NOTES OF THE WEEK.

It is not usual for the British Federation of Industries to be caught napping, but its mission to the Chancellor of the Exchequer on Thursday was little better than a fool's errand. For what had it to offer in place of the Excess Profits Tax as a source of revenue to the Treasury? We know, in fact, that the Federation had already put its veto on a Capital Levy as well as upon a Levy upon War-profits, which latter proposal was understood to be rather a fancy of the Treasury officials — where was, then, the money to come from? It is idle to say that because posterity may (or possibly may not!) profit by the war, posterity must pay for it; in other words, that the repayment of the debt should be indefinitely deferred; but even in these days of comparatively absolute Government, no Cabinet could long survive an attempt of this kind. The problem before the Treasury is therefore in one sense purely political, since we cannot suppose it to have a policy of its own: it is the problem of making both ends meet while retaining for the Government with the railway companies during the war we are not much concerned. Whether under Mr. Runciman or Sir Eric Geddes they may be taken to defy his real masters. The practical problem before the country at this moment is, indeed, less the past than the future of the railway system; and, from this point of view, it appears to be the deliberate intention of the Government to restrict the services at the same time that the rates to the public are to be indefinitely raised. It is true that under the terms of the new proposals laid before Parliament by Sir Eric Geddes, various economies of organisation are provided for, and a measure of what is called "joint control" is offered to the National Union of Railwaymen, but nobody with the least knowledge of accountancy can fail to discover that the total cost of the railway service to the public is going to be enormously increased. There is, in fact, no other source than the consumer for the discharge of the liabilities incurred; and since, as we are told, revolutionary changes of a capital character are under contemplation in the transport industry, every penny of the cost will be added to railway charges as a tax upon the user and the public. The Labour Party will, no doubt, draw the moral of nationalisation from the impositions that are now to be made. This is what comes, they will say, of handing back the railways to private ownership. But costs are costs, and must under the existing system be met by the consumer whether the service be nationalised or private; and the difference between the
ultimate cost of railways under State control and railways under private control is not in any case considerable enough to bring about a revolution in prices. We need something more than economy to reduce prices really appreciably. The present reductions are of comparatively little importance; we need reductions by hundreds per cent.; and since no nationaliser of our acquaintance has ever been able to promise reductions to this extent, it is clear to us that the difference between nationalisation and private enterprise is the difference between Tweedledum and Tweedledee. Only by a direct attack upon Finance can a revolution in prices worth speaking of be brought about.

* * *

In spite of the opposition of the Miners' representatives, the Second Reading of the Bill of Mines Bill was carried in the House of Commons on Wednesday by a substantial majority. The debate was made the occasion of another of the familiar protests of the Labour Party against "handing back an industry to private ownership," with the equally familiar implications that nationalisation is the only conceivable alternative. As an alternative in any immediately practicable sense, however, nationalisation cannot be said to be even upon the political map; for it is perfectly certain that neither this Government nor its conceivable successors can afford to take a position on nationalisation.

The question that remains, what in the meanwhile is to be done with the industry, is one that the Labour Party declines to face. Under these depressing circumstances, there appears no other prospect than the continuance of the present state of deadlock. On the one hand, the Government, it is clear, cannot proceed to make an Act of its Bill without the consent of the Miners' Federation; and, on the other hand, without the consent of the Government the Federation cannot even so much as make a Bill of its proposal to nationalise the Mines. But where an industry employs nearly one and a quarter million men, and pays an annual wage bill of 270 millions, and that, quite incidentally it would seem, provides the country with the raw material of most other industries, cannot be left indefinitely in this state of suspended animation without disastrous consequences all round. If the King's Government must be carried on, it is at least equally important that the nation's coal should be mined.

The obligation, therefore, upon both sides is imperative; and the need for a third course that is neither nationalisation nor suspension is not imaginary. What, however, is that third course; or, rather, as we can safely say, how can attention be called to its existence? Our readers know that we profess to have found the solution that would really satisfy all the parties to the industry—the public, the miners and the coal-owners equally. Our difficulty, however, is that the contending parties—the Miners and the Owners—for the public is simply not heard in the dispute—prefer with all its drawbacks the existing state of suspended animation.

The absolute faces the absolute; theory counters theory; and while this state of affairs exists, the merely practical stands little chance of consideration. In the end, however, commonsense, we must hope, will prevail. We predict, indeed, that by the winter a compromise will be on the way to being effected.

* * *

The Bill to establish an Overseas Trade Credit to the amount of 26 millions passed its Second Reading on Tuesday. Nobody can deny that its purpose is excellent—"to help the shattered countries of Europe"; or that, to a small extent, this object may be accomplished by the Bill. On the other hand, it is as well that the operation involved in the Bill should be understood, since the direct effect of the issue of 26 millions of Credit, which itself may be the basis of the issue of ten times that amount of purchasing power, will infallibly be to raise prices here in our own home market. A credit of this kind is really nothing more than a permit to foreign countries to purchase goods in England on deferred payment—in this case for a period of three years. And though it is true that after three years the credit now to be advanced may be repaid good-humouredly, the argument is not affected that for three years foreign nations will be entitled to "spend" in our markets anything from 26 to 260 millions without any immediate return to ourselves. Consider what would happen to prices in a given market if a considerable fraction of spending power were suddenly made and distributed among the would-be purchasers: it is obvious that prices would rise. The same phenomenon will necessarily occur in our own market in consequence of the creation of the pool of foreign credit, with the further effect that every one of us will be proportionately taxed: in other words, our purchasing-power will be diluted by the amount of credit now being issued. We would not, of course, be understood to deprecate the proposal to "help the shattered countries of Europe"; though, as such a proposal is inevitably a highly theoretical one, we are, of course, the first to admit that the practical application of the proposal is problematical.

Mr. J. R. Macdonald in the "Nation" and Mr. Snowden in "Foreign Affairs" (a monthly journal edited by Mr. E. D. Morel) have apparently agreed, at any rate, to say the same thing, namely, that "foreign policy" is the root of all our troubles. "The cause of high prices," says Mr. Snowden, "is not to be found in currency or credit, but in foreign policy." Is sugar dear? The explanation is that Austria and Germany that used to supply the world with beet are now producing next to nothing, thanks to our foreign policy—ours, remark, not the late "foreign policy" of those countries. Is bread dear and are houses not to be had? It is because Russia, thanks to our foreign policy, is no longer an exporter of wheat and timber. A levy on capital, Mr. Snowden says, would be useless in the circumstances; nor is there any virtue in the reduction of the war-debt or, in fact, in any of the measures proposed by the party of which Mr. Snowden is nevertheless a member. "The only way to reduce prices is to recognise that the world is an economic unit," and to shape our foreign policy accordingly. Thereby the existing chaos of high prices could be "speedily restored." Without dwelling on the optimism that looks for a "speedy" solution by way of a complete transformation of the "foreign policy" not only of this country, but of the rest of the nations, we can only repeat what we said last week that there appears to be a fatality dogging the footsteps of Labour to ensure that Labour leaders shall invariably put the cart before the horse, and be pre-empted from the horse. Reduced to commensurable terms, Messrs. MacDonald and Snowden's contention is that our foreign policy is not the mere extension abroad of our social system of uncontrolled capitalism, but that it is itself the determinant of that system; in other words, that foreign policy dictates social policy. It is strange enough to find a "Socialist" holding such an opinion, in view of the Socialist axiom that economic power precedes and dominates political power; but it is even more unintelligible that anybody who has followed the course of the peace-settlement should doubt...
for one instant that the "foreign policy" of this and other countries has been to the last detail dictated and determined by private financial, commercial and capitalist interests; in short, has been the reflection of our social system. There is a luxuriousness, however, in rolling off the tongue the names and details of the map of the world; the use of the blessed word Mesopotamia is not confined to the ignorant pious; and it appears probable, from the satisfaction of Mr. MacDonall with the recent Labour Conference, just because it devoted four-fifths of its time to mispronouncing foreign names, that the Labour leaders find pleasure in the indulgence. Reference can, however, be made to the facts of life, to all its office and servants, and even to the Ministers up to the very highest; that one and all they are the creatures and not the creators of the existing social system. The problem set them is the thoroughly practical problem of securing raw materials and markets for our so-called surplus. It is not a problem they set themselves; it is not even a problem over which they have the smallest control. Their efficiency—in other words, their retention of office—is conditioned by the nature of the problem itself; and not all the "criticism" of the "Nation" and other Liberal politicians can affect the issue as long as the terms of the problem are "given" in our present system of home-distribution.

The "New Statesman" reports, on what authority we do not know, that the Committee recently appointed by Labour to investigate the cause of high prices has decided to open its investigation with an examination of the effects of "currency and credit." That is so much to the good; but in the meanwhile we have much greater satisfaction in being able to report, on the authority of the Associated Press Central News telegram from Washington, that an American Trade Union, the Brotherhood of Locomotive Engineers, has actually taken the first step recommended by Major C. H. Douglas during his recent mission to America, and set up a bank of its own, representative of its own credit. Moreover, the anticipated difficulty that the Treasury would refuse a charter to a Labour Bank of this description has not been realised; for it is reported that the charter has already been granted on the advice of Mr. Williams, the Controller of American currency. Pending further particulars of the most momentous event that has ever occurred in the annals of Labour, and appropriately reported simultaneously with the celebration of Independence Day in America, we are unable to gather whether the Bank, now actually in being, proposes to employ its credit for wider purposes than its domestic concerns, unemployment and the like, and, above all, whether its issues of Credit are to be counter-balanced by a corresponding reduction of prices—a necessity if the new Bank is not to repeat the errors of the existing system. There is virtue, however, in the "etc." appended to the defined purpose of the Bank as well as in the "intense interest" we are told that "American banking circles" are taking in the experiment. Furthermore, Major Douglas and The New Age are not without their representatives in America! On the whole, therefore, we are disposed to believe that the first practical step towards the solution of the age-old economic problem of society has now been taken, the honour being with America. If that should prove to be the case, the example will no doubt spread until eventually it reaches the country where the solution was first discovered.

