THE

NEW AGE

INCORPORATING "CREDIT POWER"

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NOTES OF THE WEEK.

The Financial Editor of the *Manchester Guardian* has been putting Mr. Oswald Mosley in his place. "Consumers' credits to the unemployed," says he, will reduce us "to the level of Bolshevik Russia." It is hard to see why. If Mr. Mosley had proposed that credit should be created and *given* to the unemployed (i.e., not loaned to the State), we could have understood what the fuss was about; but he did not; the money was to be repaid sooner or later by the taxpayer. The Financial Editor is struck, on the other hand, with the "responsible proposal put forward by Mr. Graham." There is so little difference, however, between a nationalised Bank of England and the Bank of England as it functions to-day that he wonders how it was worth while, from a Labour point of view, to put the proposal forward. However, he feels it his duty to mention a few truths for the edification of credit reformers. Here is one of them:—

> **"All the financial history of the past ten years has gone to show that the less power the State has over the central bank the better. . . ."**

The reason will be self-evident as soon as formulated:

> **". . . for in times of stress the State cannot be trusted not to abuse any power that it has."**

This could be put more plainly. Let us try. "In times of stress the self-appointed custodians of the community's credit cannot trust the community not to do what they like with their own property." After this, the public will better appreciate the following extension of the argument:—

> **"That is, of course, why at all the international financial conferences held since the war the need for independent central banks has been so strongly insisted upon, and that is why, for example, the Dawes Plan . . . laid it down that the new German bank of issue was 'to be entirely free from governmental control or interference.'"**

It would of course have been preposterous if the German people had been allowed to interfere in the delicate process by which their reserve energy is at present turned into financial credit and *lent to them*. How could the bank be sure they would not go and make a lot of goods for the purpose of consuming them? But now follows an illuminating objection to the State-owned bank. The writer says that while it could perform all the routine functions of a bank efficiently—minding deposits, collecting coupons, and so on—

> **". . . it could not lend money. The whole essence of banking is that a banker must be free to refuse accommodation without assigning a reason for his refusal. . . . A banker must be in a position to say to a borrower whom he does not trust: 'I don't like the colour of your hair—I can't lend you the money.' That is an attitude the State could never afford to take up."**

Our own indifference to the question of nationalising banks has been often expressed in these columns; but it must be pointed out to our Financial Editor that his reasoning is valid only on the assumption that the banker is operating solely with the resources of his shareholders and at their risk; that if he makes a mistake the State will leave him to go smash just as it leaves the manufacturer or trader. But that is just where the difference lies. In "times of stress" the State is not only "trusted," but relied on to "interfere" with banking *on the side of the bankers.* And the reason is obvious. The State represents the real credit of the people—their productive energy, without which there would not be any banking business at all.

* * *

In the May issue of the *National Review*, Mr. J. F. Darling, a director of the Midland Bank, develops his attack on the proposal to return to the gold standard, an attack with which we dealt in these columns at the time it was made, in a letter which he addressed to the *Spectator*. His theme is the same as it was then, namely the danger of American domination. Last year, he says, the United States had a *visible* excess of exports equal to £76,000,000 compared with our excess of imports of £344,000,000; and adds that if the first three months of this year be taken as a guide this "unfavourable" visible excess of ours is likely to reach £400,000,000 in 1925. Remove the embargo on gold exports from Britain, and "*we give the world what is practically a guarantee to maintain the American exchange at 4.80 odd.*" America's foreign debtors, in paying their interest and sinking funds (and America is "*very particular about sinking funds*") will tend to "*dump down goods in Free Trade Britain and buy dollars with the proceeds.*" Going on to review our own debt to America, he makes this statement:—

"We have only begun to pay on our first guarantee. Indeed, it is questionable if, as a nation, we have paid anything, not even our interest, for in all likelihood an equivalent amount has been borrowed again from United States citizens, and on more onerous conditions. In the name of common sense, why, in our present economic condition, should we seek to give America another guarantee?"

He reminds his readers that immediately the Federal Reserve Board raised its rate to 3½ per cent. our own Bank Rate went up to 5 per cent. If the Bank Rate had not been raised he admits the possibility that some American balances might have been withdrawn and the exchange might have fallen, but points out that the rise in the exchange which has actually occurred has not reflected healthier trade conditions, but merely "*through these balances and American monies in one form or another coming here.*" The healthy look of the £ sterling has been merely due to American face-cream, so to speak. Now, if gold may be freely exported in future for overseas payments, "the withdrawal of American balances could then be made in gold," and this would involve a diminution of the reserves on which the deposits of the Big Five rest.

"The proportion of gold held against our total issue of currency and Bank of England deposits combined is 27 per cent.

"Compare this with the Federal Reserve position where, after providing legal reserves, there is an actual surplus of £300,000,000 of gold, or nearly double our total holding.

"If we had a grave industrial or political crisis 'Foreign business' facilities might be availed of to an extent that an export of gold would result. But undoubtedly the greater danger lies in our indebtedness to America—to the United States Government and to United States citizens, and of the two, the latter is the more dangerous."

He remarks that whereas the pre-war gold standard was "*fortunately free from political influence,*" this cannot be said of the Federal Reserve banks, or rather of the Federal Reserve Board, "*which controls their policy.*"

"The Federal Reserve Board is practically a political body, sitting in Washington. Are we, then, prepared to tie the pound to what Sir Basil Blackett has called 'the chariot wheel of the Federal Reserve Board'?"

He now lays down the conditions upon which we can "*go back to gold successfully.*" We must go back "*on a credit basis.*" He proceeds to define the conditions:—

I venture to suggest a three-fold test which, as time goes on, should indicate whether we are on a credit basis or not:—

1. The accumulation of a reserve of dollars of our own (not borrowed) of sufficient magnitude to warrant our assuming the responsibilities of a return to gold.

2. Normally, a rate of interest below rather than above that of the United States.

3. Under the above conditions, approximate stability in the rate of exchange.

I regard a low rate of interest as of great importance, and for the following reasons. It would—

1. Aid production and trade and the development of the Empire, on which our economic position so largely depends.

2. Enable us to float overseas loans, which should be facilitated, though only with the clear understanding that the proceeds are to be spent in this country. Thus we help employment and increase our exports and future income.

3. Facilitate the placing of our war debts on a lower interest basis.

4. Check any abnormal lending to this country by the United States.

In a concluding paragraph he asks if "*after all the sacrifices the war has entailed in our fight for freedom,*" the result is to be "*that Britain is now to come under the financial, the economic, and, it may be, the political domination of America.*"

Economically united the British Empire would present an economic front to the world which neither the United States nor any other nation could dispute.

* * *

The routine permutations of tax rates and remissions in the Budget are not worth comment. The *Evening News* summed them up correctly in the words "The Give and Take Budget—it takes as much as it gives." The new Pensions Scheme, which was tacked on to the Budget, completely overshadows the Budget proper. It is an anti-social ramp. It is a financial ramp. In the last analysis it is an Anglo-American banking ramp. Someone may point out that we are underrating the importance of the Chancellor's decision to return to the Gold Standard. We are not; this decision is important enough; but it stands only in the relation that the *statement* of any particular policy does to the *administration* of it—the relation of the theory to the practice. The Pensions Scheme is one application of the Gold Standard policy. On that ground we concentrate attention on this Insurance Scheme: it is an integral part of the Anglo-American gold policy. The arguments for and against the Gold Standard theory had, after all, to do with its probable or possible consequences. This Insurance Scheme is an actual consequence. It is one of the chief instruments that Finance proposes to use in order to turn the theory into a working policy. First of all, let us remove the double mask worn by the instigators of this policy—that is, the State and the Insurance Societies. Looking at these as manipulators of credit they are neither of them anything other than agents of the credit system. They both make a levy on the spending power of the individual citizen. The only difference is that, whereas the State gets its taxes by the power of the Law, the Insurance Companies get their premiums by the persuasiveness of the Advertising Expert. In the case of State Insurance, of course, the compulsion of the Law applies to insurance premiums as well. But the main point is that the *aggregate amount of taxes and insurance premiums represents an embargo on current consumption by individuals to that sum.* Next, what is done with this collected money? A part is redistributed to the public in the form of direct payments to Government and Insurance employees, and interest on such War Bonds and other Government stock as happen to be in the possession—*and unmortgaged possession*—of private individuals. Another part—and a much larger part—is spent with industrial organisations for current "non-consumable" products and services. The remainder—a still larger part—is locked up in investments (chiefly by insurance concerns) or in permanent capital development, or is used for the interest on, or for the redemption of, Government stock in the hands of business organisations (but held for the most part as pledges by the banks). Now, the nett effect of all this is that a large proportion of the total sum raised, the whole of which we have shown to represent a relinquishment of the power of individual expenditure on consumption, *goes to defray bank loans* either directly or via investments and purchases. For all immediate practical purposes, the money handed over in taxes and insurance premiums is for the most part destroyed, and never functions as purchasing power for the benefit of the private citizen—not even by proxy. What does happen is that the banks in the course of their business will create and issue an equivalent amount (and perhaps more besides) of new credit coincidentally with the destruction of the old; but that creation will appear as a *new debt on the community*, not as a reimbursement to the public of the old credit. If this position be studied carefully our declaration that the

State and the Insurance companies are only agents of the banking system will be fully endorsed. It is not they who contrive the impoverishment of the people; that evil arises, and arises only, from the rules of national credit accountancy framed and applied by the unfettered volition of the over-lords of the credit system. A moment's reflection will show that if all the money raised from the people were redistributed to the people from year to year in payment for their work, the size of the amount so dealt with would not matter a bit. The *rate* of taxes and the cost of insurance premiums would not affect the people as a whole, one way or the other. It is the *premature tearing up of money which is the root of the evil;* and, for that, neither the Government nor the Insurance companies are responsible.

