

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 1928] NEW SERIES Vol. XLV. No. 17. THURSDAY, AUGUST 22, 1929. [Registered at the G.P.O. as a Newspaper.] SEVENPENCE

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NOTES OF THE WEEK.

If we were asked to name that section of the business fraternity which possessed the least intuitional capacity for apprehending the fundamental problem of the economic situation, we should be inclined to choose the publicity experts. There was an international convention of them in Germany last week. Presumably on the ground that "in the country of the blind the one-eyed man is King," Sir Ernest Benn was selected to address them. In common with all the rest of that mysteriously nominated panel of publicists who emerge from nowhere to guide public opinion Sir Ernest told them just so much of the truth as they knew already, and misdirected them as to where the rest of it was to be discovered. He described to them, as it were, the beauty of the sun setting behind the ocean; and then told them the best way to get to Yarmouth to see it. To read certain of the passages in his address some optimistic students of Social Credit might excusably have hugged themselves in the belief that at last the light had dawned on Sir Ernest, and that this big Benn was about to strike twelve. But not a bit of it. Inside the mechanism there was a soft little whirl ("We have an enormous capacity for production"); next, a loud little click ("But what's the use of it if we can't sell the products?"), and then—well, the clock fell to pieces. ("We must tell the world we have something to sell.") There is, it is true, one product that you can sell the world merely by advertising: it is called "a pup." Of course, we do not accuse Sir Ernest of consciously planting the mongrel on the customer: we are ready to believe in the good faith of his protestation (if ever he has to apologise) that he "got it orf of a man"—all the more so because our job is to watch the man and write the pup's pedigree.

Up to the time of writing the ultimate outcome of Mr. Snowden's ultimatum has still to be made known. The first reply of France and Italy was to invite the co-operation of the British experts together with their own with a view to investigating how best

to raise the twopence for which Mr. Snowden was so hysterically insistent. This was rejected; Mr. Snowden remarking that any reply must have figures in it to be considered at all. Apparently the French and Italian experts conducted the investigation by themselves, and after "scraping the till," as one of them described it, managed to produce a proposal to find for Mr. Snowden the sum of three halfpence. It appears that the scheme contemplated for doing this depends upon Italy renouncing three farthings, France one halfpenny, and some "smaller States" the remaining farthing. The financial renunciation of these smaller States is to be compensated in "some other form"; but unfortunately the description of the form is not revealed. It would be interesting to hear what it is.

In the meantime the showmen have been making Mr. Snowden their central exhibit all the week. He has been the star-and-stripes "turn" in a Low cartoon, in an interview with Mrs. Snowden, and in several flattering biographies. Low, of whom we said a long time ago that he had been elevated to the peerage by the bankers, faithfully reflects their attitude in the present cartoon. He represents Mr. Snowden huddled up asleep on a chair at one end of the Conference-table, and an agitated group of Britain's ex-Allies at the other, expostulating about the rudeness of his language to them. The cartoon is really aimed at France, who, as our readers know, has been the main obstacle to America's attack on the liberties of Europe. Britain, who ought to have been Europe's champion, has become an assailant, or at the very least has done what she went to war to prevent Belgium from allowing, for she has permitted American financiers to bombard Paris from the neutral territory of London.

Mrs. Snowden, in the interview, paid a tribute to her husband's character, and also gave her own opinion of what Europe ought to do to clear up the situation. Her advice need not occupy our atten-

