

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	73	THE AMERICAN MIND.—I. The Background. By John Gould Fletcher	76
The accumulation of the coal subsidy—what was Mr. Baldwin's pledge about the taxpayers' liability?—why not a consumer discount from coal prices? Economy again—protests against the closing of dockyards—the eternal answer. The National Omnibus and Transport Company's healthy financial position—profits used to depreciate equipment—how many times do the passengers pay for the rolling stock?—the end of it all. The <i>Daily Mail</i> and emigration—buy New Zealand butter so that you can go there and make it—the suggested response of the Britisher.		WHAT IS EUROPE?—III. By Henri Hauser	77
THE REORGANISATION OF MESSRS. VICKERS, LTD.—I. By C. H. Douglas	75	FEAR. By Wilhelm Haas	78
		THE DEATH OF DOSTOEVSKY.—I. (From <i>Mme. Dostoevsky's Reminiscences.</i>)	80
		<i>Mme. Dostoevsky's Reminiscences</i> (to be published by Kegan Paul).	
		FOREIGN LITERATURE.—II. By C. M. Grieve	81
		THE GRAMOPHONE. By R. M.	81
		SOCIAL CREDIT AT HIGH LEIGH	82
		VERSE	83
		Crossways. By Iris Tree (83).	

NOTES OF THE WEEK.

The subsidy to the coal industry is likely to reach Mr. Churchill's maximum estimate. The Parliamentary grants sanctioned total £19,000,000 to date, and the actual expenditure can hardly be less than £21,000,000 at April 30. The *Daily Mail* asks, "in the name of the taxpayers," whether the Government is taking any steps to meet the situation that may arise when the subsidy comes to an end. But why does that journal assume that the Government intends it to come to an end? If Mr. Baldwin "surrendered" in July last, why not again in April next? If he broke his "pledge" once, why not twice? But when one considers this pledge, the *Daily Mail's* account fails to prove that it was broken. "On July 30 came the tug of war. At 7.30 p.m. that day the Prime Minister announced that there could be no question of a subsidy at the taxpayers' expense. At 8.30 he was confronted with an order issued by the Trades Union Congress, forbidding the transport of coal. At 9 o'clock the Prime Minister surrendered and granted the subsidy." The weakness of this narrative is that it confuses the granting of a subsidy to the coal industry with the collection of the amount from the taxpayer. It is a natural mistake; everybody makes it. But the fact remains that there is not the least necessity for the one to lead to the other. So judgment against Mr. Baldwin's rectitude had better wait until the bill is actually presented to the taxpayer by such means as make it an undeniable fact that the £21,000,000 will be added to their existing liabilities. We might go further and suggest that one should wait to see if the taxpayer actually pays the bill, even if presented. In the meantime, Mr. Churchill announces that the coal trade has been steadily improving during the last three months, last week's output being the highest since mid-May, exceeding 5,000,000 tons. So far so good. More money more coal. Also, we note in Mr. Churchill's speech the fact that the subvention has not meant any appreciable re-opening of pits. That is good, too. It indicates what a lot more coal is in reserve waiting for more money still to bring it out into use. Yet Mr. Churchill is sad about it. "All

that we are doing is regaining our export market by the contradictory and futile method of selling at a loss, which is comparable to trying to quench one's thirst with salt water." It is certainly futile in an economic sense to use the subsidy to force a valuable product like coal out of the country. It is subsidising the depletion of national reserves. If we must do this, why not make the consumers' coal-cellars the "export market"? Really the subsidy is not a grant to the coal industry, it is a grant to the customers of the coal industry, and in so far as those customers are foreigners we agree that the grant is being used to Britain's detriment. "Oh, but we get things back in exchange for the coal, you know," we shall be reminded. Dear, dear; why, so we do. Steel, for instance. And the next morning the British steel manufacturers are queueing up at the front door of the Board of Trade for tariff protection. Thus, in the end, it becomes manifest that the coal owners' financial deficits have been made up by creating an equivalent deficit among the steel manufacturers. That is what your stimulation of export trade comes to. No wonder Mr. Baldwin made that mysterious remark in the House of Commons about limiting exports.

Without going into the possibilities of the New Economic policy, surely statesmen could display some better ingenuity than they are now using. It is a reasonable suggestion to say that the "stranglehold" of organised Labour could be unfastened for the price of say two cwt. of coal a week to every household. If, on paying out the subsidy, a condition was made that the coal industry sell, at say 10 per cent. discount to the consumer, 5 per cent. to the home manufacturer, and at full price abroad—i.e., reverse the current scaling of quotations—things would begin to happen. Home demand and consumption would spring up at one end, while at the other would take place merely the creation and issue of financial credit. We say "merely," because the "cost" of financial credit is just a book entry. There is no "loss" to the banks in issuing the credit. It is not *their* credit to "lose." It is the property of the entire community. Hence it can be issued without

being debited; it can be *given*—if one can employ the term in a case where the community is being presented with what is already its own. And since it is the community who desire to, and will have to produce the coal—not the banking system—and the community again who desire to consume coal—what is the precise *locus standi* of this banking system which takes power to say "Yes; but you musn't"? When are the coal-owners and coal-miners going to wake up and demand "in the name of the taxpayers" a rigorous investigation of the question of the origin, the cost, and the true beneficial ownership of financial credit?

Mr. Bridgeman had to listen in the House to protests from Scotch and Welsh members against the closing of Rosyth and Pembroke dockyards. The old demand came up once more: "Economise, economise; but do not inflict any hardship"; to which the Minister made his former rejoinder: "You cannot have economies without unemployment." Financial appeasement was out of the question, but he was able to offer moral consolation that coming economy calls would fall more heavily on the people of England than the hardships attending the closing of the yards had fallen on Scotland and Wales. In fact, an English yard may be closed as well; which will even things down. (If Donald will give up his porridge he shall see John robbed of his bacon and eggs!) Besides, added Mr. Bridgeman, they should consider the distress in the great industries: the only difference was that whereas in that case the employers were private, in this case they were the Government. If unemployment was permitted there, why make a distinction in the case of Government employees? Quite so. There is no answer—for those who preach the principle of cutting down the distribution of purchasing power. You cannot give the principle of abstinence a pleasurable application; and it is a waste of political salaries to debate the matter. The more we see of this Parliamentary humbug the less we dislike Mussolini.

The chairman of the National Omnibus and Transport Company, which serves the southern counties of England, is very proud of the success of this concern. It has carried nearly sixty million passengers in three years without one fatal accident; which is a striking record. But his chief pride is in the sound state of the company's finances. When it purchased two undertakings at Luton and Weymouth it borrowed £75,000 from the bank, and during the last financial year it has been able to repay as much as £64,000 out of profits. The distributable profit for the year is £53,000. But £40,000 of it is not going to be distributed; it is going to be used to "depreciate our buildings and rolling stock" (£30,000) and increase the general reserve (£10,000). This leaves £13,000 for the shareholders, making their dividend 10 per cent. If the company goes on for a year or so at this rate it will have depreciated its present properties to zero. Whereupon it will be able to cut all capital charges out of its fares. But it will not. The price of a ride will still be as much money as the ride will fetch, the amount depending on what competition there is. In regard to this factor the chairman reaches his highest pitch of cheerfulness, being convinced that "transport, and especially passenger transport, must fall into the hands of the larger companies." So the outlook of the riding public is just ordinary. However, they will have the satisfaction of knowing that every time they pay a penny they will be helping the company to squeeze out and absorb smaller companies, and so become a larger and larger company—which is its chairman's declared ambition. It is marvellous how the traveller does it. He pays the banker's loan issued on account of a 'bus; at the same time he pays the cost

of the 'bus back to the company, who then depreciates the book value of this 'bus to zero and uses the money to buy another 'bus; then he goes on paying not only for the cost of 'bus number 2, but also for the wear and tear of 'bus number 1. The mystery is explained by the fact that the company in question covered 6½ million miles and carried 25 million passengers last year—an increase in both direction of nearly 50 per cent. on the figures at the previous year; which means that about 8,000,000 people have given up other means of transport in favour of these 'buses. But there is a limit to this pace of expansion; and that is an obvious truth which chairmen of prosperous companies constantly overlook. All these "depreciation" and "reserve" allocations, if they would only see it, are creating a vacuum in the general fund of purchasing power; and sooner or later the passive resistance of the impoverished consumer sets in. Then we are suddenly startled by such dramatic events as the writing down this week of Vickers' capital by £12,000,000.

