

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

No. 1708] NEW SERIES Vol. XXXVII. No. 5. THURSDAY, JUNE 4, 1925. [Registered at the G.P.O. as a Newspaper.] **SIXPENCE**

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NOTES OF THE WEEK.

We must direct attention to some passages from a prominent article in the *Baltic-Scandinavian Trade Review** of May 20, which a correspondent has sent us. Recalling one of the three principles laid down by Major Douglas at Swanwick at the end of last year, namely: "That the credits required to finance production shall be supplied, *not from savings*, but be new credits relating to new production," it is intriguing to see the query, "Is the United States Saving Too Much?" heading the article to which we refer:—

"Many people are beginning to suspect that the main problem before American industry . . . is no longer the problem of production, but the problem of consumption."

"The great cry to-day is for markets. . . . The absorbing power of the market does not increase as rapidly as the producing power of industry."

" . . . in the United States the effect of the war was to bring about a tremendous over-extension of plant and equipment in certain lines of industry and thereby to create a seriously unbalanced condition of industry."

The writer says that while the population of America increased by only 6.1 per cent. between 1914 and 1920 the volume of manufacturing production increased 48 per cent., that of agricultural products 9 per cent., and that of mining products 39 per cent.

" . . . it is the universal testimony that sales resistance has increased, and the disposal of the product in the domestic market becomes more difficult."

Yet this is, he says, "not the fault of distribution in the economic sense," for

"there have been tremendous improvements in diffusion of wealth, and especially in the income of the working classes in recent years."

Then follows this diagnosis:—

"The fault seems to lie in the fact that the gospel of thrift has somewhat over-reached itself. . . . Comparatively more money is being spent, but in addition to this is the fact that the wage-earners are saving more than ever before in history."

He states that in some thirty thousand banks having savings departments the total amount of savings on

* Published at Raadhustpladsen 35, Copenhagen. Fortnightly. Annual Subscription, £1.

deposit increased from 8,400 million to 18,000 million dollars between 1912 and 1923. Then he remarks:—

"When in addition to this the enormous volume of life insurance premiums paid, and the money invested by wage-earners in securities are considered it is clear that there is an enormous addition to American capital annually from wage-earnings."

"This addition has . . . reached the point where the question may be raised whether it would not be better for the welfare of industry that a little more were spent and a little less were saved."

"The balance between savings and consumption is tremendously important for economic stability and progress."

Concluding, the writer says:—

"Thus there has arisen a series of rather new economic problems which have been more strongly emphasised in the United States than in other countries."

"It is likely that American economic thought will be increasingly occupied in the future with problems of consumption."

Our readers will not need us to emphasise the significance of the publication of such sentiments as these in a purely trade organ. We congratulate the author (who signs himself Virgil Jordan) on his article, and hope that he will continue to explore the economic problem from this angle. For the connection between savings on the one hand and the discrepancy between Prices and Incomes of which we have spoken on the other, is of the closest possible nature. There is a sense in which the proverb, "A penny saved is a penny earned" is true. If you save a penny on a purchase, you have that penny towards another purchase. But if you devote the penny to an investment, it is more a case of "A penny saved is a penny burned." This is a startling assertion; but a simple illustration will justify it.

Suppose a small self-supporting community which borrows from the bank £100 every Monday and repays it every Saturday, and by that means finances the production and consumption of 100 articles. Assume that the whole £100 is distributed (it doesn't matter in what proportions) between them in wages. As long as this goes on their total income, £100, is equal to total price, £100, and the 100 articles can be

bought and consumed. But suppose, one day, they start a "thrift" campaign, and decide to save a quarter of their income. On the following Saturday they buy 75 of the articles for £75, leaving 25 in stock. They invest the £25 in extending their plant and equipment. This they continue to do week by week. While this is going on they reduce the output of articles to 75 a week (for they would not go on accumulating unsold surpluses of 25 articles a week; besides which they have divided their work as between making the articles and building the plant). In ten weeks, let us say, they have finished the new plant, which, of course, they value at £250. Now, this £250 is an asset to them as owners of the plant, but it is a liability to them as consumers, for thenceforth (ignoring interest) they must, as owners, gradually recover the £250 in future prices from themselves as consumers—and this in addition to the £100 circulating week by week. Now, this is only possible on the assumption that they still have this £250. But they have not. The bank has wanted its £100 back every Saturday. During the ten weeks the total weekly income of the community has been £100, but the articles for sale have only been 75. So, in order to raise the money to pay the bank, they (as owners) have had to charge themselves (as consumers) £100 for 75 articles. Prices, as we should say, have been inflated—not because credit has been expanded, for it has not, but because the policy of "financing industry out of savings" has led to reduced output of consumable goods. Observe more closely; every Saturday the bank cancelled not only the £75 which was the proper price of the articles actually consumed, but also the £25 which was the inflationary addition to that price, and which represented not consumption but *abstinence from consumption*. Every week for ten weeks this item of £25 was issued and cancelled in the bank's ledger. But every week £25 was added to the capital (i.e., costs) of the community in their factory ledger. So, on the Saturday night which sees the end of this story we leave the community with a new overhead charge on itself of £250, and no money. They have saved, but saved a debt. They have got insolvent through their thrift.

These operations look fantastic and unrelated to present conditions; but this is chiefly because, in the story, the same group of people were at once the proprietors and the customers of their industrial organisation, and were all parties to its borrowing, costing, and pricing arrangements. In such circumstances the reader cannot get himself to imagine their being so blind to what was going on. But once divide them into classes—capitalists and workmen, multiply them up to millions in number, and allow for the multitude of similar processes going on independently all over the country, and for the inter-crossing of circulating money between one process and the other; then the confusion and blindness are easily accounted for. And, incidentally, a moral emerges. If under the ideal co-operative conditions envisaged in the illustration, the result was, nevertheless, insolvency, what is the use of the doctrine of "good-will" of "better feeling," of "more sympathy with each other's difficulties" as a remedy for to-day's diffusion of penury? You cannot kiss away an error in accountancy.

Professor Bertil Olin writes an article in the *Baltic-Scandinavian Trade Review* of May 20 on the "Consequences of England's Return to the Gold Standard," in which he deals with the subject from a novel standpoint. Postulating that the exchanges are ultimately governed by the relative price-levels of countries he considers the Anglo-American exchange prospects on that basis. He says that in 1923 the average of the four best-known English index numbers was 159, and that in 1924 it rose to 169. Coincidentally, the U.S. Bureau of Labour index fell from 154 to 150. "A lowering of the British price level became necessary" because "only thereby could London hope to maintain the high quotation of the £"; and that is why, he asserts, the Bank of England raised its discount rate this spring, although the direct occasion was the $\frac{1}{2}$ per cent. rise in New York. He finds it difficult to say what ratio between British and American price-levels should be regarded as equilibrium, but points out that the indices of the

Federal Reserve Board, which are based on the same principles and are therefore comparable, point in a definite direction. During 1922 "the British price-level, expressed in gold," showed the figure 152, and rose the next year to 159. The American figure was 157 in 1922 and rose to 165 in the next year. From these indications he gathers that normally the British figures are somewhat lower than the American and that "consequently the equilibrium is not expressed by the same figure in both countries, as the Purchasing Power Parity theory pre-supposes, but by a number 5 or 6 points lower." Adopting this standard, he quotes the figures for last January—Britain 178, America 168. The sterling exchange at that time was only 2 per cent. below par, and he therefore describes this as an "over-valuation of the price-index figures," meaning by this that our price-level was higher than it should have been to justify so high a value of the £ sterling. As proof of this over-valuation, he points to our adverse balance of trade this spring as indicating that our price-level is "too high as compared to world market prices." He does not dwell on the causes for the over-valuation, but asserts that they cannot last.

"If sterling is to be upheld at dollar parity England's price-level must be lowered, and in all probability to a figure 5 or 6 points below the American index number."

Even if the American figure remained stable the British figure would have to come down to 162-163, but the American figure may fall; its trend is downwards, and "it is by no means unlikely that it will drop to 160 this summer, in which case the British price-level would have to be depressed to about 155."

"In comparison with 178 in January this signifies pronounced deflation."

Of course, he says, it is very unlikely that British prices will fall below American so early as this summer. Nor need they, for—

"... so long as Great Britain continues with her present policy of heavily restricting loans to foreign borrowers she can very well maintain equilibrium in her balance of payments even with a high price-level."

"In the long run (this) would be detrimental to England's position as centre of the world's money market. ... so London will probably little by little resume the granting of foreign loans."

