

# THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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## CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK . . . . .	49	THE CHURCH AS PSYCHOLOGIST. By Richard Montgomery . . . . .	56
The trial and sentence of the Communist leaders—the responsibility of the Labour Movement—the uneasiness of all Parties—the 1914 precedent of sedition—discriminatory prosecution is a denial of justice—secrecy in capitalist and communist finance—the Allied Newspapers debentures—who bought them?—the reason for locking up the twelve Communists due to expectation of Labour troubles—recruiting for the Metropolitan Police Reserve—the remedy for the underlying trouble—its urgency.		Psychology and the Church.	
THE ECONOMIC CONSEQUENCES OF THE BANKING SYSTEM.—IV. By C. H. Douglas . . . . .	52	FOREIGN LITERATURE. By C. M. Grieve . . . . .	57
WHAT IS EUROPE? By Henri Hauser . . . . .	52	MR. CHESTERTON'S HISTORY. By Frank Granger . . . . .	57
QUINTESSENCE OF PRAGMATISM.—II. By Giovanni Papini . . . . .	54	The Everlasting Man.	58
		REVIEWS . . . . .	
		The Nation and the Church. The Social Significance of Death Duties. Value, Price, and Profit.	59
		LETTER TO THE EDITOR . . . . .	59
		From Herbert P. Hill.	
		WHAT OUR READERS ARE SAYING . . . . .	59

## NOTES OF THE WEEK.

We wish to make some comments on the trial of the Communist leaders. In the first place we are told by the *Daily Herald* that the news of the judgment and sentence have caused anger and opposition throughout the Labour Movement. This is curious on the face of it, for not many months ago this same movement at the Labour Party Conference at Liverpool pronounced the Communist Party unconstitutional, and proceeded to carry a vote which laid compulsion on every local Labour Party in the country to expel individual Communists from membership. The immediate practical effect of this, and the intended effect, was to deprive all Communists of the right of free speech in those very quarters where the exercise of that right was of value to them—that is, within the political organisations of the workers. Now, the whole Labour Movement is up in arms for the right of free speech. The difference between saying to anybody, "You must not utter your opinions at all," and saying "You can utter your opinions, but not where they are likely to have their chief effect," is one of degree only, not of principle. The judge, jury, and the Attorney-General are being charged with political bias. But if the charge is true, what else was to be expected when the Labour Party had virtually warned "Capitalism" that, whereas they proposed to chastise it with "constitutional" whips, the Communist would chastise it with subversive scorpions? As a matter of fact, what bias can be justly imputed here could have been displayed quite as consistently by, say, Mr. J. H. Thomas and a jury empanelled from the National Union of Railwaymen, had they sat to try the case.

We are not saying that the leaders of the Labour Party are not really angry about the trial. They are. It has set up a boom in Communism for which a sentence of twelve months' imprisonment is a "giving-away" price. It has entangled them in a dilemma. Either they must protest against the sentence—in which case they will seem to the electorate to be playing with "unconstitutionalism," or they must

acquiesce in it—in which case it will become a precedent. And precedents have a habit of broadening out when unchallenged. The *Daily Herald's* cartoonist envisages that contingency; he shows the figure of a Communist in the stocks, with Mr. Joynson Hicks whispering apart to Mr. Baldwin, "We'll have Labour in there before long." And possibly Radicalism as well, it would appear, for Mr. Runciman and others in the Radical group of the Liberal Party have handed in a motion affirming its "belief in the right of free speech," and "regretting the atmosphere of prejudice created in connection with this and other trials by the speeches of His Majesty's Government." The *Observer* passes over the episode in two short paragraphs in which it expresses the sound view that—

"In a case of this kind the wisdom of a prosecution is not vindicated by a verdict. The transfer of an issue from the platform to the courts needs to be justified by unusually grave and urgent considerations of public safety. Prosecution is a weapon for use when the law against sedition is being so flagrantly broken that there can no longer be any doubt by which offenders may be allowed to benefit. Until then it is best kept in reserve."

But this statement of the principle is useless as a working rule; for it leaves open to prejudiced opinion the question of the point at which unconstitutional agitation against any governmental policy threatens public safety. Naturally, those who supported the Government would place the danger point much lower than would those who were in opposition. A better rule would be to measure the degree of flagrancy in agitation by reference to visible evidences, if any, of its success. Under this rule the procedure in the above trial would, for instance, have required the examination of witnesses to find out whether any disposition to mutiny had been manifested among our soldiers and sailors. For the Government to get in a panic about what the Communist said to the soldier, and yet take no trouble to find out what the soldier thought of it all, is obviously to invite the charge that it wanted to get in a panic. The measure of danger is not what the inciter says, but what the incited do, or prepare to do.

So far as we have observed tendencies contemporary with the Communist agitation, we have failed to detect any evidence of the kind required, unless we go so far afield as to connect therewith the dramatic boom in the sale of Russian boots to the nation's girls. But that would give rise to a great deal of what is called "legal argument," in which British boot manufacturers—who are doing very well out of it—would display most anxious interest.

As it was, the jury were told by the Judge to apply these tests—"Was this language likely to lead to civil war? If the principles carried out in these books were to be accomplished, would it lead to civil war?" How were the jury to tell? One might just as usefully have asked them whether the present policy of Credit-Finance led in that direction. In either case the jury had not the knowledge necessary to give an intelligent answer. In fact, the only evidence on which they might have formed an estimate of the probability of civil war was ruled out by the judge. The Communists had proposed to quote from the speeches of Sir William Joynson Hicks, Lord Birkenhead, and Lord Carson who, as Mr. Robert Williams points out, were among the "sedition-mongers who, on the eve of the Great War, preached sedition and the corruption of the armed forces of the Crown to prevent the operation of the Home Rule Act in the early part of 1914." At that time open threats were made of inviting Germany to come in behind Ulster in resistance to the Crown; and it has often since been plausibly argued by politicians and newspapers of all parties that this situation was the leading consideration in deciding Germany to precipitate military hostilities. The point here is that, whatever the tendencies in Ireland were, no civil war actually ensued, but international war. It may be held that had the Great War not supervened, either the anti-Home-Rule leaders would have been arrested or civil war would have broken out; but, as neither actually happened, any supposition as to what might have happened is not, as the judge would say, "legal evidence." In fact, he actually did say, on this point—

"There have been attempts made to put before you speeches by other people [i.e., the above-mentioned leaders]. You have seen those attempts fail. What has been said or done by people outside has nothing whatever to do with this case. If persons who are not before this court have made seditious speeches or have done illegal acts, they may or may not in future be dealt with according to law; but you must not let your minds be affected in the slightest degree by any speeches or actions of men not before you."

No doubt that was a proper comment to make in respect of the narrow issue of whether the Communists were guilty or not. But it was a most indiscreet comment to make when one regards its bearing upon the wider issue of whether the Communists ought to have been prosecuted. In this connection, "what had been said outside" did have "something to do with the case"; and it certainly had everything to do with the principle of impartiality in administering the law. That principle requires not only that infractions of the law shall be adjudged and punished, but that that process should be applied in strict rotation. Consider then the import of the judge's reference to the alleged sedition of the "people outside"; "they may or may not be dealt with according to law." They may, or they may not. And this of an infringement of law occurring nearly twelve years ago. And what is it that "may" or "may not" happen? Not the punishment of those persons, but simply a judicial inquiry into their conduct. A delay of twelve years in prosecuting a person is virtually a condonation of his action; and that condonation itself then becomes a precedent. But, as we have seen, the Communists were denied the privilege of pleading this precedent. So much for the legal aspect.

For the fact that the law has acted selectively one has no choice but to hold the political Government immediately responsible. (Who is ultimately responsible is another story.) Why, then, has the present Government taken an action which, it can be felt perceptibly, has thrown responsible members of its own as well as the Opposition Parties into a state of apprehensive mystification? The occasion cannot be the existence of five or six thousand students and teachers of Communist doctrines; for they are faced by as many millions of persons who actually oppose them. Nor can it be the fact that they have a journal through which they are trying to educate a million readers; for they are faced by a Press which has completed the "mis-education" (as Mr. Pollitt once described the process) of ten, twelve, or fifteen times that number. Nor, again, does the £14,000, with which they have been operating, amount relatively to more than a few coppers beside the enormous newspaper capital employed against them. Nor, yet again, does the uncertainty about where they got their money mean anything in the presence of the mystery of newspaper finance in general. To this last point, a report in the *Financial Times* of November 23 is closely relevant. It announced that Allied Newspapers, Ltd. (authorised and issued capital £6½ millions), were issuing £1,000,000 of Debenture Stock. It then went on to say—

"The Debenture stock has been sold to Messrs. Myers and Co., the company's brokers, and has been placed privately by them. There is to be no offer of sale to the public but a prospectus for public information only is now issued."

The only information that could conceivably interest the public would be precisely that which intrigued the lawyers at the Communists' trial—where did the money come from? But it is not to be found in the prospectus, which occupies three-quarters of a column elsewhere in the journal. It is simply repeated that

"Messrs. Myers and Co., of 19, Throgmorton Avenue, E.C.2, the brokers to the company, have purchased the whole of the above-mentioned Stock at 94½ per cent. [Its price of issue was 95½ per cent.]"