Why not buy New Zealand butter? Sir George Eliot, the chairman of the Bank of New Zealand, has advised the people of that Dominion to buy British goods in preference to all others. The *Daily Mail* is thereby stirred to utter the above reciprocal sentiment. Well, why not do it? In some London districts the price of New Zealand butter is 4d. a pound below a widely distributed British brand. Curiously enough the *Daily Mail* does not mention price at all—which would have been its strongest argument. It prefers to urge that if we all insisted on having the Dominion product (the price would rise?—oh, no!) "farming in New Zealand would be stimulated, and a wider field opened for British emigration thither." If we will only send our money to the other side of the world for butter, we shall be able to go out there and make it. But, perhaps we do not want to leave the old country—with all her slums we may love her still—besides which it is boorish of Lord Rothermere to say so bluntly that he is anxious to get rid of us. Even if it were the case that we were enjoying his personal hospitality, we should still expect him to observe the traditional courtesies of his order—to suppress an incipient yawn and steal a momentary glance at the clock. We are not saying, however, that we should act on the hint. The two hands of his economic clock may register the phallic sign of midnight, when all well-bred British citizens should, of course, politely take their leave to impregnate the colonies; but some of us carry watches, and have grounds for suspecting that he has been emulating the trick of the wily publican, who advances "closing time" with his finger. Then, the picture of a starving New Zealander exuding butter does not impress us, except with his stupidity; and again, if he is making more than he can eat he cannot require our help in making it. So we arrive at the conclusion that if we must emigrate at all we had better set sail for some British county. At the most we would go to Ireland. It is cheaper to get back if we do not like it.

Debt Stars and Mortgage Stripes.

Important negotiations are afoot between the Persian Government and a big group of American banking and industrial interests for the construction of a Trans-Persian railway from Teheran to the Persian Gulf. For this purpose the necessary loan would be advanced by American financial houses in return for mineral rights. American business influence in Persia is greatly facilitated by the presence in Teheran of the American Financial Mission, under Dr. Millshaugh, which advises the Persian Ministry of Finance. The proposed railway could not but react powerfully upon the Baghdad railway, with which it would compete in many respects as the carrier of traffic to and from some of the regions named above.—*Sunday Times*.

The Re-organisation of Messrs. Vickers, Ltd.*

By C. H. Douglas.

It is a constant source of surprise to the Englishman that he is regarded on the Continent of Europe as being a mixture of Machiavellian subtlety and arrant hypocrisy.

The foreigner sees that in some mysterious way so-called British interests obtain many successes in the world; he also has the insight, admittedly vouchsafed to the onlooker in the game, as to the methods by which those successes are frequently achieved; and he assumes (I think quite incorrectly) that the individual Briton he is meeting abroad is fully cognisant of the acts which are perpetrated in his name.

So far from this being true, it is probable that in no country in the world is it so easy as in England to trade upon sheer ignorance and intellectual laziness. So long as John Citizen is not seriously affected in respect of three good meals a day, some sort of a shelter from the weather, and enough spare time to visit an occasional football match or race meeting, almost any ramp can be "put over" on him without serious protest. Having been put into a position in which it was necessary to fight a European War, in which he performed miracles of valour and endurance, the Englishman has consented to be taxed four times as heavily as any other combatant. He has remained passive under a financial policy which has condemned him alone amongst either victors or vanquished to a period of five years of unexampled trade depression, and has drained the country of much of the best talent which survived the War. He has agreed to terms of settlement of a War debt to America which was incurred chiefly for goods supplied by America, not to himself, but to European nations, these terms being not that he shall return the goods supplied, but that he shall return the money which was not supplied. And he has agreed that the European nations to whom the goods were supplied shall in their turn be relieved of the necessity of returning either goods or money. Of course, all this may be very Machiavellian, but plain foolishness would seem to be an equally apt description.

There is, however, an aspect of British affairs which does lend some cloak to the prevalent Continental idea, and the report of the "Investigators" into the affairs of Messrs. Vickers, Ltd., is perhaps a very good instance of it.

At the outbreak of War Messrs. Vickers were one of the two great armament firms in this country. Quite naturally the first pressure of the demand for munitions fell upon them. It was not, I think, at that time generally known that the controlling influence in Vickers was held by Sir Basil Zaharoff (of Messrs. Schneiders, the great Creusot armament firm), whose method of work in this country (in common with those of many other financial powers) was to operate through nominees. One of the gentlemen very closely associated with Sir Basil Zaharoff in this country was Mr. Dudley Docker, one of the three "Investigators" who signed the report.

As the War proceeded Messrs. Vickers and their associated Companies naturally expanded. I have no knowledge as to how much money was actually paid to Messrs. Vickers during the years 1914-1918 by the British Government, but it is safe to say that it must have amounted to hundreds of millions sterling. During the same period, many competing Companies came under their control, some of which have since been shut down. The ordinary shares of the parent Company were issued to the public at par or over.

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No doubt, having regard to their tremendous extensions and the large pay roll which they had to meet weekly, Messrs. Vickers became committed to the Banks, presumably the Midland Bank, for large loans during the War period and the short-lived industrial boom of 1919-1920. In the letter signed by Mr. Douglas Vickers dated December 9, it is stated that the Board "invited" Mr. F. Dudley Docker, Mr. Reginald McKenna, and Sir William Plender to make recommendations as to dealing with the situation which has since accrued as a result of the inability of Messrs. Vickers to find a market for their goods in peace time. I think that the word "invited" must be conceded a broader meaning than usual, as employed here.

To put it shortly, the recommendations from this Committee involve the "writing off" of nearly 8½ millions of ordinary capital, and providing out of reserves and profits the further sum of nearly 4½ millions. The report concludes with some very interesting suggestions as to re-organisation, and the not uncommon strictures on the technical management of the undertaking, coupled with the usual hint that salaries and staffs will be drastically reduced.

The first point to notice about this report is that the holdings of debenture and preference stockholders are untouched by the re-construction scheme. Mr. McKenna and Mr. Dudley Docker are Chairman and Director respectively of the Midland Bank, Sir W. Plender being a technical expert. It is one of the first conditions of Banking assistance that a Bank's claim must always rank first, and it seems fairly certain, therefore, that the Midland Bank has an interest in Messrs. Vickers which is largely a debenture and "Note" interest, and I should think it extremely probable that the interests represented by Mr. Dudley Docker are very largely preference share interests.

The effect of writing down the ordinary capital is to increase the value of the preference shares and debentures, and the transfer of sums out of reserves and profits is the transfer of purchasing power from the shareholders to the same destination. To put the matter in a fairly simple form, had those sums been distributed to the ordinary shareholders it is most improbable that the shares would now stand at 7s. in the market, or to put the matter in the reverse way, by placing sufficient sums to reserve it is possible to prevent an ordinary share ever paying a dividend, thus making it valueless in the market. So the processes which the ordinary shareholder is asked to accept are as follows:—

(1) He has provided roughly 12 millions out of the 20 millions of Messrs. Vickers' capital.

(2) As a taxpayer he has probably paid for munitions sums which enabled Messrs. Vickers to place £3,600,000 to reserves and £804,000 to profit. (Remember that these sums appeared in the price of Messrs. Vickers' products and their post-War business, largely export, is stated to be a losing business.)

(3) Instead of dividing these sums as dividends they have been retained in the accounts, with the direct result that his shares have fallen to 7s. in the market.

(4) These sums, inter alia, are now to be applied to justify the reduction of his holding of ordinary shares to the value to which it has been reduced in the market, that reduction in the market price being itself due to holding up the dividend.

It is particularly necessary to notice that the excuse for writing down the ordinary shares is that it is only a paper transaction (so is a dividend warrant!), but that if not so written down, future earnings would have to be appropriated to writing down the

assets. Sir William Plender will perhaps explain exactly the physical process by which you apply earnings received *via* prices, to writing down assets, when you do not buy plant with the money so applied. Who gets the actual money? The reply that it is only a paper transaction will not be accepted. I think the ordinary shareholders might ask:—

(1) Are Messrs. McKenna and Dudley Docker supposed to be disinterested arbitrators, or do they represent some "interest"? If the latter, what "interests" do they represent, and who represented the interests of the ordinary shareholder, whose interest is the sole interest penalised.