"In such case the English price-level must necessarily first be brought into suitable proportion to the American."

These conclusions add something of a stereoscopic effect to the comments we have been making during the past week or two on the Anglo-American debt; and particularly so in regard to Senator Borah's reference to the Allies' war gains in territory, resources and population, which, he told them, constituted a more than adequate contra-account to the dollar debits which America had scored up against them. We showed that under the existing laws of "sound finance" the Allies were virtually prohibited from monetising these gains. The prohibition is not absolute, but there is little consolation in that fact, because any relaxation allowed us is contingent upon American financial policy. If Professor Olin's reasoning is accepted, England is tied up to the American price level. If England expands issues of credit (America refraining) she will inflate prices, and therefore lose gold, with the consequence that she will have to reverse this policy to get the gold back—for she has no margin of this metal to spare. On the other hand, if America were to do this (England refraining), whereas the same consequences would follow, she would not be forced to reverse her policy, because she possesses a great deal more gold than she needs. If both countries pursued this policy to the same proportional extent, equilibrium would be maintained. But the essential feature of the situation is that the initiative lies with America. She has the power of setting the pace at which the whole world may march towards prosperity. All the other countries have to keep their place in the line. We were told in the Press recently

that the expectation in the City was that America would indulge in some measure of inflation, in which case England would then be able to get going a little faster. We wonder how long the Federation of British Industries (we have given up the politicians—these extra-planetary politicians, as Sir Alfred Mond would call them) is going to lie down under this *when Sam says "turn" we all turn* arrangement. Here are the European nations frightened out of their comfortable beds of physical productive resourcefulness and packed into the strait and narrow bed of international finance. They lie awake, harassed by perspiration and cramp, on their half of the golden bedstead—they, the poor little "ordinaries"; while Uncle Sam, as owner of the founders' shares in the bed, takes his rest on the other half—and a very broken rest at that. Would that Dean Swift were back here to stroll through the world's still dormitory of forsaken beds, and to tell us what he thought about these gullibles' travails.

An article in the *New Republic* (New York), entitled "The New Inflation," discusses the development of the instalment method of selling. Long ago it began with houses, but now it has extended to nearly everything taken into the home. On about 500,000 motor-cars sold in 1923 in America credits were advanced to the sum of about £60,000,000. Out of 556 retailers of furniture reporting to the Federal Trade Commission, only thirteen did a strictly cash business. Retail values of furniture sold in 1923 totalled about £260,000,000, and at least 60 per cent. was probably in the form of deferred payments. "The common complaint," says the writer, "is that tying up the income of the people for current purchases interferes with thrift and prevents saving," but he is not impressed by the argument; he remarks that there is little evidence of lack of saving in general.

"The accumulation of capital goes on apace. Productive enterprises find investors and enlarge their factory capacity faster than we can absorb what they make. The total of savings bank deposits, of life insurance premium payments, of building-loan savings, rolls up without interruption."

Besides that, he points out that the instalment plan could not bankrupt a whole population, however much it promoted over-buying, because at any point where the weekly repayment cannot be continued the contract can be cancelled by the return of the goods. The seller gets his articles back and a hand-a-bitter but wholesome lesson. "If anyone is made bankrupt, it is the dealer with too large a stock on his hands. The real danger, in his opinion, is the ultimate inflation of personal credit." The productive capacity of factories is continuously increasing, but wages, salaries, and farmers' earnings "do not expand as rapidly as physical productivity." The people "pinch all they can on immediate essentials to respond to the new sales appeals. But they cannot pinch enough all at once, and so the process of 'breaking down sales resistance' turns to the easy-payment plan and discounts the future." What is the result? "The growth of trade has been artificially speeded up faster than the growth of popular purchasing power; personal credit is inflated; there may be a crash." Then there is the "waste" of the process. Not only has interest to be paid by the consumer, but also the "huge expense in advertising, furniture dealers, for instance, doing three-quarters of their business on credit made 23½ per cent. on their investment in 1920; those doing from one-half to three-quarters, 19½ per cent.; those doing less than one-half, 18 per cent. The following is his conclusion on the whole matter:—

Eventually business must face the necessity of increasing general purchasing power as fast as it increases its

production. It cannot depend on temporary expedients such as advertising, salesmanship, and the expansion of credit. It must eventually raise wages or lower prices or both. Sometime, if we are to avoid the boom-depression cycle, there must be a working adjustment between new investment and new popular income, between profits and wages. **There must be an adequate and progressive distribution of the benefits of mechanical civilization.**

Or, as Major Douglas has defined the principle—*"The cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices of consumable goods for sale in that country, and such cash credits shall be cancelled on the purchase of goods for consumption."* Here we have one more evidence of the working of the Social Credit leaven. As we recently remarked, the question is not whether Governments like or dislike the New Economic principles, but simply how soon they will be obliged to fly to them for economic safety. And as the future unfolds itself, less and less will it appear necessary for the Social Credit Movement to worry about taking up the role of a propagandist press-gang: all it need do is to keep its standard lifted up from the earth, and all men will be drawn unto it. The sheep-dogs of hard fact are abroad. The barking and the pattering of timid hoofs sound nearer and nearer. We need but to keep the gate of the fold wide open.

It may sound superstitious, but things happen almost as if some god or other had been told off on the special duty of stimulating our propagandist efficiency. Within an hour of our completing the foregoing Note, we received a pamphlet* for review written by Mr. Charles Wicksteed Armstrong, Fellow of the Eugenics Education Society, London, with the purpose of terrifying us about the menace of over-population. Unless we can reduce the birth-rate there will be "a rapid decline in the standard of living, the complete disappearance of comfort, then grinding and universal poverty, and finally starvation . . . which must last until Nature has had time to restore the balance by means of war, pestilence and famine." It really is a joke that he should come along saying this just at a time when observers like Mr. Virgil Jordan are complaining that the people are saving too much, and that "the absorbing power of the markets does not increase so rapidly as the producing power of industry." Whereas Mr. Armstrong is concerned about the increasing difficulty which our expanding population is encountering in finding subsistence, Mr. Jordan is showing that the difficulty of those who grow and manufacture subsistence products is the opposite one of disposing of them. While Mr. Armstrong is distressed by such facts as that the population of America rose in the ratio 100 to 106 between 1914 and 1920, Mr. Jordan's difficulty is that the output of agricultural products rose in the greater ratio 100 to 109 in the same period. While we find Mr. Armstrong advocating the abolition of savings, we have just heard Mr. Jordan asking in effect for the exact opposite—"it would be better for the welfare of industry if a little more were spent and a little less were saved." "If eating progresses like this we shall perish," says the eugenicist. "If eating does not progress faster we shall perish," answers the economist. Which of them is right?

Let us analyse Mr. Armstrong's case. He does not define "over-population," but one may assume that he does not mean it in the sense of physical overcrowding. (We saw an estimate once that the population of the whole world could find standing

* "The Only Way." A Suggestion as to the Problems of Over-Population, Degeneration, Unemployment, and the Menace of War. (E. G. Dunstan and Co., Ltd. 4d. Postage ½d.)

