

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

In our Notes of April 26 we referred to the proposal of the Sunderland Corporation to confer the freedom of the borough on Mr. Havelock Wilson, to which proposal Councillor Joseph Wilson moved an amendment to substitute the name of Mr. Reginald McKenna. The original proposal was withdrawn, and Councillor Wilson gave notice of his intention to move a resolution putting forward Mr. McKenna's name at the next monthly meeting. The resolution was afterwards formulated; it offered the honour to Mr. McKenna in recognition of his "outspoken and fearless demand for an impartial inquiry into the underlying principles by which our central banking technique monopolise credit control," and further called on the Borough Members of Parliament to support an inquiry into finance by a "Royal Commission purged of financiers, their agents, and banking interests." In the meantime Mr. McKenna has written to the Mayor of Sunderland expressing a wish that the motion should not be made, although he appreciates the suggestion of such an honour. Councillor Wilson has therefore been obliged to delete the "freedom" section from his resolution. He wrote to try to get Mr. McKenna to alter his decision, but without avail.

We are not surprised at this outcome of Councillor Wilson's move. We do not think that there is any reason for him to feel "humiliated" (as he protested in his letter). He has achieved almost as much by his attempt as would have been secured by its success. He has provided the local press with a topic for discussion and opened up opportunities for credit students to get letters published on the subject of finance. There is one plausible reason for Mr. McKenna's decision, namely, that the honour offered him and the attendant ceremony would have constituted a strong free advertisement of the Midland Bank, and this might well have caused dissatisfaction to the local managers of other banks. Mr. McKenna could reasonably say that he wanted to

avoid the appearance of hunting dividends for his bank under cover of his public policy. It must be remembered that although the Big Five are interlocked at the top and pursue a common business policy, their branch managers are in competition with each other for deposits. The latter must naturally desire to justify their positions to their respective high directorates by getting all the business they can. Why a close corporation like the banking profession should practice this wasteful competition so widely and increasingly is another question. We are not suggesting that these considerations were the deciding factor in Mr. McKenna's refusal. That would depend on what are the exact intentions of those interests who are inspiring Mr. McKenna's campaign. They may not be exactly those which Councillor Wilson appears to take for granted. We hope they are; but it will be well not to assume too readily that the financial inquiry Mr. McKenna advocates is intended to open up the fundamental issues that we discuss week by week. We must wait and see. In the meantime we congratulate Councillor Wilson on his ingenious opportunism. Efforts like his, though they fail, are valuable because they must necessarily help us towards a more definite knowledge of how much or little there is in Mr. McKenna's policy.

The following appears on a leaflet sent out by the North British and Mercantile Insurance Co., Ltd.:

"THE LUCKY FATHER OF TWO CHILDREN."
 "You used to get an abatement of £36 for your first kiddie and £27 for the second.
 "Now you will get £60 for the first and £50 for the second.
 "Difference £47: tax at 4s. thereon, £9 8s.
 "Apply this to a Policy on your life and you get a further rebate of 2s. in the £ so that you can apply £10 9s. per annum to a Policy, either for their benefit or your own, without making any difference on last year's income.
 "If you are 35, £10 9s. per annum will provide £150 in 13 years time, when these two children may be a real expense to you (it will be payable earlier if you come to

a sudden end), or it will provide something approaching £400 on your retirement at 65 or at your earlier death."

"DO NOT FRITTER AWAY YOUR 1928 BUDGET GIFT."

The lucky father must surely rub his eyes at this. It reads as if the Government had granted him this concession of £10 a year simply in recognition of his social service as a procreator and not of his financial responsibility as a bread-provider. He has not been looking at it in that way; he has rather taken it for granted that the £10 was to help him out with the expense of rearing a young family. He is now told that the children do not become a "real expense" until they are thirteen, and on that proposition he is exhorted to put the money into insurance and not "fritter" it away through his wife's purse. If he cares to consider the proposed transaction from an angle of view sometimes presented in feminist controversy, namely, that his wife is his paid manager, he may see that it virtually asks him to divert a subsidy granted in aid of wages to the building up of reserves. It is exactly as though the coal-owners had been told to apply the Government's subsidy which was intended for the miners' wage-fund to the buying of gilt-edged securities. Our readers are familiar with the implications of the reserves system as applied to commercial undertakings. The same implications are involved in regard to domestic undertakings—the citizens' households. Every business organisation or private individual who accumulates reserves (i.e., who "saves") is an instrument of deflation. It is a curious situation to-day that at the very time when public opinion in general is veering round towards a concerted demand for inflation, the acts of the individuals constituting that public are in direct negation of such a policy. Fundamentally there is no trouble about getting the banks to agree to expand credit to any amount so long as they can be sure that none of the additional credit is spent in the shops but comes back in the form of investments. Everyone who approves the principle of credit expansion had better make up his mind that it will do him no ultimate good unless the new money is spent on consumable goods. Even that will not of itself solve the problem. The purchasing power of money must not be allowed to decline when the quantity of money is increased.

We may observe that in terms of economic reality inflation and deflation amount to the same thing. In principle "inflation" means that you get 4d. wages and can buy a loaf for 4d.; "deflation" means that you can get 2d. wages and can buy a loaf for 2d. In actual fact the figures do not equate like this. You are given the choice of getting 3d. wages while bread is 4d., or 1½d. wages while bread is 2d. The ordinary citizen does not want either of these alternatives: he wants 4d. wages and a loaf for 2d. He really needs the income-benefit which inflation brings about coupled with the price-benefit which deflation brings about; he wants a war wage-level with a peace price-level; he wants to "make the best of both worlds." And so he can and should in spite of the financial pundits. The Social Credit system of national accounting will give him what he wants.

The long selection printed in *Nature* of June 16 from Sir James Alfred Ewing's *James Forrest Lecture*, delivered to the Institution of Civil Engineers on June 4, is worth special attention. It surveys "A Century of Inventions"—this title having been chosen because the Civil Engineers were celebrating the centenary of their incorporation. It is the best short survey we remember to have read, as regards its diversity of subject matter, lucidity of explanation, and profundity of comment. Towards the end of his lecture Sir James spoke of his aspirations when a young engineer. "I thought," he said,

"that the assiduous study of engineering could not fail to soften his [man's] primitive instincts; that it must develop a sense of law and order and righteousness. But the War came, and I realised the moral failure of applied mechanics." . . . "Surely," he continues in the closing passage of his discourse, "it is for the engineer as much as any man to pray for a spiritual awakening . . . for it is he who, in the course of his labours to promote the comfort and convenience of man, has put into man's unchecked and careless hand a monstrous potentiality of ruin."

These words have the ring of sincerity, and the moral they convey is of tremendous significance. Therefore our criticism will be sympathetic. There certainly has been a moral failure, but it is not the failure of "applied mechanics." One might as well impute righteousness or unrighteousness to a wheel, a pulley, or a sheet of iron. This "moral failure" implies a human agent. That agent has not been the engineer. We will do well not to forget that it was the idealists, not the scientists, who declared war in 1914. It was the Bishops and Mr. Bottomley, not the Royal Society, who kept aflame the morale of the nation while the war lasted. We heartily endorse Sir James Ewing's call for a "spiritual awakening" among engineers, because its effect must be to open up the question of the misapplication of mechanics. Our diagnosis is well known, and can be expressed in the formula that while it has been engineers who perfected the mechanics it has been the credit-financiers who applied them. Sir James must get that distinction clear in his mind before he can hope to translate his admirable sentiments into tangible results. Otherwise his argument will lead him to manifestly unthinkable conclusions. For instance, not only machines but human beings were parts of the war mechanism, and he must recognise that his logic cannot stop short at the machines and their makers, but must embrace the soldiers and their makers. So that he must force his tongue to articulate the formula: "The moral failure of procreation," and join the Malthusians.