(2) If the reserves and the amount standing to credit of profit and loss account are not entries in the accounts so misleading as almost to merit a harsher term, they *could* have been distributed as dividends (apart from any question as to whether that would have been good policy). That is to say, they were, are, or could be, money. What would have been the exact mechanism by which these accounts could have been transformed into money, and paid as dividends, and who is it now says that these same accounts can no longer be transformed into money? (Remember that the report says there is no physical change in the condition of the plant of the undertaking.)

(3) How many debentures are held by Banks? How did they acquire them, i.e., are they pledged for loans, bought in the open market or taken up on issue? At what price were they acquired?

Now, I can imagine an intelligent and instructed Frenchman being very cynical over this report, and the unctuous propaganda which accompanied it in *The Times* and elsewhere, but he would probably be mistaken in his assumption. Mr. McKenna and Mr. Dudley Docker are, really, not the smooth rogues that they would appear to him to be. At least not consciously. The matter is much more serious than that. They are probably idealists.

(To be continued.)

The American Mind.

By John Gould Fletcher.

"Beautiful world of new superher birth."—Walt Whitman.
"History is bunk."—Henry Ford.

I.—THE BACKGROUND.

We are the oldest and yet the youngest of the nations of the world; born with the wind of liberty blowing in our ears, we were weighed down in the cradle with the leaden pall of a tradition imposed on us from without, an authority we were too callous to understand: we are the barbarians who have assumed the purple to drag it through the marketplace, the pioneers who strive to uphold a world fallen into ruins—for a price; the art-desiring, art-destroying paradoxes of the latter end of man.

When the last of Europe's Cæsars turned his face to the sea at Saint Helena, the axes were still felling the virgin forests that stood deep about the Mississippi; when Europe flamed up in the fires of '48, we were grubbing gold out of the rivers that flowed from the tan and amethyst-tinted hills of California; when the Russian Czar by a stroke of the pen freed ten millions of serfs, we drenched ourselves in blood for four years in order that the smiling and patient African children that our own forefathers had brought to our shores should be corrupted with votes and race-riots; when France grew weary of her puppet-Napoleon and the German Eagle spread his wings over the blood-soaked fields of Sedan, we were driving the last iron spike that held together three thousand miles of prairie, mountain and shore; when the great Queen of England grew

weary, and her throne began to look a little faded, we shook off from the Caribbean the decrepit arm of Spain.

We invaded Europe to the tune of our jazz-drums to speed up to fever-heat the agony of the last of your wars; and a hundred of your battles were fought to the flicker of our cinema-screens. The peace you made is yours; the booty, the cocksureness of victory, is ours.

We are of no race, of no colour, of no religion, of no culture, of no tradition. We have taught men to live with each other though they mock and despise each other. We have set woman on a pedestal under the stars, and have laughed when she took the airs and graces of a Parisian cocotte. We have washed out all differences of opinion into a watered-down tolerance of mediocrity and vulgarity; we are covering the world with a uniform, cheap, meaningless, universal, commonplace blather of sentimental "normality." Into this all your profound divisions, all your noble exceptions, all your heroic causes will sink forever and ever. It will be the kingdom of heaven for the "red-neck" and the "hick"; the intolerable paradise of the "go-getter," of the smart and slick "grafter."

Each year we pour a new flood of tourists over the world to gape and chatter at the works of art created by dead and gone craftsmen of the past who lived in more harmonious and seemlier days—and to return home equally as imbecile as they set out. Each year we make life a little more nerve-racking, a little more superficial. Each year we keep abreast of the times by importing everything from Europe we can lay our hands upon. Each year we spend millions of dollars on ant-like education for the ant-like heirs of the future who will spend their time riding around in motor-cars and mocking the inner faith of the great creators. Each year the laughter of the few among us who care for human dignity and refinement becomes harsher, more menacing in its despair.

What will stop us? The Great Wall of China? We will swoop over it in our aeroplanes, change the Forbidden City to Coney Island, and lay out the tombs of the Ming Emperors into building-lots!

From northern New England to the borders of Alabama the great chain of the Appalachians rising in parallel ranges, divided by narrow and once densely forested valleys, barred the first settlers in the United States from its interior. The original country was therefore a strip of territory varying from fifty to two hundred miles in width and watered by rivers flowing into the Atlantic Ocean. This country was sub-divided into thirteen colonies, nominally independent, and sub-divided from each other by the thinness of the population and by bad communications. The life they led was the life of the English countryside, transported to the frontier, and at each step losing some of its grace and gentility. A few small towns, English and provincial in tone, Boston, New York, Philadelphia, Baltimore, Richmond, Charlestown, Savannah, kept up some show of culture and refinement. But the most educated section of the population, the Loyalists, were lost in the Revolution.

The obstacles that prevented the white man from rapidly colonising a continent were the forces of nature. A dense forest, abounding in game and lurking Indians, stretched from the Appalachians to the Mississippi. Beyond that for a thousand miles were the prairies, treeless except about the rivers, a great plain of grass where millions of buffalo roamed. Beyond that again were the great mountains, a desert plateau intersected by canyons, another great range, and the Pacific Slope, as far from the Atlantic as New York is from England. Yet

the descendants of the original settlers contrived to cross this entire continent in less than fifty years.

In 1803, by the Louisiana Purchase, three million square miles of territory, nominally French, were added to the domain of the United States. In 1811, the most dangerous confederation of Indian tribes, that which guarded the approach to the Mississippi, was broken. By 1820, settlers were already across the Mississippi. In 1828, the last of the old Federalist aristocracy, John Quincy Adams, ceased to be president, and a backwoodsman, Andrew Jackson, was elected in his place. In 1849, gold was discovered in California, and the trek across the continent to the mining camps of the Far West began.

This vast movement was only made possible by the operation of three factors: first, the hardihood of the pioneer stock; second, the sporadic nature of the Indian resistance; third, the development of the steam engine and the steamship. By an ironic dispensation of Providence, the advent of the United States on the world's stage coincided with the coming of mechanical progress.

All this had an immediate effect on the type of mind that America was to produce. The pioneers that took the road to the West were of two types—the smart, pushful Yankee trader, the open-handed, reckless outlaw. Both were individualists pure and simple. Neither was in any way interested in the aesthetic aspects of life. The passion to get rich quick coincided with the passion for adventure. Between them they produced, especially in the Middle West, the type of mind that is known as "one hundred per cent. American"; the mind that measures its own satisfaction and the satisfaction of its neighbours by the possession of a motor-car, a centrally-heated house, and a large banking account.

In this movement the older South took no part. It hung back, wedded to its planter aristocracy, supported by negro slaves. This aristocracy remained mentally in the eighteenth century. Its ideal was a political or social career, not an intellectual one. But around Boston and New York a feeble trickle of ideas and literary development began among the older families. Irving, Cooper, Bryant, Emerson, Poe, Thoreau wrote. Of these only Poe came from the South; and he paid for his defection from the ranks of polite Southern society, which looked on authors as an inferior species, with a life of semi-starvation.

Meanwhile the flood of immigration had begun. It started in 1840 with the Germans and Irish lured across the ocean by promises of unlimited wealth and prosperity. In ten years seven million souls were added to the population. Chicago which had been a few huts on the frontier, became a city. Irish and German alike went North and West; the South, except about the Mississippi, where steam-boats began to make their appearance, remained stagnant throughout the "roaring forties."

The last Indians were dispossessed of their lands where their ancestors had roamed and hunted, and were dumped into desert places; the slaughter of the buffalo began; lawlessness ruled the West; New England worked itself into a fever over abolition; Northern and Southern representatives attacked each other openly in the Senate Chamber in Washington on the subject of slavery.

This was the period that gave us Melville, Whitman, Grant, Lincoln—men of aboriginal force, types as extinct as the buffalo; creatures who combined the intense Puritan earnestness of their pioneer forebears with a rank animal vigour derived from the soil.

Into the midst of these stirring and picturesque days the South threw its last challenge. When the smoke of battle blew away four years later, the

South was broken. And the old New England mercantile class, which had formerly run neck and neck in competition with the British for the shipping-trade of the world, put wreaths upon the graves of their sons and closed their counting-houses.

The force that had broken the South was the force of numbers. The numbers were provided by the North and Middle West—Ohio, Indiana, Iowa, Michigan, Wisconsin. And the men from these regions were uniformly of German and Irish extraction. The old Anglo-Saxon pioneer stock became a dwindling and doomed minority. Henceforth and for the rest of American history, it has acted on the defensive against the immigrant.