room on the Isle of Wight.) It is a relative term and obviously means that there are too many people to share in the means of life now actually forthcoming from the economic system. If somehow the output could be doubled the "over-population" menace would be removed—at least, until the population overtook it. Mr. Armstrong has a sort of intuition that this is so, for he says that it is not so much the numbers of the population but the *quality* of it that needs attention, meaning by that that the honest, healthy, sane and industrious classes of the community should be encouraged to multiply, and the others discouraged even to the extent of enforcing absolute sterilisation on the lowest of them. He objects to birth-control precisely on the ground that it will be as likely to limit the births of workers as it will that of the parasites, whereas it is only the latter that he wishes to eliminate. Now all this implies the assumption that the volume of output of the means of life depends quantitatively upon the quantity and quality of human effort resident within the community; that, for instance, whereas 1,000 people of whom 200 are of C3 grade will starve, 1,000 people all of A1 grade will live in comfort. Mr. Armstrong expresses his doubts whether any reform along his lines is likely to come about, and we are not surprised when we find him seriously advocating the withdrawal of the Dole and the employment of physical coercion to deal with any social disorders that might arise, and also voicing contempt for the politicians who pander to the popular demand for higher wages and shorter hours. An answer to him on humanitarian grounds would be irrelevant, for he expressly says that where "natural and mathematical laws conflict with ethical concepts" it is the ethical concepts which must be modified or repudiated. We agree, but with the vital reservation that the "natural" laws must really be natural. We strongly advise him to spend a few months in a thorough examination of the incidence of scientific discovery on employment from the point of view of what is called "labour-saving." Let him not be put off by the ready-made argument that industrial labour-saving devices lead to more employment! If he perseveres he will assuredly arrive at the conclusion that Science is the fundamental cause of unemployment. Then, perhaps, he will go on to examine the proposition that instead of degeneracy being the cause of unemployment, unemployment is the cause of degeneracy, and that this is so, not because of a law of nature, but because a law of finance refuses to recognise the right of a person to an income unless he is at work. Penury leads to degeneracy. Mr. Armstrong's first reaction to this will be "Quite right!" But let him not be too hasty. Let him reflect that the trend of economic thought is, as we have shown, in the direction of increasing the consumption-energy of consumers rather than the production-energy of producers and their machines. Let him face boldly the startling fact that experts most closely in touch with industrial problems are being more and more driven towards advocating remedies which are *identical with Dole-drawing!* They do not want more workers: they want *more orders*. Industry is clogged up with workers and could get on faster if it could sack ten or twenty per cent. of them. Look how it thrived when five million of Mr. Armstrong's "A1" men were pushed off and told to go and blow things up in Flanders and elsewhere. We will not take him further just now, but when he has come to some conclusions on these lines we shall be glad to assist him in gathering information on the New Economic proposals through which alone can any advance be made towards the ideals that he holds for the mental and moral improvement of the race. If he once comprehends the rationale of the Social Credit Theorem he will see how he can reach his end by means compatible with those humanitarian instincts which are

such a grave obstacle to the particular means he is now forced to rely on. There need be no "conflict" between the natural and the ethical in this era of perfected productivity.

* * *

We recently said that the immediate duty of Great Britain was to consolidate all the forces necessary to establish her claim to financial self-determination—a claim which she (with all other countries) will be forced by near events to put forward. Our reference was to those sub-economic instruments of self-defence conventionally called "armaments." But in the special situation of this country, the most potent armament of all is *Agriculture*. The sowing of mines is nothing to be compared with the sowing of grain. We therefore feel a double pleasure in recommending to our readers a little hand-book entitled "Agriculture and the Unemployed"; firstly, because it ably discusses a really vital question, and secondly because it is written (in collaboration with Mr. William Wright, M.P.) by a valued old contributor to THE NEW AGE—Mr. Arthur J. Penty. The publishers' announcement says: "The authors demonstrate the possibility of this country feeding its own population and solving the problem of unemployment by one and the same policy." It is not so much an actual scheme that the authors put forward, as a consideration of a policy. Is it a right policy in the sense that it will contribute directly to well-being? That is how the New Economist approaches such questions; and this is how the authors deal with this one. Although they specifically link it up with the Unemployment Problem, they deal with it in such a manner as to bring out almost all the fundamental issues with which speakers and writers on Social Credit are accustomed to support their argument. There are four chapters, and here are the titles: "Can Our Industrial System Survive?" "Can Britain be Self-Supporting?"; "Is an Agricultural Population Necessarily Poor?"; "A Last Word." Beyond the well-chosen facts and figures cited by the authors, their commentaries on current tendencies are extremely stimulating. We must quote one instance:

"All over Eastern Europe the Red International is being succeeded by a Green International. Political parties are outbidding each other for the support of the peasantry, and this is being accompanied by the emergence of the peasants' point of view, which is manifesting itself as hostile to industrialism."

Again, they make this interesting quotation from a speech of Ghandi's:—

"It is due to Manchester that Indian handicraft has all but disappeared (in India) . . . Machinery has begun to desolate Europe. Ruination is now knocking at the English gates. Machinery is the chief symbol of modern civilisation; it represents a great sin."

These extracts are not exceptional—they are typical of the scope of the authors' survey. There is a lot more we wish we could quote, but we must just give a few words from the concluding chapter, in which they warn the Socialists that—

"the problem which confronts the workers is—apart from natural monopolies—not the problem of how to take possession of existing industry, but how to build up a new system to serve communal ends."

Then, answering in advance objections to dealing with Agriculture as a separate problem—

"When we find some proposal does not work out as we expected, let us give up saying that such and such must remain impossible until we get Socialism. For in this sense we never shall get Socialism. A time will never come when we shall get a clean slate. It is the test of the wisdom of any policy that by means of it advance can proceed by stages."

"A time will never come when we shall get a clean slate." That alone is worth the purchase of the book.

* Labour Publishing Co. 84 pp. 1s.

The Arts in Utopia.

By Haydn Mackey.

IV.

Through many centuries of time, when the handicrafts were the means of production, the population of this country appears to have remained practically stationary, so far as we have knowledge. The century or so of machine and power production quadrupled the population. That means that a greater proportion of the population are now unskilled in any of the handicrafts. It is generally believed that it takes more than one generation to make a fine craftsman, and the vast gap now caused in the line of craftsmanship means, as Ford has said, that there is a proportion of the people who prefer, and are apparently only fit for, mechanical jobs if they really *must* be made to labour for their fellows! They might prove a nuisance in the Age of Leisure—as a monkey at liberty might in a treasure house—but it would be a nuisance which would probably fade in a generation.

So far in these articles I have considered some aspects of the craft of building, but, as it is the mothercraft, I thought it best to take it as a main example of "handwork" in any consideration of what measure of support the New Economist could give to the revival of that "Gothic" thought which was—as I commenced by saying—the aesthetic mainstay of the Victorian Socialist. The philosophy of liberty, as preached by our Medievalists, merely amounts to this: that personal liberty rests on the economic ownership of labour, tools, or the small holding of land. The philosophy of liberty involved in the New Economics rests on the effective economic claim by each individual to the real wealth resulting from the accumulated genius and labour of the race! We may agree that skill of hand (and of the kind of thought, of judgment, that goes with it in the practice of the old crafts) has been essential to the making of a real philosophy; that skill of hand, in fact, is the beginning of wisdom (even the mechanical drudgery of much of the labour in the crafts being essential as a sort of periodic lying-in-fallow of the spirit, a necessary rest interval for the inspiration, to the benefit of the whole work). We may agree that skill of hand is necessary to a real philosophy, but the New Economic philosopher also realises that a vast proportion of our people are now and here without skill, yet, even so, are entitled to liberty and property by the mere right of inheritance, not of labour.

The Medievalist-Socialist's propaganda seems contradictory, inasmuch as it first assumes that our people in the mass are as intelligent as were their ancestors (which, logically, implies that our popular education has filled the place of the old craft-training and apprenticeships), and, secondly, that intelligence, or character (which is intelligence in control), is the result of the mental, moral, physical welfare of man as bound up with labour and inherent in handicraft. It is a propaganda which, having been largely devised by craftsmen, places stress on the craftsman's spirit, on the labour, the work itself. It is the *real producer's* view, and it necessarily places the means of production first and the means of distribution second. Thirdly, lastly, and hardly to be considered seriously at all, it places the means of exchange. Never, for a moment, is a world imagined in which only a small minority need be engaged in the labour of mass production and scientific distribution, but in which all must be vitally concerned in the means of exchange. But that is a situation allowed for in the view of the believer in the recovery of the communal credit for the use of the community. A consumer's view without prejudice to the producer's view—an attitude which demands efficient goods and services as a

Last Thursday the Liberals did one thing to justify their existence as a political Party by supporting Captain Benn in his motion of censure on the Speaker for accepting the closure on the second reading of the Finance Bill. He pointed out that whereas only eight hours were thus allowed for that debate, no less than seven hours had just previously been given to the discussion of a Bill to extend the powers of Parish Councils in Scotland to grant relief to able-bodied men! We are not concerned with where the responsibility for the closure lies, whether with the Speaker or with the Government, nor need we examine into the motives immediately behind the Liberals' protest: all these considerations are irrelevant to the stark fact that somehow or other—let us say by some *magic* or other—a measure which was of a magnitude comparable with a complete governmental *policy* slipped through the hands of the Parliamentary minority like an oiled nigger. The event should have been prepared for by those who are now protesting. Not only have all Finance Bills in the past glistened under this oil-treatment, but when Mr. Churchill introduced the Budget the financial Press frankly said that its provision would be rushed through at the fastest rate possible. It is a curious thing that the very category of measures which the House of Commons most jealously reserves against the interference of the House of Lords—i.e., money bills—should receive the scantest attention by the Commons. But the censuring of Speakers and political Administrations is futile. The truth must be realised that there are two kinds of legislation: one kind involving monetary *policy*, which are framed by the permanent, invisible Money Government, and the other kind, involving *adjustments to that policy*, which are devised by the transient visible Political Administration. The first kind are in the nature of "agreed" measures, measures propelled by forces which render disagreement impotent; in fact, their mere formulation may be taken as the pronouncement of judgments rather than the submission of cases. The second kind constitute what may be called the debatable measures—measures which are so many alternative ways and means of enforcing the judgments referred to. For instance, the Money Government decides to have credit restriction. And credit restriction it is. Then, and then only, the Members of Parliament get a look in, and enjoy the privilege of deciding in what directions to distribute the burden among their respective clients. Perhaps some one may be astute one day and move: That the honourable members of this House, being a permanent and impotent minority, do now adjourn *sine die*. What a debate that could be!