* * *

We may now draw a complete picture of the suction pump. First, you have the Banking system. Then come its two collectors, the State and the Insurance Societies. Lastly, their common sub-collector, organised Industry. As is usual, the sub-collector does the most work, and has the least benefit from it. The insurance premiums of the workers are collected by deductions from wages, and the expense of performing this work and recording the transactions is borne by the administrators of industry. These administrators never complain—lambs they are! But why is it done that way? For a very sufficient reason—a banker's reason: that it permits of *a substantial economy in the amount of legal tender currency in circulation.* Workpeople have an obstinate habit of requiring their wages in cash; so the more you can stop out of their wages the less cash need be in existence. There is a minor advantage in this, for the banks, and that is that they do not earn interest on circulating legal tender. But that consideration is negligible against their true advantage in restricting the quantity of legal tender, which is that it *protects gold reserves*. It is clear that if the banks lay down a rule that they must hold so much gold in stock against so much legal tender in circulation, it is to their interest to keep this paper currency down to the smallest proportions. That is why your industrial employer has to hire labour, buy account books and insurance stamps, and provide office accommodation for the accountancy of wage-deductions. We hope he likes it. If he does not, let him console himself that he is helping to preserve the Gold Standard and is winning his typographical laurels in the columns of the Wall Street financial journals. But worse is to come. What we have been saying measures the burden of insurance as it is at present. It is now proposed to increase the dose. That is to say, there is to be an exaggeration of the evils to which we have pointed. We wonder how many politicians who frothed at the mouth against the banks' Deflation policy will recognise their old enemy in this new disguise. Having bankrupted the masters and created an unemployment crisis by calling in overdrafts, they are now going to put a further burden on master and man alike through the calling up of extra insurance premiums. More currency is to be torn up—and the figures measuring the destruction are to be called "a fund"! Personal consumption is to be restricted still further; and the home market allowed to stagnate under a new layer of moss; and then figures will be written down which, though really representing lessened trade and a wider diffusion of penury, will be held up to us as a measure of our prudence and prosperity!

* * *

Let us look at this word "fund." It never is a fund. Mr. Churchill used the term in a jocular nudge at Mr. Snowden. He reminded him that his (Mr. Snowden's) remission of indirect taxation last year had set free a "fund" out of which the workers would be able to afford the proposed new deductions from their wages. But what really happened? In so far as Mr. Snowden's Budget led to any reductions in prices, they were immediately noted by the Ministry of Labour and were calculated into the Cost of Living Index Figure, which was reduced accordingly, with the result that wages declined as well. In fact, whatever relief the bankers' collector, the State, actually allowed in prices was almost at once withdrawn again by the bankers' sub-collector, organised Industry, through cuts in wages (or at least by a postponement of rises) Fund? It only exists when you are not looking for it. Similarly, the same trick is involved apropos of the richer classes. No doubt it appears to be a relief to them for the Chancellor to lower the Super-tax, which they have to pay year by year, and shift it on to the Death Duties, which they do not have to pay until they die. But that last assumption covers the catch. As a matter of fact the Death Duties *are* being paid year by year. They are being taken by the bankers' collector, the Insurance companies, in the form of premiums. When a rich man dies, his estate must yield up a large block of money within a certain time. But the estate is not in the form of money; and if hurriedly marketed (supposing the legatees have no silly sentiment about parting with it) there would be certainly a ruinous loss. Enter, then, the Insurance company:—"If you will forego personal consumption and enjoyment to such and such an amount every year, we will produce the Death Duties for you directly Nature cuts you off from such extravagances." (For an elaboration of what happens readers should refer to Major Douglas's article on "Insurance" in our issue of December 11, 1924.) The main point is that although the rich man is now spared some part of his Super-tax he will, as a rule, have at once to pay out increased annual premiums in order to cover him against the extra Death Duties. So the rich and the poor are in the same condemnation. "Relief," yes—but no cash.

* * *

The foregoing comments were written immediately on the announcement of Mr. Churchill's Budget proposals. Since then some figures relating to Super-Tax and Death Duties have been published, from which one can estimate the change of incidence effected by the shifting of the rates just referred to. It appears that if a citizen has an estate of £100,000, bringing him in an income of £5,000 per annum, he has been paying (apart from other taxes) a Super-Tax of 3s. in the £ on £3,000 of his total income; that is £450 per annum. His new Super-Tax will be 2s. 3d. in the £. He will therefore save £112 10s. per annum. On the other hand the old rate of Death Duty, which was 15 per cent., will now be 20 per cent., so that instead of paying £15,000 at death his estate will have to pay £20,000. So, for a present annual saving of £112 10s. 0d. he has to face an ultimate additional capital levy of £5,000. Now, supposing he approaches an insurance company with the object of covering this £5,000 risk; what will he have to pay per annum? We must leave the exact answer to those of our readers who are in the insurance business; merely remarking in the meantime that in Major Douglas's article previously mentioned he gave an instance where an insurance company wanted £100 per annum to assure a *cash* payment of £1,384 after fifteen years. On this basis the premium on £5,000 would come to about £360 per annum—more than three times the £112 10s. 0d. saved annually on Super-Tax! We are not forgetting the incidental benefits which the insured person would receive in the meantime under the scheme quoted by Major Douglas (e.g., the receipt of 3 per cent. interest on his premiums, and the remission of income tax on them) but, as Major Douglas showed, these are only a "catch" in a larger swindle still, and, even if that were not the case, they are nowhere nearly sufficient to save the owner of the £100,000 estate from a substantial increase in the annual levy upon his income. The following letter, appeared last week in the *Daily Mail*:—

> Sir,—My estate is worth about £30,000. My income is about £3,000 a year, in the production of which I employ about 300 workmen.
>
> In reduced taxation (including Super-Tax) I shall save about £110, but I shall have to pay away an additional £260 per annum under the new insurance scheme, and in the event of my death my dependents will be mulcted in an additional sum of £600 for death duties.
>
> Mr. Churchill says: "The reductions of Super-Tax are designed exactly to off-set the increases in death duties."
>
> It will take about fourteen years for my accumulated reductions of Super-Tax to off-set Mr. Churchill's immediate increase in death duties—and I may die at any moment.
>
> Birmingham EMPLOYER.