The stage was now set for Wall Street, for the orgy of speculation that made the first enormous fortunes (up to this, no one in America had been too rich or too poor), for the rapid growth of the factory and the slum. Factory labour was demanded, and the Italians came. More factory labour was asked for, and the Swedes came. Persecution of the Jews under Nicholas I. in Russia sent many exiles across the Atlantic. Hungarians, Greeks, Lithuanians—all the nationalities of the Old World flocked into the "land of promise" urged by the scent of dollars and the magic tale-spinning of steamship agents. The country had become the melting-pot of races. Yet the Anglo-Saxon minority held on to political power. Even to this day, the offspring of New England Puritan farmers sits in the White House. Political power meant the control of money-power; money power meant the control of the immigrant. The country was to be ruled, for ever and ever not by ideals, not by intelligence, but by the power of prosperity and the dictation of finance. The vicious circle was complete.

In 1898, America became an Overseas Empire. She added to her domain Hawaii, Cuba, Porto Rico, and the Philippine Islands. In 1913, on the eve of the war, the Panama Canal Zone was added, and Mexico threatened. Meanwhile the industrial game had gone on madly and merrily. Standard Oil became a gold-mine for the Rockefellers. Some time about 1910 the cheap motor-car made its appearance, putting Detroit on the map, and making Henry Ford the richest man in the world. During the war itself, the cinema became, not an art, but the sixth largest industry in the United States. And so it went—and goes.

The United States entered the war in order to make "the world safe for democracy." Their conception of democracy we may leave to a further chapter of this story.

What is Europe?

By Henri Hauser.

III.

To sum up; there is no Europe—it exists no longer. The concept Europe does not correspond with reality.

How comes it then that this idea survives? Because Europe, to him who views it from without and from a distance, still appears to be a whole. Let us make this thought plainer by a formula: the idea "Europe" is an American idea. And here we must make a distinction: the American of the East, the New Englander, is permeated by English culture, and accustomed to cross the ocean. He knows that the continent beyond the ocean, the little continent, where his ancestors sleep, is a world of boundless diversity. Among the different European States he looks for no such relations, as a history quite different from ours has formed between Illinois and Arkansas, between Louisiana and Oklahoma. But for the farmer of the Middle West, Europe is a multitude of purchasers who for good or bad prices will take from him his corn and his land.

Viewed spiritually it is that portion of white Christian humanity whose defect it is not to be American, for every citizen of Chicago or St. Paul has the naïve pride of the member of a Boasters Club. To him, used to travelling for days together in a Pullman car, Europe is a wonderful, contemptible land where, between breakfast and lunch, one is every moment encountering frontiers; frontiers with Customs barriers, soldiers, national antipathies—all these inventions of the devil. Why boundaries between Paris and Brussels, Paris and Ghent, Prague, Vienna and Warsaw? Europe and its quarrels between States as diminutive as Rhode Island or Vermont—this for him, as I have said elsewhere, is the nut-shell which Mikromegas takes between finger and thumb to see how the philosophers thereon quarrel.

But what shall we say, then, of the Californian who is so far from Europe but so near to the restless ocean to which the irony of history has given the name "Pacific"? What shall we say of the Afrikander, of a Smuts? Europe disturbs these people, it hinders them from purchasing and selling, and the noise it makes robs them of their sleep. "Quiet!" they cry to the lowest class in the elementary school, which Europe is to them. If we are "good" they will willingly help us "to reconstruct Europe."

And, like them, we say, as a matter of custom: Europe. But the history, rich as it is tragic, of the European nations themselves protests against such simplification. Italy, Germany, or France—we have no sort of similarity with Isona or Missouri; we have lived too long, have had too many adventures and with too many comrades, to have our soil cut up into interchangeable divisions. 36° 30' or any other geographical latitude or longitude; all that would have no sort of sense on this side of the Atlantic Ocean. Our boundary lines, as well as the mutual ties between our peoples, are much more enduring than appears to the mind of the geometrician.

This is which makes the idea of a Pan-Europe a chimaera, and, indeed, a dangerous chimaera, since if England is excluded from this Europe, we cut the strongest tie which connects our old nations with the young European communities on the other side of the ocean; since, further, if Europe is shut off from the Soviets, the frontier of our culture is finally fixed just east of Warsaw, while Russia falls back into the Tartar world; and since, finally, this two-fold exclusion confronts Berlin and Paris in the most threatening way.

Pan-Europe, this freak, would take account neither of the strong individualities of the European nations, great and small, nor of the extremely fine intimately interwoven and inter-crossing threads which connect every one of these nations with other parts of the world. By opposing masses to masses, a Pan-Europe to a Pan-America, to a Sovietised-Asia, to an Ethiopianised Africa, it would prepare the most frightful of all wars, a war between whole worlds. And to begin with it would set up against American protection a series of continental protections. But this economic Imperialism would be in no way favourable to peace.

Geographical contiguity is certainly a power which politics may not disregard. Not for nothing are France and Belgium, Switzerland, Germany and the Netherlands, ranged in varying contact round Father Rhine; this proximity creates among them, whether they will or not, a solidarity. But this solidarity is now strengthened, now weakened, but always supplemented, by a force which is mightier than that of geographic fate, the power of selective affinity.

Between France, Switzerland, the Netherlands, Great Britain and the United States, e.g., there are bonds other than those of geography: that tradition

which, taken to Ghent by the Picard, Jean Calvin, and the Burgundian, Theodor de Bèze, inflamed the "Patriots" of the League, crossed the Channel with John Knox, took passage on the Mayflower, and returned to us with Lafayette from the New World, in order finally, in the form of the descendants of Washington's warriors, to help us in Champagne and in Lorraine to keep the world safe for democracy. And in Europe itself are not those States linked by spiritual bonds with that Czech democracy which the funeral pyre of John Huss illumined—shortly before, with us, that of the Maid of Orleans flamed up?

There are, then, in the world of the spirit transverse connections which cannot be included in any geographical formula. On these realities, not on false and antiquated solidarities, must the world-peace be founded. It is time to blow the chaff of words to all the winds in order finally to get to the grain of facts. Formerly we heard the call: "Be good Europeans." The hour has come when, disregarding all frontiers, we must collect into one union all those human-beings who besides serving their Fatherland are willing to be good citizens of mankind.

Fear.

By Wilhelm Haas.

(Translated from the *Europäische Revue*.)

The atmosphere of present-day life in Europe is fear. But ever since the war-years memory has recorded with growing clearness that long before the war men felt, as the undertone of all life, a certain innermost uneasiness and a profound dissatisfaction. The causes were many: the uncertainty of the political situation; accentuated class-distinction; among the well-to-do the disproportion between the capacity for happiness and enjoyment and the desire for these things; among the lower classes, on the other hand, the gap between capacity for enjoyment and the means to satisfy it. The war itself appears more and more as a product of this situation; it was produced by the situation, but it did not solve it, still less set men free from it. The causes and irritants still continue, and the war has made only so much clear—that the vague uncertainty and the manifold varying feelings we have indicated were realised for what they always were: fear.

If we recognise this fear as the basis of life, we understand why all the fears and disquietudes which gather round the ideas of safety and treaty, boundary determination and annexation, and the like, bear the bewildering character of the abysmal and the insoluble. For nothing would be more false than to suppose that they themselves and the problems contained in them were the causes of the catastrophe. It is the other way about; fear and the insecurity connected with it arise from deeper (historical) sources, they are there, and the concrete aims of policy—which in themselves, of course, are weighty questions—are yet rendered menacing essentially because fear enters into them and blows them out into phantoms far bigger than their actual importance would justify.

What now are the roots of this fear? They go back more than 150 years, and consist in the proximity of human beings to one another, of individuals, as well as of peoples and States, enormous which during this period has grown with enormous intensity. But "proximity" is meant first of all, and particularly, by no means in the literal, the spatial, sense—although, of course, here, too, is a factor of profound consequence. Rather we must understand this proximity as a mental-spiritual proximity. It is the mediate consequence of the collapse of the boundaries which human society had

set up within itself, the collapse of the hierarchic order of the Middle Ages, of the modern arrangement of the "classes." In these forms of human existence there may have been negative feelings enough, hatred and envy, and anxiety about being attacked, but fear as an elementary social phenomenon could not occur. The distance which was recognised and felt as something fundamental between the possible and the actual in human affairs made it impossible. Only when the boundaries fell and what man was exerted its action and reaction on all, in the same plane, was the pre-requisite for fear created—but little visible so long as the struggle for the new values of life kept it hidden and stifled it.