THE MIDLAND BANK AND THE TREASURY.

The May issue of the *Monthly Review* of the Midland Bank contains an attack on the Treasury's defence of its precipitate reversion to gold.

It is agreed, says the writer, that sterling has for some time past been overvalued in consequence of the purchase of British securities and the accumulation of sterling balances by foreigners with the double object of making an exchange profit on the movement to parity and of taking advantage of the higher interest rates obtainable in London. When parity is established, the liquidation of this indebtedness will exert a depressing effect on the exchange, and unless the dollar credits are freely utilised severe deflation in this country must necessarily ensue.

"The report of the Committee on Note Issue advises that credits shall not be used until there have been heavy shipments of gold and a rise in Bank rate. Indeed, it would not be surprising if it transpired that some such terms were included in the credit arrangement. If this be the case the bargain would appear to have been struck with a single eye to the attainment of the gold "standard" without regard to the reactions on British industry and its dependent population."

right, altogether apart from the mental, moral, or physical methods of their production (knowing these whatever they are, must be in conformity with the liberty of an economically free worker), and, in fact, reverses in importance the order of the Socialists by placing first the means of exchange, and only afterwards and in the hands of experts the technique of distribution and production. Because it is realised that purchasing power proceeds and dominates the productive machine. This consumers' view, which gives liberty progressively to all as a right, necessarily means in practice the recognition of an aristocracy of talent; a recognition based on a mandate more sure and definite than could be obtained by any form of plebiscite or guild election, for it would be based on a fulfilling of the people's almost unhampered and unbiassed demands; and where demands are unhampered, talent can achieve, can make and claim its public. Thus, in production a "classic" aristocracy of talent must arise, with a slavery of merely the machine and liberty for all men; not a "medieval" democracy of average human ability, with poverty as a goad, and liberty merely the feudal gift of a bureaucracy in charge of tools and methods of exchange.

Under such conditions, even large sections of our unskilled people may, in the course of time, with leisure and opportunity, develop on such lines that at least a fair measure of *appreciation* and support of the old handicrafts is developed. That, desiring goods for real use, or real ornament, it may be discovered that only those products depending for their production on the inventions of the engineering trades, have been improved, either in use or beauty for—oh!—anyhow, five or six hundred years! It may be that machine-aid will only be desired for those essential things and services which are demanded speedily, in vast quantities, or are of a mechanical mathematical accuracy incompatible with handicraft. And when machines begin to be used by craftsmen, new crafts may arise, as the craft of printing arose from the art of the scribes and illuminators. Would the most enthusiastic lover of the scribes maintain that the requirements of today—if we were enjoying full liberty to acquire, and ample leisure to peruse—could be met by scribes? Think of the demand for books and newspapers! Yet even now, in spite of our present wretched state, we find room for a few fine scribes.

It should always be remembered that the arts and crafts did not all die through machinery. They are continually being murdered by a financial sabotage and not by a change in the public taste—only by a change (oh, such a very small change, too!) in the public's purse. Are there really any folk so foolish that they will choose, when their choice is unhampered, and is effectively possible, the inferior article to the superior in all its uses and beauties? (I speak here of the useful arts, the homely crafts; I am not at the moment thinking of the peculiarly erudite or exclusively "fine" arts.)

If—as some of our Medievalists would appear to have us believe—the abolition of machinery is an essential to human equality, then poverty, that virtue of the Saints, is also and necessarily a concomitant. But human equality is not based on the existence of any exclusive type of labour or even on equal labour, or equal wealth, or equal intelligence or skill or anything else, but only on an *Idea* of profound and mystical worth. But a human *equality in liberty* is more nearly based on an equality in effective demand for goods and services than on anything else—and any scheme of society which denies to any of its normal citizens a sufficient exercise of this demand for decent livelihood—which says at this late date in the world's history, that he that will not work shall not eat—is not a society in which Liberty can flourish for the majority.

Reconciliation or Revenge.

Der Säemann sät den Samen,
Die Erd' empfängt ihn, und über ein Kleines,
Keimet die Blume herauf.

(Matthias Claudius, 1740-1815.)

It would be going too far to assert in the case of Germany and her share of responsibility for the Great War that, "tout comprendre c'est tout pardonner," but if ever there is to be peace and goodwill again in Europe, and the early outbreak of a still more horrible conflict is to be avoided, a better understanding with our late enemy is one of the essential preliminary conditions. In Mr. G. P. Gooch's book* we have a courageous attempt to arrive at a just estimate of the part played by Germany in the events which led to Armageddon. The series of which it forms the second instalment is described as "A Survey of Historical Forces," and not even those amiable people, so numerous in England, who have the faculty of ignoring what they do not like—and probably do not understand—can get away from the fact that the sixty odd million Germans of Central Europe represent a force to be reckoned with, and one most certainly destined to play a great part in the drama of Western civilisation. Whether that part shall be one of cordial co-operation with other Powers, or degenerate into a sinister plotting for revenge, ending in one more desperate attempt to attain the hegemony of Europe, will largely depend on the policy of Great Britain. Hence the importance of this valuable contribution to modern history, which can be best described as a dispassionate plea for a policy of understanding.

The history of Germany could be summed up in the phrase "a struggle for political unity." After a brief period of power in the Middle Ages and a spell of dazzling success under the Hohenstaufens, the Wars of Religion left her at the Treaty of Westphalia

"a lifeless mosaic of secular and ecclesiastical principalities, Free Cities, and Imperial Knights, possessing neither material nor spiritual unity."

The dynastic wars of the eighteenth century, the rise of the House of Hohenzollern, the defeat of Jena and the wonderful recovery under Scharnhorst and Gneisenau gave a certain logical force to the plea of von Treitschke that German unity was only to be won under the leadership of Prussia, and so paved the way for the policy of Bismarck, which was crowned with success at Versailles in 1871.

As Mr. Gooch points out:

"the unification of Germany was as legitimate an ambition as the unification of Italy, and we must weigh Bismarck and Cavour in the same scales."

If all this is kept steadily in view, together with the fact that modern Germany was always haunted by fear of Russia, and a war on two fronts, it may be possible to arrive at a just appreciation of the policy of her later statesmen without expressing unqualified approval of their methods. Moreover, Particularism—always the curse of Germany—was never completely suppressed and is to-day the bugbear of the men who are striving to keep the Reich together, in spite of the hidden but persistent attempts of her enemies to drive a wedge between North and South, and to detach the Rhine-lands from their allegiance.

Of the introductory chapters little more need be said than that they are both concise and lucid, and enable the reader to get to grips with the main purpose of the book. For us the period of absorbing interest begins with "the dropping of the pilot in 1890." When the Grand Duke of Baden, who took his nephew's part, observed that

"the real question was whether the Bismarck or the Hohenzollern dynasty should reign,"

* "The Modern World: A Survey of Historical Forces." Vol. II. Germany. By G. P. Gooch. With an introduction by the Right Hon. H. A. L. Fisher, M.P. (Ernest Benn, Ltd. 15s. net.)

he spoke something less than the truth. It may be he was influenced by jealousy or chafed under the conviction that so long as Bismarck ruled or his policy shaped the destinies of Central Europe, the ambitions of the military caste would be held in check, but as fresh light is thrown on the history of the years between 1871 and 1890, it becomes more and more evident that the man of "blood and iron" was not only a staunch servant of his emperor and country, but had been the mainstay of European peace during the whole of that period. That he sought again and again to enter into an alliance with Great Britain is a fact too often overlooked by superficial appraisers of German ambitions. Had he been successful there is little doubt that the history of subsequent years would have been very different, and who knows but what we might have been spared the horrors of the war! British statesmen, however, fought shy of Bismarck's advances, and when at last Joseph Chamberlain, backed by Cecil Rhodes, attempted to conclude what he described as a "natural alliance" with Germany, it was too late, and the forces which made war inevitable were let loose to work their sinister will in the chancelleries of Europe. If it be admitted that a conflict was inevitable—and a good case could be made out that it was not—it would be at least as reasonable to attribute it to the greed of modern industrialism and its soulless ally international finance, as to the megalomania of William II., or the restless ambitions of the corps of officers. Mr. Gooch tersely asserts that

"no evidence . . . has appeared to indicate that the German Government or the German people had desired and plotted a world-war."