tion, it is only a repetition of what her society chaperone, Lady Astor, has gossiped about with her on their joint shopping afternoons; and, of course, whatever opinions Lady Astor has to express proceed from her husband, who, in his turn, is one of Mr. Snowden's political mentors. On the other hand, Mrs. Snowden's opinion about her husband may be assumed to rest on first-hand data. But the form in which she expresses it is equivocal. She says (1) that he is a man who, when he has formed his judgment, will act on it without counting the cost; (2) that, in forming his judgment, he is always ready to allow weight to the informed opinion of people whom he may consult. These facts do not prove the intended moral. The mere consultation of expert opinion is itself a process of counting the cost. So the two statements combined mean that when Mr. Snowden has counted the cost of a certain action he proceeds with it without counting the cost. That is to say, he does not count the costs twice. Apart from our wishing that the same thing could be affirmed of the existing price-system, we have no use for the information. It does not explain why Mr. Snowden is performing this particular act, and it is no guarantee that in a few months he may not be carrying out an opposite policy. We are not asserting that a man who consults informed opinion before action need necessarily be a weathercock, but in order to feel confidence in his strength we should want to know (1) whether he exercises a self-determined choice of his advisers; (2) by what standard he assesses their advice. If, for instance, he proposes first to do one thing, and then is advised that somebody else can stop him doing it, and he therefore alters his mind, we might call him a wise man, but certainly not a strong man. Further, if the somebody else who could stop him doing the one thing undertakes to support him if he does the other, we should all the more concede him his wisdom, but should deny him the quality of intrepidity. For what would the "costs" amount to which he would incur? The cost of letting down the weaker side? Such cost may conceivably be incurred; but it cannot be measured in terms of physical, social, or economic danger: it can only be assessed by a moral measure—in short, the cost is an uneasy conscience. So if Mrs. Snowden means that whenever, for practical reasons amounting to force majeure, Mr. Snowden's judgment causes him to do a certain thing, he does it regardless of the protests of his conscience, she begins to be intelligible. At the same time, if his judgment leads him into such a dilemma there is an honourable way out: he can resign office and ignore the costs.

Mr. Ramsay MacDonald flew to Edinburgh to consult the informed opinion of Mr. Montagu Norman and Mr. Lamont. Directly he had done so he was able to broadcast a cable that he sent to Mr. Snowden assuring him that the whole country, without distinction of party, was solidly behind him. Every corner-seer in the country had evidently received assurance of the gods' favour, and Mr. Snowden was doubtless stimulated by the reflection that he could lean his back nonchalantly against an imposing mass of British banking architecture while the Continental Powers were considering his ultimatum. A day or so later the newspapers announced that New York had made provision to create a credit of £50,000,000 in favour of the Bank of England. Inquiries at the Bank elicited the information that nothing was known about it. But in view of the fact that even the financial Press of London have been complaining for the last twelve months about the persistence with which Mr. Norman keeps his secrets, this lack of official knowledge amounts to a confirmation of the report. The object of this credit was explicitly stated to be that of protecting sterling in the event of France's showing fight. It appears that she is in a

position to withdraw gold from London, in which event the laws of the gold-standard would force the Bank of England to raise the Bank Rate and curtail the credit-accommodation granted by the Big Five. So Wall Street proposes to abrogate the laws in order to defeat French reprisals. We need not spend our time discussing the moral, because the duty of exposing the anomalies of the gold-standard is now being undertaken by the *Sunday Referee*, which can be trusted to deal with the subject adequately. We need only remark that this episode underlines Mr. McKenna's declaration of a couple of years ago that the world is on a dollar-standard. Our present concern is with the political aspect of the situation; and from this point of view it will be seen that there have been three stages in the night-bombardment of France: firstly, Mr. Snowden sends up a star-shell, next Messrs. Norman and Lamont find the range, and finally the Federal Reserve Board fires off its Big Bertha. The further the situation develops the more rapidly does the figure of Mr. Snowden shrink to the proportions of a marionette. And the *Evening Standard* actually paired his photograph with a picture of Palmerston at the head of an article the other day!

The *News of the World* of last Sunday, in the course of an article discussing what would be the logical consequence if the Young Report were not accepted—the consequence being a reversion to the Dawes Plan of collecting and distributing reparations—pointed out that Germany had been rapidly gathering up reparation-revenue internally by reason of the sound financial position of her railways and other industrial assets. This soundness the writer attributed to the collapse of the mark a few years ago, whereby, he recalled, German industry got out of debt. Our readers will remember how, in that time of inflation, German investors were ruined right and left—which is another way of saying that they were forced to sell their proprietorial rights over German industrial property to financial syndicates, the most active of which were American. The German Government at the time did take steps to prevent the exportation of manufactured goods at the negligible prices which foreign buyers would have had to pay in their own currencies to get them. For instance, there was a short period during which the mark was battered so thin that a few pence in English money would, on paper, buy a piano from Germany; but the Government and the manufacturers, by a common instinct, regulated actual exports both by prohibiting them altogether and by pricing them up to something near their equivalent value outside. Untransportable physical wealth in a few weeks. Unfortunately the German Government and manufacturers could not devise similar means of protecting their fixed physical wealth—their permanent assets—their industrial plant and equipment. They could safeguard their production against virtual financial robbery, but not their means of production. So although American importers could not get a German piano at, say, one four-thousandth of the value of equivalent American pianos, American financial syndicates could pick up piano-factories on terms reflecting that ratio. The results of their dealings in properties all over Germany are comprised in the statement of the *News of the World* that Germany has no internal debt to speak of. Of course not; for Germany's internal debt is very little more than the scrap value of her industrial assets. No wonder that with overheads down at vanishing point, German railways (and other revenue-earning properties likewise) have been showing surpluses in greater and greater excess over the reparations charges hypothesized against them.