However, we are told where the money is to go. The proceeds of the issue are to be used, together with other money out of the company's "liquid resources," to pay off a bank loan of £1,350,000, which was borrowed to pay Messrs. Hulton and Co. the purchase price of the property when the company was formed in 1924.

There is therefore nothing to suggest the need for precipitate action against the twelve Communists as leaders of a propagandist body. In fact, in terms of pure politics, the Government has lost more than it has gained. Of course, losses or gains in politics are only realised at election times; and, as the *Observer* remarks during a general survey of the Conservative Party's prospects, the present Government may remain in office for a good long time yet; but nevertheless, however long the Government's expectation of life may be, it would not deliberately risk its popularity unless there was a special reason. And there is such a reason. It is that the Government is being forced to prepare against such an eruption in industrial affairs as would make a General Election appear nothing more important than a back-yard squabble about a hole in a fence. This is what makes Communism a danger. It is not that the Communist Party is composed of some thousands of political agitators, it is that these agitators are, at the same time, so many thousands of trained officers ready to take command at strategic points directly there shall be a strike of any magnitude. Regard the twelve imprisoned leaders as the High Command of the strikers' army, and the importance of putting them out of the way for six or twelve months is manifest. Out of every hundred workers who, while at work,

jibe at the Communist, well over ninety of them, when on strike, will drink in greedily everything the Communist chooses to say to them. If the strike is a short one, and is settled on something like fair terms, the danger will be correspondingly small. But if it threatens to be a long one, and the trade union leaders should feel compelled to recommend surrender, the Communists will be certain to raise the cry of "selling the workers," and civil disorder will be inevitable. It must not be forgotten that the ultimate aims of Communism are the ultimate ideals of every normal, humane person. As the judge remarked in his summing up at the trial, "much in the books would appear innocent and proper . . . amelioration of the condition of the working classes, better wages, shorter hours and better sanitary conditions." Well, what the Communists are saying is that these "innocent and proper" things will not be granted to the worker so long as he confines himself to trying to get them through the ballot box. They will only be yielded when organised labour, by refusing to work, brings economic pressure on "Capitalism." But, they continue, so soon as Capitalism sees itself likely to be beaten in a purely economic struggle, it will resort to armed coercion. Therefore, they say, whoever would effectively resist economic repression must prepare to resist physical coercion. Now, if a strike breaks out and is prolonged, it may be taken as a matter of certainty that the State will sooner or later be compelled to intervene. And, even supposing the State to be completely impartial, its intervention will, in the nature of the case, have to be in support of "Capitalism." Do what it will, it cannot avoid the appearance of fulfilling in every detail the above prophecies of the Communists. And a successful prophet is a person of authority, especially when his prophecies have been given national publicity through the Law Courts.

We have suggested that the twelve Communists have been got out of the way because of the imminence of industrial trouble. In high quarters the possibility of a great railway strike before Christmas has recently been considered. What is a fact is that there is going on tremendous recruiting for the Metropolitan Police Reserve Force. The authorities have urgently asked commandants not merely to increase the existing reserves, but to multiply them by five. Having regard to the fact that in 1919 the number aimed at was nearly 100,000, the magnitude of the present requirements is significantly indicated. Contracting tailors are working night and day on uniforms for them. Recruits are being sworn from the staffs of the great banks and insurance companies and the leading commercial houses. All this is of the most sinister import. It is a confession that the Government's policy is one of despair—that it has resigned itself to the certainty of bitter strife between Capital and Labour. And this spirit is not confined to the Government, but extends to the two Oppositions, and even to the leaders of the Trade Union movement. The facts are quite simple. Organised Labour can prove that a decent standard of life is impossible on the present wage level. Capitalism can prove that a rise in the wage level must involve it in ruin. We challenge any responsible and properly instructed leader of either party to deny the truth of the other's contention. Neither will give way, nor can give way. Hence the common resignation to arbitrament by force.

On the face of it this is an inescapable result. But if there is any duty at all belonging to statesmanship, it is to look beneath the face of things. And when it looks it will find the solution. The solution will show not merely how wages may be raised without prejudice to capitalism, but how salaries and

dividends, how every known category of personal income together with its purchasing power, may be raised, and raised coincidentally with the stimulation of the productivity and (so far as it is required) the international competitive efficiency of British industry to a pitch never before attained. If things were done rationally, the Governor of the Bank of England, Col. Willey, Mr. J. H. Thomas, Mr. Cook, Mr. Pollitt, and, lastly, any working woman picked at random from a street market, ought now to be sitting as a Commission to check the New Economic credit-analysis, and to appraise the value of its declared consequences according to their several representative experiences and requirements. We may put it once more in a generalised form.

All production appears as a result of a succession of cycles of bank credit which is borrowed by industry, expended, recovered in prices and repaid to the banking system. These bank credits are created at the moment of being lent and destroyed at the moment of being received back by the banking system. They are really communal property, since it is the whole nation as a going (i.e., working) concern which gives credit any meaning or function at all. The production arising out of the employment of these credits takes two forms, (a) goods fit for consumption, (b) goods either not fit or not yet ready. (The latter class includes factories, plant, raw and partly manufactured materials, tools, etc.; comprehensively, all capital, plant, and equipment.) The total cost of all production is now measured by the sum of all the credits borrowed and expended in making it. Thus, as an example, a borrowed credit of £100 may cause the manufacture of articles for consumption costing £50 and manufacture of articles for consumption costing £50. In the case (say) tools, also costing £50. Total, £100. In the case where this £100 was distributed entirely in the form of wages, salaries, and dividends to persons associated with the process, there would now be £100 in the hands of would-be consumers. They would require only consumable goods. The total quantity of such goods cost £50. If they buy them at cost the £50 goes back to the banking system and is destroyed. In that case they still have £50. But so long as they retain it the banking system will have half its loan outstanding. But bank loans are repayable upon the banks' demand, and since the banks' actual policy is to demand its loans back quickly, the banking industry has to collect money through prices equally quickly. Therefore, in the case supposed, the price charged for the consumable goods would be more than £50, and would probably be the whole £100: a super-profit of £50, or 100 per cent.

Here we can hear Mr. Pollitt say "That proves our case. The consumers (most of them, of course, being the workers) are being charged double, so at least their wages ought to be doubled. Let us kick the proprietor out." To which the Socialist would reply: "We agree with you about the high charge, but let us not kick him out, let us buy him out, and nationalise his business." But go a bit further with the case.

The £100 having now been collected, the industry can repay the banking system in full, and the whole credit of £100 goes out of existence. Until some fresh credit comes out of the banking system neither the proprietors of the business as such, nor the workers as such, nor both together regarded as consumers, possess any money. There is, nevertheless, something possessed, namely, tools valued at a cost of £50, which are in the legal ownership of the proprietors. But they are of no use to the latter unless fresh credit comes to the consumers and so enables them to pay for the gradual wear of them in later prices.

At this point let us assume that by some power or other the Communists were able to-day to expropriate every capitalist and take possession of his business in trust for the people. What they would actually take possession of would be a vast quantity of plant, equipment, etc., corresponding exactly, in principle, to the £50 worth of tools in our example. So the question of what they could do with it all is to be resolved by seeing what would happen about these tools under similar conditions.

The consumers, then, as a body, take the tools away from the legal owners, and appoint them (let it be supposed) to manage the business as their salaried servants. The very first thing required would be financial credit.

For nobody, remember, has any money. Suppose the managers (as we will now call the ex-owners) borrow another £100, and use it as before, but now bring into use the tools made in the earlier period. Suppose also (to bring us to our point quickly) that these tools are worn out during this second process. In these circumstances the total cost of the new production will be the £100 borrowed credit plus the £50 worth of tools. Total, £150. But, again assuming that the whole £100 (there is no other money) is distributed as wages and salaries (there are now no dividends!), there will be only £100 in consumers' hands. And, dividing the cost of the total production by two, as before, we arrive at a cost of £75 for the consumable goods. What will be the price of these goods? It must be at least £100 to enable the managers to return the bank loan. Suppose that price be charged, and the loan paid off. We come once again to the juncture where there is no money in existence, but where the consumers own tools valued at £75. At the end of a third such cycle they would own £87 10s. worth of tools. After a fourth, £93 15s. worth, and so on until at last the cost of tools would approximate to the whole £100. And by the same calculation the cost of the consumable goods would ascend in exactly the same sequence until at last this cost was the same as the price, namely, £100. But all the time the actual quantity of these goods consumed would not have increased. The elimination of "private profits" would not have helped matters.

The Communist (as also the Socialist) comment on this analysis would be, "Oh, but we should take over the banking system." Yes; but taking it over makes no difference unless you alter its procedure and alter your method of costing. You might lengthen the term of the loans, but that would not, of itself, alter the standard of living. Or you might increase the proportion of credit applied to making consumable goods relatively to that applied to developing capital resources. But, estimating that consequence in the second period of our example, you would get this result—

£100 of credit used as follows: Say, £80 for consumable articles, and £20 for new tools. Total cost, £150, as before (£100 credit and £50 value of old tools used up). Allotting the cost of the old tools to the kinds of work they were used for, the cost of the consumable goods would be £80 plus (four-fifths of £50, namely) £40; total, £120. The cost of the tools would be £20 plus (one-fifth of £50, namely) £10; total, £30. So the cost price of the consumable goods alone would now be £20 more than the total money in the pockets of the consumers, and unless sold at under cost the consumers could only buy five-sixths of them.