Rightly or wrongly the imputation is energetically repudiated by the general public, and by experts like Montgelas and Delbrück, who have had access to the relevant documents; there is even a monthly review, "Die Kriegsschuldfrage," "founded to discuss the significance of every scrap of evidence old and new."

The three concluding chapters of the book, "Young Germany," "The German Mind," and "Problems and Prospects" are of exceptional interest and worthy of the closest attention.

By far the most significant and hopeful fact which emerges from the turmoil of reconstruction is, that Germany retains all her traditional devotion to the high cause of education. The spirit which won the admiration of Carlyle and Matthew Arnold still animates her Youth. What is known as the Jugendbewegung (Youth Movement), described by Prof. Förster as "the snowdrop on the hard German ground" which "announces the German spring," had its origin as long ago as 1890 under Karl Fischer at Steglitz, a suburb of Berlin, where he strove to turn the thought of the students from the crass materialism of those days to nature, the open air, and all the sane pleasures of a simpler life.

"Beginning as an experiment in recreation the movement gradually developed a philosophy of life . . . which reacted against commercialism, mechanism, artificiality, and the idols of power, pleasure, and wealth."

Interrupted by the war it has resumed its wholesome activities and

"purified and deepened by the experiences of the great struggle is a quickening of the spirit, a re-birth of the German soul from the ashes of pagan Imperialism."

As has happened before in her troubled history the outcome of defeat has been an intensification of the activity of the German mind which turns with pathetic eagerness

"to the deeper problems of ethics, religion, and the philosophy of history."

Before the war Prof. Eucken at Jena endeavoured to counteract the gospel of Haeckel and in words which

we might well apply to ourselves to-day proclaimed that

"the main reason for the mournful plight of Germany at the present time is the neglect of the inner forces of life, the indifference to the soul, the externality of outlook which pervades all strata of society."

There is ample evidence in the authors quoted by Mr. Gooch, such as Tröltzsch and Keyserling, that much that is best in Germany to-day is turning with renewed reverence to the contemplation and study of the things of the spirit, and far from holding with Spengler that Western Civilisation is doomed, we can see signs of a vivifying belief that we are slowly but surely moving towards the goal of "all who profess and call themselves Christians," the unity of the human race. Count Keyserling in the closing pages of his diary written in the midst of war said:—

"In this catastrophe I see merely a crisis, which instead of cutting the thread of development, accelerates its pace."

Which is a fine rebuke to those timid souls who have lost faith in man's unexpugnable courage and recuperative powers.

And the future?

"Political and social cataclysms," says Mr. Gooch, "like military victory and defeat, do not alter national character, but they revise the scale of values, readjust the angle of vision, and involve a redistribution of power."

It remains to be seen whether Germany will "revise her scale of values," and abandon the grandiose schemes of the late regime for a saner and more peaceful policy. Those to whom her history and literature are familiar believe that she will, and look forward to the day, when, having turned her back on the old idolatries, she will forget ancient enmities and join with all her strength in the great work of pursuing "the abiding interests of our common civilisation."

J. S. K.

New Verse.

I was greatly interested in what Mr. Grieve said in these columns the other week with reference to Carl Spitteler and Edwin Muir. For Mr. Muir's ballads are by far the strongest, most significant, and most promising of his "First Poems." And those in the Scots vernacular are incomparably better than those in English—just as the old Scots ballads are (the best of them) incomparably better than the old English ballads—a different use of the form, altogether, and rising to an infinitely higher and, as Mr. Muir himself has shown, in a brilliant essay in his "Latitudes," perhaps the very highest plane of poetry. In one of his essays, too, Mr. Muir has pointed out, with ample evidence, that no Scotsman writing in English has ever risen to the second or even the third rank of imaginative artists. Whether Braid Scots at this time of day can be made to serve them better is another question, and one which is receiving the increasing attention of younger Scottish writers. Leaving aside questions of restriction of public (i.e., limitation of appeal) and the innumerable philological, phonetic, and technical problems involved, it should not be difficult to raise greatly the Scottish standard which is almost incredibly low, and to give Scottish letters a bulk of respectable quality comparatively to the literatures of other small nations, of which at the moment it is strikingly destitute. Whether this is "worth while" is another question altogether. But so far as we are concerned here issues of expediency do not affect us. Work is of a certain quality whether it is produced in a major or a minor language. Nor (though Scots is a language, albeit a lapsed one, *pari passu* with English) do we share the general feeling that dialect work is necessarily—though we admit that in fact it generally has been so—*ipso facto* an inferior kind. Muir's best work at all events here is in his Braid

* "First Poems." By Edwin Muir. (The Hogarth Press. 4s. 6d.)

Scots poems, and that is a fact of sufficient significance. There has been only an exceedingly slight output of Scottish poetry during the past five hundred years—that is to say since Dunbar—of equal quality to his "Ballad of the Flood," despite its reminiscences of "The Ancient Mariner," such as

"And they were as meek as blessed sauls
Assozied o' their son."

or

"But we see naught but water, water."

But there is no questioning the authenticity or power of stanzas such as these of Mr. Muir's:—

"Last night I dreamed a gashly dream
Before the dirl o' day.
A twining worm cam oot the wast;
Its back was like the slae."

or

"But every day the dragons cam
And played the Ark around.
They lay upon the faem and sang:
It was a luvly sound."

Cuttings like this do not do justice to the poem, of course; its effect is cumulative—and irresistible. Almost equally good is "Ballad of the Monk." An occasional dropping into English—and into forms of phrase not amenable to the ballad form—merely indicate that Mr. Muir should pursue further his studies alike of the Ballad and of Braid Scots. Preliminary exercises so brilliant as these in a writer of Mr. Muir's known calibre are an earnest of work of the highest importance along the same lines if he cares to follow them. His ballads in English are tamer; a too-harsh word, perhaps, but approximately expressing the contrast. We descend in them to a level upon which sheer wonder and terror are much less likely to manifest themselves, although the "Ballad of Hector in Hades" is a positive tour-de-force depending a little too much, perhaps, like a certain type of short story upon which Galsworthy has something to say in his preface to "Caravan," on the "sting in its tail." It ends:—

"While round bright Troy Achilles whirls
The corpse with streaming hair."

The first section of the book is a series of mnemonic still-lives; much more interesting in form than in content. Here again echo is at work. It is not difficult to detect the influences that dictated such a phrase as

"the innumerable vesture of the world,"

or such a verse as,

"Ah, could I put this viewless strife aside,
And lie forever on a sunny hill,
And see the unregarded river glide
Through the small plain, and it be morning still. . . ."

Mr. Muir the critic would, I think, be the first to admit that it is too late in the day to get poetry of very high quality from language such as that line's, or a mood such as that verse's. He himself not long ago in these columns warned a young poet of the danger of being out of the significant spirit of his age—and the significant spirit of our age is certainly not to be summed up in any sublimation of Gray's "Elegy," or prolongation of Watsonian sonorities. Mr. Muir's neo-Classicism, however, is not insignificant; and he invariably achieves a breadth of canvas, a comprehensiveness of vision, *choses vues* in a much wider world of the spirit than the Georgians against whom, although not yet conclusively, he is reacting, with their concentration on single things or elements, generally trivial, and their myopic word-painting—but he goes often to the other extreme, and his vistas become submerged in a haze which is little the better for being golden. One of these poems has already achieved a deserved success. It is certainly the best of them. This is "Horses":—

"They seemed so terrible, so wild and strange
Like magic power on the stony grange."

and, in conclusion:—

"Their eyes as brilliant and as wide as night
Gleamed with a cruel apocalyptic sight.
Their manes the leaping ire of the wind
Lifted with rage invisible and blind.
Ah, now it fades! it fades! and I must pine
Again for that dread country crystalline,
Where the blank field and the still-standing tree
Where bright and fearful presences to me."