From the extract, printed elsewhere, from a recent issue of the "New Statesman" it will be seen that the subject of credit, to which we have devoted several laborious and unprofitable years, is slowly coming under general discussion. The stone which the builders have hitherto rejected is destined to become the head of the corner; and we welcome the conversion of the "New Statesman" to the view that credit is at the root of our economic maladjustments. It will be seen, moreover, that some of the lessons of the recent discussions have not been altogether lost even on the slowest to learn of our Socialist contemporaries. The "New Statesman" has discovered that not only is "inflation" caused by Government spending, but that it is inherent in the normal operations of capitalist finance; every issue of credit, in fact, is an inflation, temporary or otherwise, of purchasing-power and isso facto a tax on the whole body of consumers. The "New Statesman" has not, however, appreciated to an equal degree the fact that with the diagnosis goes the possibility of a remedy; still less, of course, that the remedy has already been discovered and now awaits application. A "financial crash," it opines, "may be the only way out," in the face of a "capital levy" or some "public control of the banking system." It is difficult to guess the attraction of a "crash" as an hypothetically necessary stage on the way to the solution of any given problem. A "crash" is not a solution in itself; beyond complicating the problem by adding incalculable elements to the situation, it leaves the problem exactly where it was. Lenin, for instance, is faced by precisely the same problem that brought about the Russian Revolution; and is proceeding to solve it in much the same way. Equally we have disposed of the "capital levy" as a solution of our financial problem; and there remains, therefore, only the "public control of the banking system" as a conceivable constructive proposal. We are afraid that with its usual addiction to formulæ the "New Statesman," when ultimately driven to a decision, as we hope in favour of some "nationalisation" of the existing banking system. It will, in short, propose to "take over" (according to formula) the present banks and to "run them" in the supposed interests of the State. Let us say at once that, as well as being irregular, much a policy, if it could be carried out, would be more ruinous to liberty than any other that could be conceived. If credit is. as it is, the life-blood of society, its monopoly by the Treasury would put our lives at the disposal of the politicians more absolutely than any form of Conscription. We do not want to nationalise the banking-system or, in fact, to put the control of credit into the hands of the State. * * *

The "New Statesman" reports, on what authority we do not know, that the Committee recently appointed by Labour to investigate the cause of high prices has decided to open its investigation with an examination of the effects of "currency and credit." That is so much to the good; but in the meanwhile we have much greater satisfaction in being able to report, on the authority of the Associated Press Central News telegram from Washington, that an American Trade Union, the Brotherhood of Locomotive Engineers, has actually taken the first step recommended by Major C. H. Douglas during his recent mission to America, and set up a bank of its own, representative of its own credit. Moreover, the anticipated difficulty that the Treasury would refuse a charter to a Labour Bank of this description has not been realised; for it is reported that the charter has already been granted on the advice of Mr. Williams, the Controller of American currency. Pending further particulars of the most momentous event that has ever occurred in the annals of Labour, and appropriately reported simultaneously with the celebration of Independence Day in America, we are unable to gather whether the Bank, now actually in being, proposes to employ its credit for wider purposes than its domestic concerns, unemployment and the like, and, above all, whether its issues of Credit are to be counter-balanced by a corresponding reduction of prices—a necessity if the new Bank is not to repeat the errors of the existing system. There is virtue, however, in the "etc." appended to the defined purpose of the Bank as well as in the "intense interest" we are told that "American banking circles" are taking in the experiment. Furthermore, Major Douglas and The New Age are not without their representatives in America! On the whole, therefore, we are disposed to believe that the first practical step towards the solution of the age-old economic problem of society has now been taken, the honour being with America. If that should prove to be the case, the example will no doubt spread until eventually it reaches the country where the solution was first discovered.

The massive machinery of a General Staff for Labour is now, it appears, under consideration. We are invited to admire its cyclopic workmanship. The time, however, is out of date for the creation and employment of mastodons of this description, and the intelligent celerity of a few Labour leaders in America has far more to commend it to the modern mind than all the painstaking futility of our Labour officials. Answering a criticism at the Scarborough Conference, Mr. Bevin observed that the British Trade Union Movement was not an army to be ordered about, but a great voluntary movement . . . the leaders were not dictators but just leaders. (We are not quoting exactly.) Very good, but in what sense are the leaders really leaders? The bulls of a herd do not require to be told where they shall lead their herds; they know. Nor do they exercise an arbitrary dictatorship over their rank and file; they lead them to pasture. It is the duty of Labour leaders, first, to know where pasture is, and, secondly, to lead the rank and file thither. Such "leaders" as do not find pasture are either not leaders or they are something worse. The case, however, with most of our Labour leaders is that they will neither lead nor follow. Enjoying (a queer taste!) all the sweets of office, they postpone the assumption of responsibility for as long as possible in the hope that the rank and file will ultimately take the initiative. It is an interesting fact that several Labour leaders have invited The New Age to "convert" the rank and file to our views upon Credit under promise when, that is accomplished of "supporting" us.
The New Spirit in Germany.
By Huntly Carter.

I.—ECONOMIC.

The following articles demand a word of introduction. They are the result of a just completed brief run through Central Europe undertaken for the purpose of seeing for myself the actual conditions and the new and living things arising therefrom in the countries that are being most punished by the war. Thus they form an impression drawn from my own observations and inquiries of some of the fundamental causes now at work in Germany affecting and changing the spirit of the people. Of course the impression is not a full or complete one, time did not admit of it. I daresay many things escaped me that deserved to be noted. But, at any rate, it is an impression of those that I am most interested in, and it will serve to indicate the vast field of discovery that I hope to re-enter at some not very distant date. It may be said that my observations and inquiries were made under extremely difficult conditions, for I followed my usual method of going out of the beaten track for information instead of following any of the English journalist and newspaper correspondent who burrows for copy in Pullman sleepers, luxurious hotels, fashionable cafés, and pornographic theatres, and never seeks it where alone the real stuff is to be found nowadays in the poverty-stricken quarters where significant individuals eke out a dreadful existence.

The difficulties were increased by the formalities of travel. These have changed considerably since 1912. I noticed in entering Germany was windows full of paper money. A question brought the reply that before the war Germany was printing money at the rate of about 2,000,000,000 marks. To-day the amount is 2,000,000,000 marks. Next I saw crowds of expensively dressed foreigners, Jews, Turks, Americans, English, neutrals, and other speculators all busy supplying money in exchange for valuables to the necessitous classes who required it for food, clothes, and rent. Thus I saw that food and clothes were terrible prices, as much as 40 times above the normal, that the purchasing power of the mark was reduced 24.4., that there were tickets against most essentials, that food rations were too small to live on, that there were many vile substitutes for vital foods. I noticed, too, that people were always hungry and always eating because the food they eat was unsatisfying. I found that the best restaurants were deserted at midday because no one except a profligate or speculator could afford a midday meal. The tables were quite bare of the accustomed "properties," and the bill was pencilled on the table, as paper was still paper stamped. Now it is different, as a glance at a comparative chart of Europe before and after the war will prove. Before the war Europe was composed of 26 countries, almost all of which had open frontiers. To-day it is composed of 35 countries and 5 potential States waiting to be determined by plebiscite—Allenstein, Teschen, High-Silesia, Sarre, Klagenfurt, and Malmedy. Each of the 35 has a closed frontier and requires a visa; each has an ambition to possess its own language (Czecho-Slovak is throwing German overboard as fast as it can), its own money, its own Government, Customs, and particular hatreds. Of course the latter impose all sorts of inconveniences on the unwary traveller. Bohemia slashed out the German stamp from my passport, thus putting me to the great trouble and expense of getting another visa. So imagine the formalities to be gone through, especially if one ventures into out-of-the-way places. Imagine the time consumed in interviewing consuls, the confusion arising from the different exchanges, in passing, say, from England to France, to Belgium, to Germany, to Czecho-Slovak, to Austria, to Hungary, to Poland, and so on. Imagine that every newly-formed State in Germany alone has its own small currency and refuses to accept that of any other State. The Bavarian State money is not accepted in Saxony; Cologne State money is not current in Düsseldorf a few miles off, just as the political ideals of Düsseldorf and Weimar are not accepted in Cologne and Potsdam. In short, imagine the 30 States of America closing their frontiers, and regionalising their money, languages, politics, customs, and warlike ambitions, and the result is a fair idea of what Europe is for the traveller to-day.

There is also in all this more than a hint of the economic situation. Greatly fluctuating rates of exchange in neighbouring countries, closed frontiers, blockades (Czecho-Slovak, Jugo-Slovak, and Hungary are blockading Austria), bitter antagonisms, territorial ambitions, rumoured and actual wars and revolts—all these are finger-posts to economic paralysis. Indeed, paralysis is the only word that adequately describes the economic situation in Germany. The significance of this is clear when we remember that the economic factor must come first in the reconstruction programme of the nations recently at war, and that Germany is still the economic pivot of Central Europe. The economic principles that underlie politics are the principles upon which its life or death depends. The economic factors of industrial, commercial, and social life—money, food, clothing, shelter, transport, and recreation—are the factors upon which it must rely for ultimate recovery. What is its position in respect of these things? Simply it has no money, no credit, no raw materials, very little food and other bare essentials.

Someone will ask, "Where is the evidence?" Here it is. The first thing I noticed in entering Germany was windows full of paper money. A question brought the reply that before the war Germany was printing money at the rate of about 2,000,000,000 marks. To-day the amount is 2,000,000,000 marks. Next I saw crowds of expensively dressed foreigners, Jews, Turks, Americans, English, neutrals, and other speculators all busy supplying money in exchange for valuables to the necessitous classes who required it for food, clothes, and rent. Thus I saw that food and clothes were terrible prices, as much as 40 times above the normal, that the purchasing power of the mark was reduced 24.4., that there were tickets against most essentials, that food rations were too small to live on, that there were many vile substitutes for vital foods. I noticed, too, that people were always hungry and always eating because the food they eat was unsatisfying. I found that the best restaurants were deserted at midday because no one except a profligate or speculator could afford a midday meal. The tables were quite bare of the accustomed "properties," and the bill was pencilled on the table, as paper was still paper stamped. Now it is different, as a glance at a comparative chart of Europe before and after the war will prove. Before the war Europe was composed of 26 countries, almost all of which had open frontiers. To-day it is composed of 35 countries and 5 potential States waiting to be determined by plebiscite—Allenstein, Teschen, High-Silesia, Sarre, Klagenfurt, and Malmedy. Each of the 35 has a closed frontier and requires a visa; each has an ambition to possess its own language (Czecho-Slovak is throwing German overboard as fast as it can), its own money, its own Government, Customs, and particular hatreds. Of course the latter impose all sorts of inconveniences on the unwary traveller. Bohemia slashed out the German stamp from my passport, thus putting me to the great trouble and expense of getting another visa. So imagine the formalities to be gone through, especially if one ventures into out-of-the-way places. Imagine the time consumed in interviewing consuls, the confusion arising from the different exchanges, in passing, say, from England to France, to Belgium, to Germany, to Czecho-Slovak, to Austria, to Hungary, to Poland, and so on. Imagine that every newly-formed State in Germany alone has its own small currency and refuses to accept that of any other State. The Bavarian State money is not accepted in Saxony; Cologne State money is not current in Düsseldorf a few miles off, just as the political ideals of Düsseldorf and Weimar are not accepted in Cologne and Potsdam. In short, imagine the 30 States of America closing their frontiers, and regionalising their money, languages, politics, customs, and warlike ambitions, and the result is a fair idea of what Europe is for the traveller to-day.