General Dawes was, of course, advised of this by his Wall Street employers when he set to work to push his Pact on to the Allies. There is, in the Pact, what is called a safeguarding provision. This provision is necessitated by the fact that Germany is compelled only to raise marks internally. The function of transferring those marks to the Allies in the form of non-German currencies rests with a Transfer Commission, directed, as might be expected, by American nominees. So long as Germany does not raise more than so many marks the American Transfer Commission can feed them all out to the Allies in an acceptable form. But directly she exceeds that number, the Commission finds itself obliged to hold up the excess, and not pay the Allies. The reason why it is so obliged is because of the safeguarding provision just mentioned, which has been inserted in the Pact to protect German currency. Under that provision the Commission must not sell its surplus of marks directly in the exchange market, for if it did the value of the mark would fall. In a word, the Allies must forgo all reparation receipts which might adversely affect "Germany's financial credit." Within the framework of the existing financial system the reasoning is sound enough and need not be discussed. The significance of the position is that when once the direct sale of reparations surpluses by the Commission is prohibited they can only be transferred as and when Germany widens the margin between her imports and exports. As the *News of the World* puts it, the flow of transferred reparations depends on the expansion of Germany's "favourable balance of trade." In view of America's position in Germany, it will be seen that the safeguarding provision safeguards America. What you have is an American Pact appointing an American Commission to regulate reparations payable by an American province in Europe and ultimately receivable by the United States of America, and, in fact, does not intend to receive them in any form otherwise than in the acquisition of further economic power. When that power becomes consolidated sufficiently to place America in an unassailable position, she is quite ready to make the magnificent gesture of cancelling debts all round.

The *News of the World* adduces figures to show that Germany's accumulations are nearly at the point when the safeguarding provision will have to be applied by the Commission. If this is the fact, it supplies a powerful reason why the American financiers hurried to Paris to formulate the Young Report. It was probably thought that since there looked like being a surplus of marks, it would never do for these marks to be sat on by a Commission which everybody was aware was American in complexion and under the auspices of the Dawes Pact. The Young Report contains two relevant recommendations. One is that Germany's rate of payments shall be scaled down. This would of course defer the deadlock that would be created by the over-accumulation of marks, and obviate the provocation that the spectacle of a visible fund of intransferable marks would offer to public sentiment in France, Belgium, and Italy. In this connection it will be seen that the Snowden ultimatum only concerns the petty detail of how the Allies can severally distribute the renunciation which the bankers have agreed to impose on them collectively. The other recommendation, which by contrast is almost majestic, and to which therefore none of these petty political rioters pays the slightest attention, is that the functions of the Transfer Commission (American) shall be absorbed in the functions of a Central Bank for Europe (ostensibly European but actually cosmopolitan under American dominance if not under the visible presidency of an American

citizen). There has been at least one point in favour of the Transfer Commission: it did have one plain duty to perform and one clear set of accounts to publish to the interested parties. But if the European Bank is set up it may be taken as certain that its accounts will immediately become so comprehensive as to become unintelligible, besides which, they probably would not be published at all. Why should they? The Court of Directors would be composed of expert representatives from each of the Powers; and the answer to anybody who complained of secrecy would be: "The accounts are open to the inspection of your own representative." Imagine it: "Snowden's on the Board: all's right with the world!" But the public would fall for it every time.

According to the reports of diplomatic correspondents to the *Morning Post* and the *Sunday Referee* Italy has taken the lead in resisting the claims of Mr. Snowden. In the *Morning Post* the general attitude of the Italian delegates at The Hague is formulated as follows:—

"(1) That the Balfour Note is no affair of Italy, who was not responsible for the unfavourable debt agreement which Britain made with America.

"(2) That if Britain was generous to Italy in her debt-funding agreement, this generosity was based on capacity to pay."