This illustration is not offered as typifying every consequence that would ensue, but it errs on the side of making our case appear weaker rather than stronger. For instance it does not allow for the fact that as tools were more and more brought into use fewer and fewer people would be required in production, and less and less money would be distributed to consumers. But the main purport is clear, which is that even all-powerful Communists would be obliged to deal with the accounting side of the industrial system before they could hope to remedy, as they desire to do, the evil of under-consumption. They would have to find out a way either of eliminating certain industrial capital costs from prices which now go into them, or else of giving credits to the population to enable them to meet all industrial costs.

But if that is seen to be the remedy, why must Communism and Capitalism resign themselves to a bitter industrial struggle before touching it? Time is flying, and precisely because the time factor is vital, any remedies which depend upon the return of an alternative Government are useless, however sound in theory. This rules out the Birmingham Proposals of Mr. Mosley. The only feasible remedy is one which the present Government could apply at once; and that means that it must command the assent of all class interests together. It must increase the purchasing power of everybody, rich and

poor. The jealousy-complex of the less prosperous must wait for "equity in the distribution of wealth" until the nation is over the shoals. If we must have a wrangle let it be in still water. The line of least resistance is the shortest cut. And a scheme which can give an initial instalment of increased prosperity to all alike is a scheme that will go through before any other. That scheme is the Douglas Scheme.

## The Economic Consequences of the Banking System.

IV.

By C. H. Douglas.

(Second address, delivered at Caxton Hall, on October 19.)

In the previous address it was emphasised that the vital features of the financial and Banking system, upon which the whole situation may be said to turn, are (a) that wages, salaries, and dividends are collectively insufficient to balance the collective prices of goods for sale even if those prices do not show a profit, and (b) this situation affords an opportunity, of which they are able to avail themselves, to Banking and financial institutions to create new money upon their own terms, and such terms always involve a transfer of control, over economic processes, to such institutions.

When we turn from the internal effects of the Banking, price, and money systems to their international aspect, we are in the first place brought up against the mechanism of exchange. Now the ostensible theory of international exchange, which the public, in so far as it manifests any interest, is asked to accept, is that exchange is a purely automatic mechanism, dependent upon a specialised example of the law of supply and demand. More concretely, you are asked to believe, by the orthodox cambist, that the exchange value of currency A in terms of currency B is inversely proportional to their respective quantity, and directly proportional to their respective purchasing power in their own country. Nearly every orthodox Banker will suggest, or even definitely state, that exchange is nothing but a barometer; that so far as he is concerned, the course of the exchanges depends on trade conditions and economic factors, and that you might as easily expect to alter the weather by forcibly moving the hands of the barometer as to affect trade conditions by forcibly altering rates of exchange, even if this were possible, which he would certainly endeavour to suggest was not the case.

Whatever might be the case if there were an unlimited number of exchange brokers in unrestricted competition with each other, the preceding picture of the exchange system certainly bears no relation to the facts as they are at the present time. Just as in every country there is a monopoly of large credits, so there is a rigid monopoly of large transactions in international exchange. As a general rule you do not have very much difficulty in changing a few hundred pounds worth of any well-known currency into any other well-known currency. Such transactions bear about the same relation to the magnitude of exchange operations, that copper coinage does to the clearing house returns of the banks. But when it comes to really large sums, not only will you find that your choice of channels through which an exchange transaction can be conducted is exceedingly narrow, but even that you will be met by very much the same situation as that by which you are confronted when you ask your banker for a loan. You do not get it of right, you get it as an act of grace. I have myself personal knowledge of cases in which individuals, having considerable sums standing in credit in reputable banks even in British Colonies, were unable to move one penny outside the country in which it was deposited. Their banks

simply refused them a draft on London. This is, of course, quite exceptional, and I merely mention it to show that the power exists, and is sometimes exercised.

Far more frequently, the exchange is conducted on terms which are onerous or otherwise, in so far as the financial institutions concerned, agree or otherwise with the purpose for which the money is required. You will at once see the similarity on a larger scale between this situation and the internal situation which makes it impossible to exchange or distribute goods except through the medium of money derived from the banking system, and subject to the autocratic control of those controlling that system. Just as it is obvious that internal economic policy and the condition and regularity of economic distribution is, under the present conditions, at the mercy of financial policy, so it is easy to see that international relationships are controlled by the same methods.

It will be fresh in your memory that a French financial Mission has just visited the United States in connection with Debt settlement. Monsieur Caillaux was confronted with a situation designed still further to rivet the financial bonds imposed upon France by the financial elements of the United States. Somewhat wiser and certainly less timid than Mr. Baldwin, Monsieur Caillaux politely refused the terms offered. The displeasure of the International Banking groups at this attitude was indicated by large selling of francs both in London and New York, thus forcing the exchange down. It is hardly necessary to mention that the francs sold in most cases were non-existent; the sales were met by subsequent purchases at the lower figure. Since the course of the exchanges is published in every newspaper, and it is the habit, particularly upon the continent, for traders to adjust their prices in accordance with the exchange (although this is wholly unnecessary), it will be realised that an action of this character is a direct interference with the most vital interests of a neighbouring nation, a type of interference far more instantaneously effective than any amount of political speech making, and the immediate result was the elimination of M. Caillaux.\* If anything could be a legitimate *casus belli*, such interference with the daily life of the individual must surely be it, and it has to be remembered that this interference is utterly irresponsible, and that there exists at the present time no mechanism by which those initiating such a policy can be made responsible for its consequences.

The possibility of utilising the mechanism of exchange to bring pressure to bear on countries whose policy does not happen to suit the views of the international exchange brokers is a consideration similar to that which arises in internal affairs from the fact that a Banker can withhold or grant a loan without giving his reasons. It is an aspect of the problem dependent upon personality and motive for its practical importance. But there is the involuntary aspect arising out of the mathematics of costing, also in the international as well as internal economics. The fact that no modern country can buy what it produces, and yet must keep its population employed in order to distribute purchasing power, involves forced exports, and every improvement in process increases the pressure to export. Further, the number of countries forced to concentrate upon exports is increasing, and conse-

\* "Monsieur Caillaux placed before the (French) President information in his possession to the effect that a group of French bankers, with American backing, were speculating on the introduction of predatory measures, such as the Capital Levy, so as to secure a hold on Estates and Industrial concerns which would be obliged to issue mortgages or debentures to pay this tax."—Daily Mail, October 29, 1925.

quently the number able to take imports is decreasing. There may be other causes of War, but no other cause is necessary but this. It is a complete explanation of why War, universally admitted to be insanity, persists and threatens. No Government under present conditions can face unemployment on a large scale. No country can keep its population fully employed unless it is exporting; no country or collection of countries now exists which can afford to take the collective exports of all nations in sufficient quantity to satisfy this need of export. Therefore, there must be a fight for the largest share. I do not think I need to labour the point any further.

You will, of course, wish to know what proposals can be made to remedy the situation. The answer to this from one point of view is sufficiently easy, but from another point of view very difficult. I think I can tell you what should be done, but I shall be immensely grateful to any of you who can tell me how to get it done. The remedy proceeds directly from a recognition of the disease. The root of that disease is the disparity between the available purchasing power and the collective prices of goods for sale. Make up this disparity, and you immediately reduce the block upon production, raise the standard of living out of all recognition, cut away at one blow the only real effective cause of widespread revolt, make forced exports unnecessary, and remove the primary cause of War.

The example which I give habitually is this.

(Here follows a description of the Department Store discount scheme.)

I should like to emphasise the point that this scheme, while perfectly feasible and practical, is merely put forward as a pro forma scheme, much as one might make a simple model to show the working of a new machine.

I think it is both inexpedient and unpractical, and if I may put it that way, undiplomatic, to indulge publicly in "constitution spinning." The business as I can see it of those of us who are engaged in endeavouring to forward this matter is to clear people's minds of the false ideas which have become current both as to the objectives and the possibilities of the industrial system; and further to bring pressure to bear, by any possible means, to see that measures are taken to direct the energies of civilisation along channels which will permit of the maximum expansion of personal consciousness and individuality.

(Copyright by C. H. Douglas.)

### PRESS EXTRACTS.

(Selected by the Economic Research Council.)

"Jubilant over the victory of the banker attitude in business against the 'Hugo Stinnes' idea was registered at the recent annual meeting of the German Bankers' Association in Berlin. It was agreed that the long-standing after-war feud between the banks and the leading industrial magnates, whose policies were inspired by those of the late Hugo Stinnes, was definitely over. The 'super-trusts' which they formed with intricate plans of vertical and horizontal growth aimed at being in all ways self-contained and independent of all financial powers. Especially did Stinnes seek, above all things, to free himself from the control of the banks. . . . The bankers checkmated some of his ever-impulsive speculative flights, but it was only after his death that they were able to dissolve his great enterprise. . . . It formed for the banks a decisive victory in the long-time tussle with the industrial magnates. . . . The Stinnes liquidation, it was announced; there would be a surplus of 20,000,000 marks, which is all that remains of the great family fortune. To bring about this result, the banks served without remuneration."—(Barron's Weekly, October 26.)

## What is Europe?

By Henri Hauser.

There is a certain audacity, perhaps indeed a little impertinence, in raising the question: "What is Europe?" in a review which calls itself "European."