But it was precisely these new values which, in proportion as they descended from the realm of ideas and determined the conditions of life, made permanent the most profound change in the basis of existence. And we need not discuss whether this depends on the nature of these ideas or in chance circumstances which could have been or may yet be changed. For what has become of these ideas in the course of their development?

The idea of the autonomy of the individual and that of the equality of all have led, first, to the equality of claims and so to an ever extending specialisation on both the material and the mental planes; for only this specialisation could, in the altered world, give the individual the appearance and the consciousness of his independence, just as the development of administration and of technique demand differentiation as a necessity of existence. But the consequence of this process is that men who were outwardly separated by specialisation were inwardly, through the substantial and still persisting unity of the separated mass, brought so much the more closely together.

On the other hand, the humanistic idea of the whole human race as an earthly phenomenon to whose perfecting everything is referred, has been degraded to the claim, now becoming general, that everything must be shared, to an incapacity for renunciation; and it is especially in the domain of education and of mind-formation that this pernicious influence makes itself felt. And here the consequence is the converse of that in the first case, through their common aim, through the similarity of their efforts, men are drawn into an immediate proximity, to which, however, corresponds only the internal friction of competition, because this proximity remains external.

Thus it comes that near and far, because in disorderly fashion they run into each other and against each other, give to one another neither tranquility nor any confidence in mutual compensation. From proximity borne with repugnance and from the feeling of distance (which, however, must be rejected as unjustified and not final) results, with the consciousness of the hopeless inalterability of this condition, Fear. To make conditions yet more poignant comes the fact of the vast increase in the population of Europe since the beginning of the nineteenth century. The pressure of this mass, which everywhere quantitatively affects the mode of living, sharpens fear as an atmosphere of life, in particular because the foundations of existence which were in any case so uncertain threaten to give way under its weight. As always in such times, when the lack of a recognised order of worth and rank presses men together and again forces them apart, longing takes refuge in ideologies and eschatological imaginings; the optimist of a science rationally ruling and guiding the world, as Positivism would have it, soon collapses, it is true; so much the more powerfully acts the Socialist teaching; particularly in the present form of Bolshevism, which is nourished from both sources. Eastern influences

in Theosophy and similar phenomena, radical Pacifism, and other ideas of absolute Communism complete the picture.

Necessarily this state of things affects also the relation of the nations to one another, although here the result will appear later and will be visible only on the large scale. But the more we approach the present time the more noticeable it is how the known aims and directions of action of the nations no longer coincide with the real motives; though this divergence may not be due to an intentional insincerity and concealment in their policy. Rather it is as if the nations were driven on their way by a power which they themselves do not know and which in the obscure consciousness of threatening danger drives them dissatisfied from goal to goal. We have seen what this power is. Here, too, the war and the condition following it has only made more evident the relations which already existed. The picture which political Europe presents to-day is that of a body permeated by fear. It is dominated by distrust and is distinguished by its readiness to interpret everything that happens as a confirmation and cause of its condition, and thus to strengthen this. And its reactions correspond: every irritation wherever it occurs propagates itself at once in all directions and is strengthened by the resonance which it everywhere finds. Instead of relatively independent circles in the organism as it were capturing the irritation and benevolently limiting it, the elimination of internal checks exposes the organism unresisting to all attacks—the typical picture of the organism standing under the pressure of fear. This is the explanation of the unlimited extent of the danger zone in Europe and beyond Europe. (We recognise, however, that it is less an elimination of all barriers between nations that Europe needs for its cure than a stable and reasonable delimitation of the structure that is to be accounted a nation.)

But what hope is there that this condition can be changed into another and a better one, and what are the means by which such a change may be brought about? The most powerful means of cure are usually those which the organism attacked by the illness produces from itself. We are not in danger of being misunderstood if we think of the League of Nations as an institution, the idea of which had its origin in fear, and which should at once banish fear. This is not to depreciate its value, but to give it for the first time the significance of a really historical phenomenon. This it is, if its meaning is rightly conceived. But this meaning follows from what has been said: fear as political atmosphere with its sequences can be broken through only if somewhere a political transaction takes place which is not based on the principle of *quid pro quo*, and which is not deprived of its free, creative character by a bulwark of provisos and guarantees. An act of trust is necessary. But in the present state of Europe no one can have the courage for such an act of trust, and with some reason, because each must fear that this act would be exploited to his detriment. And here comes in the idea of the League of Nations, and from this the idea of view its function must in reality be understood—if indeed the League realises the idea for which it stands: *the League of Nations is, according to its principle, the institution within which, and through which, political acts of trust become possible, because it affords a guarantee against the abuse of this trust.* Its function cannot be exhausted by the hindering of aggressive warfare and by punishing it and by similar negative tasks. Only when the League of Nations can with justice be defined as the possibility for political acts which are based on trust will it fulfil its meaning and will Europe become free from fear.

The Death of Dostoevsky.*

I.

January 25 was a Sunday, and we had many visitors. Professor C. F. Miller came to ask my husband to give a reading on January 29, the anniversary of Pushkin's death, at a literary evening for the benefit of poor students. Not sure that his article in *The Journal* would pass the censor, in which case he might have to write a new article, Fiodor at first refused; but finally he agreed. As all our visitors noticed, Fiodor was quite well and cheerful, and nothing foreboded what was to happen a few hours later.

On the morning of January 26 Fiodor got up as usual at one o'clock, and, when I came into his study, he told me that during the night the following circumstance had occurred. His penholder dropped on the floor and rolled down under the bookcase. Now he wanted the penholder; for he used it not only for writing, but also for making his cigarettes. So in order to find it he shifted the bookcase, which was heavy. Owing to this effort, an artery in one of his lungs suddenly burst, and blood came from his throat. But as the hæmorrhage was only slight my husband paid no attention to it, and did not even trouble to wake me. As I listened to his account I became much alarmed, and without saying a word to him I sent our errand boy, Peter, to fetch Doctor I. von Bretzel, who always attended him. Unfortunately the doctor had already gone out, and would not be back before five o'clock.

Fiodor was perfectly calm. He talked and played with the children,† and then began reading the *Novoye Vremya*. About three o'clock a friend came to see us, a very kind man whom Fiodor rather liked, but who had the fault of always entering into terrible discussions. They began to talk of Fiodor's coming article in *The Journal*. The man began to argue some point; Fiodor, who was somewhat upset by the hæmorrhage of the previous night, replied, and a heated discussion arose between them. My attempts to stop the argument failed; although I told the visitor twice that Fiodor was not quite well and that it was bad for him to talk so much and so loudly. At last about five o'clock the visitor left, and we were on the point of having dinner, when all at once Fiodor sat down on his couch, and was silent for a couple of minutes. Then, to my horror, I suddenly noticed that his chin was covered with blood, which ran in a thin stream over his beard. I cried out, and the servants and children came running to my call. Fiodor, however, was not alarmed; on the contrary, he began asking me and the crying children to be quiet. He took the children to his writing table and showed them the number of the just-received *Dragon Fly*, with a cartoon of two fishermen, entangled in their nets, and struggling in the water. He even read the accompanying verses to the children, and did it so merrily that they calmed down. About an hour passed, and the doctor arrived. When he began examining and sounding his patient's chest, a new hæmorrhage occurred, and this time it was so violent that Fiodor lost consciousness. When he came to, his first words addressed to me were:

"Anya, I beg you, send immediately for a priest, I wish to make my confession and to receive the last sacrament."

Although the doctor began assuring us that there was no particular danger, yet to set the patient at ease, I did as he wished me. We lived near the Vladimir Church, and Father Megorsky, who was summoned, arrived in half an hour's time. Fiodor received him calmly and kindly and remained closeted with him for some time. When the priest left, the children and I went into the study and Fiodor blessed me and the children and asked them to live in peace, to love one another, and to love and cherish me. When the children had left the room, Fiodor thanked me for the happiness I had given him and asked me to forgive him if he had ever caused me pain. I stood more dead than alive, not having the strength to make any answer. The doctor came in, settled Fiodor on the couch, and forbade him the least movement or conversation. Then he asked me to send immediately for two other doctors—his friend Pfeifer and Professor Koshlakov (the latter of whom my husband had often consulted). Koshlakov understood from Doctor von

Bretzel's note that the patient was in a grave condition, and he arrived at once. This time Fiodor was not subjected to an examination, and the Professor declared that, as so little blood had been lost (two glasses during three hæmorrhages), a "stopper" might be formed, and then Fiodor would be on the way to recovery. Von Bretzel spent the night with Fiodor, who seemed to sleep quietly. I, too, went to bed only in the morning.