He gives a compact little picture of a scientific discovery which will be useful to record here. It is as follows:—

"Long ago, Kelvin and Joule, in experiments on the properties of gases, discovered that when air escapes under pressure through a throttling orifice it undergoes a small drop in temperature—about one-fourth of a degree for each atmosphere. Years afterwards, Linde and others, by applying a regenerative interchanger to transfer the cold from the escaping air to the stream that was approaching the orifice so as to obtain a cumulative effect, used this as a practical means of liquefying air, and of separating its oxygen and nitrogen, with the result that each of the two may be commercially utilised."

Now let us transfer this principle to the field of economics and write it out thus:—

Years ago certain high financiers, in experiments on the properties of the means of life, discovered that when they escape from industry through the throttling orifice of the price-system they undergo a slight drop in their temperature of consumability. . . . Years afterwards, Rothschild, Strong, Norman, and others, by applying a regenerative interchanger (the investment-reserve device) to transfer the coldness of unconsumability from the escaping means of life to the stream that was approaching the orifice so as to obtain a cumulative effect, used this as a practical means of freezing the consumability of production, and of then resolving it into its unconsumable elements, with the result that each of them may be utilised for purposes consonant with financial policy. This discovery may be cited as that of the "Abstinence-Circuit of Economic Refrigeration."

Possibly some of our readers can make a better job of this analogy, or think out a more graphic variant of it, than we have been able to in the short time we have had to reflect on it. But, will they find a

prettier little working model of our present system than Sir James presents—one so exact and comprehensive in its correspondence with our diagnosis of the economic problem—in their reading for the next twelve months? We doubt it.

Moreover, and from the money angle, we are not sure that Sir James has not provided the Social Credit Movement with the very analogy it requires to differentiate the two aspects of credit. Let us put down the formula and look at it. *Purchasing-power is the temperature of credit.* Not in the banker's sense when he speaks of "frozen credit"—but in exactly the reverse sense. To the banker, frozen credit is escaping air that he cannot get back into his refrigerating circuit (!). If in considering the discovery as Sir James describes it, you imagine a closed circuit of air, you will see that two things can be measured: (a) the quantity passing out through the orifice and returning to the chamber to emerge again; and (b) the heat before and after each emergence. The quantity going out and coming back must necessarily be the same. But the heat of the air going in is always greater than its heat when it emerges. Now, consider that emergent air to be consumer-incomes, and the incoming air to be costs, and you will see that the two volumes or rates are in equilibrium—suggesting that personal incomes can meet the costs of industrial production. But supposing you measure these costs and incomes in terms of heat, then costs must always exceed incomes. And if you combine the two systems into a quantity-temperature ratio you of course get the same result—dis-equilibrium. To put it into practical language: a cold pound won't buy the production of a hot pound. The two pounds are equal on paper, but they are not equal in use. They are in a static equilibrium in the banker's ledger, but in a dynamic disequilibrium in the people's retail markets. There is "no money about." People ask breathlessly of each other: "Where is my air?" They menace each other: "What have you done with my air?" They attack each other: "Come on—out with my air!" They coalesce into factions, nations, and international alliances; they declare war: "Yield up our air." Naturally they are in the deepest confusion, because on the one hand it can be proved to their minds that all the air is accounted for, while on the other hand their experience makes them certain it isn't accounted for. There ought to be a Faculty of Economic Engineering to show them that their air is, as it were, in the form of oxygen and nitrogen neatly stored in the vaults of the banking system. These gases, which are an effective figure for what we call the fundamental "invisible reserves" of the banks, must be recombined into air and restored to the community. But not through the "throttling orifice" of the existing price-system. It must come through the free channel of the National Dividend.

It is a long time since we commented on Low's joining up with the *Evening Standard*. His subsequent work bears out the impressions we received at the time. It reflects, in its political connotations, the non-party, or perhaps super-party, attitude which is now so clearly manifested by the financiers. At one time a cartoonist would take his stand on the principle "my Party, right or wrong," and would do his best to slaughter the other Parties. If one has to guess at Low's political affiliations from his drawings to-day, the guess would have to be "none in particular, but slightly anti-Conservative." So far as political Parties as such are concerned Low seems to have substituted diffused banter for directive satire—as if it were now a bit boring to be cruel to any particular politician or party. "Vanity of vanities: all is vanity," says this draughtsman.

There is no mystery about it. In the old days political parties were controlled by competing groups of producer-capitalists. There were big, real practical issues behind political controversies, issues which the capitalists could hope to resolve one way or another according to which section got its Government into power. But to-day capital is massed into mergers managed by mortgagees, and its old individualistic proprietors are being displaced by bank-appointed auditors. There is no character in capitalism, therefore no party spirit in politics, and therefore no stimulus for the fighting cartoonist. Hence the peerless Low has gone to the House of Lords. There is, however, still some punch in his pictures, but it is significant that this is to be seen in his satires on capitalism. Now that the old bosses of the cartoonists cannot find the money to hire them, nor can see any attainable advantage from doing so, they have become, as a whole class, the cartoonists' victims. For instance, in the *Evening Standard* of June 16, Low shows three staid old gentlemen waiting wearily in a derelict railway station for "The Rocket" to take them on an "Excursion to Prosperity." They are labelled "Cotton," "Coal," and "Steel" respectively. They are sitting on their baggage, which bears the signs "Individualist traditions," and "Out-of-date habits." We are not in the least charging Low with insincerity. He probably believes that his jibe is just. We are probing deeper and inquiring at whose instance the controllers of the Press encourage tendentious propaganda of this sort. The cartoon in question subtly suggests that the three industrial capitalists are responsible for the train's being late. We interpret that as a suggestion that industry can create demand by improving its organisation, and therefore as a concealment of the fact that demand only be created by the credit system. The cartoon is an example, to adapt Sir James Ewing's formula, of the "moral failure of applied draughtsmanship"—a failure for which Low is no more responsible than were engineers for the war.

The second rejection of the revised Prayer Book has been a little more emphatic than the first. Commenting on the subject, the Rev. E. L. Macassey, vicar of St. Andrew's, Stoke Newington, says that "possibly the House of Commons may be wrong," but they still have an "uncanny habit of discerning the signs of the times." Mr. Macassey's diagnosis is that the "life blood" of the Church of England is to be found in its "smallest unit, the parish," and that "you cannot centralise this life blood." The new book failed, he thinks, because the "average parish" does not want it. If by parish he means communicants only, we do not agree that they had power to kill the book. If he means all the voters, we object that for every couple of them who might tumble out of the vestry-door at fisticuffs about it there would be twenty tumble out of the adjacent pub-door to separate them, drag them inside, and shrive them with the ineffable tolerance of the tap-room. No; what the politician had to decide was not what people now think about the book, but how they might vote in the next election. That would depend on the political organising power of the Protestants and Catholics, and their respective success in coining dynamic slogans. Considered from this point of view, the Catholics would fight under a handicap in both directions. While a few Members of Parliament may be concerned about what they may hear in the pew, the whole six hundred are concerned with how they may fare in the poll.

A picture in the *Star* shows the famous Arlington Row of cottages at the Cotswold village of Bibury, which William Morris described as the loveliest in England. Even without allowing for the loss of

atmosphere entailed in newspaper reproduction the picture is so arresting as to prompt its beholder to go and see the place. If anyone desires to do so he had better hurry up, because an announcement under the picture states that an American has offered to buy them "with a view to their demolition and transportation to the United States." Is there nothing at all in the world safe from the dollar? Cyrano de Bergerac threw all the money he had on the stage to stop an incompetent actor from declaiming bad poetry. Reproached by a prudent friend who called it foolishness, he replied: "Yes . . . but what a gesture!" Imagine a naval battle being fought about those cottages. (Pacifists need not protest. It won't happen.)