There is also in all this more than a hint of the economic situation. Greatly fluctuating rates of exchange in neighbouring countries, closed frontiers, blockades (Czecho-Slovak, Jugo-Slovak, and Hungary are blockading Austria), bitter antagonisms, territorial ambitions, rumoured and actual wars and revolts—all these are finger-posts to economic paralysis. Indeed, paralysis is the only word that adequately describes the economic situation in Germany. The significance of this is clear when we remember that the economic factor must come first in the reconstruction programme of the nations recently at war, and that Germany is still the economic pivot of Central Europe. The economic principles that underlie politics are the principles upon which its life or death depends. The economic factors of industrial, commercial, and social life—money, food, clothing, shelter, transport, and recreation—are the factors upon which it must rely for ultimate recovery. What is its position in respect of these things? Simply it has no money, no credit, no raw materials, very little food and other bare essentials.

Someone will ask, "Where is the evidence?" Here it is. The first thing I noticed in entering Germany was windows full of paper money. A question brought the reply that before the war Germany was printing money at the rate of about 2,000,000,000 marks. To-day the amount is 2,000,000,000 marks. Next I saw crowds of expensively dressed foreigners, Jews, Turks, Americans, English, neutrals, and other speculators all busy supplying money in exchange for valuables to the necessitous classes who required it for food, clothes, and rent. Thus I saw that food and clothes were terrible prices, as much as 40 times above the normal, that the purchasing power of the mark was reduced 24.4., that there were tickets against most essentials, that food rations were too small to live on, that there were many vile substitutes for vital foods. I noticed, too, that people were always hungry and always eating because the food they eat was unsatisfying. I found that the best restaurants were deserted at midday because no one except a profligate or speculator could afford a midday meal. The tables were quite bare of the accustomed "properties," and the bill was pencilled on the table, as paper was still paper stamped. Now it is different, as a glance at a comparative chart of Europe before and after the war will prove. Before the war Europe was composed of 26 countries, almost all of which had open frontiers. To-day it is composed of 35 countries and 5 potential States waiting to be determined by plebiscite—Allenstein, Teschen, High-Silesia, Sarre, Klagenfurt, and Malmedy. Each of the 35 has a closed frontier and requires a visa; each has an ambition to possess its own language (Czecho-Slovak is throwing German overboard as fast as it can), its own money, its own Government, Customs, and particular hatreds. Of course the latter impose all sorts of inconveniences on the unwary traveller. Bohemia slashed out the German stamp from my passport, thus putting me to the great trouble and expense of getting another visa. So imagine the formalities to be gone through, especially if one ventures into out-of-the-way places. Imagine the time consumed in interviewing consuls, the confusion arising from the different exchanges, in passing, say, from England to France, to Belgium, to Germany, to Czecho-Slovak, to Austria, to Hungary, to Poland, and so on. Imagine that every newly-formed State in Germany alone has its own small currency and refuses to accept that of any other State. The Bavarian State money is not accepted in Saxony; Cologne State money is not current in Düsseldorf a few miles off, just as the political ideals of Düsseldorf and Weimar are not accepted in Cologne and Potsdam. In short, imagine the 30 States of America closing their frontiers, and regionalising their money, languages, politics, customs, and warlike ambitions, and the result is a fair idea of what Europe is for the traveller to-day.
If space permitted, it would be possible to prove by vital statistics that the economic breakdown as suggested abovedesc. and not fa.t. But the depend picture they present of the terrible mortality among children, the stunted growth of boys and girls, anemic and undernourished women, shrunken and devitalised men, the ravages of tuberculosis and nervous disorders, adds very little to our present-day information. Perhaps the most convincing evidence of the situation is the weakness and feeling of inertia that one experiences after a week or two spent in Germany. The economic rot seems to penetrate to one's very marrow.

The economic situation granted, then, how is it to be met? Of course, there are many remedies, external, internal, political, cultural, intellectual, and so on. Help might come from without in the form of gifts of raw material and long credits. But then it might not. It might come from an improvement in the political situation. Little, however, may be hoped from this as yet. Look at the last election, when the aim of the different parties appeared to be to neutralise each other and the defeated coalition, and the result was political chaos and no governing majority. Something might be expected from the short-lived Revolution, which no doubt continues to work, if not at the surface, then underground. There is certainly a spirit of Communism abroad, though it seems ineffective with reactionary capitalists buying up the布尔 of the Kaiser area and Prussian generals everywhere. As for the new intellectual and cultural ideals and ideas, to which I shall refer presently, they no doubt are bound to manifest themselves in the form of human societies, are working towards ends which no man can foresee. There is nothing derogatory to man in this, I think, since to be unable to foresee is not incompatible with self-conscious self-direction.

A Reader's Notes.

The Group Mind. By William McDougall. (Cambridge University Press. 218 net.)

P. ix: "Each of the most developed nations of the present time may be regarded as in process of developing a group mind." The latest psychological view is obviously not that of the I.L.P., namely, that nations are obsolete. To use an old physiological distinction, nations appear to be rudimentary rather than vestigial organs. If true, the statement is of the first political importance, since in the sphere of foreign relations in particular, it is vital to know whether nations are coming to an end or are only just beginning.

P. 45: Let us note that, "politically," Professor McDougall's "sympathies are with individualism and internationalism"—a statement, however, that needs elaboration to be understood.

P. 3: Nietzsche observed that "we no longer ask whether a statement is true, but why the author made it—thereby anticipating a good deal of modern psycho-analysis. McDougall refers in the same spirit to the theory of Hobbes as "the expression of his attempt to justify the monarchy established by the Tudors." Always, it seems, there is a propagandist intention—"the highest instances the intention of establishing the norm.

P. 6: "Vital and spiritual forces which, expressing themselves in the form of human societies, are working towards ends which no man can foresee." There is nothing derogatory to man in this, I think, since to be unable to foresee is not incompatible with self-conscious self-direction.

P. 9: "A mind is an organised system of mental and purposive forces, and...every highly organised human society may properly be said to possess a collective mind." It is essential to grasp what is here meant, for, on the one hand, a "collective mind" may mean a unitary consciousness over and above that of the individuals comprised within it—a thing which McDougall "provisionally rejects"; or, on the other hand, it may mean what McDougall intends it to mean—a group mind having its own laws which are not those of the individual life. The distinction is not yet clear to me.

P. 17: McDougall "entirely accepts" the theory expounded by Mr. E. Barker in "Political Thought" (Home University Library), pp. 62, 64, 74: the essence of which is as follows: "There is no group-mind existing apart from the minds of the members of the group; the group-mind only exists in the minds of its members." I confess I prefer this to the independent group mind theory; moreover it appears to me to be confirmed by psycho-analysis. Psycho-analysis reveals beneath the individual mind a series of layers or strata (or planes) of mind, of which the next to the individual is the group, the next the national, the next the racial, the next the animal, the next the vegetable, the next the mineral, and the lowest of all what must be called the cosmic. And all these, it may be presumed, preceded the individual, though as consciousness rather than as self-consciousness. And is not the aim to raise them successively into self-consciousness? The essential conditions of collective mental action are a common object of mental activity, a common mode of feeling in regard to it, and some degree of reciprocal influence between the members of the group.

P. 29: McDougall rejects telepathy as an explanation of crowd-conduct. "The spreading and intensification of emotion seem to depend on... expressions... perceptible by the senses." Rare exceptions occur, I think; but they cannot be calculated upon.

P. 43: "Responsibility...is diminished in proportion to the number of persons taking part..." Democracy?

P. 45: The group-mind in its lowest aspect is seen in the simple crowd, whose character is thus defined:
"It is excessively emotional, impulsive, violent, fickle, inconsistent, irresolute and extreme in action, displaying only the coarser emotions and the less refined sentiments; extremely suggestible, careless in deliberation, hasty in judgment, incapable of any but the simpler and imperfect forms of reasoning; easily swayed and led, lacking in self-consciousness, devoid of self-respect and of sense of responsibility, and apt to be carried away by passions of its own force, so that it tends to produce all the manifestations ... of an irresponsible and absolute power." An organised group-mind, on the other hand, "secures that while the common end of collective action is willed by all, the choice of means is left to those best qualified and in the best position for deliberation and choice; and it secures that co-ordination of the voluntary actions of the parts which brings about the common end by the means so chosen." No better statement is needed of the difference between the two schools of reform to day: the school of the proletarian dictatorship and the school of The NEW AGE.

P. 56: Very important. "The essence of collective volition [the general will] is not merely the direction of the wills of all to the same end, . . . but the extension of the self-regarding sentiment of each member of the group to the group as a whole." It is not enough that each and all will the same thing, we must each and all will the same thing because each and all of us wills the good of the whole. As a crowd is the lowest type of a group-mind so a group organised and inspired as just described is the highest type of group-mind. Every other group falls somewhere or other between these extremes.

P. 64: "The more fully the consciousness of the whole group is present to the mind of each member, the more effectively will the whole impress its moral precepts upon each." A community is strong by the number of statesmen it contains, that is to say, of citizens who feel and act as statesmen.

P. 66: McDougall doubts whether "group-self-consciousness preceded individual self-consciousness"; he thinks they were achieved by parallel processes. I doubt both myself. Group-consciousness (not self-consciousness) preceded individual self-consciousness and individual self-consciousness was afterwards extended to the group. Moreover, it is not the group as such that ever becomes self-conscious (vide above, p. 17); it is the group-mind in certain individuals that rises into, or becomes included in, what was formerly only their individual self-consciousness; and it is the presence of such super-individuals in a community that entitles us to say that the community is self-conscious in them.

