedy work by Frank Conlan, as "the mere technical man." But acting cannot make a thriller.

PAUL BANKS.

Lord Rothermere on Naval Policy.

The *Sunday Pictorial* published last Sunday week an article by Lord Rothermere dated from New York on the previous Thursday. On the Saturday the article was announced in full by the *Daily Mail*, together with a leading article supporting and elaborating it. Lord Rothermere is a past master at tempering high politics to shorn intelligences; and everyone will recognise that his choice of a medium for the initial revelation of his ideas is an appropriate one. Tell it in pictures. His Lordship does so. He begins by talking about the buildings of New York . . . "beautiful" . . . "with the awe-inspiring, almost supernatural

beauty of proportions that transcend the most daring conceptions of man's previous work." All this, and more, is a prelude to an attack on Mr. Baldwin's Government, and on Sir Austen Chamberlain in particular, for having offended such a great and mighty nation. The offence was the failure of the Geneva Conference on cruiser-building; and the consequence is that America has planned to spend £580 millions on naval vessels during the next twenty years. She is going to take immediate steps to build twenty-five new 10,000-ton cruisers as against Britain's present total of twelve. We, over here, must put up with this, he says, because it is hopeless for us to keep pace with a comparable programme. There are three things that we can do now, he proceeds: (a) the next Government "whose advent cannot be long delayed" should issue a declaration of our naval policy in which it should repudiate competition with the United States and "set as the future standard of naval defence of the British Empire a force in every category of ship twice or two and a half times that of the next strongest European navy"; (b) the new Government should seek a "naval alliance" with America, to bring about "freedom of the seas" under a *Pax Anglo-America*; (c) the Singapore base should be scrapped.

His Lordship does not say whether Uncle Sam would be willing to house the British Admiralty in Chicago. But, of course, things must be done in logical sequence. The reply to all such poster-politicals can be summarised as follows: *Potentially* we are able to build up to America's programme. *Actually* we shall do so without any question if it becomes necessary, although financial intrigues may cause an initial delay. Economic developments are driving us, not towards an Anglo-American, but towards an Anglo-European naval alliance, to which, too, Japan may also be a party. Lord Rothermere can see Singapore only as a threat to Japan. He does not consider that it may one day afford harbourage to Japanese warships. The United States has no friends outside the Confederation, not even on the American continent. America's internal trade conditions cannot be guaranteed to remain stable for twelve months, let alone twenty-five years. What Sir Austen Chamberlain is doing in British politics, Mr. McKenna is doing in British finance, namely, making preparations for protecting Europe against American economic penetration, and as a means to that end, adopting a policy which will result in detaching our Central Bank from its treasonable allegiance to Wall Street finance. When London raises the standard of financial freedom, Paris, Berlin and Rome will be under it; for it must be remembered that while Mr. Montagu Norman has hitherto been virtually an American agent in European affairs (and, as is not improbable, an unwilling agent) all the prestige arising from his power attaches to him: it is British. When he is once prevailed upon to announce a new policy his word will be accepted as legal tender by every Continental banker. Similar things happen in the underworld. For instance, consider the film industry. It boomed its unknown "stars" and established their reputations; whereupon these stars turned round and made it pay them huge salaries on account of those reputations.

A. B.

"I have been twice in Transylvania on Commissions investigating the treatment of minorities. I am accordingly moved to state to you, from my own personal knowledge, that prominent bankers in New York and Boston let it be known when the Queen of Roumania came here as a guest of the nation that they would loan no money to Roumania so long as the mistreatment of minorities continued."—Letter to the *Daily Mail* on September 28 by Louis C. Cornish, President of the American Unitarian Association.

Reviews.

Winston Churchill. By "Ephesian." (Mills and Boon. 10s. 6d.)

More hero-worship, written in a breathless historic present, which is no doubt intended to be dramatic, succeeds only in being tedious. The melodramatic style adopted by "Ephesian" (a style, by the way, of which Mr. Churchill is himself a master) would have accorded well with the melodramatic subject had it been more carefully done. "Ephesian" is not, however, entirely without discernment. He sees in his hero qualities which might have made him, "almost at will, a great popular leader, a great journalist, or the founder of a great advertising business." He also does justice to Mr. Churchill over the Dardanelles affair, and makes clear his military competence. This latter quality is so marked that it might have been worthy of more careful study; especially as Mr. Churchill views every activity as a battle. Life to him is war, politics is war, and war is a glorious game. Playing at soldiers is the favourite game of every child. But this childlike quality has its drawbacks, and too often ends in tragic absurdities like Sidney-street.

Modern Mexico. By J. W. Brown. (Labour Publishing Co. 2s. 6d.)

But for its title this is an excellent book. It should have been called "The Modern Mexican Labour Movement." It does, indeed, give a fair summary of Mexican history under Spanish rule. Thereafter it is primarily concerned with the development of the Mexican Federation of Labour, and its constitution. The author attempts to show by a comparison of wages, how labour conditions have improved at different periods. The improvement is on the face of it undeniable. But it would be advisable, if another edition should be printed, to give the equivalents of those wages in some stable currency. Otherwise there is no proof that the increase is anything more than nominal. Without being unduly cynical one might trace resemblances between the constitution of the federation and that of Soviet Russia. One minor criticism: the author is fond of "uplift"—the word and the thing, both of which are horrible, and neither native to English soil.