Is, then, European solidarity not settled as a fact which needs no proof? Situated close to one another on the small continent, the different European States form parts of a whole, intimately connected with one another and separated from all that is not Europe. The fascinating title, "United States of Europe," is borrowed from romance. Over against the Pan-American dream is set up the Pan-European fiction.

And yet: if we wish to build up Peace, we must use for our foundations only solid, approved material. There is nothing more mischievous than false, inexact, or actually dead ideas. Hawthorne has somewhere compared the present oppressed with the burden of the past, with a youth whose manhood is exhausted in dragging about with him the corpse of a giant. Let us try, through ruthless criticism of our theories, to rid ourselves of the dead giant.

I.

Europe is in the first place (or is it only this?) a geographical or rather a cartographical term. The forms of its coasts, its mountains and rivers have in rough outline long been familiar to our mental eyes.

A geographical expression, then, but from a geography already out of date, in which scholasticism played a greater part than concrete reality. What value has the conception "continent" in itself? When men began to get acquainted with the earth, it was convenient for them to distinguish from one another with special names the earth-masses rising out of the sea. For pedagogy this distinction is a valuable beginning of analysis.

But are there in reality any continents? Is there an African continent opposite Southern Europe? Surely not. Barbary is separated from Africa by a sea of sand that is less easily traversed than the Mediterranean Sea, and it belongs to the Mediterranean coasts of Europe. The Riffian and Andalusian mountains correspond with each other on the two sides of the column of Hercules. There is, then, neither Europe nor Africa, but a Mediterranean world of convincing unity, while on the other hand Berber Africa has nothing in common with the Africa of the blacks. And at the other end of the Mediterranean, in the Aegean Sea, who would undertake to draw the boundary-line between the Asiatic and the European Archipelago? The warriors of Agamemnon and those of Priamus all spoke the same language and sacrificed to the same gods. We attribute Egypt to Africa, the ancients reckoned it to Asia.

Our ancestors said, wisely enough, the two Americas, "les Ameriques," in order to make plain the difference between these so little related parts of the world; they only learned much later that these parts of the world, situated between the two world-seas, form a whole. In short, there is on the planet only a single real independent continent: Australia.

As to Europe, this title by no means belongs to it. What is it? A peninsula of Asia. To the mass of Asia it is attached just as firmly as India, and, moreover, does not possess the arc of the Himalayas as partition-walls. We are not only an appendage of Asia; we prolong it.

Where then to draw the boundary? In the course of ages it has constantly shifted in alternating ebbs and floods which recall the tides.

Without going back to the most remote ages or even to the Roman Empire, where has the geography of the Middle Ages placed the eastern boundary of Europe? From the Baltic to the Drave the battle-fields of Europe and non-Europe were built up, as it

were, by degrees. When a Rudolf von Habsburg saw from the Kahlenberg the monotonous horizon of a region which is already oriental steppe, it might have seemed to him as if he stood on the outposts of Europe.

Later the boundary was a movable line depending on the ebb and flow of the Turkish flood. The great author of Faust shows us the citizens of a little German town in their Sunday clothes conversing about the distant battles with the Crescent. For a Dürer the boundary of Europe was marked by the cannon-balls discharged by the monster gun of Mohammed II.

In the sixteenth and seventeenth centuries the boundary moved eastward. Brilliant Poland is one of the flowers of European culture. The Scandinavians' dispute with it the lordship of the Baltic, and settle on the east coast of the Gulf of Bothnia. But what lies beyond is not Europe, it is the Muscovite kingdom which the bold ambassadors of Elizabeth made accessible to the West. It was Peter I. who attached Russia to Europe, and moved the boundary to the Ural Mountains. And in fact a quite indefinite boundary which was overstepped by Ural Governments in the time of the Tsars. Ural Caucasus—boundaries for geographers of the study but unknown to the administration of European and Asiatic Russia.

And since then? . . . Are we not witnessing a new removal? Where shall we at present fix the Asiatic European boundary? Finland, Estland, Lettland, Poland, Roumania; these are our "steps." Will a new counter-tendency set in? And further south, will Asia stop at the straits where Zeus pursued the nymph Europa? Or must one not reckon as Asia all that is connected with Angora, including Stamboul.

(To be continued.)

## Quintessence of Pragmatism.

By Giovanni Papini.

II.

PRAGMATISM IS DIFFERENT FROM POSITIVISM. In making this rapid survey of the differences between Pragmatism and Positivism, I have purposely left Positivism on one side, because the question of the relationship between them is somewhat more complicated.

In fact there are some who maintain—either from timidity of ignorance—that Pragmatism is only a form, a slight modification of, Positivism. Of course there are those who say that it is a question of improvement, and others of deterioration. Mario Calderoni, who went so far as to affirm that the word Pragmatism expresses "really a complete advancement on the conception of Positivism," yet affirms "the fundamental identity" of the two doctrines, and perceives nothing more in Pierce's struggle against questions devoid of meaning than a mere continuation of the struggle of the Positivists against metaphysics. On this point I do not agree with Calderoni, and it astonishes me that such a passionate lover of distinction does not see the differences that exist between the two doctrines.

The points on which they agree are two, viz.: The importance of prevision and the rejection of futile and absurd questions. But it is on these very two points, without reckoning the others which we shall presently examine, that differences exist.

Indeed Pragmatism considers prevision not only as a possibility of practical applications, or as a help in the verification of theories, but also as a means of definition and interpretation of these same theories. In this case, therefore, it represents an entirely new addition to the positivist method.

Pragmatism, like Positivism, condemns and discards those absurd and empty questions which form so large a part of metaphysics, but it does not dis-

card them on the grounds of their *insolubility*. Positivists, that is to say, are nearly all agnostics, and declare that the human mind cannot *arrive* at their solution—Pragmatists, on the other hand, are all anti-agnostic, and maintain that it is not true that these problems are too high for our intelligence, but too void of sense (or stupid), and that reluctance to have anything to do with them is proof not of the powerlessness, but of the *power* of our minds. The Positivists rejected metaphysics, but since they did not sufficiently explain why it was necessary to reject them, they have left ways open for the return of these banished problems. And so something even more serious comes to pass, i.e., that the absence, in their theories, of a sufficiently profound analysis of the methods of science and philosophy, has made it possible for the metaphysical spider to weave his webs anew in themselves and in their thought. You will see then the majority of representatives of the Positivist method crying out, on every possible occasion, against the vanity and futility of metaphysics, and failing to perceive the wretched and puerile metaphysics in their own books and discourses. Agnosticism, monism, materialism, evolutionism, which are nearly always associated or confused in the minds of Positivists, are metaphysical doctrines which in their turn assume tacit metaphysical premises. Agnosticism implies belief in a world *more real* than ours—monism makes appeal to universal unthinkable concepts—evolutionism assumes a kind of providential plane of the universe, and so on. Positivism then is only *verbally anti-metaphysical*, whilst Pragmatism is so *substantially*. And the differences do not end here. There are in Pragmatism at least three tendencies which are not to be found in Positivism, or only in the embryonic state.

First of all the principle of *economy of thought* of which traces are more likely to be found in Ockham and in Leibnitz than in the Positivists—secondly the reversal of the Baconian axiom (knowledge is power), i.e., the demonstration of the possibilities of power and of its influence on beliefs and theories—and finally the *emancipation of thought from immediate facts and from pure rationality* which is manifested in Pragmatism together with theories on the *creation of facts and of hypotheses* on the part of the man of science, and with those on the independence of deduction from the reasonableness of pre-suppositions, that is to say, on the faculty of starting from absurd and fantastic hypotheses to construct new hypotheses and new sciences. It seems to me, therefore, that there is enough to justify the separation and difference in title, the more so that one could demonstrate historically how much greater are the differences between Positivism and Pragmatism than those which existed between Positivism and the antecedent "English Philosophy" so-called. Pragmatism in some respects can continue the work of some of the better Positivists, but one might almost say, on making a closer examination, that it is founded on its differences from Positivism. It would be difficult for things to be more unlike!

### REASONS FOR BEING A PRAGMATIST.

After these remarks I should not be surprised if someone were to say to me: since to all intents and purposes, Pragmatists have a preference for theories which serve some purpose, tell us what purpose it serves to be a Pragmatist.

The answer, from what I have said, is not difficult. The spiritual gains of him who is, or who becomes, a Pragmatist, are not to be despised. The first is a *gain of time*, because the Pragmatist leaves definitely alone the so-called "insoluble questions," the professed "enigmas of the universe" which are no more than non-existent or rather ill-stated problems, which become soluble when they are enunciated in the Pragmatic way. The time thus saved can be

used either in the study of other problems or in the practical application of theories already verified by experience.

The second gain consists in the *mental excitation* caused by the consciousness of our mastery over scientific concepts and over our own minds, and by the realization of the plasticity of knowledge, and by the opening-up of the ever wider spheres of possibility offered by the deductive imagination and by the power of the human mind over the universe.

This economy of time and energy, and this growth of satisfaction and enthusiasm, will be enough, I imagine, to satisfy those who have some intention of becoming Pragmatists. If they are not enough, I will point to other advantages; its character of a *thing unfinished* and not definitely elaborated, not fixed and crystallised, offering therefore to those who are turning over in their minds the possibility of being able to develop and transform it, the opportunity of being not only adherents but at the same time creators—the *commodity* which Pragmatism offers by not being in itself metaphysics, but by making possible the æsthetic and moral enjoyment of actual or potential metaphysics.