* * *

This position can easily be appreciated by anyone. But the deeper implications of the swindle are only clear to Social Credit students. It can be illustrated roughly in this way. Suppose the real credit of a community in the year 1925 is expressed by the financial index of £100 per person. Suppose that in 1940 this real credit has increased to £1,000 per person: that is, that power of production has increased to ten times per person (after allowing for the increase in population). Suppose that in 1925 one of these persons (bare-faced assumption!) is getting this £100 as income and is putting by £20. He repeats the process every year till 1940. Suppose, now, that he is entitled under contract to receive back all he has put by, namely £300 in one sum. But suppose he prefers to take it in the form of an annual payment of (let us allow him a handsome profit for doing so), say, £40 a year for the following fifteen years. What will be the economic justice of the arrangement? Let us see. In 1925 his £20 represented one-fifth of his real credit. In every following year it represented a smaller fraction of his real credit, until in 1940 it represented only one fiftieth. He is now to receive £40 a year for fifteen years. £40 represents one twenty-fifth of his real credit in 1940. Now, taking each fifteen-year period as a whole, and without going into any close mathematical calculations it is clear that he has been "done." Seeing that on the theory of the financial system itself, the expansion of his real credit was dependent upon his forgoing the consumption of one-fifth of it (and so on in a diminishing progression) during the first fifteen years, is he not entitled to draw the full benefit of the expanded real credit at the end? But instead of that, he is only going to draw ("handsome" profit and all!) one twenty-fifth of it. Putting year against year, whereas in 1925 he parted with £20, while his productive capacity was only £100, in 1940 he receives only £40, while his productive capacity is as high as £1,000. But that is not the worst. From 1940 onwards his £40 is going to represent a still further and continuously diminishing fraction of his real credit, depending upon the future rate of expansion of the productive power of the community. According to bankers' logic it has been necessary for him to forgo cash income in order to expand his real credit, but, according to bankers' magic, the expanded real credit cannot be expressed in cash income! This is 100-per-cent. nonsense. Financial credit *can* be created and distributed co-extensively with the expansion of real credit. In fact, real credit is generally acknowledged to be the ultimate basis of financial credit. The explanation of the difficulty is that it is not considered the right policy to create financial credit up to the limits indicated. To the financier, "sound finance" means keeping as much of the country's real credit un-monetised as possible. The un-monetised real credit—though belonging obviously to the community—has become the hidden reserve of the banking system. The community's savings are not saved—they are a row of figures indicating destroyed current demand. The banking system, if it were frank, would say: "Let us destroy some of your money now and we will re-create more still for you later on." Even then there would be two catches in this offer: (a) there would be no guarantee of what would be the *purchasing power* of this "more still later on," and (b) nothing would be said about the enormous increase in potential purchasing power which the banking system would be able to monetise as and when it desired for purposes of its own. To quote Major Douglas:—

> **"The principle, of course, is exactly the same as that of the Savings Certificate, which offers £1 for 16s., the truth being, of course, that . . . the £1's worth of goods will only represent the same amount of energy as does £4 or £5 now (due to increase in productivity)."**

Every pennyworth of forgone consumption in the present represents an unexercised title to *some particular fraction of existing real credit*. The just return at any time in the future for this sacrifice would be the issue of a title to the *same fraction of the then expanded real credit*. We quote again from Major Douglas's article already mentioned, where he takes certain data relating to increases in productivity into account and proceeds to apply calculations to the insurance "offer" that he has been examining:—

> **"Consequently, using these figures as a rough basis of calculation, and neglecting the fact that prices have actually risen enormously in fifty years, the true difference between £1,500, contributed £100 yearly over a period of fifteen years, and £1,500 at the end of fifteen years, ought to be about £4,000, assuming prices to be kept constant."**

The extent of the ramp is now becoming defined. But to complete the survey one must consider for what purpose that major portion of our real credit which is not delivered to us in the form of income is really used. It is used for foreign loans. It is applied to the development of the real credit of Britain's competitors. Germany, Czecho-Slovakia, Austria, India, Egypt—anywhere where they will lay out the money on plant with a fair prospect of cutting Britain out of the world market. And at the moment when Industry is on the verge of collapse, here is this new Pensions Scheme which, according to Sir Alfred Mond, is to impose an extra levy of £20,000,000 per annum on the exiguous resources of its owners and workpeople. *Quem Deus vult perdere. . .*

* * *

Up to now we have implied that our own central bank is the tyrant. But, as our readers will remember, we have always recognised that the Bank of England is not a free agent. The final indictment lies against the Federal Reserve Board. It is quite possible that the Directors of the Bank think they are acting for the best in all the circumstances—which they know and we do not. Whatever the truth may be, there is no mistaking the fact that America is undisguisedly jubilant over Mr. Churchill's decision on the Gold question, while already our own industrialists are making despondent remarks about their inability to support the Insurance burden by which gold reserves are to be conserved. An illustration or two of America's attitude will quickly answer the *cui bono* query: They are extracted from the report of the *Daily Mail's* New York correspondent, published on April 30:—

> "The return of Britain to the gold standard is celebrated throughout America in terms of superlative praise. In the financial and industrial worlds it is hailed as *tidings of great joy*.
>
> "America expects that the British decision will be *immensely beneficial to her trade*. As the well-informed correspondent of the *Public Ledger* says:—
>
> "'The U.S.A. has a very pertinent interest in British policy. There has been some anxiety in Washington over the possibility that if Britain did not return to the gold standard the *American dollar would be adversely affected* in some trade centres.
>
> "'That was especially true in the Far East, where there is keen Anglo-American competition. Moreover, the British decision is welcome because of its *effect on the enormous gold holdings in the U.S.A.*
>
> "'The British fiscal policy is applauded in Washington for the further reason that it *ensures the collection by the U.S.A. of something like* 600,000,000 *dollars in interest on obligations owed to this country*.'"

For the obverse side of this enthusiasm let us quote from the *Daily Mail's* leading article on the same date:—

> "Witnesses before the Royal Commission which dealt with National Insurance were practically unanimous in the view that *neither employer nor employed could bear any further addition to the contributions which they already have to make under the Health and Unemployment Insurance schemes.*"
>
> "Only a few months ago Lord Furness pointed out that—
>
> One of the most serious additions in the cost figures (of steel) arises from the increase in rates and *national insurance*.
>
> "Week after week pits are closing down in every part of the country because they cannot pay their way in present conditions. Yet now *a fresh burden is to be laid upon their owners, the effect of which must be to accelerate the rate of closing down*. (*Daily Mail's* italics.)
>
> "How stupendous these insurances are growing is not always appreciated. Yet the National Confederation of Employers Organisation showed that the cost of unemployment insurance was in 1914 only £2,000,000. It is now, according to an answer in the House of Commons yesterday, £45,000,000 divided between the State (which means the taxpayer), the employer, and the worker."

We hope that the British Press will lose no time in emphasising the matters of which we are speaking. We believe that it will sooner or later be forced to do so. The frankness with which American finance has now spoken, taken in conjunction with the article of Mr. J. F. Darling's, which we have discussed, cannot but open the eyes of the British public to the dangers of the situation directly their attention is directed to the evidence.

* * *

The Earl of Oxford, speaking at Glasgow, said that the return to the Gold Standard was inevitable as the "natural and necessary outcome of the development of the international money markets since the war," and added these significant remarks:—

> "I am not insensible to the risks and dangers to which the policy is exposed in its earlier stages. We must not be left helpless against the stratagems, manœuvres, and raids of the banditti of international finance, and I trust and believe the Chancellor of the Exchequer has not left us defenceless, but has provided in advance well conceived and adequate safeguards for permanence and stability."

The *Daily Mail* of May 1, devotes its leading article to a discussion of these risks. It begins by noting the "panegyrics" in America. Then it characterises the return to the gold standard as the "greatest gamble on which a commercial nation ever embarked." It turns against the "financiers" who "impetuously accepted the harsh terms which the United States imposed," and reminds its readers that it was they also who "persuaded the British people into accepting the Dawes plan, which, so far as it has been tested, has proved another millstone." With characteristic thoroughness it rakes up the year 1914, and recalls how "the great financiers and the Bank of England advised Mr. Asquith's Government that the war could not last more than six months." Next it turns on some economics and declares: "It is quite clear that a gold standard cannot be maintained unless a country sells as much as it buys." But we are importing "nearly £30,000,000 a month more" than we export. "The British Government subordinates the whole financial policy of this country to a foreign nation, which naturally seeks its own interests and is 'not out to exercise benevolence.'" The *Daily Mail's* suggestion of defence is "a stiff duty on every kind of imported luxury." "Such duties," it says, "are imposed by the United States on our goods," but "if we impose them on American goods, the Federal Reserve Banks have only to crack the whip, and we must either pass through a tremendous crisis or submit." We ought to apologise for our laziness in filling up our space with these comments instead of writing up our own. But it is useful to record for the benefit of posterity how unerringly the Press reproduces, one by one—all at a respectful time-distance, of course—the opinions and reasoning which were once upon a time discussed in THE NEW AGE. It is good to note that Social Credit pronouncements and prophecies are not without honour—save in their own journal.

Currency and Chartism.

II.