But after all it is a book of "First Poems"; and, discounting all that I have indicated, it is, I think, by far the most interesting and promising book of its kind of the year in this country. Edward Shanks' "Queen of China" was awarded the Hawthornden Prize in—wasn't it?—1920. Mr. Muir's "First Poems" would be an excellent selection for 1925.

H. MCD.

East and West.

By "Old and Crusted."

Beauteous is Earth, but all its forest-broods
Plot mutual slaughter, hungering to live;
Of sapphire are the skies, but when men cry
Famished, no drops they give.

So grow the strifes and lusts which make earth's war,
So grieve poor cheated hearts and flow salt tears;
So wax the passions, envies, angers, hates;
So years chase blood-stained years.
With wild red feet.

THE WAY. It openeth wide
Plain for all feet to tread, easy and near,
; it goeth straight
To peace and refuge. Hear!

("The Light of Asia." Sir Edwin Arnold.)

"Oh, East is East, and West is West, and never the twain shall meet," may be true enough as a general statement, but it does not preclude the possibility of both running up against the same problems. According to the Calcutta business paper *Capital* for April 23, it would appear that both East and West are jolting along in the same tumbril to the place of execution. There is a strangely familiar ring about the following admission:

"You can 'start' as many industries as you like in India, but unless there is greater purchasing-power they will languish. This, to-day, is the most fundamental factor in the Indian economic situation. Of what use are tariffs, or other forms of State-aid to urban industries, compared with the enhanced purchasing-power which a rapid increase in agricultural production would certainly effect? Our industrialists and their official friends may be men of vision, but they have been looking through the wrong end of the telescope. A Rural Development Commission is needed, if only to restore a more accurate perspective."

Now without laying undue stress on the value of a Rural Development Commission for India, and admitting that a similar body might do useful work nearer home, one may venture to suggest that Calcutta has a glimmering of the truth. If so, it is just possible there may be clear complete vision in the East whilst the West is still rubbing its eyes and wondering what is wrong. An intensely interesting condition is developing. Two civilisations, or perhaps it would be nearer the mark to say two entirely different mentalities, are finding themselves face to face with the same apparently insoluble problems. The absorbing interest for us lies in the question, Which will first find a way out of the impasse? or, to put it briefly, Which will discover Douglas first? Calcutta or London?

According to Meredith Townsend, who published in 1901 a collection of studies on the relations between Asia and Europe,

"Asiatics have . . . an extraordinary faculty both of detecting and following a great man, sometimes under circumstances when differences of origin, creed, and even colour seem to make such recognition and obedience scarcely possible."

Given the existence of these innate qualities, stimulated by educational facilities—of a sort—which must have made

thousands of intelligent Asiatics familiar with the doctrines of orthodox political economy—and many strange things become possible when the Gospel according to Adam Smith begins to crumble under the attacks of modernist criticism of the New School.

Consider for one moment how strongly the whole Social Credit Philosophy must appeal to men of reflective habits and refined tastes who can appreciate the priceless gift of an almost infinite extension of cultured leisure; how sorely the get-on-or-get-out methods of the blatant, pushful person with his cheap cynicism and feverish pursuit of vulgar pleasures disgusts the last representatives of the old aristocrats in England to-day—and it is not beyond the bounds of possibility to assume that there are also gentlemen amongst the higher castes in India who have similar sympathies and antipathies. Moreover, when they learn that there exists in Great Britain a group of men and women earnestly advocating such a revision of industrial and financial policy as will guarantee absolute security to the physical basis of life, and open the way to the untrammelled growth of the things of the spirit; and when they learn that all this is connected with the name of one man—well, that faculty of blind devotion to a great leader may find beneficent expression in directions utterly unsuspected by native political agitators and British officials.

The old saying that nothing is certain in this world except the unexpected, may be justified once more. The lofty ideal, so nobly expressed by Mr. Branford in "Living Religions," the anticipation of

"a spiritual co-partnership between East and West, adjusted to take its place and do its work, in a coming civilisation well fitted to complete and crown the evolution of Humanity,"

may be realised by the recognition in the East of the simple fact that

"the business of an economic system is to deliver the right goods to the right users, and the private financing of public production is doomed because it is failing signally in delivering the goods."

It must also be borne in mind that India is falling under the same financial tyranny that is rapidly building up a sinister monopoly in the West. There are the same Bank amalgamations, such as took place when

"the three Presidency Banks were taken over by the Imperial Bank as going concerns with all their assets and liabilities, their premises and their staff of employees. (H. Stanley Jevons, "Money, Banking and Exchange in India"),

with a policy similar to that of the British "big five," even to including as part of the whole scheme, a provision that the Imperial Bank

"shall open 100 new branches within five years."

Leaving the purely native aspect out of consideration for the moment, one would dearly like to spend an evening in the bar of a European club—on the Malabar coast for choice—and listen, in the small hours of the morning, to the frank comments of our merchant princes—actual and potential—on the fostering care of their financial step-mother in the matters of accommodation and debentures!

Finally it is instructive to learn from Meredith Townsend, corroborated by Mr. H. Stanley Jevons, that there existed in India long before we started writing cheques in lieu of paying in hides or bullion, a system of

"native hoondees or cheques . . . scraps of tissue paper covered with unknown characters. I myself—says Townsend—received for ten years thousands of these. I never knew one dishonoured."

Is there anything fantastic in suggesting that a cunning imaginative people, who have antedated us in the use of our favourite monetary instrument may make further discoveries in the gentle art of paying bills without parting with cash? Is it absurd to predict that Calcutta and Bombay may grasp the possibilities of Social Credit before London and Glasgow? If they do, we may live to see the "day of splendour" very appropriately dawn in the East whilst the pundits of the West remain in wilful ignorance of the light that

"shines beyond their broken lamps."

A COMMON EPITAPH.

By D. R. Guttery.

Dust, Man returns to earth from which he came;
His breath scents this white flower that decks the sod;
God made him—sure achievement worthy fame,
But Man did worthier yet, creating God.

Reviews.

Linked Fantasies. By Mortimer Durand. Illustrated by H. Seppings Wright. (The Merton Press, 3s. 6d.)

Mr. Durand's inspiration is drawn from the most varied sources: Blake, Wordsworth, Swinburne, and Stevenson. We also find Pan and the Naiads and Nereids, Paëon and Letoius, Hope and Lust and Sleep and Death, "Music-tears like blood drops," "the storm-sick seagull wheeling" and "Death headed sorrow." "The ardent muscles from the soul of man," and "Bright fleshed fruits of intellect," are something new but not to be encouraged. The illustrations are suitable to the verses.

The Quisto Box. By Horace B. Samuel. (A. M. Philpot, 7s. 6d.)

This book opens well: "The first inklings of the drastic invention left the world frigid," and the author continues to show that what little of the English language he has learnt has been acquired in the United States. There is one good joke. "They are asking for British protection." "Promise it them," said Sir Bertie, "that commits you to nothing." Otherwise the story bustles along without time to stop for style, probability, grammar, or etymology. Yet the author of that joke cannot be dead to all finer feeling—and at least one reviewer takes him sufficiently seriously to beg him to write no more for six years, but to read until he has learnt what a language is ours, what loveliness, what flexibility, what lyricism, what purity, what lightness, what grace, it is capable of until he realises that he is one of its guardians; until he blushes to think that he wrote such sentences as the one I have quoted; until he resolves that he is unfit to write a book and will do so no more. Then, it is just possible that he might write a book.

Sir John Soane. ("Masters of Architecture" Series, Ernest Benn, Ltd. 10s. 6d. net.)

The publication of this additional volume in the lengthy Benn list is peculiarly timely because of the fact that Soane's masterpiece—the Bank of England—is now in process of alteration. It is just over a century since he remodelled the Bank premises that were designed originally by Sampson and Taylor. While most of the typically austere chambers designed by Soane are being demolished to make way for the miniature "skyscraper" that is to be the Phoenix arising from the ashes of the old building, his screen walls flanking the surrounding streets are to remain intact except for minor changes. This useful record of Soane's architectural work is illustrated with thirty-five full-page plates. Those showing the interiors as well as the several elevations of the Bank of England are particularly convenient to have within the covers of a single volume; while the explanatory essay by Mr. Birnstingl in this master-builder of the early nineteenth century is singularly fair in treatment and in precision of statement.

The Way to Sketch. By Vernon Blake. (Oxford University Press. 7s. 6d. net.)