### WHO WILL BE PRAGMATISTS?

We may ask a final question:—What kind of man will most easily become a Pragmatist?

To answer this it might perhaps be necessary to construct the psychology of the typical Pragmatist.

This Nietzschean conception which Pragmatism has recovered and developed—of the vital and moral foundations of so-called "pure thought," when applied to Pragmatism itself, brings to light the three groups of sentiments which are found, implicit and hidden, in the soul of the Pragmatist. The first group is that of *vital sentiments*, that is to say the instinctive desire for a wider and richer life, for more extensive power, and love of the concrete, of real and particular things, of dreams which become reality in contrast to hatred of futile words, and of dreams which are placed above reality, and which prevent us from possessing it, without however, succeeding in changing it.

The second group may be called that of *Pessimistic sentiments*; these are revealed in the tendency to wish to change and alter existing things, facts and theories, with a certain diffidence towards all which is given to us ready made, and which we are almost forced to accept, dealing with scientific hypotheses or the laws of nature.

The third group has, on the other hand an optimistic character, and is that of *arrogant sentiments* which are revealed in a dignified reluctance to accept things ready made instead of making them oneself, and to receive intellectual inheritances without unlimited liability; together with resentment at being forced to submit to what men call the inevitable, the immutable, the eternal, and with superb confidence in the power to change existing things by purely spiritual forces.

Descending from this hypothetical psychology to actual provisions, I believe that Pragmatism would have the sympathies of all those who think in order to act, that is to say, who prefer previsory but working truths to the intoxication of super-abstract words.

Excluded from it, therefore, will be, *a priori*, all pedants with a liking for fixed formulas; all believers in systems who regard the world as the auto-crazy of symbol; all lovers of unchanging truths of pure reason, of transcendental concepts, that is to say, all conservatives of rationalist complexion. But there are two types of mind particularly which, different though they are, seem to me destined to form the main body of the Pragmatist army. They are the practical men and the Utopians. The first, because they find in Pragmatism the justification for their scorn of questions devoid of sense or practical

application, and for their sympathies for everything that is clear, efficacious, and graceful. The second, because they find in Pragmatism some suggestive views which encourage them to imagine and to hope for extraordinary things. Pragmatist ideas on absurd hypotheses, on imaginary sciences, on the influence of the will on belief, and of belief on reality, appear to have been made expressly to arouse the poets and the *rêveurs* of thought. Thus Pragmatism, like the Hegelian dialectic in this one respect, even succeeds in reconciling opposites.

(Translated from the Italian by DELPHINE SEAMAN.)

(Conclusion.)

## The Church as Psychologist.

The formulation of natural law, with which thought in the later nineteenth century mainly occupied itself, was a service in which miracles would have been inconvenient. The attitude unconsciously adopted towards them, accordingly, science and logic propping it up, was simply that miracles were things incapable of happening. The twentieth century, with bigger tasks to face—among them the re-creation of the world, for which a miracle would be a godsend—takes almost a contrary attitude. Some of the miracles told in the Scriptures may conceivably have occurred, because, since a reason would have to be found either way, the psycho-therapist can perform them to-day. Faith in Christ may possibly have healed people because faith in their doctors, or in quacks, or in themselves, appears to heal people. But mind is naturally based towards confining reality to the aspect under consideration; and certain ultra-scientific psychologists have inherited, or gone a long way towards formulating, systems in which a miracle would constitute a disturbance. Such psychologists have been borne far enough to the left to infer from prayer and faith-healing that God is merely an imaginary servant, and Christ an imaginary doctor. This conception of divinity, as nothing but a mental projection for the fixation of faith, and no better, therefore, than any other mental projection fulfilling the same end, inevitably forces on the Church a new struggle for existence.\*

Notwithstanding the assiduity of philosophers to show otherwise, the truths of science can be tested only by scientific methods, by reason and inquiry. Religious mind, on questions relating to process, is somewhat less entitled to a hearing than scientific mind. A more appropriate purpose for the religious and tradition, is the valuation of scientific truth by the standards of religion. Criticism of psychology and psycho-analysis by Christian scholars will rest on firm ground, as the last conflict with the scientific mind should have taught them, only so long as it is dominated by this principle. The present psychological issues differ from the physical issues of last century in that bed-rock on this occasion is the question of value. Religion can choose to fight in its own field. In the psychological conflict, it is the questioner who is in question; it is the measurer who is being measured; and the valuer who is to be compared. And all the standards available are religious. Dr. Hardman's essay, and that of Doctors Hadfield and Brown, because this principle is implicit in them, completely shadow all the other essays in the volume. Once the necessity of lending aid to the sick spirit is recognised and approved as worthy, the character and values of the healer overtop in importance his technical qualifications. If the way to the health of the mind, in cases of neurosis and hysteria, can be found only by confiding to somebody all one's most intimate secrets, it is as well that it should be to somebody trustworthy—to somebody able to carry

these extra crosses. If counsel is ever beneficial to anybody, it may as well be the best and most detached counsel. It is of the highest significance that one of the pioneers of psycho-analysis, Dr. Pfister, is a priest, and another of its greatest practitioners, Dr. Jung, definitely religious.

Without imputing anything against the personal character of physicians, who have, as a body, recognised its importance for their profession, there are nevertheless certain unavoidable criticisms to be made on the art of psycho-therapy by analysis or suggestion. Hypnotism involves making one's doctor one's god. If it is indispensable for the satisfactory outworking of the spirit that faith should be focussed on some image, the image of the Divine Christ, is at least definite, and independent of both the patient and the priest. It plants a fixed star in the firmament, by which to measure the whole of feeling and conduct, a star that will not, consciously or unconsciously, exploit the patient to any end, but realisation of the goal chosen. The art of psycho-therapy, which is, all said and done, the final test of psycho-analysis on the question of value, is religious precisely because it is an art. Its values cannot be reasoned, but must be affirmed.

Philosophy with a scientific bias takes also a determinist bias, and its exponents are ready in many instances to admit that all science tends to justify the determinist hypothesis; what is more significant, they infer from this that man is in the last analysis irresponsible, the puppet of some abstract principle of causation. Against this the argument on rational grounds would be eternal. Man will hold man, however, in some fancied condition called sanity, whether it be the last miracle or the last illusion, responsible. Whether neurosis be disease, or the moral penalty of guilt, or the penalty of fearing guilt, the responsibility of the individual, if only for getting himself healed (for coming out of his manger and being a man, casting out fear, and living truthfully to himself) will have to be affirmed. Affirming it is the Church's one foundation.

Health of the spirit, whatever spiritual healing may mean, is a term to which only religions have attached any definite, positive, meaning. Health of the spirit does not mean mere capacity to work, freedom from self-deceptions and obsessions, and so forth, but far more; and its many implications include a rounded character, belief in the worth of life, and love for mankind. It implies not only direction, but self-direction, and, accordingly, a goal. No doctor can treat the spirit without becoming, either by right or usurpation, in some degree a priest. No priest can suggest a direction to the spirit without becoming in some degree a doctor. When that great refined comedian Dean Inge remarked that doctors write their prescriptions in Latin to make them still more like exorcisms, he almost touched one of the fundamentals of medicine. If one cast out devils at all, it is either by God or by Beelzebub.

If in the present controversy, the Church sticks to its last, the question will not remain religion or no religion, analogous to illusion or disillusion, but what religion. Whoever would heal the spirits of mankind must either carry a vision in front of him as his own, or hide one in his pocket because it is borrowed. Even Freud has had to become a meta-psychologist, from his innate honesty and his courage. The psycho-analyst or psychologist who takes a single step towards interpreting his collected observations can hardly help stating, or taking for granted, certain principles of character, along with certain standards of the worthy life. So far as the effort is made to escape from this necessity, the resultant analysis of the unconscious looks like an exposed crypt without a church. A church with a spire can afford to laugh at such incompleteness, if it can only learn.

RICHARD MONTGOMERY.

## Foreign Literature.

By C. M. Grieve.

I hear that Messrs. Faber and Gwyer are making arrangements to publish a series of short studies of leading living foreign authors. This is good news, although one awaits with some apprehension details as to who are to write these studies, and to whom they are to be devoted. One of the chief desiderata of the times is a better and much quicker internationalisation of the various European literatures. As a rule the wrong books are somehow chosen for translation; the interest so created is as a rule hopelessly belated and deplorably misplaced; the translations, save in rare cases, are bad; and, as a consequence, the knowledge of any foreign literature is restricted to a small class who entertain very false and superficial views concerning it. The still smaller class within that small class who actually know the language in question are in little better case. The great mass of European literature is not yet held in common for any appreciable percentage of readers. Any publishing or journalistic enterprise designed to improve this state of affairs to the smallest extent is to be welcomed. The League of Nations' Committee on Intellectual Co-operation is doing little or nothing in this direction. Far greater value and promise attaches to the joint activities of the various centres of the P.E.N. Club, and in particular to the International Committee on Translations they have recently set up—to supply lists of competent translators in the various countries, to make recommendations as to the books, etc., which ought to be translated, and so on. Is it too much to hope in this connection that an Annual Register of World Literature may ensue, giving concise and competent accounts of the twelve-months' output and tendencies in the various countries and references to the principal critical articles in periodicals, etc.? Such a publication, issued to commence with in English, French, and German perhaps, would be invaluable.