Mrs. Pankhurst's death last week inspires a host of memories and reflections. How little she foresaw, when so intrepidly besieging and assaulting the electoral fortress, that by the time it fell the banking interests would have removed from it the treasure she was fighting for. She has died within a week or so of the debate on the Currency and Bank Notes Bill, which legally assigns to the bankers the final symbol of sovereignty—except the Crown. Since the stormy days of the Women's Social and Political Union things have happened which have not only cheated women of the value of the vote, but have put it out of their power to repeat their militant methods for any more useful purpose. In 1903, when the W.S.P.U. was formed there was a favourable combination of circumstance for the women's campaign. There were a sufficient number of women "industrialised" to foster the concept of "equality with men," but still a sufficient number of women not industrialised, but dependent on men, to maintain the spirit of revolt, and make the opportunity to revolt, against centralised authority. In those days and up to the outbreak of the war the risk which scared men from revolt, namely the loss of their jobs in addition to the legal penalties of fines and imprisonment, was not nearly so effective a deterrent to women as a whole, because they were much less numerously dependent on industrial wages. But the war has ended all that. Women have gone wholesale into the industrial machine. They have exchanged dependence on men for dependence on an organisation. When industry paid men sufficient to pay women, the women could go and kick the machine without starving for it. But now that industry tends towards paying men and women just sufficient to keep themselves separately, women are being reduced to the same necessity of obeying industrial law.

Coincidentally women are being "educated" out of their old healthy instinctive disrespect for constituted authority. The disrespect was due not merely to the withholding of the vote, but to the material and harsh anomalies of the economic system. These the women attributed to the wrong cause. They thought that because men alone voted, and men alone staffed the machine, that the hardships were attributable to some defect in male instincts and habits in general, and would be removed or bettered when women took their share of political and commercial functions. They missed seeing (we all did then) that the source of material economic hardships lay outside politics and was beyond the influence of the ballot-box. They were right to this extent, that the culprits were men, but the point is that they laid on all men indiscriminately the iniquities of these few. This illusion is now in process of destruction, Man's monopoly of votes and jobs has been breached sufficiently for the expected good consequences to have already begun to appear. But though the women are bringing more and more lights it is still pitch dark. And now, if they find out why, they

cannot do anything about it except vote. If another Mrs. Pankhurst were to arise and exhort women to a new line of direct action she would get the answer: "Yes, I would gladly, but I daren't." Whether a woman be a hand in a factory, a clerk in an office, or a member of one of the professions, there is hardly an instance where her living cannot be cut off as soon as she offends against the rules of established order. The relatively unimportant indiscretion of the lady doctor who pretended to have swum the Channel nearly finished her career. The pay-roll is mightier than the law—and the banker controls both.

We must record Mr. Horatio Bottomley's re-entry into public life with a revised version, so to speak, of *John Bull*. It is entitled *John Blunt*. In the first number there is a manifesto which commences:

"Here is my new paper, from which you will see that after years of trial and tribulation, with spirit undaunted and, perhaps, judgment matured. . . I resume my work as Tribune of the Man in the Street and Champion of the Bottom Dog. . . But I approach my task under a heavy sense of responsibility—and, at the same time, with a deep conviction of Destiny. Yes, I am a confirmed fatalist." So that if anybody does not care for the new journal he must not blame Mr. Bottomley.

The Diplomatic Correspondent of the *Daily Herald* says that there was a great deal of surprise at the mildness of Signor Mussolini's speech to the Senate on the settlement with Serbia, and he comments:—

"It must have been a strong restraining influence which would keep him at such a moment from his favourite pastime. They say that the address of the influence is Wall Street, New York City, U.S.A." Quite possible. But the fact of American influence in European capitals is so well understood as to have become axiomatic.

The *Daily Mail* has revived its old scare about British Communists receiving and using Russian money. The Home Secretary is understood to have secured evidence of names and amounts. What is there in it all? A rouble revolt against Britain by British Communists here can be paired with the dollar revolt against Britain by Chinese Communists in China. The danger does not inhere in the origin of the money, but in the sum effect of its use. That depends on the quantity. Seeing that Russia is in a position of having to ask for credits in London and New York we should not put the amount at much. The *Daily Mail* would spend its energies to better purpose if it inquired if American dollars were behind the promoters of the Currency and Bank Notes Bill.

A report says that in Paris a fortnight ago a group of bankers started a large selling movement of foreign securities in Europe. Their object was to cause a rise in the value of the franc above its recent fixed position of 124 to the £. The Bank of France countered this manœuvre by selling francs in order to keep the franc down at 124 to the £. Banking pundits in general will doubtless go on insisting that political interference is the cause of money fluctuations. As for the influence of the "trade balance," that seems to have dropped out of sight nowadays. The foreign exchange rates used to be a barometer governed by commercial pressures. Now the old thing ups and makes its own weather.

Lady Oxford contributes an article to the *Evening Standard* on the subject of underpaid Prime Ministers. Why, she asks, should a Prime Minister receive only a tenth the income that our leading lawyers can earn? The general answer is that whereas lawyers go the whole hog for their clients' interests, right or wrong . . .

Notice.

If THE NEW AGE is to continue as a 12-page paper, readers who have not so far contributed any extra support over and above that of buying their copies each week, may like to be told frankly what amount we require to enable us to carry on. We need that every such reader should tax himself or herself to the extent of five shillings a quarter as a minimum, and send us the money or a promise promptly. The response will have to be rapid; we are very near the end of our resources. Money should be sent to THE NEW AGE PRESS at 70 High Holborn, W.C.1.

Those who have helped so generously through the Fund organised by Mr. Symons are asked not to reduce their contributions should they participate in this scheme. We need all they subscribe; and it is necessary, in addition, to bring the remainder of our readers into association for maintenance of the journal.

We have good grounds for estimating that there are at least twice as many readers of THE NEW AGE as there are copies sold. A small proportion see it in Public Libraries. These should be able to afford us some help by direct contributions. The majority, however, consist of those to whom our subscribing readers pass the journal round after they have done with it. Some of these groups, we have been told, number twelve, while instances of three or four are common. We suggest that in all these cases the reader who buys the copies should invite his "clients" to tax themselves if only by twopence a week and hand him their money. To put the matter in another way; we suggest that wherever more than three people constitute the "circle," they should buy between them a second copy. That would mean that our paid circulation would rise by roughly one third. We earnestly impress this idea on every reader who is able to assist in carrying it out.

If we cannot get a full response to this appeal we shall be obliged to reduce the size of THE NEW AGE to 8 pages instead of 12, as an immediate economy, and this will have to take effect early in July.

This has to happen we shall certainly not curtail the space allowed for Social Credit Economics, but it will mean that there will be less space available for outside contributions of articles on other subjects. We recognise that some of our readers are interested in these subjects (most of which are undoubtedly of higher eventual value than mere economics) and should in no case exclude them. Our idea is that we could widen the scope and increase the length of our "Notes" so as to include more frequent references to these subjects and their relationship to economics, in personal consultation with friends who have special knowledge of them and had hitherto been independently contributing articles.

"The Consultative Economic Committee at Geneva was very far from accepting M. Loucheur's hint that it should assist European industry to form a united front by means of cartels against the United States."—*Christian Science Monitor*, May 17, 1928.

"The gold shipped from America (£4,000,000 in two transactions) will raise the reserve of the Banking Department by at least £50,000,000. . . . It is hardly surprising, therefore, that the market should be emboldened to talk after a fashion which would have seemed sheer lunacy a few months ago. The 'domination' of New York is now acclaimed a thing of the past, and there is serious talk of a 4 per cent. Bank rate in quarters in which even a few weeks ago the notion that the London Bank rate could stand on a parity with that of New York would have been dismissed as absurd. We suggest that those who are taking this line are jumping to conclusions much too rapidly. America will not lose her financial power over the rest of the world just because she is for the moment lending abroad so much that she has to remit her loans in gold as well as in goods. The latest indications seem to make it probable that the Federal Reserve authorities, aided, of course, by the efflux of gold, will succeed in gaining full control of the situation. . . . If, of course, gold should come in in really embarrassing volume, the Bank of England might have no option but to reduce the Bank rate, but seeing that even the present influx is to this extent artificial, that it could not have taken place had those responsible for it been actuated by purely commercial motives, the danger of that happening does not seem to be very great."—*Financial column of Manchester Guardian*, May 30.