Hovell next describes* the great meeting at Newhall Hill previously referred to. It was decided to appoint delegates to a Convention which would take charge of the National Petition and circulate it. All the leaders of the Birmingham Political Union were elected except Attwood, who, as Member of Parliament, would help the cause there. But from that time forward the Union lost its hold upon the Movement, and when the Convention ultimately met, leadership was already gone from their delegates. The London Working Men's Association were not disposed to trust the Attwoodites, who were members of the middle class. Then, they did not like the Currency Scheme. O'Brien, for instance, "who borrowed some currency lore from Attwood," thought his plans unsound and said so. According to Francis Place, one of their foremost leaders, Attwood and his lieutenants were not considered to be eager for the Charter, and only started the movement for Universal Suffrage "as a means of intimidating the Government to accept the Currency notion." He further suggested that the Attwoodites had misgivings as to whether a Parliament elected by Universal Suffrage might not ignore the Currency question altogether. A third cause of disruption was the moderation of the Birmingham Political Union. The earliest manifestation of this was occasioned by "the fiery campaign of J. R. Stephens, to whom the People's Charter seemed to give renewed fire and eloquence." O'Connor followed suit at Preston on November 5, 1838, in a speech which, although not an appeal to violence, "was calculated to familiarise his audience with suggestions of an unpeaceable character." Then Stephens went one better at Norwich, and delivered so violent an address that it was expurgated in O'Connor's journal, the *Northern Star*. Now, as Stephens had been elected a delegate to the Convention, the Birmingham Union felt compelled to combat his propagandist policy. As Hovell puts it, they "were beginning to regret their precipitancy in admitting such roaring lions into peaceful currency pastures." An exciting and stormy meeting was held, but it resulted in an understanding that physical force was to be repudiated. It was short-lived. In a month or two the breach between the preachers of peaceful agitation and preachers of

* "The Chartist Movement." By the late Mark Hovell, M.A. (Longmans. 6s. net.)

violence was complete. O'Connor was publicly scoffing at the "moral philosophers," and Stephens denouncing the Birmingham leaders as "old women." To add to the excitement, Stephens got arrested at Manchester for seditious speaking. He was released on bail a few days afterwards, but this was not soon enough to prevent his becoming a "hero," for the conduct of whose defence a sum of £1,000 was raised by subscription. The result of this episode was to cause the conduct of the northern agitation to fall more completely into the hands of O'Connor.

The Convention first met in London, but moved to Birmingham, where it met on July 1, 1839. There it issued a declaration of war in a document styled "The Manifesto of the General Convention of Industrious Classes." It prophesied that the Petition would be rejected by the Government, and that "we may now be prepared for the worst." It contained the following suggestions of "ulterior measures" that might have to be adopted:—

> Will Chartists be prepared to withdraw their money from savings banks and convert their paper money into silver and gold? Will they, if the Convention proclaims "A Sacred Month," abst..r from th·ir labours during that period? Will they refuse payment of rents, rates, and taxes? Will they deal exclusively with shopkeepers known to be Chartists? Will they refuse to read hostile newspapers?

The civil and military authorities, of course, took prompt measures, and magistrates began to arrest individual Chartists whenever they felt safe in doing so. Then came the Bull Ring meeting of July 4, which was dispersed amid rioting. On July 10 the Convention passed a resolution of censure on the Government, in which it held that "persons assembled for just and legal purposes" are justified in "meeting force by force" when assailed by the police. A placard appeared in Manchester on July 12 summoning a meeting for the next day, and containing the list of "ulterior measures." In heavy print were recommendations to withdraw money from the savings banks, to run for gold, and to abstain from excisable articles. Accompanying this appeared a manifesto by the Convention on the money system—but instead of formulating Attwood's proposals, it directly contradicted their principle, for it said:—

> "The corrupt system of Banking . . . had its origin . . . in the fraudulent bits of paper our State tricksters dignify with the name of money.

Considering that Attwood's scheme was based upon the proposition that paper money was legitimate legal tender, and would function just as well as coins, the damage done by the above pronouncement was disastrous. It was, according to Hovell, "the O'Brien-O'Connor counterblast to Attwood's currency theories. The effect was soon to show itself in political circles, for, "within a day or two of the publication of this outburst, *Attwood was using the National Petition to float his currency notions, and Lord John Russell was refuting him out of the mouths of his own petitioners*." This was on July 12, 1839, in the Commons debate on the National Petition, which was rejected by 235 votes to 46. With the subsequent revival and ultimate collapse of Chartism we need not deal. Hovell's history contains no further record of Attwood and the currency question. There is a reminiscence of it in one of the items of O'Brien's election address, when he stood for Newcastle in 1841, where he advocated the abolition of the "Bank of England monopoly," and of the right of other banks to issue notes, but with that exception the whole history of Chartism is now simply one of franchise reform.

Hovell points out the mistake of the Birmingham Political Union in these words:—

> "The Attwoodites . . . added to their dubious measure of Currency Reforms, which was scarcely calculated to awaken the enthusiasm of the working classes, . . . a political reform in which they were only secondarily interested. To carry one measure . . . they proposed to agitate for five others which . . . were calculated to arouse the strongest resistance.".

To this comment we may add one of our own, that, in the ultimate result, all the time, energy and money spent by Attwood and his associates in support of their principles went to nourish the political careerism of inferior men like O'Brien and O'Connor. Like Polonius, they went to supper—not where they ate, but where they were eaten by a certain convocation of politic worms—emperors for diet. Of such epicures was O'Connor, of whom Hovell says:—

> ". . . A jovial, tactful person, to whom no exertions were wasted which procured one more adherent, a boon companion of highly entertaining character, suiting his conduct exactly to the standards of his company, a racy and not too intellectual speaker, a master hand at flattery and unction, a *poseur* of talent and resource. . . . He had that rare commercial instinct which enabled him to derive profit from the most unlikely sources."

When he was imprisoned in York Gaol for a libel on the Warminster Guardians he was still able to publish in the *Northern Star* "long accounts of his evil plight," and stir up "multitudinous meetings of protest." Beside these he composed and published thirty-one Chartist stanzas in the gaol, and sent them to be recited by Lovett and Collins at the Birmingham reception. Stanza No. 7 reads as follows:—

> O'Connor is our chosen chief,
> He's champion of the Charter;
> Our Saviour suffered like a thief
> Because he preached the Charter.

Although Attwood's proposals could only have succeeded as a component part of the synthesis which we now advocate in these columns, they were, nevertheless, based on a definite constructive idea, and seal his title to a conspicuous place in the ancestry of Social Credit. The greater, then, the tragedy that his paper currency ideas met no better fate than to be whirled along the platform in the wake of O'Connor's express train. We have touched on only a very small number of episodes narrated by Hovell, and must leave our readers to consult his book for the rest of them. It will repay all the time they spend on it.

SONG.

By D. R. Guttery.

I took me a reed. pen
And wrote me a song,
And laughed as I sang it
A summer day long.

Where no one might hear it
I sang it again
'Neath a thorn overhanging
A mossy-banked lane.

But high in the branches
A thrush sat, and he
Took heed of my singing
And stole it from me.

He flew to an orchard,
Where in a tree's shade
Lay, ears all a-listen,
An amorous maid.

She heard him a-singing
Till daylight grew dim
That song of my making
And stole it from him.

She laughed as she sang it
And ran to the lane,
And met there her lover
And taught him the strain.

The two on a green bank
Sat singing, while I,
With no maid to sing to,
Stood silently by.

Music.

The last Philharmonic of the season seemed cleverly designed (whether the clever design was accidental or not one naturally has no means of knowing) to show how good and how bad modern English music can be. The Bax "Garden of Fand" showed one again that its composer has not succeeded in finding a fluidity of form to correspond with the fluidity of his thought, which, cut up, docketed, and parcelled out in little packages, as it were, becomes disconcerting and unsatisfying. The work contains some remarkable music, together with the Symphonic Variations his very best, imaginative, fantastic, and eerily beautiful. Maintained coherently at its best, it would be a masterpiece. The stark, rugged outlines of Ireland's Symphonic Rhapsody contrasted well with it. This is a work which, like his fine 'cello Sonata, is stripped utterly bare of all trimmings and fripperies; but its sharp gaunt form only stands out the more for that. Direct and forcible to a degree, it is by no means to be apprehended at once, for it is the work of an unusually earnest and sincere musical individuality, and one that is outside the main currents of contemporary music, happily—main currents are neither desirable nor comfortable when they head straight for a Niagara. On the whole, the performance was the best of the three I have heard except for a dragging of the opening section, whose point is largely lost or blunted if it is played other than with the heavy, energetic, vehement forcefulness and impetuosity it demands.

Of the Howells Concerto the bluntest speaking only will meet the case. What conceivable justification for including a work so utterly worthless, of such pretentious vacuity, such inflated rhodomontade, such complete nullity, alongside of highly meritorious works, such as the Ireland Rhapsody and the Vaughan Williams Pastoral Symphony, it is impossible to see unless for the motive suggested above. All honour and congratulations to the courageous and strong-minded man in the balcony who got up when the applause had died down and exclaimed in tones that were audible all over the hall, "Thank Heaven it's over." To judge by the number of cordial "Hear, hears," there are still a few people left even in a London concert hall audience not entirely besotted and bereft of all judgment.