P. 74: There occurs on this page a word which McDougall ought in intellectual honesty to delete. It is, he says, "fortunately, only a rare individual here and there" who can emancipate himself from prepossessions and make pure judgments of fact. Why fortunately, if otherwise men's judgments must be sentimental judgments of value rather than fact? I was almost tempted to put the book down at this point.

P. 76: "Progressive weakening of the conditions that force the development of group-consciousness has characterised the whole course of the development of civilisation. . . . Almost the only condition of wide and general influence to foster group self-consciousness is occupation and association. The dimness of this tendency . . . is present-day Syndicalism." The ignorance here displayed is characteristic of the professor. Ever since its rise, the importance of Syndicalism has been enormously exaggerated, and chiefly by the professional classes to whom it was the first intelligible theory through intellectual—writing in French. As a matter of fact, Syndicalism was never very much alive: and to-day it is dead even in France. A further proof that McDougall is here writing as a partisan is the contradiction in which he cheerfully involves himself. It civilisation tends to weaken group-feeling and to substitute the occupation for the commonalty, how can McDougall simultaneously regard it as "obviously true" that "nationalism" is "the most powerful factor in modern history"? I suspect that the latter observation has been made since the war. In other words, McDougall stands convicted of having mistaken the value of Syndicalism before the war. A revision is necessary: and I venture to call Professor McDougall's attention to the discrepancy.

P. 100: "The answer to the riddle of the definition of nationhood is to be found in the conception of the group-mind. . . . It is essentially a psychological conception. . . . Its essential condition is organisation—not material organisation, but such mental organisation as will render the group capable of effective group life, of collective deliberation and collective volition."

P. 113: "Each distinctive type of civilisation is a species, evolved largely by selection, the selective agency being the innate mental constitution of the people." McDougall is not "now concerned" with the origin of these innate mental constitutions which finally determine the species of civilisation; and perhaps it is as well, since the question is wrapt in mysticism. Nevertheless, what Ramsey Muir speaks of as "the brutal and childish doctrine of racialism" is clearly involved in it. McDougall says that fact that "... a single question of each of community have played a large part in determining [amongst other things] which form of belief it still accepts." Dogmatism, however, would be unwise in our present state of ignorance. That there are racial differences which act as selective agencies in the determination of specific civilisations is almost certain. Only a profound insight confirmed by observation can establish what they are and their respective values. At the same time it must be admitted that a world-policy depends upon the knowledge of them; for if a world-policy must work with the nature of things in order to be successful, clearly its directors must know the characters of the races and peoples with whom they are dealing. Wanted: a new direction of research for foreign policy; one that will establish differences of value! I know a Serbian thinker who has worked on this subject with extremely interesting results.

P. 132: "It seems not unlikely that almost the whole population of the world will shortly be included in five immense States—the Russian or Slav, the Central European, the British, the American, and the Yellow or East Asiatic State." Obviously written before the war, and indicative of our author's superficial view of politics.

P. 138: I entirely agree with McDougall that the cement of a nation consists of its leading minds, those, namely, who have the group self-consciousness in the highest degree. As Fouillée said: "The national character is not always expressed by the mass . . . nor even by the actual majority. There exists a natural élite which, better than all the rest, represents the soul of the entire people, its radical ideas and its most essential tendencies. This is what the politicians too often forget." And not only the politicians!

P. 145 et seq.: A brilliant and convincing demonstration of the analogy between the individual mind and the collective mind of the nation, which is "a much closer and more illuminating analogy than that between the nation . . . and the material organism."

P. 151: Russia failed because there were too few Russians. "Individual purposes and individual self-consciousness predominated."

P. 156: Bosanquet goes the way of Spencer. Individual wills striving after private egoistic ends cannot make a nation. "Only in so far as the idea of the people or the nation as a whole is present to the con-
sciousness of individuals and determines their actions can it be said that a nation in the proper sense of the word can exist or has ever existed."

P. 161: Again I note McDougall's contradiction of his earlier Syndicalist contention that we are in the ascendency and increase of self-consciousness among the peoples of the world and the increasing part everywhere played by the sentiment for national existence are the dominant facts in the present period of world-history; their influence overshadows all others. This should serve as a warning to Labour politicians to build their movement on nationalism.

P. 165: "The great group sentiment can hardly be developed otherwise than by way of extension of sentiments for smaller included groups . . . For this reason the family is the surest, perhaps essential, foundation of national life."

P. 166: As material for a student of foreign affairs—where, by the way, are our S. Verdads? "Already there is beginning to develop a European self-consciousness and a European purpose, provoked by the demonstration of the hitherto latent power of Asia; and, if a federation of European peoples is ever to be realised, it will be the result of their further development through opposition to a great and threatening Asiatic Power, or a revived Moslem Empire, or possibly a threatened American domination." McDougall observes that "this was written before the war," and it needs revision. But the idea is sound.

P. 173: A nation means not simply all existing individuals . . . because it includes all the potentialities they embody.

P. 175: Rousseau's theory of the Social Contract was only wrong in one respect: it purported to be history instead of prophecy. "A people progresses from the status of an organism, in which the parts are subordinated to the whole without choice or free volition on their part, towards the ideal of a national State, an organic whole which is founded wholly upon voluntary contract between each member and the whole."

P. 179: Nemesis has come upon McDougall! Look at my note on p. 74; and now consider our author's defence of what on that page he deprecated: "Such dislike of any attempt to understand that which we hold sacred is intelligible enough in the vulgar, for whom all analysis is destructive of the values they unreasoningly cherish." This is the second apology a reader is owed!

P. 181: Humanitarianism and internationalism through nationalism. The current cosmopolitanism in a nationless world is the logical antipodes of the current individualism in a nationless world: in short, the ordinary I.L.P.'er is merely the other pole of the Manchester individualist.

P. 190: The alternative to the Party system appears to be government by crowd-psychology. Consider Mr. Lloyd George's genius in this field.

P. 201: McDougall commits himself to an hypothesis for which there is little evidence: "It seems probable that man was evolved from his pre-human ancestry as a single stock . . . If this be true, it follows that the differentiation . . . of the races . . . was the work of the immensely prolonged prehistoric period . . . ." If true—but there are more things than McDougall has yet dreamt of! I doubt the single origin of man.

P. 212: Exit Darwinism. "Each variety of the human species . . . has been evolved not merely under the influence of the physical environment, like the animal species, but also and to an ever-increasing extent under the influence of the social environment."

P. 213: "Assuming, as we must, that all races of men are derived from a common stock." The hypothesis has become an assumption; but it is not fact.

P. 242: Valuable contributions are here made to high politics. "The crossing of the most widely different stocks, stocks belonging to any two of the four main races of man, produces an inferior race; but the crossing of stocks belonging to the same principal race, and especially the crossing of closely allied stocks, generally produces a blended sub-race superior to the mean of the two parental stocks . . . ."

The Cure for High Prices.

III. MAJOR DOUGLAS disposes of the commonly-held fallacy that as all wealth is produced by Labour therefore the whole product belongs rightfully to Labour. He contends that the bulk of wealth produced is of the nature of work which is unearned increment, being due either to the existence and collective activities of the community, or to the ideas and knowledge that have been inherited from the past. Tools, machinery, and industrial processes are the product of the genius and thought of centuries of men. On what reasonable ground, then, can any man, merely because he has assembled a few of these ideas together to form something possessing a value—say a piece of machinery—claim it as his sole production? If the value contributed by the ideas of men long dead and gone were deducted, how much would remain?

To take another case. It is the community that gives coal an exchange value by having the desires that necessitate the use of coal. If these desires were to change, or if some superior form of power for lighting and heating were discovered, the value of coal would vanish, and with it the power of the miners. It is a mistake, then, for the miners, or anybody else, to base their claim to a share of the communal wealth solely on the work they do. They are entitled to payment for their labour, of course; but they are also entitled to their due share of all unearned increment; and that is what they do not get at present. It all goes to the creators and receivers of credit.

All fresh capital created is an addition to the communal wealth; and an equivalent amount of purchasing power to balance it should be distributed equally over the whole population. The possession of a right to an income as a member of the community by every man, woman, and child, apart from what they might earn by their labour, would solve several difficult problems. It would put the family man on an equality with the bachelor: it would make women financially independent of their male relatives and enable them to choose their way in life and their partners in marriage free from ulterior considerations, besides testing the strength of their professed desire to remain in industry. It would provide for the case of the widow and orphan, the sick, the helpless, and the aged, as well as for the man of genius who does not fit kindly into the economic structure—and for many more. In addition, it would put everyone in the strongest possible position to resist tyranny from whatever quarter it might threaten.

Bearing these things in mind and also the fact that our power to produce wealth—but for the restrictions placed upon it by the credit system—is almost limitless, it is not difficult to see that we could afford to pay the present capitalists—i.e., the manufacturers and producers—a fixed interest on their capital without requiring to deprive ourselves of anything we really desire.
That such a proposal should be even contemplated will outrage Labour and Socialist sentiment on being first stated; but in order that it may not be misunderstood one or two points should be noted.

(1) Policy demands it. Not all capitalists are wealthy or in love with the capitalist system; but they will all fight tooth and nail against any change that will make their position worse than it is.

(2) A distinction should, however, be drawn between the capitalist-financier and the capitalist-producer, even if they are occasionally one and the same person. The second derives his power from, but is in bondage to, the first. Take away the power of the first and you destroy the second's power to do harm also.

(3) To fight them over the matter is not worth while as the gain would be nil. It would delay the solution of the problem; and delay at the present time might be fatal. If the capitalist system breaks down before its successor is got into working order—and there is plenty of evidence to justify the belief that it is breaking down—it will be too late to think of remedies: we can only call in the undertaker.

(4) Through ignorance of the true cause of social ills too much importance has been attached to the profits derived from industry. The evil effects of profits are as nothing to the evil effects of inflation. Profits appear large because they are concentrated in few hands. In relation to the total population they are not of much account; and the amount that would accrue to the individual if they were shared equally would be disappointingly small. The real evil of Capitalism is not so much that it makes some people excessively rich as that it prevents the rest of the community from becoming rich also.

(5) Profits are the producers' inducement to produce; and inducement is at all times better than compulsion as a means of getting things done. The only real objection to them is that they are reaped by the few. Guarantee everybody dividends and nobody will have a word to say against them.