On points of detail they claim that Britain gains advantages quite adequate to fulfil her full claims. Britain gains under the Young Plan, they say, an extra £5,000,000 allotted to her as current debt cover during the last five months of the present Dawes year: she also, they continue, agreed in writing on April 12 to renounce uncovered arrears in debt payments. It is apparently because of these and other technical criticisms of Mr. Snowden's complaints that he has agreed to the formation of a committee of Treasury experts representing France, Belgium, Italy, Japan and Great Britain to estimate what is the real value of the offer already made by the four creditor Powers. At present the French estimate puts it at eighty per cent. of Mr. Snowden's full demands; he says it is only twenty per cent. Incidentally French official opinion, as summarised by the *Morning Post's* Correspondent, has been "astonished at the flaming of the anti-French feeling" which applauded Mr. Snowden's outburst.

"It has caused something like stupefaction that, with the sole exception of the *Morning Post* . . . the entire British Press should have shown such a consistent and uncompromising hostility to France."

The stupefaction is excusable. The first indication of "feeling" appeared in the middle of April when Mr. Snowden, then in opposition, denounced the Balfour Note, and reproached France for being so negligently when Britain had behaved so generously. The Press comments were very cautious. The British newspapers as a whole had not received instructions from high-financial quarters what to say about the debt controversy, and therefore restricted themselves to discussing the merits of the constitutional theory to discussing the merits of foreign policy, which Mr. Snowden had claimed, on behalf of the Labour Party, the den had claimed, if that party were again to take right to disregard if that party were again to take office. The *Daily News*, a by no means pro-French organ, attacked Mr. Snowden for making such a claim, saying that if he did repudiate the Balfour Note and claim more money from the Allies than Britain had contracted to pay to America he would be guilty of the same "bad faith" as he had charged against France in his speech. The spirit of its article was fairly typical of Press comments in general. Looking back it is easy to see that the time had not come for the Mansion-House Anglo-American financiers to set the dogs of Fleet Street on France. They had put Mr. Snowden up

to bluff France into ratifying the Churchill debt-agreement. The Young Report had not been published. When it was, a month afterwards—about the middle of May—there was a heated demonstration against Mr. Young and America by the whole Press, and not a word of blame against France on account of its terms. *The Times* said that the United States would have to "revise its attitude"; the *Evening News* exploded about the "effrontery" of the Report; while the *Daily Mail* singled out the *Forney Tariff* for attack, declaring that it was "apparently designed to penalise yet further British trade." All this took place just three months ago. During that period, both before and after the supersession of the Conservative Government by the Labour Government at the end of May, there had been no word against France until Mr. Snowden reached The Hague last week. The stupefying thing about the Press attitude has been its spontaneous vehemence in two opposite directions within that short space of three months.

To reach any final conclusions from this conflicting evidence is impossible. If, as would appear to be the case, the newspapers' attacks on America were merely a verbal demonstration, there is at least equal ground for supposing that their onslaught on France is the same. Antecedently the ground is stronger; for it has always been Britain's policy to ally herself against her strongest trade competitor. And, apart from the principle of continuity, her mere dependence for food on overseas markets would impose that foreign policy on her. Looked at in this way, the economic danger to her is America. This does not rule out the possibility of her occasional association with America in putting over a ramp at the expense of other powers in their common interest, but it does exclude the possibility of a permanent alliance so long as the laws which govern the distribution of trade opportunities in the world are permitted to operate as they do now. And when those laws are at last abrogated, as they must inevitably be, the necessity for alliances to expand one's own national trading opportunities or to paralyse those of other nations will automatically disappear.

In a cartoon of Low's of last Saturday (published subsequently to the one we have previously described) he gives France a rest, suspends his hero-worship of Snowden, and has a fling at America. He pictures a room in which an over-corpulent Uncle Sam is leaning backwards with all his weight up against Snowden, who is forced to become the medium of the impact on other figures personifying the Allies, the whole lot of them being squashed into a corner. Uncle Sam is saying "Hey, you Snowden! Haven't you got any manners? Quit shoving those guys!" The inspiration of the cartoon proceeds from a Press extract, which is in the following words:—

"Despite the fact that Britain seeks at The Hague Conference only enough to cover the heavy payments demanded from her by the U.S.A., the American Press continues to comment bitterly upon Mr. Snowden's attitude."