The whole day of the 27th passed quietly. Fiodor had no hæmorrhage, and had evidently calmed down. He was cheerful, asked me to call in the children, and even spoke to them, in a whisper. In the afternoon he began to worry about *The Journal*. The foreman from Souvorin's printing house brought the last galley, and there were seven lines too many, which had to be struck out. I suggested to my husband that I should do it, and he agreed. I kept the foreman waiting for half an hour; but after two corrections which I showed to Fiodor, the matter was settled. On learning from the printer that galleys of the January number of *The Journal* had been sent to the censor and passed by him, Fiodor felt greatly relieved.

The news of Fiodor's grave illness spread through the town, and from two o'clock till late at night the door bell kept on ringing, so that we had to tie it up. Friends and strangers kept on coming to inquire about Fiodor's health, and letters of sympathy and telegrams kept on being delivered.

According to the doctor's orders no one was to be admitted to the patient; but I came out now and then for a couple of minutes to tell our friends of his condition. Fiodor was very pleased too by the general attention and sympathy, questioned me in a whisper, and even dictated me a few lines in reply to a kind letter. Professor Koshlakov arrived, and said that the patient's condition had considerably improved, and assured him that he would be up in a week's time and would be quite well in a fortnight. He ordered the patient to sleep as much as possible; and, therefore, we all went early to bed. As I had spent the previous night without sleep, in a chair, I had a mattress brought in now and placed on the floor by the couch on which Fiodor lay, so that he could easily wake me at any moment. Tired as I was, I quickly fell asleep; but I got up several times during the night, and, by the light of the night lamp, I saw my dear patient sleeping quietly. I awoke at 7 o'clock, and saw my husband looking in my direction.

"How do you feel, my dear?" I asked him as I bent over him.

"Do you know, Anya," Fiodor said in a whisper, "I have been awake these three hours and thinking all the time; and I have just realised clearly that I shall die to-day."

"My darling, why should you think so?" I said in terrible anxiety. "You are better now, you have had no hæmorrhage, and probably all is going well, as Koshlakov said it would. For the love of Christ, do not torment yourself with doubts. You have still a long time to live, I assure you."

"No, I know that I shall die to-day! Light the candle, Anya, and give me the New Testament."

That copy of the New Testament was given to Fiodor as a present, in Tobolsk, at the time he was on the march to Siberia to serve his term of hard labour, by the wives of the Decembrists (Mesdames P. E. Annenkov and her daughter, Olga N. D. Muraviov-Apostol, Von-Visin). They entreated the prison inspector to allow them to see the blessed prisoners, with whom they spent an hour. They blessed them, crossed them, and gave each one of them a copy of the New Testament—the only book allowed in prison. Fiodor during the four years of his hard labour never once parted with the holy book. And all his life afterwards that book was always on his writing table. Very often, as he thought of something or doubted something he would open the New Testament, and read the first lines on the opened left-hand page. This time, too, Fiodor wished to verify his doubts by means of the New Testament. He opened the holy book

It opened on St. Matthew, Chapter III., 14.

"But John forbid him, saying, I have need to be baptised of thee, and comest thou to me? And Jesus' answering said unto him, 'Suffer it to be so now: for thus it becometh us to fulfil all righteousness.'"

"Do you see, Anya? 'Suffer it to be so now,'* it means that I am to die," my husband said, and closed the book.

* In the old Russian version the word "suffer" is translated "do not hold me back."

Foreign Literature*.

By C. M. Grieve.

II.

Saintsbury complained of Coleridge, De Quincey, Hazlitt, and others, that "while most of them were much less intimately acquainted with the classics than the critics of former generations had been, this deficiency was not generally compensated by any of that extensive knowledge of modern literature which the ruleless or scantily-ruled system of criticism imperatively requires," but, in the event, it appears that the lack of such knowledge is quite as dangerous a drawback to the exponent of the most heavily-ruled system, no matter how intimately acquainted with the classics he may be. For, as he says himself elsewhere, the critic "must read, and, as far as possible, read everything—that is the first and great commandment. If he omits—that is a period of a literature, even one author of some real, if ever so little, importance in a period, he runs the risk of putting his view of the rest out of focus"—which is precisely what has happened to his own survey and given it that effect of myopia—and even, within its short range in relation to this period, astigmatism—with regard to the principal field of vision for world-criticism now. He was on safe ground when he declared, in the course of his note on M. Joseph Texte and *La Littérature Comparée* that "I have never myself, since I began to study literature seriously almost forty years ago, had the slightest doubt about 'world-criticism' being not only the *via prima*, but the *solis* of literary safety," and yet, concurrently with that, he could admit with an assurance of immunity which his own principle in no way sanctioned that he knew, amongst other European languages, no Russian, but "cannot learn from any good authority that this disability is likely here to be fatal, or even injurious." Russian criticism, he believed, "belonged to the far-off fringes of our subject, and we have only too little room for its central and substantive portions." And yet in theory he would have conceded that it would be extremely strange if writers of major consequence to Europe as a whole emerged in a country without critics of the same nationality having to some extent prepared the way for them or at any rate supplied that progressive interway or that, after preliminary recognition, affected their subsequent production. And he would have conceded that any critic who had rendered such services was entitled to a place in his *History*.

Apart from that his European studies generally should long ere that have disposed him to look with especial expectancy towards Russia since he had himself, apropos Matthew Arnold, emphasised "as universally and everlastingly profitable . . . the charge always to compare literatures of other countries . . . free from the political-religious-social diathesis of the actual patient." The actual patient in his case being European criticism considered as bound up, for all practical purposes, with the Big Three, Russia obviously stood to a Europe so conceived in the very position he indicated, and therefore merited his attention in a unique degree.

* As Prince D. S. Mirsky points out in his *Modern Russian Literature* (Oxford University Press, 1925), the "religion" of the Russian Radicals "about 1870 assumed its most typical Russian form in the doctrine of the Populists (*Narodniki*). Their occidentalism was partly mitigated by their 'discovery' that the Russian peasant was a born Communist and had consequently nothing to learn from Western Socialism. . . . But whatever their attitude towards the Russian peasant, the Populists maintained an unwaveringly hostile attitude to all the traditions of State and Church, to Autocracy and Orthodoxy." Three at least of the succession of Radical critics, who virtually ruled Russian intellectual opinion while Russian Radicalism was evolving to this point, ought to have had Saintsbury's attention—Belinsky (1811-1848), Dobrolybov (1836-1861), and Pisarev (1840-1868). Belinsky, says Prince Mirsky, "whom some still believe to be a 'great critic,'" was certainly a giant in comparison with at least seventy per cent. of the critics with whom Saintsbury dealt. "The real creator of Russian literary and journalistic criticism," says Brückner, "the 'Russian Lessing'—how far Belinsky stands below Lessing in knowledge, critical spirit, and philosophical capacity and training, how high he overtops him by the living effect of his word!" Pointing out that in his second period of activity (1841-8) Belinsky had come to such conceptions of art as compelled him to place the realistic in the foreground, Brückner proceeds: "As Plevóv once did for Pushkin, so he (Belinsky) now defends, explains and admires Gógol, the 'Revizor' and the 'Dead Souls' ;

*Continued from THE NEW AGE of December 3.

so, too, he now takes under his protection every new display of talent in which he scents a modern touch, such as the 'Poor Folk' of Dostoevsky, and the first attempts of a Goucharov, Herzen, Grigorovich, etc. It was entirely under his blessing that the whole literature which followed grew up; it felt his impelling power and always gratefully acknowledged it and extolled him as its greatest teacher. He urged on Koltsóv, brought Lérmontov nearer to the reader, and, above all, expounded the older literature, reaching back to Pushkin and Griboédov, Zhukóvsky and Bátyushkov, and still further. And the forces of the anti-aesthetic doctrines of Dobrolybov and Pisarev (not to mention Chernyshévsky, "the great scholar") had set in motion the most important critic in the Progressivist camp was Mikhailovskiy (1842-1904), whose essays on Tolstoy and Dostoevsky are, as Mirsky says, "noteworthy." Skabichévsky's *History of the Most Recent Russian Literature* (i.e., from 1848 onwards) ought to have had at least his paragon as well. Then on the Conservative and Slavophile side Strákhov and his *Struggle with the West in Russian Literature*, and the lectures on contemporary Russian literature of Drest Miller merited mention. And so on. Leontiev (1831-1891), whose book on Tolstoy's novels, says Mirsky, "is, I think, the best critical work in the Russian language," Merezhkovsky, whose book on *Tolstoy and Dostoevsky* (1901-1902) "marks the summit of his achievement," the cruel and intensely subjective critical writings of ment," the cruel and intensely subjective original commentaries of Vasilevich Rocanov and Leo Shestov, these mentaries in so far from belonging to the "far off fringes" of Saintsbury's subject, should have been discerned as at the very heart of things in 1904, and were, at all events, indispensable to an understanding of the momentous developments that were already *en train*, and have so profoundly affected world-literature since.