(6) The power of the capitalists to dominate the workers will disappear with the change of system. New creations of authority are not necessary. In a little time reduce the present capitalists' holdings to a mere fraction of the total; and with every increase of capital the purchasing power and status of the workers would rise correspondingly, until at no great distance of time a general assimilation of classes can be predicted.

(7) The wealthy are only able to make a display of their wealth if others are dependent on them for a living. No free man is willing to become a flunky to the rich; and the possession of an independent income would make everybody free. Without an army of flunkies to look after their property the extremely rich would find their abundant possessions a burden to them and might be expected to develop a taste for more simple living. Granted that some men are shamefully rich, it is better that they should be shamed into parting with their riches than compelled—particularly when its power to dominate others is gone.

(8) In reorganising our economic structure it is essential that there should be no unnecessary disturbance. Trade and industry are so interdependent that the sudden cessation of the effective demand by the well-off to which would follow anything in the nature of a violent upheaval could not but have very awkward reactions on the other sections of the community.

(9) No one knows what a man's just earnings should be. The most we can aim at, and all that is necessary, is to ensure for everybody access to, or possession of, the means for his fullest development.

H. M. M.

Drama.

By John Francis Hope.

The Pioneer Players, for some occult reason, did not invite me to their last performance—and it was only from the Press that I learned the news that it was their last performance; I was invited to the repetition given the following day "in aid of the Serbian children." I doubt whether they have benefited much; the attendance was miserably small, and appropriately depressed, and even the actresses who sold programmes dared not ask more than a shilling for them. We could not have been more glum if we had all been Serbian children ourselves, under the care of the Serb-Croat-Slovene Children's Welfare Association, even that melancholy person behind the scenes knocked with his mallet like Beethoven's Fate, until the curtain rose sulky on a scene showing a shop with the shutters up, and in the background a brightly-lit bedroom with a woman obviously dying. If this is the mood in which we try to aid Serbian children, then God help them! Even the performance was advertised to begin at half-past two, and was arranged to begin at three o'clock—presumably to get the audience in the appropriate state of mind of bewildered boredom.

The play chosen was called "The Children's Carnival," a translation by Christopher St. John of Saint-Georges de Bouhélié's "Carnaval des Enfants," Saint and Apostolic limbs of which are exchanged in the festival of Mardi Gras in Paris to one penny trumpet given to the little boy upstairs, and several permissions given to the little girl downstairs to watch the revellers from the window. Happy Christian children! For the grown-ups, there was the ironic contrast between the gaiety of the revellers, both outside and occasionally inside the shop and even the death-chamber, and what was intended to be the tragedy of this domestic upheaval. Actually, the contrast was worth nothing; Death was master of the scene from the beginning, and Life could only retire from it with apologies. Even as a spectacle it failed; English actors and actresses lack the touch of "devil," of abandon, in their masquerades which alone could give point to this otherwise pointless confrontation of the two contrary principles of existence. If Death has the dignity of stability, Life ought to have the poetry of motion—particularly when it is supposed to be in the ecstasy of festival; but all these conscientiously happy masks were obviously remembering that they must do nothing unbecoming to the traditions of the Academy of Dramatic Art.

M. de Bouhélié has no particularly clear purpose in his play—unless it is that Puritanical purpose of showing us the consequence of sin—sin, of course, being synonymous with illicit sexual relations. Madame Céline turns out to be no Madame, although a Mama; full of the joy of life, she had given herself to man after man in an unavailing search for "love." One and all, they had deserted her; and she had at last set up a linen-draper's shop, and nurtured her two daughters in the bonds of true maternal love. Somehow or other, she had collapsed; and when the curtain rises she is dying from exhaustion, the business has gone to the dogs, she is in debt everywhere—and to add distress to her death-bed scene, her two ugly but virtuous and, we are led to believe, rich sisters have been sent for by her alcoholic brother. Played by Miss Ada Palmer and Miss Edith Evans, these ogresses lack nothing of the poetry of motion—particularly when it is supposed to be in the ecstasy of festival; but all these conscientiously happy masks were obviously remembering that they must do nothing unbecoming to the traditions of the Academy of Dramatic Art.
power, claims also the right to over-ride the whims of an invalid; and will she, will she, she force themselves into the bed-chamber, and Céline promptly has hysteries.

Needless to say, it is they who force the disclosure of Céline's past; when they see that Helene and Marcel are in love, their duty is clear: she must be told. The result is one of the most heartless scenes in dramatic literature, a dying mother pleading with her daughter to forgive her, explaining the courtean's philosophy of love to a girl who is apparently concerned with the legal question of illegitimate birth, its reaction on her relation with Marcel. It is the great scene of the play, and it carries no conviction at all. It is not a real conflict between two persons or passions, it is an argument ad misericordiam against a convention whose only advocates are two horrible old women. It is a purely theatrical scene; and the final shriek and collapse as the priest enters between the maskers, and Helene's forgiveness of a corpse, only add the final touches of technical skill to a dramatic unreality.

Virtue, of course, is triumphant. We have seen how the wicked die, in debt, despised by their children, surrounded by people pretending to be happy, and unshaken by the truth. Céline accepts the doer's passion for being forgiven; she accepted the convention, and to excuse her lapse from it—but I longed for Heine's: "Dieu me pardonne; c'est son métier." These self-condemners, people with two hearts, are better dead, with every circumstance of irony or tragedy; whether they be angel or devil, they are only half-fledged. Her daughter, Helene, after her one performance as Outraged Virtue, is so outraged by the idea of living with the custodians of Virtue, the aunts, that she runs away with her lover; and only the little girl is left to suffer the education for an irreproachable life at the hands of two experts in child-torture. Presumably, the masqueraders' dance of death in the last act is intended to have a symbolic meaning; it was enough to throw any ordinary child into fits, but Lie did not seem to be affected by it. After all, nothing could be worse than the aunts—and the child had already thought of suicide. The alcoholic uncle meditates that those who mean well often come to harm, and those that mean badly come out well—and apparently M. de Bouhélier wants us to believe that bad intentions are better than good ones, or, at least, have greater survival value. French philosophy is not very convincing. For the play shows us a falsity. The law that action and reaction are equal and opposite, but there is no effective reaction to the activities of the virtuous sisters, and no effective reaction to the genuine love of Céline. M. de Bouhélier has loaded his dice.

Of the actors, I was most pleased with the child who played Lie. I notice that the Press says that Miss Madeline Robinson played the part, but my programme says Miss Marion Phillips. Whoever it was, it was an astonishing performance for a child; it showed an emotional power, and a facility of expression, that I have never before seen in a child actress. Indeed, it was the powerful acting of the child (whoever it was) that made the play seem so unnecessarily brutal; for once, I find myself in agreement with Mr. William Archer, and revolted by the torture of the child. Miss Sybil Thorndike played the mother, to the usual tribute of adulation—and she certainly has power, even if she shows no sign of that facility of expression that Miss Robinson has. She is provincial through and through; she never fails to underscore the obvious effects of her parts, but she never succeeds in conveying that subtle understanding that she is inspired by powers more than human. She never rises above melodrama; she still retains her provincial accent and mannerisms; she has no sense of style, and she is over-rated if she is regarded as anything more than a hard-working player of, at most, second-rate parts. For sheer acting, Miss Ada Palmer and Miss Edith Evans outplay her at every turn; one recognises that her work is quite well done in its way, but positively loathes these two harridans. I have seen Miss Edith Evans, particularly, play all sorts of parts, and without a programme I should never recognise her except by her unfailing skill in provoking a positive reaction to the character. In this case, she would be too good for her. Mr. Brember Wells did his best with the part of the uncle—but I think that he does not like rum.

Feeling, Concentration and Creation.

By Denis Saurat.

The Metaphysician: Pain springs from intensity. It is the feeling of the separation of the Actual from the Potential, when desire tears and casts out of itself part of its own being in order to limit and concentrate itself. All creation produces suffering, since all creation is limitation and concentration.

The Psychologist: Hence in man a fear of all intensity, of all concentration, of all progress: a fear of love in young hearts, a fear of work in all men. But joy in love and in work runs parallel to pain in them and is greater, since it is made up of the intense sense of the normal development of life, and also of asceticism, of the pleasure there is in a pain accepted and conquered.

The Metaphysician: Pleasure is the self-consciousness of desire, which is the aim of life in all its expressions, the essence of being.

The Psychologist: There is in love: for woman a humiliation in loving with the pride of being loved; for man a humiliation in being loved, with the pride of loving. To this might be compared the humiliation there is in work for man, which still continues to exist, when mastered, in the pride of great workers. A contrast: man is humiliated in being an object of love; woman is proud in being an object of work—in inspiring work.

The Metaphysician: Humiliation is the bad conscience of limitation in face of the world; the feeling that we are part of a whole, and that the whole—the world—in its lower stage of being, larger and less intense than us, despises the point, narrower and more intense, which we are making. Hence the humiliation of the specialist, the contempt the world feels for him. Humiliation is the external sense of limitation; as suffering is the internal sense of it. In the pride of love and work is the feeling that we lead, that we carry forward the world—with defiance of it, and the asceticism of conquered shame.

The Psychologist: Love is for man a possibility of enlarging his being; hence his pride in loving. For woman it is a limitation: hence her shame in it.

The Metaphysician: With her social sense woman feels shame bitterly—but her social sense is not limited to society. Woman is ashamed of her love before the universe, before things and the general being, rather than before men. She is often proud of it before men, but in her inner heart she is humiliated. Hence her need to hide love.

The Poet: Man is ashamed of inspiring love, while woman it is a limitation: hence his pride in loving. The woman is proud of inspiring work; this shows that the sense of universal communion is more developed in her. She is proud of being an instrument of this sense: man is humiliated.

The Psychologist: There is a part of error in pity, as our pleasure in the presence of pain proves. Pity is a degradation for the pitied one. Pity shows we are not at one with the march of the universe. Woman has the feeling of universal communion, hence her joy in suffering; in her own, in others: the pitilessness of woman.
The Metaphysician: Pity is a personal pain felt by the witness of pain; the concentration painfully carried out in one being is being carried out in the whole universe: the whole universe suffers when one being suffers. Pity is a disguise the universe puts upon its own pain in the presence of a suffering being. Hence the contempt of the sufferer for those who pity him. In reality, they suffer for and in themselves, and as pretending they suffer for him. But he suffers more. This explains the irritation there is in being pitied. There is in suffering the same humiliation as in love and in work; from which springs the need of secrecy in suffering.