The first thought of the reviewer on seeing this volume was: "What? Another!" But subsequent persusal of it soon translated this anticipated emotion of boredom into that of intense interest, not only in the author's philosophy of sketching, but in his method of exposition. Books of this nature usually classify themselves into three categories. They are often written by enthusiastic amateurs who are sublimely unaware of their own artistic inadequacy; or they are tackled by more or less competent executants who have not the gift of literary presentation of ideas; or they are the work of those who may be highly skilled in expressing themselves with the brush, but are unable to reduce their practice into terms of theory expressible with the pen. Mr. Blake falls under none of these headings; for inherent in this volume is evidence of a wider knowledge as a thinker and as an artist than is generally displayed in a text-book. Our author is an executant not only with the brush but with the chisel; and it is not merely the "fatal facility" of the superficial exponent which he possesses, but rather the comprehensive outlook and versatility of the great craftsmen of the Renaissance. For, besides being a painter of European repute, he is also a sculptor who has recently carried out a series of war memorials in France—that most exacting of all artistic atmospheres. As a painter-sculptor, therefore, he in this book rightly lays emphasis on the relative validity of the third dimension in all statements of art executed on a two-dimensional plane. The plastic value of a line has for him its coordinated relation to the several components of the slightest of sketches. Besides a frontispiece in colour of a sketch by the author himself, and several

drawings and tailpieces and diagrams in the text, the volume contains eight full-page plates representative of the work of Turner, Rembrandt, Corot, Renoir, Cézanne, Claude, and a fifteenth-century Japanese painting by Sesshu. Not the least informative feature of the book is the final chapter containing a critical analysis of the sketches chosen for illustration, based on the various points advocated by the author throughout his volume.

"The Making of Modern Italy." By Arrigo Solmi. With an Introduction by Arundell del Re, M.A. (Ernest Benn, Ltd. 12s. 6d. net.)

The author of the wrapper claims for the volume which it enfolds that it is "the first complete history of the Italian struggle for unity from its inception in 1815 to its final attainment in 1918"; that it is also "a valuable example of the growth of a national consciousness under many vicissitudes, and a key to the better understanding of the problems and policy of to-day." The first of these claims may be conceded. Back in 1815 Metternich's remark about Italy's being a mere "geographical expression" could pass almost unchallenged. With the exception of Piedmont in the North-West and the Papal territories in the centre, the map of Italy, though coloured brilliantly in seemingly autonomous patches, was nothing but the background for a system of Austrian colonies and of principalities governed under the tacit authority of an Austrian mandate. The hundred years covered by the struggle and by the pages of this quite readable if pedestrian book, really enclose the record of the numerous failures and occasional brilliant successes in the achievement of unity under the house of Savoy in the teeth of Austrian opposition. The Italians are unquestionably pre-eminent among the nations when it is a question of fighting for an idea, and at intervals of ten years or so during the nineteenth century they fought like blazes for the idea of a united Italy. The idea saw this extraordinary people through, assisted lavishly by fortune and at length found itself achieved, after a final sacrifice of 600,000 slain, in November, 1918. But the difficulties had been sinister and frightful, and they left a legacy in an irrepressible tendency to faction and political corruption. New ideas would present themselves in confusing multiplicity. The Italian, therefore, had to go on fighting. And this appears to be the only useful key to the intricacies of Italian policy since the Papal collapse in 1871. It is to be regretted that Signor Solmi, having given us the deathless story of the red shirt, has not ventured to discuss the new fight for unity symbolised by its more sombre successor. Machiavelli, the greatest and the least Italian of his country's prose writers, wrote in the final moving chapter of "The Prince": "In the nostrils of everyone this barbarous dominion stinks." The cause of offence has now been removed, but the air is not yet altogether pure. The idea of unity is a two-edged weapon and may make or exterminate a people.

The Commonweal. By the Rt. Hon. Herbert Fisher, M.P., F.B.A., F.R.S., LL.D. (Oxford University Press, 7s. 6d.)

In the preface to this volume of lectures Mr. Fisher disclaims any pretension to contributing to political philosophy. Such was hardly expected of him, but Liberals surely looked for something beyond this official attitude, satisfaction with the current progress, the lowest common factor of the Party. Justice is traditionally blind, but Liberalism if not yet dead appears to be deaf, and if anything has penetrated to Mr. Fisher's ears that has not been officially admitted by Lords Grey and Oxford it is not his place to admit it. He begins promisingly:—

"There is no cause of war more potent than the competition for markets and the desire to secure what is sometimes vaguely called a trade ascendancy,"

but he goes on to describe the partition of Africa as "effected by a series of agreements," in which, however, the aborigines played a retiring part.

"For a violent scramble and unending conflict between the powers there was substituted an orderly and well regulated progress."

And yet some of the Best People have used that very phrase "The scramble for Africa!" Still no one could call the conflict unending. It came to a head ten years before Mr. Fisher delivered his remarks, but, of course, that was the fault of Germany, who, as is well known,

"attacked a small and innocent country in plain violation of her pledged faith. For conclusive evidence see Mr. Asquith's 'Genesis of the War,'"

a work apparently written under the impression that no one had read or written on the subject since the Declaration.

That every one of the Allies had set the example of violation in Egypt, Morocco, Tunis, Persia, and Korea was not considered relevant to the argument. Before the war Mr. Fisher had heard

"rumours of the influence of armament firms on public policy, but there was no scandal in England."

There was Mulliner, of course, in 1909, but to become a scandal a rumour has to be exposed, and exposures in England are confined to *John Bull*. Mr. Fisher is one of the professionally educated, yet he couples the cults of anti-Semitism and Teutonophobia with disbelief in vaccination, and Capitalism as unsuitable for the purposes of education, confusing theories, lies, and racial prejudice with reasonable desire for freedom, and forgetting that the chief object of education should be the development of a critical attitude to Authority. He has a profound faith in party distinctions:

"If a man says that he has an open mind as between the Tories and Labour Party, or as between a policy of Free Trade and Protection, we know at once that he is ignorant of the alphabet of politics."

If the "we" refers to the politicians, and "abracadabra" be substituted for A B C, and "ignoring" for ignorant, then we should say that such a man was probably a fellow of some discrimination even if he had not got to the XYZ of Economics, for it does not require much study to see that the difference between parties in office is one of Principles or Professions rather than of practice, and that the regulation of foreign trade is entirely circumstantial. Of course, Saving is eulogised:

"Through the War Savings Movement children were taught the value of thrift by the issue of shares within reach of their savings, and bearing an attractive rate of interest."

Attractive! Mr. Fisher uses the expression Capital for Money Savings and confuses it with the reserves of productive power. "Pure Interest is the market price of a commodity essential to industry," but what this convenient commodity is we are not told. He asks:

"Why should not the workers band themselves together to employ capital?"

There is no reason that they should not, but there are several why they cannot: The chief are that the kind of capital he refers to is useless without a claim to legal tender, that there is besides an elementary difference in food requirements between organic and inorganic matter, and that the ratio of supply and demand of labour to the means of exchange would need to be inverted to make such employment possible. Ten men can't use the same spoon simultaneously.

G. B.

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.

X.

Sir Henry Drayton's Speech—continued.

Mr. Forke: Why was it that wheat and other agricultural products deflated so much more rapidly than any other commodities?

Sir Henry Drayton: That is one thing that is really unfortunate. Wheat was affected more quickly than any other product. The transfer of wheat is so immediate, the stages of manufacture are so short, that in the past it always has felt an upward movement, a movement of inflation, quicker than anything else. But unfortunately it also feels the return quicker than anything else. It is more sensitive, it takes the benefit of the up curve first; but it also takes the detriment of the down-curve, if not first, certainly as soon as anything, and, I think, first.

But I pause again for an answer, Mr. Speaker. Has any hon. gentleman the temerity to suggest there was anything that any Government in Canada did or could have done to injuriously affect the price of wheat? Well, of course, no one can suggest it. Everyone knows that if any hon. member did suggest it, his thinking constituents would look upon him as a fit inmate for an asylum. And yet what hurts this country more than anything else in case of deflation is that very article, wheat. And it is coming up again. Why did it go down? Its decline certainly

had nothing to do with currency deflation, not a single thing. As every hon. gentleman knows, the price of wheat rests, not upon any artificial basis, currency inflation or credit, or anything else that we have here, or that the States has, or that the Mother Country has; it rests upon the purchasing power of the wheat-consuming countries of Europe on the one hand and the amount of visible supply of wheat on the other.