With the Vaughan Williams Pastoral Symphony we once more entered the domain of music. It is on the whole a very remarkable work, disfigured a little perhaps by the triadic mannerisms of harmony, and by the uniformity of mood of three out of its four movements, as it lacks the strong cohesion to make such a protracted expression convincing and satisfying. But it is quiet, deeply treated introspective music—at its best the purest nature music unmarred by the intrusion of any jarring disharmony of human element. Even the vocal solo in the last movement is detached, remote, and strangely extra-human in quality, and that is not the least part of its power, which "recollected in quietness" makes one desire keenly to hear it again. It is without doubt the most important and individual symphony written since the Elgar works, and one feels that it is music with staying power. Here again is a musical personality—thank God for ever so small a handful!—of deep seriousness and a man with profound reverence towards his art. One really feels in listening to this beautiful work, as also the lovely motet sung by the Philharmonic Choir at one of their concerts last year, whose name escapes me for the moment, that one is listening to the work of an artist to whom his art is not merely a profession, but a vocation.

The frivolous, very amusing, and brilliantly clever "Fantaisie Espagnole" of Lord Berners closed the concert, a work which always makes one feel that in Lord Berners the English have a composer who can really do in music what Stravinsky so often tries to do and never does. And naturally the English are not in the least aware of it. Parodistic or not, the work is incomparably more attractive than the "authentic" Hispanicism of de Falla, and a great deal more convincing.

KAIKHOSRU SORABJI.

P.S.—I find I was guilty of an inaccuracy in saying recently that Delius' "Sea-drift" had been neglected for the last ten years. I am informed that the Philharmonic Choir performed this work in March, 1923—a performance I had the misfortune to miss. Hence the oversight. K. S.

The Theatre.

By H. R. Barbor.

WIT'S LABOUR'S LOST.

The *Fellowship of Players'* production of "Love's Labour's Lost" almost achieved greatness. This pastoral-comical conversazione—for that is what the skeleton of the play is—tricked out with delightful elements of character-comedy and versification, is not a masterpiece of *Shakespearean* literature, but it is certainly a masterpiece of dramatic writing. We are apt to write down the lesser works of the masters when comparing them with their more exalted achievements. When we compare this play with, say, "Twelfth Night," its minority is manifest. But alongside the work of Beaumont and Fletcher, of Congreve, Labiche, Kotzebue, even with the best of Molière's theatre, its wit and invention triumph anew.

Abrogating for the time being all intricacies of fundamental plot, the author of "Love's Labour's Lost" relied entirely upon delicate incidentalia of intrigue and upon verbal dexterities to win the suffrage of his audience. Even the deftly marked characterisations are not directly germane to the structure of the piece. Such a work demands manipulation of two distinct kinds. Firstly, the "straight" parts must be expertly stylised. Secondly, the character parts must be finely chiselled and modulated into orchestral *ensemble*.

George Foss, who produced for the Fellowship, has clearly a penetrating sense of the requirements of this difficult play, and, even without making allowance for the alarums and excursions inevitable to "special performances," his presentation was admirable. The character-comedy side of the play could scarcely have been bettered. With the inestimable advantage of having D. Hay Petrie for the Clown, and with George Zucco as the Fantastical Spaniard, quite perfect assumptions of these amusing rôles were in evidence. Mr. Petrie's art seems to broaden and deepen with every new part, and as a creator of drolls and benignant duffers he is second only to Charlie Chaplin, so far as my experience serves. He has the same flair for risible ineffectuality (coupled with virtuosic effect in craftsmanship), and the same strain of underlying poignancy as that pastmaster of low comedy.

Marian Wilson's Moth was a charming, just presentment of the perky page. It had the legitimate Elizabethan flavour, and if a slight over-emphasis of the dancer's skill occasionally made one more conscious of butterfly than of moth, the part was in good hands, on a pretty tongue, and went trippingly on dainty feet. Dull, Hologernes and Nathaniel were amusingly served and judiciously differentiated by Roger Livesey, Alfred Harris, and Horace Sequeira, and the Jaquenetta of Viola Lewis was good enough in this association, which is saying much.

The romantics of the cast were, with three exceptions, very poor stuff in comparison with the comics. But for Jane Bacon, Andrew Leigh, and Duncan Yarrow, love's labour had, indeed, been lost. Miss Bacon undertook the part of the Princess at a few hours' notice, and acquitted herself with a gracious address which made no demands on the generosity that the audience was asked to extend to her. Mr. Leigh brought Boyet to an acidulous half-fantastic life which accorded well with the witty passadoes of these creations of high-falutin verbal comedy.

The Ferdinand of Duncan Yarrow was a revelation of the invention, vision, and sensitiveness of this actor. I have never seen him do anything half so good. Mr. Yarrow always has distinction, wears his period clothes with a difference, and makes his points (and, which is as much to the purpose, gives his interlocutors a chance of making theirs) neatly and intelligently. But this King of Navarre was not only gracious, debonnair, elegant; he was authoritative, undeniably noble, and had such charm as makes modern misuse of the word the more regrettable.

For the rest, again with one exception, the less said the better. The ladies attendant on the Princess were inadequate even to their minor tasks. The Longaville and Dumain just beat them by a prefix, and achieved that deplorable adequacy which English audiences have been taught to expect of Shakespearean repertory companies, but which might well be spared from "special" performances by a Fellowship of Players, whose membership includes notable actors pledged to more than lip-service to Shakespeare. I wonder why a part which would have taxed the ingenuity of Sir Gerald du Maurier should be wasted on a comparatively unknown and unschooled actor: for the rôle of Biron is altogether outside the range of temperament, physique, personality, and technique of Frank Vosper.

Biron is the lineal progenitor of the *philosophe* of Jacques in "As You Like It," with a dash and *the* dash, of Gratiano. He is the leading juvenile *par excellence* of this courtly play; a reckless wag; he must be flouting; he cannot hold. But his flouting is always courtly. Mr. Vosper substituted gawkiness for courtliness, and though his author prevented him from becoming a bore he contrived. in authorship's despite, to make Biron a boor. With Mr. Yarrow as a model of comedic propriety, this young actor might have profited by example and kept his performance on the plane of the comedy of artifice. Instead, he played with the crude insistances of melodrama, storming the slim turrets of wit as though they were grim Gothic barns.

Another barnstorming actor, an acquaintance of mine, and a player of longer experience than Mr. Vosper can possess, once explained to me that, whatever the scene indicated by the "scrip play" which his "fit-up" company performed, he always took good care to have a door somewhere in it. However "hard" the audience might be, he found he could always "get a round" by going out on a climax and banging the door.

Mr. Vosper varied my friend's method only insomuch as he banged the door continually, but never had the saving grace of exodus. In his long *tirade* after the discovery by the three lords and the King of their common failure to keep the Arcadian peace, this actor fairly took the bit between his teeth. He smashed the mayfly wit with blows which might have won the envy of Longfellow's blacksmith, or to change the metaphor, swapped the spinet for the jazz-drummer's equipment.

Mr. Vosper may make out a case for Biron being a thrasonical lout if he cares so to do, but theatrical, no less that historico-social, *vraisemblance* demands that the lout shall remember that he is in the presence of his King. Biron is the most stylised character of Shakespeare's most stylised play. We shall not look upon the like of this Biron again if we can help it.

The setting by James Whale admirably met the play's requirements, with its bright open-air freshness and clear colour. Tom Heslewood's costumes are always an emphatic joy, though it is doubtful whether their originator enjoyed the way they were carried by some of this cast.

Realism in Rhyme.

By "Old and Crusted."

But what strange art, what magic can dispose
The troubled mind to change its native woes?
Or lead us willing from ourselves, to see
Others more wretched, more undone than we?
This, BOOKS can do;—nor this alone; they give
New views to life, and teach us how to live;
They soothe the grieved, the stubborn they chastise,
Fools they admonish, and confirm the wise:
Their aid they yield to all: they never shun
The man of sorrow, nor the wretch undone:
Unlike the hard, the selfish, and the proud,
They fly not sullen from the suppliant crowd;
Nor tell to various people various things,
But show to subjects, what they show to Kings.
(The Library. Crabbe.)

Nor one so old has left this world of sin
More like the being that he entered in.
(The Vicar, in "The Borough." Crabbe.)

Whoever bothers about Crabbe nowadays? At most, perchance, on a wet day, some bored prisoner in a country house idly scanning the contents of a little-used library pulls mechanically from its shelf a dumpy brown volume, and opening it at random has the ill-luck to stumble on something like this:—

"Swallow, a poor attorney, brought his boy
Up at his desk, and gave him his employ."

Or perhaps:

"Aged were both, that Dawkins, Ditchem this,
Who much of marriage thought and much amiss."