We have not ourselves seen any bitter comments, but we have noted evidences in American papers of apprehension lest the Young Report fails to go through. No instructed person will suppose that America cares two hoots how the Young Reparations-allocation are distributed, but cares a very great deal about whether the Young European-Bank is brought into being. It is a conceivable hypothesis that none of the European Powers (not even Britain herself) wants this bank, and that the row about the allocations of reparations has been engineered as the most diplomatic way of turning down the

recommendation. Our readers will remember our account of Herr Drack, of Vienna, and the honour he received at the hands of President Hoover in recognition of his services in the cause of world peace. Herr Drack, in his proposals for a world bank, claimed that it would be able to enforce disarmament by refusing credits to bellicose nations. This is what the "Young" Bank could do on European territory. It is true that up to the present the several Central Banks in Europe have used their power pretty effectively to keep armaments down to a reasonable level, but as was said in the book, *Central Banks*, which we noticed in these columns a short time ago, these Banks have to rely on moral pressure to impose their views on Cabinets and War Departments, and such pressure would lose its effect directly a Government found itself within measurable distance of actual war. These Banks, by the very fact that they claim to be private institutions, and to be immune from Government interference in peace time, cannot repudiate their liability to share in the disabilities of all other private concerns in war time—that is to say, they are subject to control under martial law. That the control has never yet been extended to them is no guarantee that it never will. Ten years of intensive study of the credit question and its implications cannot have failed to put at least some statesmen wise—or, if not statesmen, soldiers. On the other hand, how could France or Italy, for instance, control an international Bank which was not located in the territory of either, if that Bank chose to make difficulties about credits in a time of crisis? Of course, they could improvise supplementary currencies and requisition the premises and services of branch banks and officials in maintaining a credit service inside their territory, but it would be a slow job, and even if there were time to accomplish it, there would remain the larger problem of negotiating purchases from other countries. The difficulty would be all the greater if the European Bank had substituted its own currency for the several currencies of the nations, after the idea of Herr Drack, who dreams of a world-dollar currency.

The following passage would express the American attitude so far as the reparation-question is concerned:

"It is always necessary to remember that this whole dispute which is at present imperilling the peace of Europe is a dispute about millions which will not begin to be paid for ten years, and probably will never be paid at all." And since these words form the concluding paragraph of a leading article in the *Daily News* last Monday we may assume that the importance of the quarrel is similarly discounted in the City. As we insisted last week, international promissory notes maturing so far hence as ten years are not promissory notes but rather love-letters; and the writers of these missives might, instead of filling them crossly with figures, fill them figuratively with crosses—crosses for kisses.

"Mr. William Barratt, chairman and managing director of W. Barratt and Co., of Northampton, said that financiers seemed particularly keen to bring their activities to bear upon the boot and shoe trade; they had no interest in them beyond what they got out of them; they never put any additional money into a business, but they never failed to take considerable sums out. Mr. Barratt added that he had learned on good authority that some of the suggestions for buying up boot companies in this country had come from the United States, the desire being that certain large manufacturers of boots and shoes there would secure a chain of retail shops in the United Kingdom for the purpose of disposing of their surplus products."—*Times Trade and Engineering Supplement*, August 3, 1929.

Incomes and Prices—II.

Our illustration does not easily lend itself to the elucidation of the A + B Theorem, because we have chosen to represent industry as a single administrative unit, which means that all the money it spends must go to private individuals as personal income. The A + B Theorem, on the other hand, is developed from the analysis of payments made by any single factory. These payments are divided into two groups, the "A" group representing payments made directly to private individuals, and the "B" group directly to other factories or financial institutions. Thus, the distribution of the "A" payments provides money to the consumption market. The sum of those payments in the factory account is entered as cost, which cost must be recovered from the consumption market. So far the collective income of private consumers is equal to collective cost. But the "B" payments also are entered into cost. Therefore the consumption market would appear immediately to be short of money by an amount equal to the "B" payments. The Social Credit position is that this appearance reflects the truth. The critics of Social Credit say that it is an illusion.

The proposition that, over any given period, payments "A + B" (total costs) must be greater than payments "A" (total personal incomes) is of course not contested. But opponents of Social Credit argue that, in some subsequent period, the "B" payments also eventually get into the consumption market, and supplement the "A" payments, thus enabling the consumption market to buy the total production.