In the preface, written at Lammas, 1904, to the third and final volume of his "History of Criticism," Professor Saintsbury said, *inter alia*, that "when the next History of Criticism is written it will doubtless be, if the author knows his business, a much better book than mine; but I may perhaps hope that his might be worse, and would certainly cost him more time and labour, were it not for this." Rather more than a fifth of a century later no student of comparative criticism can escape helping to some extent to justify that modest anticipation. Saintsbury's monumental work is indispensable and, indeed, ineludable, and, while the tendency he deplored to a decrease in the number of great readers has probably not been counterbalanced, in Great Britain at all events, by the emergence of a single bookworm of a size and capacity approaching his own, and there are ubiquitous evidences in current criticism and literary journalism generally that more and more is being taken on trust without independent reading, and adequate re-reading, a much larger proportion of his work has amply proven itself "done for good and all," or, at any rate, is not yet susceptible of material recasting, let alone supersession, than might at first blush seem likely in view of the salutary developments in almost every other department of intellectual activity during the period in question. But while I do not think any Britisher has yet emerged competent to write a better, or even as good, a history of criticism as Saintsbury's, and certainly none that would materially differ from his so far as the ground he covered is concerned—there can be little doubt that if any such an one were to manifest himself his first proceeding would be to select one of the stones which Saintsbury advertently neglected to become his corner-stone. The fact of the matter is that Saintsbury's sense of world-values in literature was so defective, despite his manifold excellences—his vast erudition was so unaccompanied by that *Forscherblick* quality, which might legitimately have been expected to prove a product of it—that, in disregard of the very safeguarding principle he himself laid down he failed to display that anticipative or vaticinal power it is almost incredible to find completely lacking in a critic of his stature, and blinded himself to the biggest things that were accomplished, or put *en train*, in relation to his subject in the later nineteenth century. Perhaps he was wearying of his titanic task and was seized too late by the suspicion that he had "dropped a stitch," but decided to take the risk and let it go. A belated and ineffectual emergence of the seer-like power, which he could not with all his other endowments lack entirely, may have been responsible for the penultimate sentences of his mighty tome, which run: "Quite lately in some—Russian, Norwegian, Belgian, *que-pais-je?*—signs of secondary fermentation have been showing, which have greatly impressed some observers. But it is as yet much

too early to take serious critical account of them." On the contrary, however, so far as the author's great work was concerned, it was much too late. Secondary fermentation, indeed! He had missed the most potent brew of all. A very devil's brew he might have deemed it, but there you are!

Professor Saintsbury's work strikes a not too ultra-modern student of *welt-literatur* to-day as having reference to or bearings on almost everything but what has mainly mattered in the twenty odd years since its publication, mainly because he restricted himself quite disproportionately to the Big Three—Britain, France, and Germany—and failed to perceive the diathesis of reorientation, which had already gone a long way towards ensuring to Russia that overwhelming importance and influence which, in its full manifestation is, of course, or was until a year ago or thereabouts, the phenomenon par excellence of contemporary literature. And criticism, which ought to have had Professor Saintsbury's cognisance, preceded in Russia that signal and stupendous creativity which has since had so predominant a place in European culture. His great *History* would not have been subject to such a shrinkage of the ground from under it if its author had practised better what he preached so wisely. He emphasised that there was something which could be reached and was worth the reaching—"the comprehensive and catholic possession of literature, for all literature and all that is good in all, which has for the first time become possible and legitimate"—and yet he himself, the greatest reader of his generation, was in unconscious to rapidly-developing phenomena destined to outweigh in their influence on the art and craft of letters throughout the civilised world all the other phenomena to which he directed attention in his chapters devoted to contemporary and emerging issues put together, and was confessedly incapable of reading in the original, and apparently had not read at all up to that time, what the great majority of European critics whose competence he would himself acknowledge now declare with one voice to have been incomparably the greatest products of modern literature.

(To be continued.)

## Mr. Chesterton's History.

History is always being rewritten. And the time of which we really know least is the immediate present. Only when the historian has worked over the records that come to him from long-separated intervals in space and time, does the picture of the world begin to emerge into the daylight. Never were his resources so rich as at the present time. The rediscovery of ancient languages and civilisations, with the continuous achievements in human art, reaching back to the beginnings of the remotest antiquity, offer problems which need the rarest insight for their perusal and interpretation. Hence there is one qualification for the historian which comes first; he must be able to deal with his documents at first hand. Only then does he learn to distinguish between the fact and his interpretation of it. But no historian, you say, can cover the whole ground of past records, nor, indeed, for that matter, the records of the immediate present. Yet by tracing out some line of his own, he learns to find his way about his material, as a conductor of an orchestra who can play but one or two instruments learns the possibilities and limitations of the others. The man who attempts to write history without this immediate contact with the evidences like a conductor who cannot play a note of the historical music. In my experience the best key to the past is the knowledge of Greek and in particular of the Greek New Testament, because upon it there converge the streams of Egyptian, Assyrian, Persian, Greek, Roman, Ethiopian, and perhaps Indian civilisations, of which last something further will be said.

The person, then, who undertakes to write the history of the past, without this, or some similar, qualification at least, has lost or faintly possesses the curiosity which has risen to the love of truth. To know how precisely a thing happened, "wie es eigentlich gewesen ist," is the aim and the reward of the historian.

Mr. Henry Ford knows: "history is bunk." At least, his latest biographer, Mr. A. G. Gardiner, credits him with this statement. This is the shortest and most complete universal history I have come across since, as a boy, I read Tytler's little compendium. Mr. Ford measures the beginning of things by the manufacture of the Ford car.

Herr Kautsky, in his "Foundations of Christianity," treats general history as an advertisement of Marx's doctrines. Mr. H. G. Wells passes history through the mills of Fabianism. And now Mr. Chesterton,\* like Mr. Wells, asserts "the

\* "The Everlasting Man." By G. K. Chesterton. (London: Hodder and Stoughton.)

reasonable right of the amateur to do what he can with the facts which the specialists provide." My only objection is that neither Mr. Ford nor Mr. Wells nor Herr Kautsky nor, I fear, Mr. Chesterton knows what the facts are.

When the critic comes up against a religious prophet, such as any one of the four above-mentioned, it is not his business to be a prophet himself. The layman has the right, however, of examining a prophet's credentials. I am not trying, therefore, to convert Mr. Chesterton from any of his opinions, although I believe—I am not quite sure—that Mr. Chesterton once converted me—from pessimism—by a single sentence thrown at my head the only time I met him. It was at a breakfast of four in which Mr. Chesterton carried on a violent argument about religious education with an undenominationalist friend of mine. My gloom was due to the coffee getting cold, but it was happily dispelled by Mr. Chesterton in the way described. I wish, however, once more to interrupt Mr. Chesterton's flow of language and point out the wide comprehensiveness of the Roman Church. Under Leo X. it authorised and supported the publication of Erasmus's "Greek New Testament," which, as I ventured to hint above, is an aid to ancient history, indispensable and also possible to be mastered by any one who knows the elements of English grammar. The justification of the Catholic Church is also seen in the education which it spread over a world still barbarian. Mr. Chesterton might even have pointed to the creative office of the church in the promotion of handicraft, which took up, revived, and even in some respects advanced the Greek tradition. Lastly, in this series, a tribute might be paid to the church as a school of manners. I use these external arguments because I believe that the interior appeal which is made often with great effort by the author can only be directed with profit to those who are at least half persuaded.

But I have one or two quarrels with the book. It is a very cheap and easy victory to use violent language towards philosophers, who are a feeble folk. After all, even if they all went to paradise, or all failed to do so, it would make very little difference to the world at large, although it would be serious enough for them and for the Catholic Church. Plato and Augustine, Aristotle and Thomas Aquinas, Malebranche and Newman were all philosophers, and most of them something like professors. And as such they, along with the Catholic Church, insist upon a side of things to which Mr. Chesterton gives the go-by more or less. The Christian Logos after all is above the Christian mythos. Yet Mr. Chesterton does make use of one type of reasoning. All credit must be given to him for a clever application of the "reductio ad absurdum." But he sometimes seems to forget that to prove an opponent mistaken, often simply adds another person's mistakes to one's own. And this is my second complaint, that Mr. Chesterton uses philosophical arguments about dogma without examining all their bearings. And in particular that with his devotion to the person of Christ, he comes near to being a Swedenborgian and to identifying Jesus with the one God. In the language of Indian philosophy, he is filled with "bhakti," which is devotion; but of "advaita," the quest of a unity beyond all dualism, and all tritheism for that matter, we are nearly refused a glimpse. The casual intuitions of an imaginative and facile writer make a thin material for a large volume like this. I could not expect "The Everlasting Man" to be used either as a serious history or as a book of devotion, although I have found it both pleasant and edifying.