Mr. Spencer: Would the hon. member explain how the bankers had nothing to do with bringing about deflation in this country in 1921-22?

Sir Henry Drayton: Is there any doubt that the particular item of deflation which hurts this country more than any other item, namely wheat, is something which we had absolutely nothing to do with, and which our banks had absolutely nothing to do with, it being dependent entirely upon the purchasing capacity and power of the wheat-importing nations on the one hand, and the visible supply of wheat on the other? Again I pause for a question.

Mr. Good: Will the hon. gentleman say whether or not the fluctuations in the volume of money, or purchasing power, of the countries of Europe were not to some extent at least determinable by public policy in those countries, and therefore affected the price of wheat here—according to his own theory?

Sir Henry Drayton: But, Mr. Speaker, the hon. gentleman will see if he thinks the matter over—and he is thoughtful, he is trying to get somewhere—that he has a choice of all kinds of things in Europe; he has his choice of stable currencies—gold currencies—inflated currencies, and everything else. Take, for example, Spain at the end of the war.

Mr. Irvine: Why go to Europe?

Sir Henry Drayton: Well, it is big enough for the moment, and I go there particularly at the invitation of the hon. member for Brant (Mr. Good). He could go to Spain, entirely upon a gold basis after the war; or he could go to Germany, without any basis at all; or he could go to Switzerland or Holland, each on the gold basis—I do not care where he might go, he would find exactly the same condition, he would find that the particular kind of counters—currencies—would not help him at all. He would find it coming right back in the last analysis to this: Have the people the purchasing power necessary?—whether they get that purchasing power from gold itself, or from their own labour, or from commodities.

Mr. Good: Does not the deploring by Sir Reginald McKenna of the deflation policy in Great Britain indicate that there might have been a larger amount of purchasing power in that country for Canadian products if the policy that was followed there had not been followed?

Sir Henry Drayton: I think that to some extent, certainly to an infinitely greater extent than we could arrest it, it is possible that Great Britain might have arrested the deflation. I do not know how far they could have done so.

Mr. Spencer: Through the Government or through the banks?

Sir Henry Drayton: Entirely through the Government.

Mr. Spencer: Why could we not do the same? Sir Henry Drayton: If my hon. friend will take the trouble to look up the Blue Books to see the influence our trade would have on these commodities, bearing in mind my answer to the hon. gentleman that Great Britain could have arrested deflation to a larger extent than we could—but not absolutely, that was quite impossible—he will see the reason of my answer. The whole thing is relative. But I am inclined to think, Mr. Speaker, that if you have as large a consumer of raw materials as the United States, absolutely embarked upon a policy of deflation, it would have been very hard for any other country in the world to have kept up an artificial standard in the same raw commodity.

Mr. Good: Has anybody denied that? Sir Henry Drayton: Ah, but the hon. gentleman's question, when he asked me whether Great Britain would not have been able to buy much more if she had not deflated, of itself must affirm that proposition. I point out to him that that is one of the reasons why it would have been extremely difficult for Great Britain to have done it. Now, the hon. gentleman (Mr. Evans) had a question?

Mr. Evans: Does the hon. gentleman imply that the withholding of credit by the banks here to the farmers has nothing to do with the price of wheat by forcing it on the market for the want of credit?

Sir Henry Drayton: I was going on to that in a few moments. Much can be said as to the wisdom on the one hand of holding back an annual production, such as wheat, in the hope of raising our market or, on the other, of selling at once. Sometimes one method is successful, some-

times the other; it depends upon the year. Sometimes the man who holds back his wheat makes a lot of money. This year he would have done so. Sometimes the man who sells his wheat without delay, taking into consideration his carrying costs and all that sort of thing, gets the advantage.

Mr. Evans: The hon. gentleman has not got my question. Through the want of credit the grower has been forced to put his wheat on the market, and thereby the price has been lowered.

Sir Henry Drayton: Well, Mr. Speaker, I do not think that the grower loses so much in that way as by the fact that he is not able to reap the benefit of a better price in case the market goes up later on. I think that really is the point. But after all the great thing in connection with the movement of grain is the ability to finance it properly, and I am going to say something to hon. members upon that score in connection with inflation. That is, inflation of currency which has taken place in this country, having that very aim and object and end in view. It is something in ease of some of the arguments of the hon. member for Centre Winnipeg. We have had in Canada what was in effect currency based upon a commodity, not on gold at all, just for the purpose of moving the western grain crop. At one time advances were made—I am speaking now from memory—as high as \$128,000,000. That was under the Finance Act in 1914; and it was just for the purpose of enabling the farmers' grain to be properly and economically financed and taken over to the British market.

Mr. Spencer: Did I understand the hon. member to say that the British Government, but not the British banks, could have stopped inflation?

Sir Henry Drayton: I did not say they could have; I said they could have a little more than we could.

Mr. Spencer: Why could not the Canadian Government exercise the same right?

Sir Henry Drayton: I thought I had answered that, but I will answer it again for my hon. friend's benefit, because I am sure he wants to know. The hon. member will see that if any given country has control of, say, 5 per cent. of a certain commodity, it would be difficult for that country to stabilise the price of that commodity. I think I carry my hon. friend's judgment with me to that point. If another country held, say, 25 per cent. of the visible supply of that commodity, then that country would be just that much more able to stabilise the price. That is the reference I made as between Canada and Great Britain. I do not think Great Britain could have done it, but she could have done it to a greater extent than we could. I am not giving the exact proportion; I do not say whether it is a question of 5 to 25 or not.

Mr. Good: It is a question of degree. Sir Henry Drayton: The hon. member has the point exactly; it is entirely a question of degree. If you own enough of anything you can always stabilise the price.

Mr. Millar: I do not think we have a direct answer to the question that has been asked twice. Without considering whether it had the effect of deflation or inflation, did the Government of which my hon. friend was a member withdraw any money from circulation in 1920?

Sir Henry Drayton: Again, I thought I had stated what the situation was. We took no action whatever toward withdrawing money at any time, and I do not believe any Government has ever done so or could very well do so. If circulation is out, it is out; but the hon. gentleman will see that there is a string on that circulation—it is the excess that always comes back. At one time we had an excess of \$13,000,000, the whole of which bore interest at the 5 per cent. rate and make some money on it, they are going to do so, but the moment the money becomes idle with them and they are penalised to the extent of 5 per cent., back that money goes. Six o'clock, Mr. Speaker.

Mr. Brown: Just for my own information, may I say that the statement was made to me the other day—I give it only as made to me—that at that time the Government offered the banks the option of increasing their capital or of withdrawing their amounts in circulation. Can that be answered?

Sir Henry Drayton: Very easily; it is the first I have heard of it.

Mr. Brown: That is the statement as made to me. Sir Henry Drayton: Many strange statements are made. This is the first time I have heard it.

Mr. Brown: That is satisfactory. At six o'clock the House adjourned, without question being put, pursuant to rule.

(The End.)

LETTERS TO THE EDITOR.

THE BRITISH INSTITUTE OF PHILOSOPHICAL STUDIES.

Sir,—I cannot help thinking that the sarcasm of "P. Q." on the subject of the British Institute of Philosophical Studies is a little cheap. It is very likely true that most of "the financial and industrial magnates, profiteers, and dunderheads who lend the support of their names and their cheque-books have no faith in philosophical study as the way of salvation." These people are not really philosophers, but philocrats, and philodoles. But neither the Council of the Society nor the public is exclusively composed of financial and industrial magnates and profiteers, and though most of us are, if we could only realise it, dunderheads, some of us do have faith in the usefulness of a search for wisdom.

The Institution is going to hold forth to the public; that is, it is not only going to study but to teach, and it is up to all who believe in searching for truth to use their best endeavours to prevent those from teaching who do not know, and I think the best way to do this is for all who can afford a guinea a year to join the Society and vote against the sciolists.

Q. P.

THE POST OFFICE AND NOTE ISSUE.

Sir,—The conclusion I have come to from such study as I have been able to give to the Douglas scheme (which, however, I do not pretend to understand thoroughly), is that the existing banks will never willingly adopt it, because it would reduce the financiers' power, which is just the very thing they want to keep. I want to know whether there is any reason why the Post Office Savings Bank should not be reorganised and extended so as to be a lending bank on the Douglas principle, printing its own notes in such quantities as Parliament should see fit to authorise.

SIMPLE SIMON.

[Seeing that the banks' power is superior to that of the Government, you cannot do anything with the Post Office against the formers' will.—ED.]

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

SUBSCRIPTION RATES.

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

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