

EXPORT OF CAPITAL

(By T. S. Opie, B.A., Dip. Ec.)

In this modern economic era, commonly called the capitalist system, industrial development has been brought about by savers lending to producers. Capital is the most mobile of the agents of production and its flow has not been restricted by national boundaries.

Young countries like the United States, South American Republics, India, South Africa, Canada, and Australia were especially fascinating to European investors. Interest rates were high, sometimes unbelievably high, in the borrowing countries, and huge sums of money were exported from Europe during and after the middle of the nineteenth century.

Naturally, the effects of such investments were not confined to the mere paying out of money and the eventual receipt of interest payments.

Effects on Borrowers

British money lent to Australian Governments has enabled us to build our railways, harbors, bridges, and other socially necessary public works. Borrowings on the London market by our banks, finance, and mortgage companies and mining companies, have been instrumental in developing our great primary industries upon whose property the prosperity of the Commonwealth depends.

One great advantage, not only to the investing countries but to the world as a whole, as the result of the export of capital, was the drop that occurred in the price of raw materials, rubber for example. The price of wheat has also shown a falling tendency from the middle of the nineteenth century as the result of the development of Argentina, Canada, United States, and Australia.

Migration of capital has raised wages in the borrowing countries, and has caused workers in Europe to emigrate, especially to the United States. Australian Governments in this respect have appeared to regard borrowed moneys as a remedy for unemployment. Consumers and workers generally thus benefited at first by the export of capital.

However, the development of the United States has also meant the development of a huge home market for the raw materials produced by that country. Hence the tendency has been to raise prices against European consumers, and so producers in investing countries have been steadily losing the advantage conferred upon them by their saving friends.

Effects on Investors

The stimulus of high interest rates in foreign countries naturally caused a large amount of capital to be withdrawn from the home market. This situation raised rates of interest at home and diminished the volume of home production. However, the yearly interest payments to the home capitalists made up for the deficiency and also stimulated those industries which produced luxury goods. If the capital lent to foreign countries had resulted in orders to British manufacturers all would have been well, but unfortunately the tendency has not been in this direction. Last year Great Britain offered to lend money to Australia at reduced rates of interest on the condition that goods purchased with the loan moneys were to be bought in England. Thirty years ago it would have been unnecessary to add this condition, as it was always English firms that supplied, for example, locomotives and steel for delivery in Australia.

A great change has clearly taken place. England remains the main source from whence we draw new capital in the form of money, but orders for goods made possible by the new capital have been given more and more to non-British producers.

Railways

Railway construction in Australia indicates definitely the tendency noted above. Although the various lines have been built with British money, it will be seen from the following table

that imports of British iron and steel rails have declined relatively to foreign countries since 1904.

Imports of iron and steel rails to Australia:—

Table with 3 columns: Year, From United Kingdom, From United Kingdom and Elsewhere. Rows for years 1903 to 1911.

A similar happening has occurred in Canada, South Africa, and Argentine. By the irony of economic evolution Great Britain has been subjected to powerful competition from those countries whose resources had been developed by British capital.

Aftermath of War

During the war the foreign exchanges went against England and France in favor of the United States. Among the measures taken to peg the exchanges was the sale in the United States of foreign securities owned by English and French investors. Thus within a few years European holdings of foreign securities have been greatly diminished. England, and especially France, can no longer look to the interest payments from abroad to assist in maintaining the favorable balance of trade. America has, to a large extent, replaced Europe as the creditor country of the world.

France for some time before the war became alarmed at the probable effects on industry of the high rates of interest ruling in her home market. Differential taxation was resorted to in order to impede investments in foreign securities. In England, however, foreign investments have been free from any such restrictions, except the double income tax in regard to Australian investments.

It is a matter for wonder that in the present serious position nothing valuable has been done in regard to Imperial trade relationships. We in Australia still want British capital, yet the Australian Labor Party advocates a wealth levy. England wants an extended market for her goods, yet she hums and haws about Imperial preference.