The point at issue can be made clear by the following picture. Suppose we imagine ten huts so built as to form a circle. Each has a pigeon-hole, "A," fronting outwards, and one, "B," backing inwards. Outside the circle is the consumption market where final products are bought, and inside is the production market where intermediate products are made. Now, on a given day, let each hut pay out £10 through its outward pigeon-hole and £10 through its inward pigeon-hole. The accounts of each will show, for that day, a total of £20 as costs, and therefore £200 for all of them. The pool of money put into the consumption market on that day will be £10 by each hut, and therefore £100 altogether. The public, as we will call them, hold £100, but the cost of the products (of all kinds) inside the ring is £200. There are two alternative hypotheses on which one might conceive of the public being put into the position of being able to buy all the products.

- That the cross-payments inside the ring cancel each other out in some way, and are excluded from the costs to be collected from outside. Costs are now £100 only, and are equal to the public's income.
- That these internal cross-payments get out of the ring in some way, and are not entered as additional costs when they do get out. Costs are £200, and the public's income is made up to £200.

Take the first hypothesis. If the ten huts are considered as a trust under a single accountancy administration it is easy to conceive of something equivalent to the cancelling out of those £10 payments passed through the inside pigeon-holes—that is to say, there need not be any payments at all. The conditions inside the ring would be exactly like those inside a single modern factory, where materials are shifted from department to department upon exchanges of "requisition" and "transfer" notes or chits, and not by the use of money.

Take the second hypothesis. Assuming that the internal payments do get out to the public, how do they do so? They must come out through one or more (or all) of the external pigeon-holes. The reason is that these holes are the only channel through which the public can receive money legitimately

available to be spent on consumption. But every penny issuing from these holes is recorded as a cost to be recovered from the public. There are no such things as side alleys between the huts, permitting the public to sneak round to the inner pigeon-holes to tap the "B" money inside the ring.

Similarly, there is no financial process known to industry by which consumers are able to tap the flow of "B" expenditure with the effect of augmenting the flow of "A" expenditure. It is true that they often get possession of money belonging to the "B" flow, and use it in the "A" flow; but inevitably there is a compensating transfer of money from the "A" flow to the "B" flow—that is to say, the result to them will be exactly the same in the end as if no money had crossed from one circuit to another.

So definite is this mutual differentiation as to function, that all the money used by firms for buying from other firms could be in a form which was expressly reserved for those transactions, and could even be legally prohibited from use as money in the retail markets by consumers. We have already pointed out that this is what would really happen if all industry came under a single accountancy system—that is to say, business goods would be transferred by means of requisition notes which, though they might exhibit a money valuation, would not be of any use to a consumer. It so happens that it is a practical convenience to use legal tender for both purposes, because of the time and trouble saved which would be expended in converting one to the other. Thus a firm who delivered £10 worth of leather to a boot manufacturer would sooner not be paid in "private tender" because they might want to use some of the money to pay wages on that day. So money does get mixed up in the handling; but the ledgers of the firms, and especially the ledgers of the banks, never mix up the accounting of it.

Transactions between business concerns in any given period are simply dealings in *surpluses* which were made in previous periods and which consumers had no money to buy in those periods. Combine these concerns in one concern, and all these dealings obviously amount to nothing more than the carrying forward of unsaleable surplus stocks by that concern. Its financial operation would then consist in its *buying its own surplus stocks from itself every day by the use of money borrowed and repaid every day*. For instance, in our illustration, John Smith might borrow five tickets from the machine on the surplus five bags of potatoes which he had no money to buy for himself; take them out of the shop window; trundle them round the back of the shop; put them again in the window; and return the five tickets to the machine. That is what the "B" expenditure in the "A + B" Theorem is in principle. It does not get out of the shop to be used as purchasing power by the consumer. If anybody "cannot see it," it is because there are hundreds of thousands of potato shops and millions of John Smiths all fulfilling the principle together, beginning and ending at all sorts of dates, and working on jobs which take all sorts of periods to complete. Students must take a lesson from the Irishman who couldn't count the thirteenth pig because it wriggled about so much.

"Each country should realise that by the very act of adopting a gold standard, it has actually placed its national destinies at the mercy of the banking and governmental policies of other nations." . . . "What Englishmen really did when they adopted what they supposed to be an automatic gold standard was to substitute for an English-managed standard. They were managed an American-managed standard. They were afraid to trust the English Government to manage its paper money so as to keep it stable, but are now in the position of trusting the American Federal Reserve System to manage credit so as to keep it and all other money stable throughout the world."—Professor Irving Fisher, in his recent book, *The Money Illusion*.