The Psychologist: Jealousy and purity are forms of the instinct of concentration in love: the sense that its development must take place in one direction exclusive of all others. Hence the need of secrecy for love: it avoids all outside participation, for a spectator is a participant. There is a hypocrisy in love which consists in loving in order to know. Woman therefore mistrusts intellect.

The Poet: The instinct of concentration is shown in the ferocious rivalries between men who work on the same lines. Each wants to be the one channel of evolution.

The Metaphysician: Love is the consciousness that a concentration is possible by union, either physical or intellectual. Feeling springs from creation; also from the creation of feeling. Thus, among many other feelings, the consciousness of possible creation produces love, which, for instance, produces the feeling of making the loved one happy; which, for instance, produces pride—or, occasionally, hatred. And so on, ad infinitum. Therefore, feeling is inexhaustible. Therefore, all being is infinite in its desires; and any individual is infinite.

The Psychologist: In pity there is, besides, a pleasure in the presence of suffering. And in love, there is envy of the happiness of the loved one. The ascetic pleasure of conquering that envy does much to deepen love. There is also in love a hatred produced by the limitations, the suffering, which the loved one—and creation—bring about. Hence the easy transformation of love into hatred. But that hatred normally deepens love, makes it more serious; feelings which have to struggle against others strike deeper roots. The instinct of concentration, the need for individualisation, brings about our desire that none should have what we have: jealousy. Hence, for lovers, the shame there is in recognising in others their own feeling, especially in inferior beings: animals, despised people. Hence the need that none even of our own expressions should be a repetition, which is a vulgarisation.

The Metaphysician: Avarice is the love of an expression for its own sake, without reference to its aim: the triumph of the absorbing power of the Actual. For instance, art for art sake, philology, science: the acceptance of language as a reality.

The Psychologist: Morality is the sense that the concentration of the actual is necessarily a limitation. It consists in renouncing numerous possibilities of action, it is the directing of life in one exclusive direction. Civilised man, to become moral, has to give up many activities which are natural to the savage. The question, what way is chosen, can be answered in different manners, according to historical circumstances. Ultimately, man may come to choose the way that helps the universe. But meanwhile there are several parallel moralities: as long as there is deliberate and consistent choice of one exclusive line of action, there is morality. There is identity between morality and jealousy—the need of concentration—and moral conscience and consciousness: the first necessity for both is to choose between different possibilities; to reject some; to concentrate on the selected ones. There is identity between morality and creation, either physical or intellectual. The first law of being is the law of concentration.
youth, or rather the childlikeness of her vision, makes us see them more clearly also, or recalls our own bygone visions. Again, if it is a long time since the sun for us beat "hard and dry" and the dust rattled "like castanets"; but we can still see that they do. Miss Sitwell, whatever her years may be, is very young; perhaps she has never grown up.

When to her impersonal portrayal of things the authoress adds an impersonal fancy the effect is charmingly quaint. The most inimitable poem in the volume is one entitled "Weathercocks":

Old Owl-wing shakes his lap
Of money to the peoples,
His stripy dance's cap
Is twirling on the steeples,
With bells of noisy coloured rain,
He's paid his money, gone to Spain.
And in the air that yields;
Like wooden bumpkins' sun-round stare
Clocks seem, in new-washed air:
Bucoic round-faced clocks
That laugh like clowny clowns;
Of glittering weathercocks
Each preening as he sets
Clouds tumbling like stripe-coloured clowns
Through all the far blue towns
With thunder drumming after.
A coloured bubble is the world;
A glassy ball that clowns have hurled.
Through the rainbow space of laughter.

How piquant and vivacious that is, how unreal and yet how real. In satire, the satire of "sudden glow"! There is, of course, any amount of cliche of decadence:

"Dream Psychology," fills in, by an amplification of the theory of dream symbolism, what is an undoubtably a cliche of present-day psychology. Mr. Fussell perpetuates queer extravagances in expression:

"Her spirit's sweet self, thou bright Intendant,
Hides heath thy gold and genius' fierce calling cry.
But in naive lines like
The silken, silver beechen boles
Gleam in the silent, shady woods
he shows that at least he can see natural objects—a stage in advance of most contemporary poets.

E. M. Jung in England.

As the most formidable Freudian, Dr. Jones, is to be found in England, so also is here the most notable exponent of Jung. Indeed, in some ways Dr. Nicoll might be called complementary to Jung. For his book, "Dream Psychology," fills in, by an amplification of the theory of dream symbolism, what is an undoubtably a cliche of present-day psychology. Mr. Fussell's poem "Weathercocks" is an example of this.

Jung in England.

As the most formidable Freudian, Dr. Jones, is to be found in England, so also is here the most notable exponent of Jung. Indeed, in some ways Dr. Nicoll might be called complementary to Jung. For his book, "Dream Psychology," fills in, by an amplification of the theory of dream symbolism, what is an undoubtably a cliche of present-day psychology. Mr. Fussell's poem "Weathercocks" is an example of this.
fact." Dr. Nicoll turns this into a dream, "I saw a man convulsed with laughter, lying on the floor. Somebody was tickling him. He seemed to die." This is excellent as a demonstration of what may be called the dream mechanism. Let us speculate on it a little. We may decide that the spontaneous, instinctive activity of the mind consists in the use and formation of symbols. These symbols are drawn, some from individual, some from universal, memory. The mind, then, is the demon in the unconscious. We can now understand what is meant by the repeated statements in the "Mahabharata" to the effect that there are five senses and the mind is the sixth. The dream is indubitably a sensual perception of psychological happenings and positions, and, when we dream, our five outer senses are commonly closed. But now, "greater than the mind is the Reason" wherewith these sense impressions can be dissected and classified. This puts mind in the Mahabharata's sense at the level of what may be termed animal intelligence, the Ape that rode on Arjuna's standard. It is this that Patanjali describes when he speaks of the mental elemental, and it is this portion of the unconscious with which Dr. Nicoll's book is chiefly concerned. It is a mental mind. As was said by someone, you are astonished at its intelligence. But there it is, and now let us examine memory, from which mind picks its symbols. There where memory doth rest, there doth also sit the mind, as a patient's unconscious once informed me in another connection. Are we to say that memory is an integral portion of mind, or is it so much psychological luggage that we carry with us, a portfolio to which mind has recourse when necessary? We produce a memory by an act of mind; so if we regard memory as a portfolio, what are the pictures which mind draws from it? Let us consider those vivid pictures shown us in the dream state, when mind weaves symbols from a dozen memories at once. I do not see how it is possible to conceive of a form without also calling it an embodiment of something; say, of an idea. Well, to speak of an embodiment implies not only something to embody, but also something in which to embody it, some material. This in the dream state cannot well be the matter we know in the waking state, so we shall find ourselves thrown on to that theosophical conception, the akasha, ethereal. Now, besides a collective memory each of us possesses an individual memory. That is to say, either our mind must have the power to mould to its purpose any piece of aether, if I may be forgiven the crude phrase, or else each of us has an especial vehicle, apadhi, of aether, differentiated from universal aether as a consequence of the acts of our mind upon it. Tradition says something like this; and also it is perhaps permissible to think that universal aether is required for universal purposes. A man told me once—and I have a witness to this—that he awoke one morning and experienced an intense desire to know the time. The desire accumulated till all of a sudden he saw the clock-face at the back of his head reversed, and the time was twenty-three minutes past seven. This made him get up to look at the clock, and the time was twenty-three minutes past seven. He must have sent out his mind to learn the time and reproduce, or reflect, in it his aetheric apadhi for him.

I believe that this is a legitimate deduction from, or construction upon, Dr. Nicoll's book. From his book more than from that of any other psycho-analytic writer, we may draw the impression which he says he wished to give, of an unconscious that "links up with the Aristotelian conception of an entelechy." "It preserves the form in the present, and at the same time seeks for new form in the future." From such a standpoint we must go even another step into the unconscious, and consider not only Arjuna's Ape but likewise his Charioteer, the Four-armed.

J. A. M. ALCOCK.
nor yet any means of judging how many establishments were like that of my mother’s Uncle Amos, before his crash, on which a plantation system tempered with wages of a sort had pertained. When my own memory dawns, a reasonable percentage of the negroes had “been there a long time”; some of them had been slaves “fo de wum,” and there were enough older ones to have the lump and leave, I think, most of the “charm” alleged to have inhered in the patriarchial previous system.

The “race problem” begins where personal friendliness ceased. “I ain’ neveh haah no troubl’ wi’ niggers. Waz riz wi’ niggers. Ah mos’ go dahm teh ma ambasssy foh see de blak man at de doh.”

This feeling cannot be expected to obtain with families who have arrived in America since 1880, or who have met the black man as a competitor, or who find him insistent, precisely because having been accustomed to a courteous authority he will not put up with bad manners from low-browed Europeans. There are ninety different ways of saving “Darn nigger”; it requires knowledge to use the right ones.

Of course, one constantly hears: “The old ones, oh yes; but the new ones!!” I cannot sneak for the last dozen years. The nigger, like any other fine animal, is very quick to perceive certain tones of personality, of voice, modes of moving, not by cerebral analysis but by “feel.” Some men never get on with horses; some men are perfect fools in the way they approach any animal.

If the old South had not been not only “destroyed,” but if the actual old white population had not been so definitely, in such actual numbers, killed off and driven away, the “problem” might be in quieter state and “solutions” less in demand.

All of which is vain prologue to an attempt to convey Mary Beaton, the deep-bosomed and affable, the “stylish” New York (City) negroess of 1893, having been with Uncle Amos since the Flood, and always havin’ been goin’ with her Miss Hermy when she was mahr’d;—or quite the equation of Mary Beaton—who, whatever else she may have been, was certainly the product of a very considerable civilization—and Haily, which was not; which, for the length of that one street bordered with wooden shacks, most of them selling one of them labelled “Kentucky Hardware,” simply was not.

Presumably some of the inhabitants had never seen anything as good as her clothes; as possibly none of the inhabitants had seen anything like them; styles travelled slowly in those days, in the lands north-west of the Mississippi; and whatever Mary Beaton had done to shed honour on the family had been done, we conjecture, with richness if not with Attic restraint. Vera incessu!

A galley under full sail and with oars; she was then of mature years, her progress was that of small, full-busted women who wish to look their full height, complicated by a hip-motion semblable to that supposed to be found among the danseuses of Andalusia. It was twenty-five years after this that she married the Reverend Mr. Hobam, by at least that number her junior,—and is, I suppose, still a stylistic model to the members of her congregation.