Note.—Very little Russian criticism is yet obtainable in English translation, but the following books are: *Merezhkovsky's Tolstoy as Man and Artist*, with an essay on *Dostoevsky (Constable)*; the same author's *The Life Work of Calderon; Ibsen; Montaigne; Pliny the Younger; Flaubert; M. Aurelius, etc.* (Alexander Moring); and *Shestov's Anton Tchekov and other Essays*, S.S. Koteliánsky, and J. Middleton Murry.

The Gramophone.

No value could be more false to the realm of education than the principle that a child's mind, when education begins, is blank, like the blackboard. An educationist of considerable reputation, and prominent also as a psychologist, has said recently "that at first the infant's brain is a duplicate recording surface, which possesses the potentialities and characters of both an unexposed photographic plate and a soft phonographic matrix." Analogies are dangerous, but here we cannot object to their use, for in psychology at present it is impossible to manage without them. Instead of cavilling at an analogy, accordingly, I will assert the contrary analogy, that the child's mind is not passive plasticity which has never had a shape and now awaits a moulder; it is alive and positive, as eager to act as to react. Within the child's mind is hidden a palimpsest on which the history of the creation is written, one achievement over the other, with the power to achieve possibly remaining unimpaired. Has the child in the womb no dreams? He is a bold solipsist who would answer a dogmatic negative. Compared with the educators who liken the mind of a child to a blank copy-book waiting for them to inscribe maxims, "Honesty is the best policy," and so forth, those ignorant people who think of it as a bird dreaming of flowers and fruit are on the side of the angels. It is not wisdom from fœtus and embryo to living child is unaccompanied by a psychological wonder of the cell's development from the spirit's would recognise the child's title to life, suppose that his embryological resumé of creation flows from the spirit's effort to attain autonomy within the universe, and that the mind, or, rather, the aspect of mind called will, directs the growth from stage to stage. The whole experience of creation, not a blank page, occupies the infant mind.

At the moment of birth the child has lived by far the greater part of his life; in the few months of gestation he has lived uncountable centuries. Because his ancestors cut the road before him, and taught him the way, because it was trodden so often before he reached it, he has been able to master in that brief period all the accomplishments that they have really made their own. The man who can think of the child's instincts, whose opening, widening, and flowering, are destined to create the intellectual and artistic adult,

as a phonographic matrix shall certainly not educate anybody of whom I may have the guardianship.

A child is the offspring of his parents. Environment, it is agreed, is of paramount importance from the beginning, for what is done, to labour the obvious, is done. Like every other creature, the shoot of man needs light and air and water and soil, not too much, and of the right quality. Even the plant analogy may lead to forgetting the relative spiritual rank of child and teacher, but this is inevitable from the suggestion and the blank-sheet ideas. The hero of this play is the child, and the villain, alas! too often the teacher. Who can treat an empty blackboard as an individual, as a positive creature with its own destiny? Under the matrix assumptions a child is not the father of a man, an agent in his own right, to be dealt with honourably, but new material to be moulded to a type, the type of herd man. It is the genius for whom education exists, to render him less occasional, to throw down barriers that slaughter nascent genius like a Herod; otherwise it is damned.

We have made too much of environment as our predecessors made too much of heredity. Oppose the germ theory in discussion with a doctor, and sooner or later he acknowledges the existence of the patient. Germs diminish in importance while "resistance" becomes paramount. Suggestions, which are elevated to the fundamentals of education as an automatic consequence of the matrix theory, closely resemble germs. The time comes when children, educated as nearly alike as possible, compel the theorist either to magnify ridiculously the results of the differences, or to recognise not many plates but many personalities. The child has his resistances, and well for him that he has. Under the suggestion scheme of education he becomes an individual, if he does, in spite of his pedagogues, and at his peril. Suggestion is mass production in education. The teacher who does not first of all respect the title of a child to a mind of his own ought to have been a printer. Culture will not produce greater men than have yet been if its basis is that a young mind is a sack to be filled or a wall to be scrawled upon. It is, rather, a potential genius whose powers are implicit, granted the removal of hindrances. Answer its questions, give aid when aid is wanted, and respect the man. If the child does not act as though mental growth is continual over-coming, something is wrong with him, and the remedy is rarely suggestion. Treat him as entitled by his very presence among us to recognition of his personality.

It is obvious, of course, that suggestion is unavoidable, that a child will be brought up within a tradition whether designed or not. This is not, however, the suggestion that more powerful than that of precept is the sort of suggestion that pedagogues are employing their inferior suggestion to avoid. There is little need to suggest moral rectitude if you are morally erect; it speaks for itself with eloquence. While teachers and parents present an outward show of omniscience and infallibility, protected by a complex taboo of all the subjects that agonise the child spirit, all the suggestion they can invent will be ridiculed, and valued by the children at its worth.

Through such a thorny and undergrown wood as ethical education we could find the way and quickly tread a path had we faith in what nobody denies. Who would repudiate, for instance, the belief that children should be truthful—and men? Truthfulness is the supreme instance of a private virtue which might also be a public virtue, and by the few who still hold a regard for religion truthfulness is reckoned a virtue that endears men to God. We should have made an excellent beginning in the ethical education of children if we taught them to be truthful, in conscience, feeling, intellect, and spirit; since truthfulness is spiritual cleanliness it would be almost twice virtuous.

The method of tuition seems as straightforward as the determination of the end. First, it is no use simply to hammer away on the sensitive child's ears: thou shalt not lie. If he is a timid child he will tell a hundred conjured lies to hide the alluring first. If he is provoked to teach us a lesson, namely, his title to his own soul, he will tell them just to show us that he will. Children, hairy, feathered, or clothed, gain a great deal of their education through imitating their elders, as is natural, since many powers they will need are already practised by these. And they imitate for preference those elders they most respect. If elders instruct little children to be truthful while winking at one another, or discount the advice by a score of untruths within the same hour, the wideawake young people will at once decide that this insistence on truthfulness is a farce in which they are permitted to join, while in reality practising what serves their immediate interest.

Children cannot be filled with the truthful spirit by being filled with fear to lie. In the past they were given to believe

that God spent His eternity spying on their private moments and totting up their untruths for blackmail afterwards. Those who love God need not fear Him. Truth is without virtue if it spring from the fear of lying. To tell the truth is the right course when it would not be cowardly; then is the moment to refuse to tell. If truthfulness makes the child feel heroic, then truth is for him. But when his truthfulness is inconvenient to his elders and professors they will discourage it. We cannot educate children far in advance of ourselves. They must begin where we are, not an abyss ahead. Our educational outlook is bad because the whole adult population wishes to teach what it cannot, dare not, perform. Its lip-service to truth betrays its pretence that generations are discontinuous. We can teach children without much trouble whatever character we dare hold and express ourselves. We cannot teach any other, not with the aid of psychology and suggestion, which serve, at their least harmful, to take our minds away from their real responsibilities. The idea of children's minds being empty blackboards is very consoling for the generation that bred them—in other words, that wrote the uppermost larger.

R. M.

Social Credit at High Leigh.

The Week-End School at High Leigh, organised by the Society of Friends' War and Social Order Committee, afforded a study in psychological resistances.