Small wonder if he murmurs "What bilge!" and replaces the peccant volume on its perch, there to remain undisturbed for Heaven knows how long. But that is by no means the whole of Crabbe. Leslie Stephen, no mean judge, says of him that he,

"like all realistic writers, must be studied at full length, and therefore quotations are necessarily unjust,"

and that omniscient appraiser of English poetry, Prof. Saintsbury, who has a happy knack of saying the right thing in a few words, adds:—

"the common English country scenery and society of his time—these were his subjects, and he dealt with them in a fashion the mastery of which is to this day a joy to all competent readers."

Now, without professing to be "a competent reader," this impenitent lover of all that is mellowed by time is much given to idle sauntering in the more secluded paths of literature, or, to put it in other words, he much prefers the ancient bridle-paths across the fields to tearing down the high roads of modern publicity at umpteen miles an hour in breathless search of something new to tickle his palate—whereby some injustice is unintentionally done to the poetasters of to-day—but, then—what will you? —there is always the lame excuse that a poor sinner who was brought up on claret does not take kindly to cocktails and fizzy drinks.

To appreciate Crabbe I vow one must know and love the wide spaces of the fen-land, the broad estuaries of her sluggish rivers, and the sand dunes that guard her coast. One must have lived in a sleepy Midland village hidden away in the deceptive folds of our undulating fields, where "the sounding cataract," which "haunts like a passion," is replaced by a winding stream to whose shallow falls, "melodious birds sing madrigals." Moreover, the Rev. "Garge," as his Leicestershire parishoners doubtless called him, is one of those humbler authors we are allowed to discover for ourselves; he was not thrown at our heads like Scott or Wordsworth, Milton or Goldsmith; we were never compelled to "do him" for exams., a wicked and debased form of tuition which gives many an honest Englishman a profound dislike for poetry that lasts him the rest of his natural life, and, in my case, completely spoiled two of the finest poems in the language, "Lycidas," and "The Deserted Village." Luckily I was never doped with Shakespeare, so came to him in a natural fashion, discovering, to my abiding content, that kindred spirit Jack Falstaff, who has helped me through many a dreary day and sleepless night. In the same happy-go-lucky way Crabbe has found a place amongst those silent friends who, being dead yet speak, and never obtrude at inopportune moments. One of his attractions—for me, at least—is that he is the most "chuckle-extorting" bard that ever ambled o'er a page in rhymed decasyllables; no poet ever turned out more mirth-provoking couplets than the Duke of Rutland's chaplain. Was ever the scraggy end of a cold boiled leg of mutton better described than as:

"Homely, not wholesome, plain, not plenteous, such
As you who praise would never deign to touch."

and who can avoid grinning at the self-inflicted woes of friend Ditchem:

"Four years I've wed; not one has pass'd in vain;
Behold the fifth! behold a babe again!"

Poor fellow, no wonder he was a trifle peeved and had a few words on the subject with his wife, his "tender partner," but she utters,

. . . . "not a word or sigh
Gives to my wrath, nor to my speech reply;
But takes her comforts, triumphs in my pain,
And looks undaunted for a birth again."

Not much use arguing with ladies of such robust philoprogenitiveness, I trow! But good Master Gerard Ablett can go one better, for in the poem "Baptisms" we learn that,

"Twin-infants then appear; a girl, a boy,
Th' o'erflowing cup of Gerard Ablett's joy:
One had I named in every year that pass'd
Since Gerard wed! and twins behold at last!
Well pleased, the bridegroom smiled to hear—'A vine
'Fruitful and spreading round the walls be thine,
'And branch-like be thine offspring!'—Gerard then
Look'd joyful love, and softly said, 'Amen.'"

So he did. And he meant it, too—in more senses than one—for the reverend writer goes on to say,

"Now of that vine he'd have no more increase,
Those playful branches now disturb his peace."

Once more 'tis Strephon who cries enough—when it comes to handling a quiverful, commend me to Chloe every time—bless her!

Now the accepted view that Crabbe is a realist is quite true if we mean one who goes direct to nature for his subjects and is not a mere dabbler in conventional types. His peasants and shopkeepers, apothecaries and attorneys, farmers and squires, are all real men and women; not the revolting distortions of humanity Zola gives us in "La Terre," for example. And he can paint a picture in words like a Flemish masterpiece, as any one will admit who will take the trouble to wade through "The Village" and "The Borough." There is the well-known description of the "house that holds the parish poor" and many another microcosmic sketch to reward a patient reader; in short, if one wishes to know how the very poor and the class just above them lived in the latter half of the eighteenth and beginning of the nineteenth centuries, there is no better guide than this very clear-eyed cleric. Then every now and again one comes across gems which would pass into the currency of common speech if they were better known. Take for example:

. . . . "how caution watches at the lips of fraud,"

and we have a masterly character sketch of a successful moneymonger in eight words; then, turning over the page, what could be daintier than:

"No more the midnight fairy tribe I view,
All in the merry moonshine tippling dew."

Quaint and homely? Yes, but I cannot help thinking the king and queen of that fairy tribe were Oberon and Titania!

And so one might go on indefinitely, poking fun at the good man and smiling at his quaint conceits, so here are a few lines to close with, which will surely appeal to all readers of THE NEW AGE:—

"Is there a place, save one the poet sees,
A land of love, of liberty and ease;
Where labour wearies not, nor cares suppress
Th' eternal flow of rustic happiness;
. . . .
Where young and old, intent on pleasure, throng,
And half man's life is holiday and song?"

Not bad for an eighteenth-century country parson—and a duke's chaplain at that!

Reviews.

The King's Prerogative and Other Undelivered Addresses on the New Socialism. By Theodore J. Faithfull. (The C. W. Daniel Co. 1s. net.)

The sub-title says, "A book for all those interested in the fight against Communism." In a "Foreword" Professor Soddy preaches "Stabilisation"—"The £ must purchase on the average the same to-morrow and in the future as it does to-day . . ." To this end there must be no more "usury." Mr. Faithfull has assembled in the book a disjointed congress of currency lore, within which Major Douglas is set jostling against Mr. Victor Branford in a purposeless agitation against "Shylocks," "the usury system," and "usury purposes." "One sometimes sees it suggested that a low rate of interest is not usury, but this is a hopeless quibble." ". . . Gather round the grave of Usury." ". . . Cut out usury." In between these indications of a mistaken diagnosis, Mr. Faithfull gossips on Nationalisation of Land, Agriculture, and Currency. He has a definition, "the just price," which he describes as the aggregate of "Rents, rates, wages, salaries, interest on invested capital, and a percentage on turnover for the farmer as administrator." "Assuming 50s. as the average market price of wheat, and 60s. as the 'just price' . . ."! Where are we? Again: "A new issue of notes, instead of reducing the purchasing power of the public would at the present time increase it by putting more currency into circulation." We do not know how Mr. Branford enjoys himself in the crush, but we imagine Major Douglas pretty breathless. It is impossible to sum up this medley except by obeying the hint in the sub-title and saying, as politely as we can, that it is an excellent exposition of non-Communism.

The Painted Veil. By W. Somerset Maugham. (Heinemann. Price 7s. 6d. net.)

Richard Burton has said that whereas the European novelist marries off the hero and heroine and leaves them to consummate marriage in privacy, the Eastern story-teller must usher you, with a flourish, into the bridal chamber and narrate to you with infinite gusto everything he sees and hears. Mr. Maugham selects a third alternative—to usher you in immediately afterwards. The hero and heroine in this case are both married, but not to each other; so perhaps that may serve to mitigate any indelicacy we feel about our intrusion. If Mr. Maugham's end is a social moral, we haven't discovered it; but his book probably enshrines the subtler purpose of suggesting the superiority of Eastern over Western civilisation. Kitty Fane and her adventures chiefly provide material for Dr. Freud and Mrs. Gamp. She accepts Fane in order to get married ahead of her sister; goes with him to China; falls into an intrigue with Townsend; is discovered by Fane, who is a doctor and who takes her off with him to Mei-tan-fu, where there is a cholera epidemic; she is left a widow by his suicide; returns to Tching Yen in a state of pregnancy induced (she is not sure) by Townsend; meets him again in his wife's house and renews the intimacy—thrill of remorse—back to England—will go abroad with her widowed father, who is leaving for the Bahamas—hopes it's a girl—"I'm not going to bring her up so that some man may want to sleep with her so much that he's willing to provide her with board and lodging for the rest of her life." So Fane's death will not have been in vain; already one foresees a glorious "woman's movement" in the Bahamas. All good manure this for Mr. Maugham's Eastern flower—the Manchu lady. She lives in Mei-tan-fu with Waddington, the ugly, cynical, and sardonic little Deputy Commissioner. She is the daughter of a noble family whom Waddington had rescued in some revolution. "She's abandoned everything for my sake—home, family, security and self-respect. It's a good many years now since she threw everything to the winds to be with me. I've sent her away two or three times, but she's always come back; I've run away from her myself, but she's always followed me. And now I've given it up as a bad job; I think I've got to put up with her for the rest of my life." Thus Waddington to Kitty. And then, "It's rather a funny sensation, you know—I haven't the smallest doubt that if I really left her definitely she would commit suicide. Not with any ill-feeling towards me, but quite naturally, because she was unwilling to live without me. It is a curious feeling it gives one to know that. It can't help meaning something to you." Kitty goes to see her. "Impressive she sat, without embarrassment, in her beautiful clothes; and from the painted face the eyes looked out wary, self-possessed, and unfathomable," while her "languid and elegant hands suggested the breeding of uncounted centuries." What does she do with herself all day, asks the Western woman. "She paints a little, and sometimes she writes a poem. But she mostly sits." "What does she think about?" "Nothing," smiled Waddington. And if God so clothed the Manchu lady . . .