Birth.

Sitting in a French barn in March, 1919, with the moist breath of a cow caressing my ear, I remember wondering what would come out of the shambles over which we had travelled from Valenciennes at "cease fire" to Auxi-le-Chateau. The industry of the canvasser had made a contact with me, for I could vote by post for the Conservative, Liberal, or Labour candidate, but I could not summon any enthusiasm in a political direction. Since 1919 zealous members in the Social Credit Movement have only seen signs and wonders in the air to substantiate their allegiance to a movement for an examination of the only thing that matters. Various new bodies have come into existence—the League of Youth, the League of Nations, "Clarté," Prohibitionists, etc., etc., which, to the cynic, appear like discussions on the colour of the paint to be used for rocking horses.

How to touch the spot with Douglas Social Credit ideas has exercised the minds of many; opinion is divided between a popular appeal, a select appeal, or both together, and whilst these differences are being discussed a body of men and women has been formed called the Kindred of the Kibbo Kift, which accepts and incorporates the Douglas theory. The Kindred take racial facts as a basis of their activities, and an examination of the Kindred's aims in John Hargrave's book, "The Confessions of the Kibbo Kift," will convince any serious minded individual that the movement has a very definite aim, has very definite methods, and neither wants nor invites the dabbler, the inquisitive or the careerist. The movement may be regarded as the birth of something very significant after the bull had been loose in the European china shop for four years.

The annual gathering ("Al-Thing") took place at Whitsuntide in the field of a farm near High Wycombe. Members from all parts of the Kingdom attended, and there is every reason to believe that the meeting was successful. Fringed on three sides with woods, there was an English field carpeted with buttercups and daisies and wild forget-me-nots. In the centre, turf had been carefully raised to make room for a huge camp fire. Arranged in an orderly manner round this symbol were the tents, and the semi-circle method was adopted for members of the council who were addressed by their leader from a beautifully carved oak lectern. We were not privileged to be present at the chief ceremony, but from observations it was quickly to be noted that neatness, tidiness, and good fellowship prevailed. On Whit-Monday afternoon the gleamers of the camp formed wedge and departed singing; busy hands were carrying back turf to the spot where the camp fire had been, salutes were exchanged, and the field would soon be left as an example of "how to do it," without the awful mess that usually accompanies camping. There had been performances of mumming plays which are designed to teach the demoralised readers of newspapers, and it is intended that these will be given in the rural places and gradually closing in to London. These plays will in a good measure serve the purpose of making the complex simple and also provide the "emotional" appeal to the Kindred's aim. As this aim is directly that of Social Creditors it should provide inspiration to those who imagine that four brick walls encompass ideas and counsel crucifixion over the multiplication table. There will be no more Messiahs, and Kibbo Kift will put an individual on the right tack to save himself, for it does not dogmatise on what the other fellow is to do. We wish the Kibbo Kift every success that cannot be reckoned in money or numbers, and we can, in imagination, picture William Morris giving a fraternal blessing to a revival of the English spirit at High Wycombe in the financial year of grace 1928. J. B.

Views and Reviews.

ECONOMIC ACTIVISM.

By Hilderic Cousens.

The Liberal Party is in process of providing itself with a political testament, or, as its enemies in politics would say, stealing other folk's thunder. The committee responsible for these five hundred well-filled pages comprises a number of persons of contemporary eminence and a few who have permanent distinction. They could hardly fail to touch on a host of interesting and disputatious matters arising from their somewhat sombre subject, especially as they include Mr. Maynard Keynes, who might, with some show of reason, be looked on as the "white hope" of the current economic dispensation. Even their statistical tables are utilised effectively. How many people, for instance, realise that England's export of machinery of all classes figures well below its imports of pig products, or that in 1924-5 its imports of butter and eggs well exceeded its export of coal?

Our leading exporting industries, so they argue, have been depressed for a long time, but other industries have developed considerably, so that, on the whole, some advance has been made in economic well-being, but at a most unsatisfactory rate. However we may increase the efficiency of our exporting industries, our foreign trade cannot flourish as it did before the War, so that we must adapt the structure of our economic life. Our business is to develop our home resources, particularly in power, in agriculture, and in the quality of our population. The Report aims at considering the ways and means of doing this long-neglected job, and all its particular proposals have this general aim in view. The true principle of action is that Government can and ought to exercise a positive and judicious interference with industrial structure, according to a well-informed and far-sighted empiricism. This does not mean that Government should manage industries necessarily, but that it should be prepared to subject them, where found necessary, to some or several sorts of public control.

Liberalism, then, in the eyes of the committee, finally repudiates all theoretical attachment to Laissez-faire, but, on the other side, repulses all entanglements with Socialistic theory. Over against the notion that the State or the community is the proper instrument for managing as much as possible of economic activity and over against the contrary idea that Government should only act in the last desperate resort and then only to palliate the most unpleasant symptoms of trouble they advance the theory which might be called Activism. Let us use our political and administrative machinery to rectify the shortcomings of to-day, while endeavouring also to forestall those of to-morrow. Let us not do more than is really necessary, but remember that the world doesn't stand still, that prevention is better than cure, and that this is the age of organised thought. Here is a doctrine of enlightened common-sense, which will enable us to hold fast to what is good in our present situation while avoiding for the future all obvious and preventable evils.

I confess that this theory attracts me very much, and if the economic and social problems of this country were, in fact, nothing but a complex of ignorances, anachronisms, muddles, and specific injustices, which could be remedied by making Messrs. Lloyd George and Samuel His Majesty's Ministers, with Messrs. Keynes and Stamp in the next room to dispense advice and statistics, I should feel called upon to join the Liberal Party. But these experts are rather like children playing a game of

"Britain's Industrial Future: being the Report of the Liberal Industrial Inquiry." Benn, 2s. 6d.

fitting blocks into a box without knowing whether the box will hold them all, no matter how carefully they fit them. They devote many pages to considering "industrial co-operation," by which they mean negotiating committees and galaxies of councils, but not a paragraph to the extraordinary phenomenon of shops being full of goods which plenty of people want and can't buy. Their notions remain economically Ptolemaic; they add epicycle to epicycle most beautifully, but stay learnedly ignorant or ignoring of the Copernican pivot of prices. The small space they devote to National Finance is worthy of book-keeping, but for the rest only a veiled polemic against the present Chancellor.

The expressed sympathies of the Report are unexceptionally humanitarian, democratic, and libertarian. Nay, not merely does it aim at "creating the conditions which are necessary for securing the welfare of every member of the community," but refers to that "goal of Liberalism in which everybody will be a capitalist, and everybody a worker, as everybody is a citizen." It is quite as Distributist as Mr. Chesterton and his allies, and considerably more realistic than they are, since it envisages property as investments well spread in sort and space, so as to enable their holders to sleep secure of their dividends. But the property, which it so anxiously desires to increase, must, of course, derive from savings, even "savings by instalment" (p. 258). I cannot find any discussion of the common and growing practice of buying in advance of income by the instalment-system. We cannot, therefore, look in this volume for the resolution of the antinomy between industries offering for sale goods whose total prices exceed the incomes with which they are to be bought, and the receivers of those incomes reducing their adequacy still further by keeping parts of them out of the market for consumable goods. But this is a mystery of money and credit, prices and costs, matters which affect us without intermission from life to death. The committee recommend an inquiry into the future regulation of the Bank of England note issue, but that is the nearest approach they make to the central problems as they industriously thread their way through the outlying labyrinths.

"The foreign trade position of the United States makes it particularly unlikely that the volume of foreign loans will decrease. The transfer of sufficient capital to pay back the principal, without new foreign borrowings by the same or other debtors, would involve so heavy an importation of goods into the United States, or into our foreign markets, such as South America or Asia, that this country (U.S.) could only receive it at the cost of domestic depression."—*Wall Street Journal*, May 25.