Before the war the interest payments on capital invested abroad may have helped to mask the real economic situation in England and France. Now economic health depends upon the productivity of their industries alone.

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JOHNIAN CLUB.

A meeting of the Johnian Club was held at the clubroom, Pirie street, Adelaide, on Thursday evening. The President (Mr. A. C. Threlfall) occupied the chair. Mr. Wilfrid Oldham, M.A., gave an address upon 'The Early Settlement of South Australia.' Opening with a graphic description of the economic depression which passed over Great Britain, after the battle of Waterloo, and the peace of 1815, he said the widespread distress encouraged theories of colonization. Charles Horton had been the first to introduce a scheme for relieving the condition of the people by sending them abroad, but it had not been generally approved by the Commons. The famous proposals by Edward Gibbon Wakefield had received more consideration. On the presentation of Capt. Sturt's report, his followers had wished to found a colony in South Australia, but the British Government had opposed the prospectus for three years, and had only consented, in 1834, upon very extensive modifications in the terms. The first ship had arrived in 1836. Colonel Light had selected the site of Adelaide, in strong opposition to Governor Hindmarsh's wishes. Many of the early troubles were due to the delays in surveying the country. The people arriving before the surveys were made, which kept them in the city areas. In practice it was found necessary to considerably modify the colonisers' plans. Among these were (1) the separation of Governmental and land matters (2) the use of land sales money for emigration purposes; (3) the special survey system; (4) the preference to buyers of land orders in England. But despite these and other failures, South Australia had proved to be one of the most successful colonies. Continuing, Mr. Oldham gave much historic information concerning romantic experiences of the early settlers. Discussion followed the address.

At the meeting of the council of the School of Mines and Industries in Adelaide on Monday the President (Sir Langdon Bonython) was granted six months' leave of absence on account of his impending visit to England. At his suggestion, Professor Rennie, at present Acting Vice-Chancellor of the University, was appointed Acting President. The professor, who was a member of the original council, will be relieved of his duties as Acting Vice-Chancellor by the return next week of the Vice-Chancellor (Professor Mitchell), who is a passenger by the incoming mail steamer. The members of the council took the opportunity of cordially wishing Sir Langdon a pleasant trip.

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"CLASSIC JAZZ." BOLSHEVISM IN RHYTHM. AMERICAN DEFENDER AND HIS CRITICS.

Is jazz a mere rhythmic noise of the "crash-bang" variety or a serious development in modern music? The question is asked in the light of the statement of Mr. Charles Hackett, the American tenor, who recently arrived in Australia, that real jazz will be regarded in a few years as a symphonic development. Already, he says, there is a prominent symphonic orchestra in New York which twice a week plays classic jazz, that is, jazz music treated symphonically.

Some controversy has arisen in the eastern States over Mr. Charles Hackett's contention that "jazz" should be treated seriously, but although it is admitted that certain effects may be obtained, the general opinion seems to be that jazz is a passing phase which will disappear, leaving little of permanent value behind. It is bizarre like cubism and futurism in art and literature, and, like these, it is destined to pass away, leaving true classical art practically untouched.

Jazz Possibilities.

Dame Nellie Melba's manager (Mr. Nevin Tait) agrees with Mr. Hackett that jazzy music has its place in the amusement of the public, but what it will achieve in the future is rather difficult to say. "Some wonderful effects and rhythms are ob-



tained," said Mr. Tait, "which might well be applied to compositions of a higher nature." He thinks jazz melodies can be brought up to a high pitch of excellence.

A Word in Appraisal.

A Melbourne University professor who has studied the evolution of music says, "Jazz is upon us everywhere. To deny the fact is to assume the classical ostrich pose, head buried in the sand, tail feathers in the sun. Without speculating what the future development of jazz may be, what ultimate contribution to musical styles it may make, there is an excuse for believing that long after jazz shall have happily vanished, investigators in the field of musical historians will have occasion to search for the inception of these peculiar tunes. I frankly think they would set us down as a rather jaundiced lot if those investigators were to discover

to sign of... but who... morals... (jazz) Versi... of pots and kettles... came entitled to full membership in the musical union."