The Social Credit interpretation of international antagonisms was put before the School upon lines familiar to readers of THE NEW AGE. The inability of every nation to meet its financial costs of production out of its home sales led it to look abroad for the balance. Since this balance was not recoverable from abroad unless each nation exported goods to a greater value than those imported, there had arisen a complete deadlock in international commercial relations. This deadlock manifested itself in unrest at home (Capital-Labour disputes and popular agitations against high prices) as well as abroad (struggles for concessions, etc.). The latter phenomenon was merely an extension of the former; and both had their origin in one cause, namely, the insufficiency of purchasing power in the hands of the several communities concerned. The remedy obviously rested, not with an international body, but with each nation separately. It was a domestic money problem. It, therefore, had to begin with an investigation of the origin and nature of money. The speaker described the process of creating credit by the banking system and showed that new credits did not come out of existing savings, but, on the contrary, added to them. When that fact was fully realised it would be seen that the whole case for restricting home demand for consumable goods in order to save money for future production went by the board. It also made an absurdity of the concept of any nation, as such, finding itself short of money; for how could a nation ever be short of a costless thing which it had the power to create in unlimited quantities? If it should appear to be short—i.e., if total costs of products available for consumption were larger than the total amount of money held by consumers at any given time—the cause could only be ascribed to mistakes in estimating these costs. For example, it was pointed out by the speaker, if the audience were handed £100 with which to produce things and afterwards consume them, how could they possibly run the book costs of these things up to a higher figure than the £100 they had in their possession, unless it was by making mistakes in entering up their accounts? So, in the case of whole nations, the apparent necessity to export for the sake of getting money from the foreigner was ascribable to misconceived ideas as to national costing. And the pressure applied by industries in every country to secure tariff protection made it clear that it was foreign money which they wanted in exchange for their exports, not foreign goods. This objective was commonly described as a "favourable balance of trade."

The response of the audience to this interpretation revealed itself as follows. A gentleman asked if it were not a fact that banks required security when lending credit. When told "Yes," he looked round the hall with an expression of triumph. Another reminded the speaker that all international trade was a mere exchange of goods; an assumption which the whole discourse had disproved. A third asserted that the new credit would be useless unless people had confidence in it—as though recipients of paper money were in the habit of inspecting it through magnifying glasses to try to discover whether it had been created by a safe institution like the banking system, or an unsafe one like the national Government! A fourth contradicted the statement that there was an insufficiency of purchasing power, supporting his view by pointing to the boom years immediately following the war when "demand was in excess of supply." A demand for

cotton mills, certainly; but that was hardly the demand which the lecturer had suggested was deficient—besides which, a money demand in excess of supply works out in practice to a rise in price, and therefore a diminution in purchasing power. Another gentleman put the poser "Supposing there is no money in existence, and you start your bank, how do you get your first deposit?" The reply evoked boisterous hilarity from the whole audience; it was: "The first customer would be a borrower." When the mirth had subsided, the lecturer showed how such a bank, by granting an overdraft, automatically provided itself with a deposit of the same amount at the same time. Numerous remarks revealed the belief that inflation of prices was the inevitable consequence of any expansion of credit; in fact, "expansion" and "inflation" were regarded as convertible terms. Expansion of what was not a matter of consequence, apparently.

During the intervals there were some further indications of the effect of the lecture. A young lady said she had "an open mind on Douglas,"—in contradistinction to an experienced business gentleman who genially said, "I don't believe a word of it." Another gentleman observed that "these Douglasites seem to put their spoke in everywhere." Someone else (Labour) had thought "Douglasism was dead." This is excusable since Mr. Mosley assumed proprietary rights over one of its two halves and began to advertise it under the label "The Birmingham Proposals." The New Economic twins—"Credit" and "Costing"—are not dead, but cruelly parted; the first has been adopted by the Socialists, and now bears their name: it will "receive" the guests at Eaton Lodge in future, and its name will figure in the society journals, while the other will languish in the slums of the Press boycott. However, the favoured twin will pine for the other, and all manner of physicians will have to be called in until they are re-united. On the other side, one has to record the remark of a gentleman: "I feel that there is something in this," and that of a lady who more precisely said she could see that whereas "once money had to be made of something valuable, now it could be made of paper." It is to be hoped that she will realise that wits like hers are one of the factors that imbue paper money with the property of value; for without intuition, skill, will to use these in improving economic production, and desire to consume production, a golden coin has no more value than a scrap of newspaper. It is not what money is, but what the population does under its stimulus, which decides its value.

The moral of all these reactions is one for Social Credit lecturers to apply to themselves. For them to rail at resistances and call them stupidity may relieve their feelings, but it does not solve the problem of educating their audiences. They can impart facts, but no eloquence can immediately impart all their implications. The latter have to grow, and their growth depends upon observations taken by listeners in their daily life for days, weeks, or months afterwards. Conversion comes when their memory of what was once said confirms their perceptions of what is now happening. In cases where it is possible for the teacher to direct those perceptions, of course, quicker progress is made, but in most cases assemblies break up and the lecturer and his audience never meet again. But something important has taken place. The individuals composing the now scattered audience are in varying degrees readier to hear something more. Here it is where students of the New Economics are doing good service simply by perfecting their own knowledge. For which of them knows when circumstance will not bring him into personal contact with one of these "intermediate" converts?

There is a minor point to notice. Whereas Social Credit students chafe at the idea of calling themselves "Douglasites," listeners to the theory persist in applying it to them. "We won't advertise Douglas," declare his sponsors. "You shall," retorts the world. Whatever is to be done about it?

One concluding item. Referring generally to the series of lectures, one gentleman remarked that things did not really get "stirred up" until the subject of Social Credit was introduced. He was right. The temperature rose at once. That is true everywhere. And therein lies a hint to careful searchers after truth. If they want to go straight to where a dynamic idea is being expounded, let them listen for the noise of a bursting thermometer.

The Just Man Made Perfect.

"I would plead guilty to a charge of theft, but to begging—never in my life," said a man accused at Marlborough-street to-day of begging.—("Star" item.)

CROSSWAYS.

At crossways now the rubbish cart unloads.
Oh, to unwind again, smoothe out the crumpled roads
That my giddiness clutching rolled into a ball.
Far lands are tatters of a paper wall,
The ugly feast-end of a holiday, where sprawl
Collapsed mountains, tide-out mud, bottles, and toads.

Wherever tents are pitched, the grass grows brown,
And drunk with death, upon the furthest heights
Of lovers' pilgrimage the carrion kites
Scream round their ravished altars. From the town
Come arm in arm the prostitute and clown
To picnic there in memory of old delights.

Must flesh corrupt that which the soul had sought
To make the sense its spirit understand?
Must touching beauty with a reverent thought
Defile with blasphemous hand?
Must immortality by time be caught,
And love find death on reaching its own land?

One lover creates worlds, another
Himself creates, and some destroy.
And I am one whose seeking kisses smother
The breath of love, and every still-born joy
Is buried in the bosom of its bitter mother
Recorded in the mockery of a toy.

The good-ingrows to evil. The conception
Hidden by brooding darkness is disturbed by lights that
slope
From the impatient soul that scents deception,
Husband-hate bastarding the new-born hope.
And the unnamed, obscure desires that grope
Birth-seeking find in death life of corruption.

Truth writes upon the stars; I spread my innocent mind
Like a white page to Heaven where the winds shall write
their names,
Names of the messengers, tidings. But my blind
Eyes itch with greedy memories of old flames
That tear them too soon open, guilty with old shames
The soul writes its own name upon the wind.

Darkness fears darkness, borrowing false fire
To make all brilliant that was cold and still
Dawn-waiting, blind. The panic-broken will
Repeats ancestral failures and betrays desire
That wants fulfilment but cannot fulfill;
And fire of birth becomes the funeral pyre.

I have beheld the might of the rising tide,
And seen it ebb away, scum, wreckage, drift
Are left upon the margins to divide
Future and past with dead things. The waves lift
Dead things, and these are love's last gift,
This pale drowned harlot is the immortal bride.

IRIS TREE.

FORTHCOMING MEETINGS.

Wednesday, December 16.—The Central London Group at THE NEW AGE Office, 70 High Holborn. Address: "The Advertising Fallacy," by G. S. Reinganum. Discussion. Open to the public. Time, 7 p.m.

The organisers invite visitors to meet them in "The Bun House," 111, High Holborn, W.C. (nearly opposite Holborn Tube Station) at 6 p.m. or after.

Cheques and Postal Orders should be crossed and made payable to "THE NEW AGE PRESS."

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

Readers who are anxious to make THE NEW AGE more widely known can do so by asking their news-agents or book-stall managers if they will distribute free specimen copies to those of their customers likely to be interested. If so we shall be pleased to supply them free of charge and carriage paid. Applications should reach us at the latest by Monday mornings, so that the necessary extra copies of that week's issue may be printed. Address:—The Manager, THE NEW AGE, 70, High Holborn, London, W.C.1.

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, 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.

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

SUBSCRIPTION RATES.

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

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. Cousens, 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.
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