"More effective co-operation between the central banks of the leading nations of the world is expected to result from the conference recently concluded in Paris among representatives of 24 of these systems. The conference attracted little general attention in this country (U.S.) although it has opened the way for international co-operation in money matters by perfecting the machinery necessary for the conduct of policies determined upon by the big four central banking systems—those of the United States, England, France and Germany. Concentration of the money power of the world into these countries makes necessary only the co-operation of the heads of their central banking systems to settle international financial policies for the world. But the effective carrying out of these policies calls for the intelligent co-operation of practically all countries. . . . The Paris conference was a definite step in the direction of effective international credit policies. The heads of the four great banking institutions of the world, the Federal Reserve System, the Bank of England, the Bank of France and the Reichsbank, settle questions of policy. Countries less important financially have to fall in line in their own interest as well as in the interest of the world. The next great international monetary event will be the stabilisation of French currency."—*Wall Street Journal*, May 26.

The World Economic Conference 1927.

FINAL REPORT.

The subjoined "Comments" upon what is described by one of our leading publicists as "the most valuable economic pronouncement ever made in the world's history," may be of interest to THE NEW AGE readers, although some of the points are scarcely intelligible unless read with the Report to which they refer. The Comments were made at the request of an ardent advocate of the Conference, and were submitted to the League of Nations Union, which passed them from one Committee to another, and finally refused to debate them. The Comments were sent with a covering letter, from which I quote the following:—

"The general tendency of the Conference was mischievous, and calculated to keep nations and individuals in the impenetrable thicket of conflicting interests, whilst all with one accord (and for the most part quite sincerely) expressed their desire for peace, security and prosperity for their neighbours as well as for themselves. If it was not known that the main difficulties are financial; if, e.g., the Federation of British Industries had not protested more than once, that when with infinite sacrifice they get themselves out of their worst troubles, the whole of their efforts are frustrated by a movement of Bank rate, it would be excusable that such a Conference should not once refer to Finance as such. But since it is common knowledge amongst informed people, that neither lack of productive power, conditions of labour, nor perversity on the part of consumers are main factors in our troubles; and that Tariffs are the direct consequence of Financial difficulties, it seems to me a supreme exhibition of cant for a World Economic Conference to meet and discuss nothing whatever but those administrative difficulties which every person there present, and every interest there represented, must know are not primary. By their associations and by their spokesmen, they have admitted time and again that beside the need for customers, all other hindrances to commerce and trade are negligible. Further, that if purchasing power were distributed to enable real need to become "effective demand" in each country, all their administrative problems would be easy of solution."

Comments on Final Report of THE WORLD ECONOMIC CONFERENCE, 1927.
(My Italics.)

P. 10 (para. 4).
Commerce.—"The main work of the Committee has naturally been the question of Customs tariff levels."

P. 11 (para. 2).
"Finally, the Conference . . . long-term commercial treaties . . ."

(Para. 5.)
" . . . the fundamental problems just described . . . None of these are fundamental problems, and they would not arise in any acute way as problems at all if the financial system did not compel each country to sacrifice its own nationals in frantic efforts to export more than they import—an absolute reversal of any true economy, which would seek to conserve the country's natural resources; and would only export "the over-spill of a saturated home market."

(Para. 1.)
Industry.—"The Conference took as its central problem the question of how costs could be reduced . . ."

"Reduced costs" mean less money distributed in wages and salaries; hence less purchasing power for the resulting produce, because no financial mechanism exists to get the saved "costs" represented in money in buyers' pockets. The "saved" money is cancelled out of existence by the Banks, and only re-created for fresh production as a new cost, necessarily recoverable in prices of the commodities it serves to produce.

P. 12 (para. 3).

Agriculture.—" . . . first measures must be taken by agriculturalists themselves . . . technical methods . . . Scientific organisation . . . organisation of credit institutions."

This, in face of the fact that the Conference must know quite well that all the great agricultural products are being systematically sabotaged, because a bumper harvest ruins the producers—as was the case in Canada in 1923 and 1925 and in U.S.A. last year. Rubber, Cotton, Sugar, Corn, Tea, are all being artificially restricted on a huge scale—quite necessarily from the point of view of the individual producer, but what a monetary system!

The reference to "organising credit organisations" reads like sheer impudence, when the banks which (in theory) exist for the purpose of financing the world's productive processes, will not touch these except to provide huge credits to keep the "over-production" off the market—not for a moment because people have enough, but for purely monetary reasons. "National Credit" does not need "organising"—the lie implicit in the phrase is that credit (money) is a commodity like anything else.

P. 13.
"The main obstacles . . . free flow of labour, capital and goods."

P. 14.
"Now that we have laid down in your resolutions the principles . . ."

THE REPORTS.

P. 16 (para. numbered 3).

" . . . inadequate savings" . . . (para. 5)
" . . . lack of capital . . . diminished savings"—What does that mean? All profitable issues on the Stock Exchange are many times over-subscribed, so there's evidently "plenty of money about."

Para. 5 develops the theory that "demand" (for the product) has been "restricted" by "lack of capital," as though that lack were a natural fact instead of a financial imposition; and as though capital would be lacking if profit were obtainable on the products of the industries concerned—a confusion of the producer and consumer end of industry.

P. 17 (para. 10).

" . . . shortage of capital."
In this para. the operations of the Banks in restricting production of imposing high interest rates, is treated as a natural phenomenon, not to be questioned, and the consequences of banking policy are spoken of without any reference to those institutions and the terrible conditions directly produced by them, which, as Mr. McKenna said (referring to the suffering produced in England by the banking policy commenced in 1920) we might have been spared.

Pp. 20-27.

The summary of conclusions on p. 27.
Conclusion (1) has little reality, because it provides no inducement to countries concerned, for abandonment of the immediate advantages of their Tariffs. Each of the national units is obliged to take short views (or their politicians are!). The prospect of a better meal next week is not alluring to a starving man. He prefers the scrap of food that he can grasp at the moment.
Conclusions (2) and (3) perpetuate the belief that "expansion of international trade" for its own sake should be a main objective of Commerce. But this view is really motivated by the interest of the Carrying Trade and behind them, the interests of Finance; not the interests of the people living in the various countries. It is Commerce and Banking, not life that is the purpose of all this activity. The kind of thing I have in mind is the carriage of Coal from the ex-German mines, to Antwerp and thence by steamer to Hamburg, instead of direct by rail to Hamburg, simply to put money in the pockets of the Shipping Companies concerned. The real necessity and cultural value of large interchange of products between countries has no chance to develop, in my opinion, until it is laid down as fundamental that Exports are a loss to a country, which have to be carefully balanced by Imports. The active thought behind the proposals under the Commerce Section is that each Country must seek to export more than it imports (this is called a "favourable balance of trade"). This inhuman and war-provoking doctrine is directly fostered and managed by the operations of international finance. This fundamental error is not

considered. Consequently, the detailed *Conclusions* reached, whilst of course being such as would in many respects facilitate international trade for human purposes, do not seem to be *designed* for that end. (It is, of course, highly probable that the "terms of reference" (which, by the way, are not quoted) precluded any very direct criticism of the financial system, and compelled the Conference to take for granted the financial principles upon which the world's economy is run. As the late Dr. Walter Leaf said, "The Banker is the final arbiter of the World's Economy.")

P. 29 (para. 6).

The cardinal lie about the advantage of excess of Exports over Imports is here stated as though it were natural law, and as though the "rise in the level of commodity prices" were a natural phenomenon instead of a specific product of financial policy.

3.—INDUSTRY.

P. 37 (para. 2).

Observe the conflict of views in this paragraph. ". . . the available markets are inadequate for the productive capacity . . ." Yet, instead of increasing those markets by distributing more purchasing power, the further contraction of expenditure by "savings" is favoured, and the withdrawal of "financial assistance" to compel "saving," with all the terrible suffering thereby imposed in Europe, is again referred to as a natural phenomenon.

P. 38 (para. 1).

. . . depreciation of nations "working up their own raw materials"—yet this is, in any real sense, a saving.

(Para. 2).