Question Time.

DEBATE ON CREDIT CONTROL.

Canadian House of Commons, March 4, 1925.

On the Motion,

That, in the opinion of this House, it is not in the interests of the country at large that the privilege of issuing currency and of controlling financial credit should be granted to private corporations.

VI..

Mr. W. C. Good (Brant): Mr. Speaker, I do not know that I have seen anything more tragic and pitiable since I have been a member of this House than the empty benches opposite during the course of this vitally important discussion. Nor have I heard anything which revealed such an utter inability to understand the point of view of the hon. member for Centre Winnipeg (Mr. Woodsworth) as the speech of the Acting Minister of Finance (Mr. Robb).

Some Hon. Members: Order.

Mr. Robb: That is all right; it does not hurt me.

Mr. Good: It was not meant to be offensive at all; I have a very high regard for the hon. Minister personally. Now, Mr. Speaker, although the supporters and the members of the Government apparently know nothing and care less about this matter—

Some Hon. Members: Order.

Mr. Good: Well, Mr. Speaker, if they cared they would have been here.

Some Hon. Members: Withdraw.

Mr. Speaker: Order.

Mr. Good: Although this indifference has been only too abundantly indicated and is very patent to everyone of us here, I maintain that there is no public question of greater importance to the masses of this and other countries.

Mr. Robb: I will admit that.

Mr. Good: I am told by one of my friends on this side that because the people in the country do not understand this question and have never made any demands in respect to it, because no political party has a plank in its platform dealing with the matter, therefore we should be silent in this House with regard to it. But I will not be silent so long as I believe that this is a vitally important matter; I shall do my best to arouse public interest in it. That is my answer to my hon. friend on this side.

Although the Acting Minister of Finance may object to the principle of the resolution, and although he may call upon his followers to vote it down, yet he has admitted, his Government has admitted, and nearly every Government in every civilised country has admitted, the principle of this resolution—but they are very far from attempting to carry it out effectively. Now, it is our purpose to show, first, that the principle of public control over our financial system is absolutely sound, and also that there is a crying need for the further and more effective application of the principle than has generally been admitted. The application of this principle of public, democratic control over finance has been shown in many countries through the development of co-operative banks and their various federations.

Hon. members will recall the situation that developed in 1920, 1921, and 1922 with respect to the deflation, throughout Canada and the United States. This deflation affected agriculture in particular, and the Government of the United States was much more prompt in instituting an inquiry than the Government and Parliament of Canada. And I would like to emphasise the promptness and effectiveness of the movement that was begun by the United States in the early part of 1921. There was then instituted a joint committee of agricultural inquiry which presented its report in four volumes. I have here one—the smallest of the four—on Credit, which I shall refer to again. In addition to that they published in detail the evidence taken at a number of hearings. I have under my hand the hearing before this joint committee of agricultural inquiry held at Washington between August 2 and August 11, 1921, dealing specifically with the relation between the policy of the federal reserve system or board in the United States and the terrible industrial condition of the country that developed in those years. I should like to refer briefly to one or two passages from addresses delivered by a gentleman who appeared before our Banking and Commerce Committee last year, and who had been for some years previously the Comptroller of Currency in the United States. I refer to the Hon. John S. Williams, who was ex-officio a member of the Federal Reserve Board and who took a very prominent part in objecting publicly and privately to the financial policy which, he maintained, was an ill-advised one and which prevailed in the latter part of 1920 and 1921.

Coming to the passages I referred to a moment ago, I will read from one of Mr. Williams's addresses given in the United States and in which he made reference to the federal reserve system in that country. I may say again that the federal reserve banks of the United States were created for a definite purpose, and the Federal Reserve Board was put in charge of those banks in order that the Government or the people of the United States might exercise a greater measure of control over their financial policy than had been exercised previously. I am free to admit that that control may not have been exercised as it should have been, but in any event, in the very creation of a Federal Reserve Board there was an admission of a need for public control. There was, indeed, a recognition of the very principle that we are debating to-day and to which the Acting Minister of Finance (Mr. Robb) says he objects. I hope he will withdraw from that very untenable position before it is too late. I read, then as follows:

> A primary purpose of the reserve system is to provide for the ebb, flow, and distribution of the country's supply of money to meet the legitimate needs of the people and of commerce. Generally, that purpose has been fulfilled admirably. Sometimes it has been impeded or prevented and troubles have ensued in consequence. For instance, when abnormally high rates for money for speculative or other purposes have been made and maintained in New York, the natural result has been to draw money from sections where it was needed for productive and constructive work to where it could earn extraordinary profits from the necessities of speculators and promoters.

Let me pause here, Mr. Speaker, to direct the attention of the Acting Minister of Finance to what has been revealed in connection with the Home Bank. Was money not diverted from productive enterprise, the savings of poor people all throughout this country, and devoted to speculative ventures and the activities of promoters? This is not theory; this is fact.

Mr. Maclean (York): May I ask the hon. member this question: Is it not the case that if we had a federal reserve system in this country and the Home Bank had to go to the federal reserve bank for currency, as all member banks have to do in the United States, would the things that occurred in connection with the Home Bank not have been discovered by that system?

Mr. Good: I think it would depend not so much upon the mere existence of a federal reserve system as upon the existence of an efficient system of inspection. That, of course, is or ought to be very closely linked up in practice with a federal reserve system.

Mr. Maclean (York): With my hon. friend's permission, may I ask this: Under a federal reserve system by which control would be exercised over member banks—and the Home Bank would be a member bank—would not the misconduct, if it was misconduct, have been discovered early in the history of the bank?

Mr. Good: The evidence that was given before the Banking Committee last year proved that no system of that

sort could be safely operated without a very effective system of inspection connected therewith. But the discovery of a rotten condition would depend more on adequate inspection than upon the mere existence of a federal reserve system.

Mr. Robb: Will my hon. friend allow me, then, to ask another question following that of the hon. member for South York (Mr. Maclean)? The hon. member is a student of this financial situation: if the theory advanced by the hon. member for South York is correct, what is the explanation for the large number of bank failures in the United States in the last two years?

Mr. Maclean (York): Were they member banks?

Mr. Good: Bank failures in the United States have been for the most part among banks not linked up with the federal reserve system, and they have been largely owing to what I think is now admitted to be a mistaken policy on the part of the Federal Reserve Board. However, the answer to the question would lead me very far afield, and perhaps it might be left over for another occasion; I propose to go into some other aspects of this matter when my own resolution comes up. Continuing, then, I read as follows from the remarks of Mr. Williams:

> The farmer, merchant, or manufacturer in the west and south, and also elsewhere, found money scarce at the 6 per cent., 7 per cent., and 8 per cent. rates he could afford to pay, because New York was offering from 10 per cent. to 30 per cent. This tends to defeat the wise and beneficent purpose of the system.

And will hon. members note the following:

> I used my official powers to investigate this subject as thoroughly as possible and made some astounding discoveries. The daily rates for call money—meaning money loaned on stock or bond collateral—to be called at will, are fixed daily by from five to eight members of the New York stock exchange, men also actively concerned in the purchase and sale of stocks, meeting informally at the exchange or consulting over telephones. They are responsible to nobody, under no direction. Their casual, hasty decisions not only affect the prices of money and stocks there—frequently meaning disaster or gain to hundreds of individuals and interests—but tend strongly to determine the movement and prices of money and incidentally, to a greater or less extent, of wheat and other commodities—for more than a hundred million people.

LETTERS TO THE EDITOR.

THE FINANCES OF THE FREE STATE.

Sir,—Your comments last week on financing in the Irish Free State prompt me to inform you that the *Irish Times*, in its issue of May 21, published two rather alarmist articles on the Government and the banks, one from "Artifex" and one copied from the *Statist* (by its Dublin correspondent). I subjoin copy of a letter which I immediately sent to the *Irish Times à propos* of those articles, and which, so far (May 29), *has not been accorded publicity in that journal.*

SCRUTATOR.