Another note which I miss in "The Everlasting Man" is this: ultimately we are concerned not with amounts, dimensions, and so forth, but with qualities—values. The historian neither reduces everything to its economic value with Mr. Wells, nor to the level of general information value with Mr. Wells, nor to legendary value with Mr. Chesterton; a value which, along with much else, excludes from history Buddha himself (p. 236). The Roman Church enrolled for a time Buddha among her saints, as the Greek Church does still. In the legend of Barlaam and Joasaph, the story of the king's son is again told with reminiscences of the life of Buddha, that could only have come by direct messengers from Hindustan. The author, probably St. John of Damascus, has recast the whole story for edification, and excels Mr. Chesterton himself as a hagiologist. The Jesuits went even further than Buddhism in their comprehensiveness. They adopted the mode of life and insignia of the Brahmans with the sanction of Gregory XV., and their Chinese rites were not finally put down until 1744 by Benedict XIV. As an external, but friendly, observer of the Roman Church, I sigh, amidst the incense-laden atmosphere of Mr. Chesterton, for the breezes which still haunt the wayside churches of Italy and France, and not less the entourage of the white and the black popes.

FRANK GRANGER.

## Reviews.

**The Nation and the Church.** By Bertram Pollock, Bishop of Norwich. (John Murray. 5s. net.)

A book of six charges addressed to the Diocese of Norwich, but of such universal interest, they are well worth the attention of all members of the human family. The author pays glowing tribute to the works of men of all denominations (and of those of none), writing in a fine charitable strain that is refreshing after the narrow doctrinal and creedal basis of so many theological books. The most interesting chapters are those devoted to Marriage and Reunion of the Churches. It is a matter for regret that all Churches cannot agree to differ regarding beliefs and creeds; that is, have every one her own faith—but one universal basis that of love. Surely wherever the Lord is worshipped and the Scripture accepted as His word, there can be the Church. Swedenborg expresses the charitable and right view, when he states:—

"The several Churches in the Christian world are distinguished by their doctrinals. . . . This . . . would never have existed if the members of the Church had made love to the Lord and charity towards their neighbour the principal point of faith. Doctrines would then be only varieties of opinion . . . which they who are true Christians would leave everyone to receive according to his conscience. Thus one Church would be formed out of all these diverse ones, and all disagreements arising from mere doctrinals would vanish . . . and the kingdom of the Lord would be established on earth."

The average man does not realise how closely bound up the laws of Church and State are, or how greatly the laws of both can be abused in this connection. Yet it is good to record the modern tendency to link up religion and life, for though the closeness of the bond of the Nation and the Church may be one of collusion, if there is to be an all round applying of principle and honour (the Charity and Faith of religious phraseology) to the daily acts of life there must be a link between people, religion, life, and politics. The New Economics will have a vital function to perform on that day which is fast becoming discernible to those that have eyes to see that what hinders us now may be to-morrow's stepping stone.

**Value, Price, and Profit.** By Karl Marx. (George Allen and Unwin. Price 1s. net.)

This is a reprint of a Paper "addressed to working men" and communicated by Marx to the General International Congress in 1865. Richard Aveling, who contributes the preface, says that his Paper might well come next in succession to Engel's *Socialism, Scientific, and Utopian*, in a reading course for students of *Capital* and the *Student's Marx*. The book under notice is a compendium of Marx's main tenets, and as it contains only 94 pages, it is a convenient text book for non-Marxian students who wish to "cram" Marxism for wider purposes. Apart from that, it will be of absorbing interest to many readers to examine this sixty-year-old thesis in the light of what they have learned since, and very few outside the ranks of the New Economists will find themselves able to answer Marx's reasoning. The latter students will particularly appreciate the chapter on "Wages and Currency," which affords signs that had Marx lived on until these days he would have travelled so far ahead of his most up-to-date spiritual descendants as to have brought upon himself expulsion from the "Movement" as a "Capitalist."

**The Social Significance of Death Duties.** By Eugenio Rignano: adapted by Sir Josiah Stamp from Dr. Shulz's translation from the Italian. (Noel Douglas. Price 5s. net.)

Sir Josiah Stamp considers it an "obligation" to introduce Professor Rignano to the British public. As if the public had not already more than sufficient to wrangle about as it is. Rignano is not satisfied with the existing principles of graduating death duties—according to (a) the value of the estate, and (b) the degree of relationship of the inheritor. He wants to add a third, namely, the number of transferees in the way of succession or donation which the estate undergoes. At its first transfer the duty might be the same as now. But at its second it might be as much as 50 per cent., and at its third possibly 100 per cent. "Such a graduation of rates," he sums up, "would obviate a classification of any estate into more than three divisions, as nothing would be capable of inheritance from beyond the

third generation." And the reason for this dramatic steepness of confiscation? "There is no need to waste many words in pointing out how much more effectively this reform would stimulate saving than the present unconditional right of bequest." There is not indeed. The Professor has apparently not yet heard that Thrift has been dragged from the Bench and is already in the cells waiting to be charged before the World Court of Applied Economics as an incorrigible rogue? His proposals are beneath notice as a contribution to serious economic research, but they are well worth taking note of by reason of the fact that Sir Josiah Stamp sees fit to broadcast them, and that M. Emile Vandervelde has advocated them in an Open Letter to M. Theunis (the *Bruxelles People*, November 2-3, 1921). The spectacle of High Finance preaching in corduroys is going to become only too familiar—to students with eyes in their heads.

## LETTER TO THE EDITOR.

### ECONOMY AND TRADE.

Sir,—I read with interest your remarks in connection with the report of Mr. Arthur Collins on the finances of Liverpool. I gather the impression from your article that you are opposed to effecting economies by discharging employees of the Council, on the grounds that such dismissed persons must thereafter obtain their means of subsistence from the Council in the form of a "dole."

Surely, however, they could obtain other employment? Your answer will be that there are at present so many unemployed that there is no possibility of their doing so. It is my contention, however, that if all public and other bodies dismissed unnecessary servants, the cost of production would be so decreased that we should once more gain our former place as a manufacturing country able to compete more favourably with our rivals.

I do not fail to appreciate that it would take time for our cost of production to be lowered, and for the knowledge of it to be known abroad, but in the meantime there would be no loss, and it would give confidence to those responsible for the control of industry.

At this juncture, nay, crisis, in our industrial life, what is particularly needed is that all unnecessary expenditure, involving a higher cost of production, should be stopped, and that everyone should work much harder and with a better spirit than obtains at present.

HERBERT P. HILL.

[By dismissing wage-earners industry certainly reduces costs, but it thereby reduces the fund out of which it must ultimately recover its costs. Wage-costs paid out on Saturday become revenue in the following week. Sacking men labour-charges is equivalent to restricting the home market. According to your theory industry would reach its highest pitch of efficiency if everyone worked at maximum power and drew no income; but you would then get enormous production, with no home customers to buy it. The next week production would stop completely. Even if you imagine this ever goods come into the country in exchange would themselves be unsaleable. Moreover, when discussing foreign trade, you must allow for the fact that our "rivals" are doing exactly what you are urging on us—cutting down the incomes drawn by their own populations in order to sell goods to ours. If you reflect on this you will see that the scheme cannot possibly work, and attempts to make it do so will precipitate another war.—Ed.]

## FORTHCOMING MEETINGS.

Sunday, December 6.—Major Douglas at the Ethical Church, Queen's-road, Bayswater, W.2 (one minute from Queen's-road Station). "Common Delusions in Regard to Money, and Their Effects." Time, 6.30.

Tuesday, January 19.—Major Douglas at the Rotary Club, Wolverhampton. "Purchasing Power and Prices." Time, 1 p.m.

City gentleman wants one or two comfortable rooms and good partial board (good cooking essential) in well-appointed house of small family. Electric light, bath, etc. No other boarders. Open, high, quiet locality between East Finchley and New Southgate preferred. Offers, giving fullest details, terms, etc., receive immediate attention. Kindly apply A. H., c/o THE NEW AGE, 70, High Holborn, W.C.1.

## What Our Readers Are Saying.

III.

(From communications received during September.)

33.—Really I buy THE NEW AGE for its "Notes of the Week," which I continue to regard as the finest journalism available to-day. The economic, political, and historical articles always interest me, as do the book reviews, and "Old and Crusted" I find pleasant reading. But, frankly, a great deal of the remainder bores me—shall I confess, "beats me"! This applies especially to the philosophic, theological, and aesthetic articles, of which the August 6 number has more than its share. I know THE NEW AGE does not want to break away from its literary traditions, and looks forward to that "New Age" when the "Notes of the Week" and critical surveys will be no longer necessary. But can its present numbers be considered literary, in the sense that those old numbers were literary—A. E. R. in "Views and Reviews," Orage in "Readers and Writers," Janko Lavrin's studies, Kathleen Mansfield, and many others. If it were not for the Douglas outlook and loyalty, how many copies would sell on its present so-called literary articles? I class myself as an educated and reasonably cultured person—II. Class Historical and Law Tripos, and that sort of thing—fairly well read, and keenly interested in mankind and all his troubles, past or present; and yet so much of the present NEW AGE bores and bamboozles me. I myself am a loyal and forgiving adherent of your splendid efforts, but I often think that the "preciousness" of so many of these articles must, to many, stamp the whole paper and all that it stands for rather as a "cult" and coterie than as the only really serious attempt in journalism to-day to face facts "fair and square."

34.—Articles on philosophy—such as "The Weighing of the Seraphim," etc.—do not, I am sorry to say, interest me much. They are often too difficult for me to understand, or else I haven't the time to study and digest them. I should welcome articles or reviews of books on subjects (on new discoveries or inventions that should improve the daily lot of mankind), such as some of those A. E. R. used to write about, such as the work of the late Abrams, of San Francisco, so ably examined and explained in a series of articles by A. E. R., and that book on electricity and its effect on fertilisation, and another on the effects of plenty and scarcity of food on birth-rate (by Pell, I think).