The question whether "plant is excessive" is quite unrelated to the question whether the nationals have sufficient of the products of that plant (e.g. Boot-making plant in this country is excessive, but are the people even of Leicester shod?).

(Para. 5).

General Considerations return to the main question of reducing costs of production without any reference to the overwhelming influence of the financial system upon this specific point, and on the points detailed under (1), (2) and (3).

P. 39.

The main difficulty to which the Conference has had to devote its time is the disposal of the embarrassing surplus of every country, yet its *Resolutions* commence with a proposal for "increasing output." It then details under Nos. (1) (5) and under (1) (3) proposals that are absolutely incompatible with one another under the present money economy. Its pious "suitable measures" against "loss of employment or more arduous work" is a good indication of its subjection to the "longer hours and lower pay" policy, which is being imposed throughout Europe; and to which Mr. Baldwin committed himself as the unavoidable programme for this country. There is never a hint, even as a human possibility, of working less hours and so preventing unemployment, and securing larger distribution of purchasing power! And this is, of course, quite right if you accept the financial system. It cannot be done.

AGRICULTURE.

P. 44 (para. 4—para. 7).

No mention is made of the fact that agriculture is deliberately starved (in this country, for instance) in pursuit of high interest returns for finance and of profits for the carrying trade; and that the farming industry, which was prompted by free or cheap credit to develop the land during the war (the increase of corn grown was amazing, from 14 weeks' supply to about 44 weeks' supply in two years!) has been crushed into poverty since by foreclosing and every circumstance of discouragement. The suave references to "general depression," "disequilibrium," "technical development," which—"must be put into operation"—all beg the real question.

The ruin of Canadian and U.S.A. farmers and the burning of corn in the Argentine as the result of bumper harvests do not afford encouragement to European growers to increase production, and to incur the heavy expense of technical improvements to that end.

II. GENERAL RESOLUTIONS.

(Para. 2).

Despite the ravages of blights, etc., all the main agricultural products are destroyed on a huge scale each

year (or huge credits are provided by the banks to hold the produce of the market). E.g., calves destroyed at birth in the Argentine. Grain used as fuel. Cotton, sugar, rubber, tea, all artificially limited.

Here the impudent hand of finance is exposed, in the proposal that the financial risks of agriculturists, in the largest sense, should be borne amongst themselves, by Credit Societies, despite the fact that they have to operate in a world governed by the financial system which refuses them credit.

P. 46.

"The increase of agricultural production . . . organisation of agricultural credit . . ."

This section is really infamous in its proposals and deceitful in the supposition that the "organisation" of agricultural credits on an international scale would solve the producers' difficulty. It carefully removes agriculture from the purview of any nation as such, whilst at the same time denying it the facilities of world finance. The very word "organisation" as applied to credit is false. The question is not one of "organisation" at all, since the produce has to be sold under operation of the world financial system.

Resuming quotation from the covering letter, I said:—

"The truth of the saying 'the eyes of the fool are in the ends of the earth' is very deeply proved in the insidious association of the idea of human solidarity, with disapproval (many times repeated in the Report) of any attempt of Nations and Peoples to commence by putting their own houses in order. This is an initial error, because it is essentially foolish to found world prosperity upon a programme of each taking in the other's washing, and expend incredible effort in allotting the number of pieces to each—on what basis? The Report does not say, but I suggest that none exists except the *estimated Military strength* of each! Whether by design or by that terrible inertia which has laid hold of the human spirit in these days, the solution of human and economic problems is rendered quite *safely impossible* by directing the goodwill and clever work of administrative minds along these lines. I think it is an inescapable conclusion, from the actual progress of events in the world, that a really devilish but very small apex of financial power has that design, because its giddy, terrible control over human destiny is thus maintained; and that all the rest are bemused by participation in the spoils or blinded by inertia—masquerading as goodwill, toleration, see-both-sides, patience, frugality, work-more-and-consume-less, and all the range of negative virtues (for maintenance of which you will observe the donations of Banks and Big Business) that have taken on the name of Christianity.

"The echoing note of this inertia appears in the many paragraphs where quite incompatible things are laid down within a few lines—incompatible that is to say *within the ambit of the present financial system*; not inherently incompatible. This kind of idealism is dangerous. It is the refusal to see the real problem as *technical*.

"Many of the detailed proposals in the Reports are useful, and would serve to facilitate the interchange of Goods between countries and the standardisation of qualities. The proposals for regulation of *quantities* I regard as *dishonest* or uninformed, because the needs of each country and of each unit, right down to each individual in each country, are *vital*, not academic or subject to moral persuasion. These proposals can therefore only serve to enrich capitalist groups at the expense of the workers and of the public, notwithstanding the Conference's pious hopes that such will not be the case.

"The Report designates administrative details as 'fundamental' in its summaries of each section, thereby precluding discussion of what lies behind."

WILLIAM TRAVERS.

Stereoscopic X-Rays.

A REVOLUTION IN SURGERY AND MEDICINAL DIAGNOSIS.

The stereoscopic view in diagnosis offers such outstanding advantages that it is indispensable to both the surgeon and to the physician. The ordinary stereoscopic photograph, as is known, has the disadvantage that a lengthy process is needed, and that the completed picture represents one view only. Inventors have sought to produce on the screen a shadow picture *in relief* in order to simplify diagnosis. Up to the moment of Bornhardt's invention such apparatus as has been produced has been primitive and of no practical value.

The orthostereoscopic apparatus, the first of which is now installed for the use of the medical profession at 67a, Baker Street, offers a complete solution of the problem of obtaining a shadow picture in relief in its true relationship. The view obtained is exactly similar to that as seen by the eye of any natural object. The organs of the body can be observed in motion, either as a whole or in their detailed parts. Foreign bodies or processes, for example, cavities in the lungs and their anatomic position, can be determined at once. The plastic picture thus produced provides an ideal and new method of diagnosis in lung trouble, and will undoubtedly solve many problems in complicated complaints. The stomach, abdomen, and the intestines can be recognised and followed perfectly. The image on the screen permits in these regions the adoption of new methods for the study of pathological changes and diagnosis. The position of foreign bodies or fractures can be readily located and measured to a fraction of an inch. The apparatus is under the complete control of the examining specialist himself, and a consulting physician is always present to assist. This stereoscopic x-ray apparatus is such that diseased conditions which have baffled physicians and surgeons in the past, especially in complicated cases, are revealed with simplicity, and can be observed actually in motion from various angles without moving the patient. Thus, for example, having examined the lungs from the front in motion the physician can, by immediate adjustment of the apparatus, obtain a similar view from the back without moving his own position or that of the patient, and this in the minimum of time.

A very ingenious photographic system is now being introduced so that a series of stereoscopic photographs can be obtained with an interval between them of the smallest fraction of a second. No system of x-ray diagnosis or photography has ever before enabled this.

What may be described as an "electrical hospital" has been set up at this address. The very latest apparatus for diathermy, high frequency, light and heat irradiation has been assembled here under the control of resident consulting physicians and electrical engineers. A clinic, with waiting rooms and separate treatment cubicles, is conducted in association with this centre, so that from diagnosis to varying forms of clinical treatment a centre is now established providing the medical and dental professions with facilities hitherto quite unobtainable.

Having regard to the difficulty of dealing adequately with out-patients in our hospitals, the strain put upon their financial resources, the impossibility of private practitioners being able to possess themselves of the expensive apparatus and technical skill required for its installation and adjustment, the electrical hospital in Baker Street will prove not only an immense advantage to surgeons, physicians, and the public, but it is also a model upon which

similar clinics, following recent development in scientific knowledge, should be established in every important city and centre in Great Britain.

As is the British custom such a revolution has been accomplished undramatically and quietly in our midst. It is now time that those who can avail themselves of the advantages offered should at least be aware of their existence.

G. S. HUTCHISON.

Adler in a Nutshell.

Mr. Mairet has produced an excellent summary of Adler's views.* The book is concise and graphic, and there is not a dull passage in it. Moreover, it will offer to the lay reader neither the terrors nor the spurious attraction of the usual psycho-analytic jargon.