In Haily there was only the barber, and he social inferior, somewhat agreste, at any rate unable to live up to her. Having put Rip’s house (now occupied by Mr. Plughoff) in order, she had—while Rip and Hermy inspected Niagara Falls and paid a somewhat disappointing visit upon Thadeus—nothing to do but “sashay,” and nowhere but the plank sidewalk of Haily whereon to perform her egress and ingress.

Views and Reviews.

A SYNTHETIC VIEW.

The fertility of Mr. G. D. H. Cole is amazing. “Social Theory” appeared only two months ago; here is an even more interesting volume; a third, an historical study, is advertised as forthcoming; and he concludes the present volume by promising us another, dealing with the most difficult part of the Guild Socialist theory—that relating to politics. He is easily the most considerable of the younger English school of industrial theorists and propagandists; but for the fact that he does not deal in statistics, his extraordinary range of knowledge would entitle him to be called the Kropotkin of Guild Socialism closely identified with the propaganda of the Guild Solution, as it is called, as Kropotkin was with that of philosophic anarchism; and indeed there is more than a slight resemblance between Mr. Cole’s and Kropotkin’s idea of industrial liberty, and the form in which it can be expressed. Both of them see the self-governing workshop as the unit, or the atom, let us say, of industrial democracy; but while Kropotkin could see practically nothing else in industrial democracy than a fortuitous concourse of these atoms, Mr. Cole sees each unit in relation to a larger scheme, or, more correctly still, as being polarised in a definite direction. For he has developed considerably since 1914-15, when he drew up a suggested constitution for a Guild in the columns of The New Age; and excommunicated me because I would not accept election as the only, or most important, method of recruiting the executives of the Guilds. The truth probably is that he has mastered the Guild solution, has seen that it is a goal rather than a scheme, and indicates the only direction in which industry can progress.

Certainly, he is manifestly tolerant of other forms of organisation than producers’ control; he even recognises, in his chapter on “The Real Class Struggle,” what I said in 1912-15, that the manual workers would have to convert and take over the existing salariat—for expressing this idea I was roundly abused. The fact is that he has come down to practice, as I told him to: and the result is one of the best propagandist works that I have read. It is written in such a manner that the ordinary reader, troubled by these present discontentments, can discover easily what the more enlightened men are demanding and how to get it: while those who are already acquainted with the Guild idea will be grateful to Mr. Cole for his exposition and criticism of some of the recent developments in practice of the Guild idea. For example, he gives the first exposition that I have seen in print of the budding Guild which Mr. S. G. Hobson has brought into being: he expounds and criticises the Plumb Plan, the miners’ demand for nationalisation, has a chapter on Finance in which he tries to describe The New Age policy (not very successfully), and falls back on nationalisation of banking (I wish he had tackled the problem of legal tender), and, generally, keeps us all up to date in our knowledge.

His acquaintance with practical affairs has compelled him to forsake l’Abbd Syléés, and instead of trying to build constitutions, he is more concerned to find a modus operandi; in short, he has attained to the synthetic view, and is not disposed to quench the smoking flux of independence, whatever form of industrial control it may take, or has taken. He even says a good word for that bugbear of Mr. H. G. Wells, the small shopkeeper, the master-craftsman, no; and finds a place in the general economy for the Co-operative Movement as a distributive agency. He sees that the chief obstacle to progress is not lack of ideas, but a plethora of them in various stages of amplification and non-application: “democracy,” whatever else it may

* “Chees and Order in Industry.” By G. D. H. Cole. (Methuen. 7s. 6d. net.)
be, is co-terminous with the people, and the "democratic movement" necessarily contains every stage of development. Just as blackleg-proof unions would contain all the potential blacklegs, so "democracy contains everything that justifies it," as Mr. Bonjour tells us that there "direct democracy . . . worships governmental stability and retains its public men in office even till the verge of senility"; while the failure of the Socialists in that country suggests that political democracy is the chief safeguard against social revolution. When every reader of "Home Chat" in this country has a vote, the way of the reformer will be progressively hard unless he contrives that their next step, whether they know it or not, is taken in the desired direction. That is why I welcome Mr. Cole's attempt to find a modus operandi between the various sections of the Labour movement; his analysis of the cotton industry and the engineering industry, for example, reveals such fundamental differences in their structure that a mere preaching of " Guilds" would be ridiculous. The next step, the most likely way of progress, is indicated in both cases: Mr. Cole certainly has the General Staff mind, and is more concerned to utilise the existing forces and structures than to denounce their inadequacy. Growing things can be trained in the way they should go; but a new world cannot be made from a dead world except by a supernatural being—and there is nothing to be gained by thinking far beyond the present situation, when the goal is clearly seen.

It is perhaps impossible to offer any criticism of this volume, for the Guild idea, interpreted as liberally as Mr. Cole has interpreted it, is really immeasurable in industry. Its weakness, as Mr. Ernest Barker pointed out years ago, lies in its application to, and re-action on, politics; and although Mr. Cole has promised us a book on this subject, a few words in anticipation may not be useless. Mr. Ernest Barker alleged that "any doctrine of separation of powers, such as Guild-Socialism advocates, is bound to collapse before the simple fact of the vital interdependence of all the activities of the 'great society' of to-day." I am by no means sure that Mr. Ernest Barker is right; the dichotomy between politics and industry should be no more difficult to make than, say, the division between the work of a General Staff and of an army. What I do feel is that if, as Mr. Cole declares, "Guilds" men hold in their hands so much power, they feel that political institutions can never be really or fully democratic unless they are based on democratic institutions in the economic sphere," they will be unable to make that dichotomy. We all know that democracy in politics is a failure; the tendency of all successful forms of government towards absolutism, apparent or disguised, was observed long ago by Sir Henry Maine. The recent history of the War has only demonstrated the fact on a large scale; even in democratic Switzerland, a neutral, the currency of the Federal Council supplanted the Federal Assembly, leaving it scarcely a formal control; they suppressed preliminary discussions in the Chambers; they suspended the right of referendum upon decrees passed by the Federal Council which in normal times would have come within the competence of the Chambers. So says Mr. Barker of the Federal Council, M. Bonjour. He admits that this action caused considerable discontent; but says that "the only matter for regret is that the Federal Chambers did not hitherto themselves of having the plenary powers ratified from the beginning by submitting to the people an addition to the Constitution." etc., in other words, he thinks that democracy ought to have made autocratic oligarchy constitutional.

I mention the fact because this everlasting tendency of government towards the autocratic form suggests that the more clearly industry is defined from politics, the more certainly will the libertarian doctrine be confined to industry, and the authoritarian doctrine be revived in politics. It is possible, and I commend the suggestion to Mr. Cole's notice, that the cleavage between politics and industry is not that of similarity, but of difference; that industrial democracy is not consonant with political democracy, that the same people cannot be both governors and governed—that, in short, the rank and file cannot be the executive. The "functional principle" of government towards the autocratic form suggests that—"and the separation of powers will probably reveal the fact that the State, by its very nature, cannot be democratic.

A. E. R.

LETTERS TO THE EDITOR.

CURRENCY AND CREDIT.

"The one thing that terrifies me in looking ahead is the fear of the possibility of a restriction of credit."

—LORD MILNER in the House of Lords.

Sir,—Thus spoke one of our most experienced statesmen a few months ago. The danger which he apprehended is on us now. Everywhere banking facilities are being restricted, orders are being cancelled, and workpeople being thrown out of employment, and if this condition is allowed to go unchecked a most serious position will certainly arise. The whole trouble has arisen, of course, through the Government putting a legal maximum to the issue of Currency Notes. Since that decision was made very great advances in wages have come about. The dockers, the railwaymen, the miners, and in fact every trade, have received large advances. Now it cannot be too firmly impressed on the public mind that currency is mainly used for the payment of wages; consequently every increase of wages necessitates the employment of more currency. In our trade (pottery) we recently came to an agreement on wages which had to date been raised 30, and on the Friday night following this agreement many thousands of fresh currency notes were required in our industry alone. What happened in our case has happened in every other industry. If the issue of currency is not allowed to expand in the necessary ratio to meet payment of increased wages one of two things must happen: if the same number of people are employed wages will have to be cut down; alternatively, if by the action of the Unions rates of wages are increased prices by creating artificial unemployment. This artificial unemployment means a lessened demand for commodities. This lessened demand for commodities will in turn increase the unemployment, and thus a vicious circle is created, which can only end in low prices and low wages.

I have had something like seventy years' experience of the restriction of currency due to Peel's Bank Charter Act. We had low prices, but we also had at the end of this period, according to Sir Henry Campbell-Bannerman, ten millions on the border line of starvation, and to those who complained of high prices I would ask, where are those ten millions?

There is, however, a ray of hope. Mr. Goodenough, the General Manager of Barclays Bank, in a very excellent speech reported in the "Times" on Saturday last, admirably sums us the whole position:—"At the present time the limit to our currency has been fixed in such a manner that it cannot meet the needs of growing currency needs; more than one figure may not exceed a given maximum figure, unless they are covered to the extent by which that figure is exceeded either by Gold or by Bank of England Notes, which are themselves covered by Gold. The deficiencies of the system are now becoming increasingly evident. Before the existing limitations were imposed there was no reason to refer because of the absence of all restrictions. Now there is a like need because of the want of elasticity, owing to the restrictions which have been imposed."

"At the present time the limit to our currency has been fixed in such a manner that it cannot meet the needs of growing currency needs; more than one figure may not exceed a given maximum figure, unless they are covered to the extent by which that figure is exceeded either by Gold or by Bank of England Notes, which are themselves covered by Gold. The deficiencies of the system are now becoming increasingly evident. Before the existing limitations were imposed there was no reason to refer because of the absence of all restrictions. Now there is a like need because of the want of elasticity, owing to the restrictions which have been imposed."