Current Political Economy.

The British Press, with the *Morning Post* for sole exception, has treated Mr. Snowden's attitude on reparations as an excuse for Mafficking. With a rot set in on the English side Yorkshire has stopped it at The Hague as at Lord's, and the mob cheers Snowden and Sutcliffe under the same mob emotions. "Britons," the newspaper proprietors quote, "have at last begun to stand up for themselves." Thus democracy, without knowing anything about the matter except that Mr. Snowden, Chancellor of the Exchequer, is fighting for more of his revenue from foreign tax-payers than he was offered, is swept into an exhibition of Nationalism. Labour is no longer pacifist; it is patriotic. In the week in which the newspapers are instructed to sing the democratic baby to sleep, Mr. MacDonald is the great peacemaker; in another week he and his Chancellor come not to bring peace but a sword, and the same machinery tickles the democratic baby into gurgles of approval.

It is kind, of course, of the leaders of democratically appointed Governments to simplify questions of international relations to the understanding of their constituents; and even kinder of them not to remind their constituents how easily mob feeling—which is all that is required to run a war once Governments have a pretext up their sleeves—can be raised in temperature, in spite of the universal leagues and universal pacts being constructed all around. That the attitude of the Labour Government would be imperialist and nationalist was prophesied in THE NEW AGE before Labour came into office. Labour, by self-election and nature, must find work, and since enough cannot be obtained if other nations take it, then other nations must be prevented from taking it, by whatever means. At The Hague Mr. Snowden and Mr. Graham have insisted that England's primary consideration in the reparations settlement is to prevent the annihilation of work that British Labour might otherwise obtain. It is no longer, therefore, a question of resolutions of goodwill at Labour Internationals; it is a question of fewer jobs going than there are applicants, and Labour is nationalist, not internationalist.

When Labour did what its predecessors were doing explanation was easy; like the traditional Englishman, Labour dearly loved a precedent, and would search in the archives of history to find reasons for doing what it would surely do anyhow. Now that Labour does something different from what its predecessors did, it needs no reasons but patriotism. Around the fact that Labour must find work, however, there grows a net of international complication and readjustment. The relative minuteness of the payments in dispute at The Hague, and the fact that economists as good as either Mr. Snowden or Mr. Graham know that payments in kind and payments in money amount in the end to the same thing if they are made, indicate other motives than the Britisher's devotion to fair play. Opposition to payment in kind is opposition to payment at all. As Lord Melchett says in his very clear pamphlet,* there can be no settlement of the debt without the transfer of goods. Mr. Snowden does not want goods, since they destroy work. So he demands money, in spite of his knowledge that if he get it he must already have had goods, at home or in a potential foreign market. Although efforts to bring about an adjustment of the money system on the ground that goods are easier to offer than money is to obtain in return for them, both Mr. Snowden and Mr. Graham are aware of the fact. Mr. Snowden, therefore, while sent for the public to see as Chancellor of the Exchequer crusading abroad for his revenue, knows that he is trying to make its receipt more difficult if not impossible. He

* "International Industry and the Young Plan." By Lord Melchett. (London General Press. 2s. 6d.)

knows that the sure way to get reparations is to specify kind. Labour, once more like its predecessors, is pretending to pull while actually pushing.

Other important questions for democracy are raised by the minuteness of the matter in dispute compared with the feeling raised on all sides and the uncompromising attitude shown by France. British foreign policy is changing. The last Government was obviously trying to do incompatible things at once. In spite of New York's vexation at its inability to bring France to heel, notwithstanding even the hammering of exchanges among other things, England leaned as much to France as to America. Pro-French and anti-American comment became almost as common as the opposites. The Anglo-French naval agreement was, of course, wrecked by American interests and pro-American opinion in this country. From many signs it was obvious that British foreign diplomacy consisted in trying to keep friends with America while being friends with France. British financial interests, as distinct from public opinion and Government diplomacy, were, of course, pro-New York, for reasons given often in this review. Since the Labour Government came into office the choice appears to have been made in favour of America. One could almost believe that England is determined to offend France, and not inclined to leave off when she has succeeded.