Writing for such readers, Mr. Mairet deals with Adler chiefly from the philosophic point of view. He does not, however, manage to exonerate him from the charge of insufficiency. Philosophically Adler is as one-sided as Freud, but he is not so obstinately literal. Freud finds the key to the puzzle in the "Will to Congregation," while the former replaces it by "Will to Individualisation." Each thus selects one half of the dual mystery which all religions teach—the division whereby Being is created, and the atonement whereby it is perfected. Adler thus understands the Fall of Man, and he understands it in almost all its manifestations, while Freud understands his Redemption, but only in the bodily sense.

Thus it comes about that while both have gained insight into the neurotic constitution, they both perversely insist on explaining the healthy constitution in these terms.

For this purpose Adler adopts Varlinger's notion of "directive fictions." But this is not very helpful unless we are also furnished with a definition which enables us to distinguish between such a fiction as fact. As it is, we are left with the feeling that all thought is a matter of "directive fictions"—"as if" the Author of Creation were not God, but Pirandello.

The trouble with all these "subjective philosophers" is that sooner or later they are forced to take their own fictions seriously. Then their Machiavelian acrobatics become really amusing.

Mr. Mairet is not so simple as to have overlooked this difficulty, and in the chapter on Social Psychology he boldly faces it. Let his answer be feeble, even though he gets it direct from Adler. It amounts to this: "Since, after all, we must believe something, we might as well take Adler's view."

But it is the practical (may we say curative?) aspect which appeals most to the psychiatrist. The types of mental disorder in which all the "new psycho-therapeutic" methods prove successful are hysteria, psychasthenia, and the less profound types of mental disorder generally. Now these are precisely the types which are rarely bad enough to be certified, and such few cases as are to be found in mental hospitals frequently recover "spontaneously" at least for a time, so that we are entitled to ask whether the vaunted successes of the new techniques are reducible to descriptions of symptoms, and are not explanations.

For in the end all our theories are reducible to Thus Freud find the cause of mental disease in "sexual abnormality," Adler in "inferiority," and the neurologist in "defective neurones." Strip the jargon away, and what remains? The man is insane because he is mad. Polonius knew as much.

N. M.

* "The A B C of Adler's Psychology." By Philippe Mairet. (Kegan Paul, Trench, Trubner, and Co.)

Current Political Economy.

At the recent Conference of the Incorporated Association of Retail Distributors at Bournemouth, Mr. P. A. Best made some remarks in his address which are no doubt good common sense from the retailers' point of view, since they spring from his instinct for self-preservation. He could see no reason, he said, why purchasers should be deprived of the benefits of a system—the hire-purchase system is in question—which was extended to nations and large businesses, and to individuals in such transactions as the conveyance of houses and land. The hire-purchase system, he continued, enabled people to set up homes in a manner suitable to their position and prospects, and was, in his opinion, a sound way of doing business. Between the merits of postponing marriage until a furniture-fund has been saved and starting house on hired properties let Mr. Drage and the Malthusians decide by debate, with Mr. Everyman in the chair to give the casting vote. If there were no more than that in the question Mr. Everyman could very well be left to settle it in consultation with the lady involved. There is, however, vastly more in it. The hire-purchase system is simply a device for postponing the day of reckoning on which the industrial system will find Finance out.

Already commercial travellers in the amenities of middle-class life complain that the consumers on whom they depend have nothing to lay out. In spite of their regular incomes they have no spending money. So large a percentage of their income is earmarked against the instalments on their bungalows, Morris-Cowleys, and two-valve sets, not to mention furniture and piano, that it is cruelty to whet their appetites for other things. Vast productive plant, hosts of technicians, and armies of labourers, despondently await the word to pour out the good things of life, but neither the persons who make them nor the members of any other class of consumer have the wherewithal to buy them. The purchasing-power being distributed, and to be distributed for some time in the future, is largely required to balance the cost accounts relating to manufacture completed in the past, in respect of which no further consumer-income will be distributed. Present production cannot even rely upon being able to draw on the purchasing power which it issues in the course of production as wages and salaries, which, if not lost, have certainly gone before.

Without the hire-purchase system to finance the consumer the present system of credit-accountancy would either be revised in common sense as a result of its unsoundness becoming obvious, or collapse in chaos. Mr. Best required as a condition of the hire-purchase system's success only that the instalments should be proportionate to income. What he asks for is an exercise of self-discipline on the part of the consumer for the sake of the financier, who has the notion that ruin is not ruin if it moves too slowly to be seen with the naked eye. There are goods enough available, or within easy reach of being available, which would absorb in instalments, if the consumer were susceptible to the salesman's cultivated persuasiveness, the former's whole income. If he were to earmark his entire salary or wage in this way there would, of course, surely come a time when he would repudiate payment in order to buy the necessaries of life. It is a lunatic situation that prevents the consumer going on with his buying merely because his income is spent when the pile of available commodities and the means of supplying them continue to grow.

This necessity, if the productive system is to continue at all, for financing the consumer is a complete

justification of the idea of social credit. Hire-purchase is an instalment of consumer credit issued now to individuals who have a future, but without concern for what is to happen in the future. The National City Bank—

"the largest financial institution in the United States—is embarking on a new line of activities designed to benefit the smallest borrowers. It has announced the establishment of a Personal Loan Department which will make personal loans without collateral security to salaried men and women in amounts ranging from 50 to 1,000 dollars. The bank will make no investigation of any kind, but will require the signatures of two responsible co-makers."

The first fact that arises, apart from that of the increasing dictatorship of the banks over economic, and now over private, life, is that the future consumer-purchasing-power of the borrowers will be reduced when they have to pay their credits back. Either they will exert no demand in the market or, which is certain if the present financial system lasts so long, they will have to obtain further loans. The hire-system and loan corporation plaster on the sick financial system is an acknowledgment that producer credit is not enough. Consumer credit is just as essential.

To make the credit advanced by the loan corporations respectable it ought to be given to all consumers equitably out of a National Credit Account. This way would not require the appropriation of future income unless productive power were to fall—a very unlikely contingency. At present loan corporations—they are now in process of expansion in Britain—advancing personal loans to salaried men and women, are a gigantic *Mont de Piété*. When the wife of a labourer takes his Sunday suit to the pawnshop on Monday morning to live until another week's wage enables her to redeem it on Friday evening she is doing precisely what the middle classes are doing under the hire-purchase system. With each month's wear and tear she gets a little less of the purchase-price on loan, until at length she gets nothing. It is inconvenient hire-purchase, but it is hire-purchase. Such a woman is despised by those who cherish the remnant of the Victorian standard of independence. Finance has broken that independence in the very backbone of the nations. The middle classes have become reduced to pawning their future incomes, to an institution which, far from being under strict supervision by Governments, has Governments in its pocket. Intelligent action guided by the significance of the loan corporation system in regard to the financial independence can be regained. A mere calculation of how much would be necessary to redeem consumers from the debt in which they are already, together with recognition of its implications as regards future consumer purchasing-power, would dictate the immediate issue of a large amount of Social Credit. For the indebtedness of consumers is the measure of the distance behind production—actual, however, not potential—which social credit at the moment lags, bad and cancelled debts notwithstanding.

N.

STORMY SUNSET.

Low-slanting beams that still defy
The cloud escarpments of the sky
To-morrow's leaden skies shall hold;
Fast as faerie-fabled gold.

To-morrow those dark hills shall be
Striped of their sunset majesty;
Those fields to-morrow's dawn shall find
Cold, unglided, and unkind.

MICHAEL JOYCE.

The Main Switch of the Cultures.

The *Daily News* symposium of answers to the question "Where Are the Dead?" contained Sir Arthur Conan Doyle's contribution last Saturday.