What does Adelaide think of "Old M. Jazz"? With all respect to Mr. Hackett's opinion, Adelaide musicians are not inclined to place jazzy music on a pedestal or exalt it in any way. Some even would attribute its popularity to lack of real musical knowledge among the general public which clamors for the commonplace and banal. Syncopation, in extremis, what they say, is the substance of jazz, is nothing new, but was used by nearly every great composer in the past. They differ from the jazz artist, however, in knowing when to leave off. On the other hand it is admitted that certain modern American and English composers have used the jazz rhythm as a basis for orchestral composition which cannot be ignored.

"An Excrescence!"

When the matter was referred to Dr. Harold Davice, professor of music at Adelaide University, he said, "I have not made an intimate study of jazz music, but I am inclined to view it as more of an excrescence, or, if you like, a Bolshevistic impulse in the world of rhythm. If, however, it could be shown that jazz had infused new vitality into rhythm, or if it had in any way broken down meaningless conventions possibly some good might come of it. At the same time I do not know of any musical authority who is disposed to view it seriously, or as likely to develop into a classical thing. From such a limited experience of jazz music as I have suffered, I am inclined to think that it is in danger of becoming a much more deadly and monotonous form of rhythmic convention than that which the advocates of jazz are pleased to describe as conventional. I can only describe it as irregularity made regular."

Sankey and Moody "Ragged."

Mr. W. H. Foote had a ready and epigrammatic definition for jazz. He described it as Sankey and Moody hymns accompanied by an insistent syncopated rhythm. Jazz was simply another name for ragtime, and when analysed was common and simple in the extreme. It was built on 8 to 16 and perhaps 32 bar measures, and showed no extraneous development. From the days of Bach and Handel passages of syncopated music had been written, but it was used sparingly because, employed as it was in jazz, it became monotonous. Its enormous vogue and popularity was due to its catchiness and tunefulness. It could not possibly have any symphonic development, and he could not see why Mr. Hackett could prophesy any future for it.

Should Be Taken Seriously.

Mr. H. Brewster-Jones was inclined to agree with Mr. Hackett that jazz was an important musical development which should be treated seriously. The reason of the confusion to-day, he thought, was the inability to understand the introduction of humor into music and yet make a work of art of it. Alden Carpenter, a well-known American composer, whose work was introduced to Adelaide by the brilliant American duo-pianists, Maier and Patterson, had written a concerto for pianoforte and orchestra, based on jazz rhythms. This was not a noble work, its weakness being too frequent syncopation. The biggest sin, however, in the use of syncopation was Brahms. It was one of his chief mannerisms and frequently appeared in some of his biggest works. Weingartner, the great conductor, had severely criticised him on this point. Stravinsky had written a big orchestral work entitled "Ragtime," in which he used the jazz rhythm in a humorous sense. It was clever enough and humorous enough to be a classic, but whereas Carpenter allowed jazz to leaven his work, Stravinsky treated it as merely incidental. In the same way Debussy in his "Golliwogs' Cake Walk" employed Afro-American rhythms, but in a humorous sense. Henry F. Gilbert, another American composer, had written a comedy overture based on negro themes, upholding the symphonic use of negro melodies. But the treatment throughout was light and incidental. There was something wrong with the composer who used jazz as his basis.

Folk Dance Rhythms.

The negro folk dance, said Mr. Jones, was the basis of jazz and all native folk dances once their rhythm was appreciated became the subject of classical music. Among the natives of the Pacific Islands the rhythms of their dances were more subtle, intricate, and effective than those employed by the great European composers. These, when understood, would be a fitting basis for good music.

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A proclamation has been issued by Sir George Murray (Chief Justice) as Deputy Governor during the absence of His Excellency the Governor on the West Coast.