35.—(1) I notice that some of THE NEW AGE correspondents are urging, more or less directly, that more prominence should be given to philosophy, à la MM. Cosmois and D. Mitrinovic. My own experience has been that people, by no means un-intelligent, are repelled from the paper altogether by articles of this nature, and stamp THE NEW AGE as the haunt of cranks and faddists with nothing helpful to say. As one who holds that until the financial problem is settled, no appreciable progress is possible in any other direction, I am inclined to think that possible readers should not be repelled, and that it is important that as many people of average intelligence as possible should be infected with the idea of Social Credit. The sible should be infected with the idea of Social Credit. The MM. Cosmois and D. Mitrinovic may be valuable, but there is no immediacy in what they have to say. If and when the "New Age" arrives, they can vent themselves to the top of their bent. (2) I think a few articles giving a simple picture of a way in which Social Credit could be put into immediate practice would be valuable. I find that, though people may agree with the analysis, they are not satisfied—either through practical caution or want of faith; they want to know how it is going to be done. I believe that at present you are not commingling yourselves to precise details; but any one possible way might be useful in pushing doubters over the line.

36.—I have nothing whatever against the present form of THE NEW AGE. I would only add that whatever may have to be sacrificed in the future, it ought not to be the space devoted to the Douglas theory. After all, one can get the other stuff—e.g., literary and dramatic criticism (of sorts)—elsewhere. I would go further and say that not only ought "Douglas" to have the first place, but, if necessary, the whole paper. That is pre-eminently the thing for which, I imagine, most people buy the paper.

37.—There is a difference between real originality—a special individual vision of one of the many facets of the diamond truth—and swanking originality by saying any old thing ("old" is an expetive) different from other folk, without regard for truth. I would like the genuine article in other departments of thought, as you have it in economics; but you'll, of course, have to take what you can get. Don't know a thing about music. That doesn't mean that I would wish it out of THE NEW AGE, nor even does it mean that I would wish it out of that subject, your wild expert is always amusing. Don't remember Alan Porter's previous work, but quite like this week's article.

38.—I would just like to express my appreciation of your splendid work in commenting on Politics and Economics, especially in the "Notes of the Week." I look forward to Wednesday morning as a relief from the flapdoodle which I do not read in the daily Press.

39.—The writers seem to me to be stuck in a nineteenth-century school of thought, which we get away from by implication, if not actually, in the economic articles, above all in the "Notes."

## Credit Research Library.

The following books, issued by the Pollak Foundation for Economic Research in America, are being added to the stock of this Library.

They have not been written with the intention of supporting the Douglas Credit Theorem, but they bring into most lucid review facts and figures which will be invaluable to those who desire to see that Theorem related in detail to existing business motivation and practice.

The books are complementary to the literature sponsored by the Social Credit Movement, because of the fact that, whereas Douglas has isolated and synthesized the fundamental principles of Accrediting and Accounting production and distribution, these writers have assembled and presented just the kind of statistical information and practical every-day argument that will impel business men to seek for a constructive economic policy such as Major Douglas has propounded.

**COSTS AND PROFITS.** By H. B. Hastings, of Yale University. Price, 10s. 6d. Postage, 6d. This book offers a new analysis of the causes of business depressions. It attempts, by a process of accounting, to show precisely how deficiencies in consumer purchasing power arise in the course of business.

**MONEY.** By W. T. Foster and W. Catchings. Price, 15s. Postage, 8d. Mr. Foster, formerly President of the Reed College, is now Director of the Pollak Foundation for Economic Research. Mr. Catchings, formerly President of the Central Foundry Company and of the Sloss Sheffield Steel and Iron Company, is now a member of Goldman, Sachs and Company, and a director of numerous industrial corporations. This book attempts to show the fundamental difference between a barter economy and a money economy; to show how business depressions and unemployment arise out of that difference. It traces the circuit flow of money from consumer back to consumer, and the obstruction in the flow. It is a foundation for the work entitled "Profits," next quoted.

**PROFITS.** By W. T. Foster and W. Catchings. Price 17s. Postage, 9d. This book, in the authors' words, "is the only considerable attempt to present the statistical proof that industry does not disburse to consumers enough money to buy the goods that are produced." The following is a summary of their conclusions:—  
"Progress toward greater production is retarded because consumer buying does not keep pace with production. Consumer buying lags for two reasons: first, because industry does not disburse to consumers enough money to buy the goods produced; second, because consumers, under the necessity of saving, cannot spend even as much money as they receive. There is not an even flow of money from producer to consumer, and from consumer back to producer. The expansion of the volume of money does not fully make up the deficit, for money is expanded mainly to facilitate the production of goods, and the goods must be sold to consumers for more money than the expansion has provided. Furthermore, the savings of corporations and individuals are not used to purchase the goods already in the markets, but to bring about the production of more goods. Under the established system, therefore, we make progress only while we are filling the shelves with goods which must either remain on the shelves as stock in trade or be sold at a loss, and while we are building more industrial equipment than we can use. Inadequacy of consumer income is therefore, the main reason why we do not long continue to produce the wealth which natural resources, capital facilities, improvements in the arts, and the self-interest of employers and employees would otherwise enable us to produce. Chiefly because of shortage of consumer demand, both capital and labour restrict output, and nations engage in those struggles for outside markets and spheres of commercial influence which are the chief causes of war."

The Pollak Foundation offers a prize of five thousand dollars for the best adverse criticism of this book.

THE CREDIT RESEARCH LIBRARY, 70, HIGH HOLBORN, LONDON, W.C.1. Telephone: Chancery 8470.

All communications should be addressed, Manager, THE NEW AGE, 70, High Holborn, W.C.1.

## SUBSCRIPTION RATES.

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

## The Social Credit Movement.

Supporters of the Social Credit Movement contend that under present conditions the purchasing power in the hands of the community is chronically insufficient to buy the whole product of industry. This is because the money required to finance capital production, and created by the banks for that purpose, is regarded as borrowed from them, and, therefore, in order that it may be repaid, is charged into the price of consumers' goods. It is a vital fallacy to treat new money thus created by the banks as a repayable loan, without crediting the community, on the strength of whose resources the money was created, with the value of the resulting new capital resources. This has given rise to a defective system of national loan accountancy, resulting in the reduction of the community to a condition of perpetual scarcity, and bringing them face to face with the alternatives of widespread unemployment of men and machines, as at present, or of international complications arising from the struggle for foreign markets.

The Douglas Social Credit Proposals would remedy this defect by increasing the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the whole product of industry. This, of course, cannot be done by the orthodox method of creating new money, prevalent during the war, which necessarily gives rise to the "vicious spiral" of increased currency, higher prices, higher wages, higher costs, still higher prices, and so on. The essentials of the scheme are the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost of production (as distinct from their apparent financial cost under the present system). The technique for effecting this is fully described in Major Douglas's books mentioned below.

The adoption of this scheme would result in an unprecedented improvement in the standard of living of the population by the absorption at home of the present unsaleable output, and would, therefore, eliminate the dangerous struggle for foreign markets. Unlike other suggested remedies, these proposals do not call for financial sacrifice on the part of any section of the community, while, on the other hand, they widen the scope for individual enterprise.

Attention is directed particularly to the following amongst the considerable literature on the subject:—

- "Through Consumption to Prosperity," by Arthur Brenton, 2d.
- "The Community's Credit," by C. Marshall Hattersley, 5s.
- "Social Credit," by C. H. Douglas, 7s. 6d.
- "Real Wealth and Financial Poverty," by Capt. W. Adams, 7s. 6d.
- "Cartesian Economics," by Professor F. Soddy, 6d.
- "The Flaw in the Price System," by P. W. Martin, 4s. 6d.
- "The Deadlock in Finance," by A. E. Powell, 5s.
- "Economic Democracy," by C. H. Douglas, 6s.
- "Credit Power and Democracy," by C. H. Douglas, 7s. 6d.
- "These Present Discontents: The Labour Party and Social Credit," by C. H. Douglas, 1s.
- "The Solution of Unemployment," by W. H. Wakinshaw, 10s.

A preliminary set of five pamphlets, together with a complete catalogue of the literature, will be sent post free for 6d. on application to the Credit Research Library, 70, High Holborn, W.C.1, from whom the above-mentioned books may be obtained.

The undermentioned are willing to correspond with persons interested:—

- Bournemouth: W. V. Cornish, 77, Maxwell Road.
- Dublin: T. Kennedy, 43, Dawson Street.
- London: H. Cousins, 1 Holly Hill, Hampstead, N.W.3; Major C. H. Douglas, 8, Fig Tree Court, Temple, E.C.4; E. A. Dowson, 14, Dulwich Road, S.E.24; D. Wemyss Lewis, 176, Camden Road, N.W.1; E. Wright, 38, Bromar Road, S.E.5.
- Manchester: F. Gardner, 24, Mansfield Avenue, near Blackley.
- Middlesbrough: Mrs. E. M. Dunn, Linden Grove, Linthorpe.
- Newcastle-on-Tyne: W. H. Wakinshaw, 12, Lovaine Crescent.
- Rotherham: R. J. Dalkin, Wickersley.
- Hon. Secretary, W. A. Willox, 70, High Holborn, London, W.C.1.

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