Images sur la Tamise. By Pierre MacOrlan. (Simon Kra, Paris. 25 fcs.)

M. MacOrlan came to London to see England, and then went to Oxford. He sees the sporting spirit in Oxford life and in the University boat-race; in Whitechapel and Limehouse he notes the sober and peaceable character of the English people. Jack the Ripper detains him a while, and then he takes ship for France, bearing with him a Dunhill pipe—a memento of English civilisation. Jack the Ripper is a fascinating figure; Dunhill pipes are good; and the sporting spirit a fine thing (not, it is said, confined to England). But if this is England, and these our only virtues, no wonder we are damned to all eternity by Continental neighbours.

Things That Have Puzzled Me. By Arnold Lunn. (Benn, 10s. 6d.)

You can often sit dully in a chair in the most cheerful and comfortable of rooms, wondering dimly why your mind is as empty as a hollow nut. Yet out you go next morning into a wet and dripping-greasy fog, and chirrup like a robin at his breakfast, because you feel like that. Then is the time of inspiration—just when you've got to go on walking; but when all is set fair for a good morning's work, save your own discontented mind, that is when liver cries for a brisk stroll across the park. These things have puzzled me. Can Mr. Arnold Lunn's cheerful omniscience find me their answer? He gives us here a book of diverting oddments, including a ream of what I am told is very sound advice against roulette systems and bridge superstitions, a tirade of justifiable impatience against Bernard Shaw's idiotic defence of the Inquisition, a first-rate recollection of Edith Thompson and Bywaters, and a naughty vignette of Dr. Stanton Coit and his Ethical Church. He has all the virtues and all the faults of a Sunday Expressionist literary master, and out of few matters he has made a readable book.

The Wandering Gentle. By Rathmell Wilson. (The Caxton Bookshop, 4s.)

Oh! how slangy and slovenly Rathmell Wilson is, how ill-advised to publish his note-book before he had written it up. And he has seen quite a lot, superficially. He never seems to get behind the surface, or free himself from hard labour in that dismal prison of Cliché. And there are misprints . . . all over the place.

Verse.

"DIONYSIFIED. . ."

No bar to passion's fury set,
With monstrous poppies spice the wine;
For only drunk are we divine,
And only mad shall we forget.

SAMUEL F. DARWIN FOX.

SHE DOES NOT LIKE A TOAD.

She does not like a toad; she says
It is most shuddersome to see;
Serpents she cannot bear; she calls
A speckled newt, monstrosity.

No wonder! she is made so fair,
So smooth, and delicate, and white;
You would avow a lily even
To share her world had narrow right

Yet I behold her count for praise
In lawless glances many a time
Foul toads, and snakes, and speckled things
Begotten of the dark heart's slime.

A. NEWBERRY CHOICE.

AFTER THREE YEARS.
(After Paul Verlaine.)

The narrow wicket-gate swings quivering wide,
Hingeless, and in dawn's gentle light I pass
Among the garden beds, where like bright glass
The diamond dewdrops fill the flowers inside.
Nothing has changed: the vine-wreathed arbours hide
The few cane chairs as ever; on the grass
The tinkling fountain flings its spray; "Alas!"
The same old man moans for his broken pride.

The roses flutter as before; tall lilies sway
Majestically to the winds' light play;
No single lark there singing I forget;
And look! at this path's end lank Cupid stands.
The plaster scaling from his skinny hands,
And all around—stale scent of mignonette.

D. R. GUTTERY.

TEMPORAL LOVE.

Say not our love is vain
Because it is too mortal
To pass not merely Death's
But even a decade's portal!

Ten years from now, our bodies
Changed as our minds, we'll be
Something beyond prevision.
Shall "we" who'll not be we,

Who pledge these vows—that other
Incalculable two
Be bound by this our binding—
Be held by what we do?

If Beauty in perishable
Garments ever goes,
Shall Love not be as marvellous—
Transient as the rose? . . .

Nay, let us love our bravest!
Withdraw not, or withhold!
Be warm, be warm, beloved;
For soon the earth grows cold!

A. S. J. TESSIMOND.

LETTERS TO THE EDITOR.

DRAMA.

Sir,—Will you kindly allow me to correct the names of the translators of Simon Gantillon's "Maya"; the English paraphrase was the work of Virginia and Frank Vernon.
PAUL BANKS.

"THE TRUTH ABOUT SCOTLAND."

Sir,—I confess I cannot understand what Mr. Malcolm means by saying that I would drop the vernacular as one who had inadvertently grasped a hot brick if I understood its significance—unless he means that everybody else who stupidly goes on using this, that, and the other language instead of abandoning their linguistic differences and forthwith agreeing to use a common language—or perhaps ceasing to use any—is in like case. Will he please tell me?
C. M. GRIEVE.

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 unsaleable output, and would, therefore, eliminate the dangerous struggle for foreign markets. Unlike other suggested remedies, these proposals do not call for financial sacrifice on the part of any section of the community, while, on the other hand, they widen the scope for individual enterprise.

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