His central argument was really a plea that science should take serious notice of the large body of evidence for Survival, which psychic investigators have collected. On the opposite page of the same issue there is an article headed by the question "Where Are We Going?" But this has nothing to do with the nature and properties of Life: it has reference to the "mystery" of the Government's intentions with regard to protective tariffs. The juxtaposition of these two "mysteries" in this manner indicates the general reply to Sir Arthur's complaint. Science has its hands full of mysteries waiting for solution, and it has to decide in what order of priority to place them. Potentially scientists might attack all of them simultaneously, but for that purpose it would require two things—money and leisure. This suggests that the evidence collected by investigators into the credit mystery should receive first attention. There are two reasons; firstly that the phenomena adduced are easily verifiable, and secondly that if the pioneer investigators' conclusions are confirmed there can be an immediate and abundant provision of the money and leisure. The solution of eternal mysteries must come, if at all, through solutions of temporal mysteries. "First that which is natural . . ." said the Apostle; and the scientist is adopting the principle.

Economics is the main switch under the hall of cultures. It is not itself a culture; it is neutral to cultures; it does not compete with them. While the switch is defective there can be no illumination of any "exhibit," physical, sociological, philosophic, psychological, psychical, religious, or otherwise. These are urgently waiting to be investigated and related; but the hall is dark; and who can reveal a synthesis of the unrelated? Sir Arthur Conan Doyle, as a single cultural exhibitor exemplifies the right attitude for all the others. He calls for light. But it is the electrician who must act first. For the moment the switch is the most urgent problem. But immediately it has been put right it will be forgotten. That which was first shall be last; and the synthesis of the new civilisation will have begun.

JOHN GRIMM.

The Heroic Novel.

The English novel, we are told, is dead. There is more truth in this than in most of these generalisations; the novel is a means of livelihood to some, of social notability to others, and above all, with the women writers especially, an expression of neurosis. As an art form it has become too personal, too analytical—as opposed to synthetic, or as Philip Guedalla points out, its decay is measured by the fact that almost all the passable practitioners are either old or elderly.

Prose narrative has become too prosy; nor is this the fault of prose as a medium. Hardy, with all his faults in style and construction, wrote novels that contained the essence of tragedy. The Authorised Version, "Urn Burial," "The English Opium Eater," and "The Sentimental Journey" could be attained in English prose. The trouble is rather that our novelists are afraid of the heroic, and too clever by half for the grand manner. Nobody shall say of them that they have any illusions about human nature, or that their figures—like Balzac's, for instance—are larger than life. And so our circulating libraries are stacked with "Pride and Prejudice" without Jane Austen's form and exquisite sensibility, "Madame Bovary" without Flaubert's constructive genius, and Chehov in English burlesque. We have to look abroad for something more magnanimous. There are false prophets in America; and after a glance at "The

American Tragedy" we had better look the other way. There are hopes in Germany, and there are more than hopes in Sweden.

The publishers call "Charlotte Löwensköld" a narrative analysis of character, a phrase which nicely illustrates the trend of modern criticism, but which is not a fair description of the book. Selma Lagerlöf does not shine at analysis. There are crudities in her character drawing; she is not a minute psychologist. But she is not afraid of big figures, she conceives a novel as an epic, her heroes—a term that amounts in England to a sneer—are really heroic; and anyone may laugh at her that pleases. In her "Story of Gösta Berling," an earlier work, there is every now and then a Homeric flavour; the pensioners of Ekeby are all the glorious failures of the world, and Gösta Berling is at once personal and representative, himself and the eternal artist in mankind.

Charlotte Löwensköld is betrothed to Karl Arthur, a fanatical clergyman. She is the stronger of the two, and he, though not admitting this, feels that without her he will be more free to pursue his Tolstoyan ideals. A rich ironmaster proposes to her, and though she rejects him, Karl Arthur makes this the opportunity of breaking with her. He engages himself to a peasant girl, a beautiful animal. There is a scandal in the village, and Charlotte, not willing to clear herself at his expense, is blamed for jilting him. The ironmaster tries to cover her retreat by publishing banns of marriage between himself and her, but Karl Arthur, following up the announcement in church with a particularly moving sermon, secures still more sympathy. Later he starts a religious revival and breaks with his mother, who is attached to Charlotte. At the end Charlotte marries the ironmaster.

There is true dramatic irony in the essential selfishness of Karl Arthur's apparently Christ-like conduct, and the popular condemnation of Charlotte's unselfishness. There is a difficult corner in the story where Charlotte's passionate love for Karl Arthur dies, to be replaced by a more serene affection for the ironmaster, but the writer turns it easily and honestly. Selma Lagerlöf's native Värmland, a province of Sweden, provides a warm background to the story, though description suffers in a poor translation. The writing is sometimes ingenuous, or even crude, but there is a nobility about the book.

MICHAEL JOYCE.

LETTERS TO THE EDITOR.

INCOME TAX TRICKERY.

Sir.—The correspondence upon this subject appearing in the *Evening Standard*, from which you have quoted in a recent issue, is illuminating. The caddish inquisitorialness of some Inspectors of Taxes is outrageous. Perhaps instances within my own knowledge may be interesting.

(1) I had occasion some time ago to claim repayment of tax upon an unexpected dividend. I completed and returned the necessary form, and by return of post I received a peremptory demand to explain how the money which formed the capital purchase came into my possession.

(2) The wife of a friend of mine residing in the Midlands held an account in the Post Office Savings Bank. She transferred the money to the Birmingham Municipal Bank. The Inspector of Taxes commenced an inquiry into the origin of the money paid into the Municipal Bank. My friend learned subsequently that one of the conditions imposed by the Treasury upon the Birmingham Municipal Bank when it commenced operations was that it should furnish annually to the taxing authorities a list of all depositors whose accounts reached £200. I have never been able to obtain precise confirmation of this, and it would be interesting if any of your readers in the Midlands know anything of the matter.

(3) A small trader in a little country village is habitually assessed at twice his actual profits. His savings are in Government stock, the dividend upon which is taxed at the full rate by deduction at the source. He is not liable to tax and his return of income is consistently ignored. Every difficulty is put in the way of his obtaining repayment. He appealed to me to assist him in withstanding the wiles of the Treasury tout, and after a protracted correspondence we were informed that "the Commissioners had agreed to a reduction of the assessment." The following year the claim for repayment was anticipated in the following way. When request was made for a claim form, the Treasury tout countered with another form, in the shape of a printed letter

* "Charlotte Löwensköld." By Selma Lagerlöf. Translated from the Swedish by Velma Swanston Howard. (T. Werner Laurie. 10s. 6d.)

which informed us "it appears you are entitled to some repayment of tax." Then followed an array of fictitious figures which purported to show that the claimant was entitled to approximately one-fourth of what was really due to him.

I have discussed with many business acquaintances the contemptible methods of some Inspectors of Taxes, and one reason given is that Inspectors of Taxes are remunerated upon some sort of commission basis. The more tax they collect the greater their commission. Hence the desire to keep up assessments and resist repayments. If this is so abuse is manifest. Again, the impertinent inquisitions are said to arise from the use, laid down by the Treasury, of sets of stereotyped questions to be addressed in varying circumstances to individuals who claim repayment or resist an extortionate assessment. I believe it to be true that particular advantage is taken of the less literate who become assessable to Income Tax, e.g., machine hands employed upon non-stop piece-work jobs who may earn, say, five pounds a week or more. Employers are compelled to return the names and addresses of all manual workers earning £80 in any half-year.

Nova.

"NEW VERSE."

Sir,—If your critic does not wish to be annoyed by midges he must not leave such large holes in his mosquito-net. Or else must wake up a bit if he is effectively to squash them. Since he thinks that "there ought to be a law" to prevent people from paying for publishing their own performances, will he inform us whether they may lawfully use their pennies to buy the publications of others, or are they to be led to the poetry book shops by a critic-in-charge?

Must we really not fly, because we are only midges?

And has it never occurred to Mr. M'Diarmid that some persons may speak *in order to evoke a response*, and that to assert the leonine quality of another creature, dead or living, is to offer no cogent reason why a live dog should not bark.

L. S. M.

Anthroposophical Society in Great Britain.

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(One of numerous similar expressions of opinion.)

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