TO THE EDITOR OF THE "IRISH TIMES."

Sir,—The articles, from "Artifex" and the *Statist*, published in your issue of the 21st inst., are timely but unnecessarily alarmist. The banking policy of a country is the most vital concern of the Government and of the people, for the simple reason that control of financial credit is control of the very life-blood of the nation's industry. Has not the Right Hon. Reginald McKenna said that:—

> "Those who control credit direct the policy of Governments and hold in the hollow of their hand the destiny of the nation"?

And do we not find the politician re-echoing that remarkable assertion of the banker in these words of Mr. Lloyd George, referring to the now famous Dawes Pact:—

> "Agreement would never have been reached without the brusque and brutal intervention of international bankers. They swept statesmen, politicians, jurists, and journalists all on one side, and issued their orders with the imperiousness of absolute monarchs who knew that there was no appeal from their ruthless decrees. This settlement is the joint ukase of King Dollar and King Sterling"?

Now it would appear both legitimate and desirable that the people and the Government of the Free State should inquire whether or why that state of things should necessarily be so. The effects of modern international finance on industry in every nation are not so very reassuring as to justify either the people or the Government of the Free State in accepting its dictates unquestioned, even though they be conveyed by Irish bankers. What they have both the right and the duty to investigate is precisely the question whether the prevailing policy of monetising the nation's real credit—as operated by the Irish banks in creating and cancelling financial credit and thus controlling the volume and the purchasing power of the people's money—is a policy that makes for the all-round industrial prosperity of the country, and not rather, perhaps, for the sacrificing of such prosperity to consolidating the power of a centralised financial monopoly.

That major question is bound to force itself forward for investigation, not merely in Ireland but in every country, by the necessary bearing of banking policy on the purses, pockets, and lives of the masses. And the creation of an atmosphere of panic for its investigation in Ireland is to be deprecated. "The rapids of State banking" and "bureaucratic public finance" are not helpful phrases. I am not an advocate of State banks or of the nationalising of banking; but I have yet to learn that a State bank means disaster, or that the Commonwealth Bank of Australia has not been helpful there. What the leaders of the public, the industrialists and politicians and statesmen need, in Ireland no less—and no more—than in other countries, is an understanding of the *policy* which in the present money system determines the issue and withdrawal and volume of financial credit for the costing of industry and the pricing of its products; and, above all, the effects of that policy upon the provision of goods and services which is the very purpose of the whole economic process. As long as that policy is accepted and unquestioned, it matters little whether it is administered by privately controlled joint stock banks or by a nationalised banking system. And it is a fact which may not be believed, which may cause surprise, but is none the less true, that the percentage of bankers who understand this policy and its effects, as distinct from the technique and machinery of the system which embodies it and which they are working, is not much greater than the percentage of industrialists, business men, and statesmen who understand it. Among those who do understand it there are undoubtedly many of the experts of high finance; and all who have had the curiosity to follow their pronouncements—and these are a rapidly increasing number of the educated public, as well as the members of the Federation of British Industries—cannot fail to have noted that the financial experts have been speaking since the World War with very uncertain voices. Moreover, all who understand the working of the heretofore accepted banking policy know very well why this is so. "Sound financial policy" is a phrase that sounds well to the general public; but it has lost its soporific effect on the minds of people who begin to try to understand it. Such people will get much more light and help towards an understanding of the present banking and financing system from the perusal of such a book as "Real Wealth and Financial Poverty," by Captain W. Adams, B.Sc. (Econ.), A.I.I.A., F.I.S.A. (Cecil Palmer, London), than from "Artifex" or the contributor to the *Statist*.

SCRUTATOR.

TOWARDS A NEW ORDER.

Sir,—As a variation from the matter appearing under "Letters to the Editor," may I, as a fellow-student, offer my thanks to your contributor, Mr. C. M. Grieve? He has been at some pains to define Awen, but this, and something more can be found in Patanjali. However, reading his third article closely, I find that he is in danger of using theological language which has been described as a "tainted vocabulary." "The Gift of God" has no meaning and could be expressed in unequivocal language; Mussolini or Ford could be so described as to suit whatever side of the fence an onlooker, mesmerised by words, may choose to sit. Similarly, in his statement, "An individual who does not obviously possess Awen in some direction or other is an incarnate blasphemy," we are reminded of Hamlet's answer to Polonius, Words! Words! Words! Let Mr. Grieve be careful or he as a writer will rub shoulders with queer company as laying down the law about blasphemy; the Bishop of London is an authority on it, and no one with intellectual respect for truth would be found on the side of the Church which for some two thousand years has been rattling the bones of esoteric Christianity, with what success we can now see—the soul of England can only be saved by aeroplanes and the stuff they carry.

I salute my comrade, Mr. Grieve, in his quest perilous; our ways are both in the same direction, but my difficulties are not overcome by using a word of three letters, which means making another of five, and incidentally the eight have brought more fog in the world than they have taken out. I have done with fog, but, nevertheless, it was a joy to read the last paragraph but three in the above. Mr. Grieve is getting warm, for he has compressed Plotinus whilst leaving him intelligible.

WILLIAM REPTON.

LORD COLWYN'S COMMITTEE.

Sir,—I am quite ready to concede anything which may be due to a possible infidelity in a Press report, but the letter from Mr. P. D. Leake in reply to mine of the 9th inst. is a recapitulation of his position. He arrives in his final paragraph at a conclusion similar to that upon which I commented, namely, that prices would fall, and that prices would rise, and my point is, either effect is a contradiction of the other. However, Mr. Leake's argument embodies a qualification. The price fall would be confined to capital goods, and the price rise would apply to consumption goods. How could this be possible?

The situation appears to turn upon the question of "Price," and the New Economic view is that "Price" is a conception which is without economic significance if unrelated to the medium of its expression, namely, "money." If, then, a Capital Levy would cause a fall in prices, the Capital Levy would result in a reduction of the amount of "money," a conclusion with which I readily agree; but that the Levy would also result in a rise in prices, even of a general class of commodities, is a contention which is not acceptable as a logical consequence of the premises. A given agent in similar circumstances cannot be both positive and negative.

It will, of course, be understood that I am not here concerned with whether a Capital Levy is "good" or "bad."

K. O. G.

THE RATIONING OF TRUTH.

Sir,—In a lecture by Dr. F. C. S. Schiller, published in the April number of the *Eugenics Review*, the following pregnant paragraph occurs: "Bad economics, bad taxes, and bad bureaucracies we seem to have with us always, like the poor, who are their end-product. But in ancient times no remedies were known for these evils. Nowadays cures for them are known, but it is not easy to mobilise the knowledge. It is the well-guarded secret of a professorial class, which is induced, and indeed compelled, by our systems of academic organisation to express itself, either not at all, or only in such technical terms as not to divulge it."

It is evident from Dr. Schiller's words that he is aware of some sinister influence which prevents the lucid explanation to the public of the real principles of economics. The professors are under duress and fear to tell the whole truth. Could not THE NEW AGE invite Dr. Schiller (if he himself is a free agent) to contribute an article exposing the systems of academic organisation which produce this disastrous bondage.

HAROLD W. H. HELBY.

[We do not suppose Dr. Schiller would adduce specific evidence. In any case, the control is not in the "organisation" of the academies but in the subsidising of them.—ED.]

HOSPITAL FINANCE.

Sir,—I have just received the report and balance-sheet of the University College Hospital, Gower Street. The deficit for 1924 is shown as £11,494, and "a very earnest appeal is made for increased support to maintain the hospital."

The overdraft at the bank is £14,185 1s. 6d. Turning to the assets, we find that the investments were valued by brokers on December 31, 1921, at market prices on that date. Subsequent investments have been taken at cost. The largest investment fund, "Hospital Endowments," is valued at £76,987 17s. 7d., although its nominal value is £97,493 4s. 5d., a difference of over twenty thousand pounds. Amongst the investments is Bank Stock, which is valued at £5,645 13s. 8d. *more* than its nominal value. Only two other investments are shown as having appreciated at the date of valuation.

These facts suggest that subscribers to hospitals and the finance committees responsible for the funds raised might usefully direct their attention to the effect of credit policy upon their revenue and their investments.

W. ALLEN YOUNG.

PUBLIC MEETING.

The meeting provisionally announced will take place at the Central Hall, Westminster, on Thursday, May 21, at 6 p.m. Major Douglas will speak. Particulars will be given next week. Readers willing to dispose of tickets are asked to write to Mr. W. A. Willox, c/o "The New Age," 70 High Holborn, W.C.1. A certain number are reserved at 2s.

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