"At the present time the limit to our currency has been fixed in such a manner that it cannot meet the needs of growing currency needs; more than one figure may not exceed a given maximum figure, unless they are covered to the extent by which that figure is exceeded either by Gold or by Bank of England Notes, which are themselves covered by Gold. The deficiencies of the system are now becoming increasingly evident. Before the existing limitations were imposed there was no reason to refer because of the absence of all restrictions. Now there is a like need because of the want of elasticity, owing to the restrictions which have been imposed."
For several years I have advocated that our system of credit in industry, which at present is slipshod and haphazard, should be made systematic and complete. In order to bring this about it should be enacted that all accounts in manufacturing industry should be settled by a discount of 2% per annum or by a bill drawn at the agreed date of credit, net, say three months as a general average. This would mean the mobilisation of all the book debts throughout the country, which after all are the best assets that a manufacturer can have. He has manufactured the goods, he has sold the goods, and it only remains for him to receive payment. The only risk therefore is a bad debt. The percentage of bad debts on the total turnover of the whole country is infinitesimal, and therefore can be gauged. A manufacturer instead of having, say, £20,000 in his ledger as book debts, would have £50,000 of bills at the bank which he could discount, and employ in creating fresh assets.

That great banker, the late Sir Edward Holden, in his last speech to the shareholders of the London City and Midland Bank, emphatically stated that the Bank Charter Act ought to be repealed, and that the Bank of England should be authorised to issue notes on a security of gold plus Bills of Exchange. He was right. He was absolutely right. The various manufacturing industries adopted the suggestion that I have made above, we should have a perfect system of currency, elastic, expanding and contracting according to necessity, and there would be no question of inflation of prices due to increased currency, because the goods would have been manufactured and sold before the credit was required. The difficulty of course is the question of speculation, but I cannot think that it is impossible to devise some scheme for checking speculation without destroying legitimate production, which is the effect of Peel's Bank Charter Act. This is the problem that wants solving. The Government should appoint an expert Committee for this purpose.

T. B. JOHNSTON.

[There is quite a short answer to the policy outlined in this letter—it would raise prices indefinitely and multiply wage disputes because it entirely overlooks the difference between primary and secondary production and thus it gives complete control of credit to the producer qua producer. That means that the whole community would be absolutely at the mercy of the industrial system instead of serving the community. The proper object of the industrial system is not to provide work for goods to individuals, i.e., ultimate products, and in order to attain that end, credit, which controls industry, must be handled by individuals collectively, not producing organisations. It is by no means desirable to restrict the issue of financial credit which is a reflex of real credit, but it requires such direction that each fresh creation of credit is to be without loss to the producer, instead of raising them, i.e., credit-issue and prices must be dealt with together, not separately. Editor, NEW AGE.]

* * *

THE SALARIAT AND THE REVOLUTION.

Sir,—For the present, at any rate, we will not ask space in which to make a rejoinder to “A Reader” concerning the Marx-Loria booklet, nor yet for a reply to his lengthy Bill of “Creative Revolution.” Time is incompressible, and the columns of THE NEW AGE are not indefinitely extensible. But you will doubtless permit us a brief answer to Maurice H. Dobb.

Substantially, there is not so much difference as might appear between ourselves and your correspondent.

(1) The preface to Loria’s “Karl Marx” was written in the winter of 1917-8 for the centenary. We agree with Comrade Dobb that parts of our thesis may require reconsideration in the light of experiences in Soviet Russia. It is during and immediately after the revolutionary crisis that difficulty arises for lack of “directive ability”—assuming ex hypothesi that this ability is concentrated in the hands of a small group. Has such ability to be secured for the help of the revolutionary proletariat? If Dobb will re-read our preface we think he will see that our main line of argument was that the salariat was not likely to be helpful in bringing about the revolution. We did not touch on the question whether, the day after the revolution, its help might be desirable. In industrial life and in the Red Army, the Soviet Government had need of bourgeois helpers shortly after the revolution. And, since the revolution had swept away their old economic basis, the members of the salariat had to adapt themselves, and to work for the new order, even though those with the “right of property” may have been at some cases (temporarily) to exact extravagant terms.

(2) Temporarily, we say. As far as the army is concerned, we believe the best leaders in the Red Army are now Communist revolutionaries, and that the problems of industrial life are more complex.” Not always. And there are certain fields of industrial life in which the workers are to-day perfectly ready to take control. For instance, the South Wales miners contend that if the capitalist system were to fall on the day this letter appears in THE NEW AGE, by the following Monday they would have all the mines running like clockwork, managed by men of their own class, producing more coal with less risk to life and limb than is possible under “ownership” management.

(3) Whether this be over-sanguine or not, our last (and most important) point is that two totally distinct types of faculty are commonly confused under the term “directive ability.” The chief function of the directive ability of the salariat concerns the production of dividend—or, as a Marxist would phrase it, the extraction of surplus value. Production of social utilities, is but a secondary function of the salariat under capitalism. The present writers are neither industrial workers nor professional economists. They write therefore subject to correction. But it has long seemed to them that this distinction between the two kinds of directive ability (practically ignored by Mallock) is vital. It may well be that the salariat is essential to the supply of the directive ability which earns dividends and marshals the labour of exploited workers, and is nevertheless not essential to the supply of the directive ability which a Communist commonwealth will require for the production of social utilities. We commend this point to the consideration of your readers.

EDEN AND CEDAR PAUL.

* * *

COST AND PRICES.

Sir,—I am glad that this subject has become a matter of controversy, since it has already made some points clearer to my mind. I refer you to the second paragraph of the argument of “C. H. D.” in your last issue, to the effect that the persons in receipt of wages, salaries, and dividends in respect of a particular commodity (“Group A”) are unable to pay for that commodity, because their wages, etc., have already been used up in the cost of living. This is as much as to say that they cannot purchase the house they have built because they have unfortunately purchased another house.* If, for the sake of argument, you have abstracted from general production a particular commodity—a house, or anything else—then it seems to me that you must make the same abstraction in regard to consumption, and not speak of the “cost of living” in general.

W. S. FERRIE.

[* No, it is not, it is as much as to say that they cannot buy the house because they have already paid for the bricks.—C. H. D.]*

* * *

A CORRECTION.

Sir,—The last sentence in the first speech of the Psychologist in my dialogue “The Actual and the Potential” should read: “But we have named incomplete series” and not “we have names in complete series.”

DENIS SAURAT.
PRESS CUTTINGS.

Beginning with Government borrowing, they will see that, when the Government borrows, it is for the purpose of spending it, that is, of increasing, for the time at least, its own purchasing power. In so far as the Government is merely borrowing the savings of private persons, and thus only transferring to itself a purchasing power which already exists, it will appear that no real change in the financial situation has taken place, but our investigators will also discover that the Government borrows not only in this way, but also in two other ways. It borrows from individuals "money," which those individuals do not possess, but which they borrow from the banks, and it borrows itself directly from the banks, and especially it overdraws on the Bank of England.

Now, since the banks for the most part do not possess the "money" which they lend either to individuals or to the Government, there is clearly in these cases a direct increase in the amount of nominal purchasing power in circulation without any corresponding increase in the amount of goods for sale, except in so far as the purposes on which the "money" is spent are reproductive, and then only after the reproduction has taken place.

But we may hope our investigators will not be content with observing these and other phenomena of Government borrowing, they will also perceive that the effects of private or company borrowing are in many respects similar. Apart from the curious fact that a Government overdrawn at the Bank of England ranks, under our present financial arrangements, as a basis for further credit, the banks, whenever they lend "money," are to a great extent lending what they have not got and increasing the nominal amount of purchasing power in circulation. We are not saving that there is necessarily any harm in this, which is the whole basis of our system of credit, but we most certainly are saying that any attempt to understand, or to deal with, the problem of prices, while ignoring the vital factor of bank credit, is certainly doomed to futility. It is no answer to say that this is a matter for experts and must be left to the bankers and financiers, for a Government Committee of such persons has already reported upon it and has said, in many words, exactly nothing. It is a matter which concerns us all; for if, as a result of the conditions created by the war, our pre-war credit system has been put out of joint, it is certainly a powerful enough factor in our economic arrangements to dislocate the whole working of our industrial and financial system.

The fact that must be realised is that the whole mechanism of credit is, except at one or two very indirect and inadequate points of contact, quite independent of any social control. When the Government borrows, it does so through the financial mechanism, and it is consequently now paying large sums in interest on capital which never existed except in the financial imagination. The Government borrows in competition with the private borrower, and clearly, to the extent to which it is borrowing real money, its borrowings must, unless the total national saving is really increased by a restriction of personal expenditure, restrict the field of private borrowing. In other words, if the Government borrows £100,000,000, there is, subject to the above reservations, £100,000,000 less available for private borrowers who require money for erecting factories, buying plant and materials and so on, or rather, there would be, if £100,000,000 were the equivalent of a fixed quantity of commodities, or if the banks did actually restrict their advances in proportion to the Government borrowing. In fact, however, neither of these is the case. The banks still, to a great extent lend to the private borrower by increasing the total amount of their outstanding credits and even to some extent using the Government borrowing as a basis for these further credits. It is inevitable that such increase in output will be made a basis for further credits until the financial crash comes. That may, indeed, be the only way out of the present inflation. But there may also be another way, if the community can assert its right to control the volume, and in general the destination of credit, in accordance with its own estimate of social needs. This would probably be found to involve in the first place a drastic curtailment of the present inflation and, secondly, the assumption of public control, partial or complete, of the banking system, which is the mechanism by which the issue of credit is regulated. Are our Labour statesmen equal to the task of squaring up to this, which is in our opinion the central problem of the cost of living? If they can, they have a good chance of carrying the great body of the public with them, for the disease of high prices does not affect the manual workers alone. If they cannot, we fear they will be wasting their labour in any attempt they may make to get the cost of living reduced without interference with the existing arrangements of high finance.—"New Statesman," June 26.

Pastiche.

BALLADE OF MAY-DAY MORN.

The shepherds from the country side,
Are here to sing on May-day morn,
When Care that solemn reicigide,
Shall have his Samson's locks well shorn;
And if a sweeter heart be torn
Let it be healed with vernal breath,
And ask of bud and blossometl thorn
Where is the sprite that sings of Death?

The courtiers of the Spring have hied,
To where our simple joy was born.
The winter's hateful cold has died,
We covet not his case forlorn;
But hark the cooing mystic horn!
What wondrous words are these he saith,
That speak of lambs and sprouting corn,
Where is the sprite that sings of Death?

Oh tarry brother, let us bide
Nearunto all these folks well-born.
We need not from their faces hide,
For they are joyful with the morn;
They fealyly dance on path and lawn
Each now his sorrow swallowed,
So let us lie here like the faun.
Where is the sprite that sings of Death?

Prince, and Princess, this happy morn,
Has culled this song from mellow breath,
No lighter burden has it borne,
Where is the sprite that sings of Death?

GEOFFREY PITTER.