It was believed, of course, that the only country capable of withdrawing gold from London, whether for political or economic reasons, to a sufficient degree to produce—on the orthodox financial formula—an increase in the bank-rate was America. That in such an event the Labour Government's unemployment scheme was recently referred to in the inspired *Daily Herald*. Whether this was advised by General Dawes to Mr. MacDonald or by Mr. Price Bell to Lady Astor and thence to Labour is of minor importance. Suffice that recently France began with all her might to sell sterling, and that gold has been going that way "alarmingly" since. "That France's motives are political," says the *Observer*, "is freely stated." Precisely at the crucial point, when France has certainly been offended, it is rumoured that the Bank of England has obtained a £50,000,000 credit in New York, which rumour is denied, while the credit is compared to previous similar ones that were never used.

The answer to this case a day or two ago was that the American Press censured Mr. Snowden. America's intelligence service is either a little slow at times, or startlingly quick. The New York correspondent of the *Observer*, which is, of course, an Anglo-American organ, referring to the American censures, writes:—

"But feeling has apparently subsided as quickly as it rose. Meantime the attitude of the principal American correspondents at The Hague has undergone something like reversal. . . . They are animated by a growing confidence in Mr. MacDonald, of whom, it may be said, the United States expected little, but now hopes much. . . . Mr. Snowden's earlier descriptive terms of 'irascible' and 'astonishing' are giving way to 'earnest' and 'determined.'"

Elsewhere the *Observer* commends the publicity of The Hague negotiations. Labour, it is to be assumed, is engaged in open diplomacy, yet it looks as if a complete alteration in political foreign policy, as a corollary to existing financial policy, has come about without a single word in any newspaper. If Labour believed in open diplomacy it would publish the private conversations which have led to this change, whether they were between Norman and Strong, or between MacDonald and Dawes. On what terms and to what degree has New York agreed to England making a bid for the crumbs that fall from the United States table?

O. R. LEFEVRE.

Life-Force.

III.

Emergent evolution, "holism," and "co-ordination," are an ideological advance on mechanism, since they are psychologically more in harmony with the present need of mankind to combine, make whole, and co-ordinate, the world's mental and social activities. Mechanism was adequate as a philosophic interpretation of "causation" only as long as the societies whose consciousness was represented by the scientist-philosophers needed only to go on doing what they were doing; which is all that the machine can of itself do. In the method of dream analysis adopted by Jung, the analyst keeps a wide-awake look out for the prompting given by the patient's unconscious mind. The existence of neurosis is taken as evidence that the patient has some actual problem or task, in the face of that which his conscious choice and unconscious inclination do not agree. The opposition between the two breaks up his mental unity. Unable to exercise the influence over the patient's attitude due to it, the unconscious impulse gives, in the symbol language of the unconscious, a prompter's hint as to what adjustment is necessary in consciousness to satisfy the unconscious, and to bring about peace of mind. The neurotic has not a monopoly of this experience. The promptings of the unconscious impulse come into the day-dreams and thought of great numbers of persons not regarded as neurotic, although they happen to be mentally very uncomfortable. When a common impulse is recognised in consciousness by a number of "thinkers" together, it is regarded as a discovery, as a new philosophic truth; and applied to the universe as a whole instead of to the actual problem, to the need for solving which the impulse was a response.

This throws light on the philosophic change over from the mechanist to the vitalist hypothesis. Co-ordination, emergence, or "holism" are, of course, no more than a compromise with vitalism; but when "creative" is used unconsciously as a synonym for "emergent," it is easy to see which way the wind blows. At present almost every scientist is more or less articulately (which is also only more or less consciously) prompted to wish for more co-ordination among the various specialised branches of science. The consciously pursued object of the relativists and searchers into the quantum theory is to discover a basic principle which will serve as the one foundation for all physical sciences dealing with space, force, and motion, from thermo-dynamics to gravitation. For the conscious lay individual, as distinct from the professional or professorial scientist, of the present day the gateways to experience and knowledge are so many that he feels himself mentally and emotionally spread-eagled. To become a conscious and responsible citizen of earth he feels under obligation to be wise in many branches of learning; a task that destroys his feeling of being at home with himself, a satisfaction to be had only from leisurely meditation and contemplation. Day and night the world of noise, light, traffic, advertisement, entertainment, demands his attention. To cross a city street requires nervous and physical adjustment to a thousand sense impressions, actual or apprehended. There are men who feel that they cannot vote on any question with the expertness so responsible an act requires because, though they read *The Times* exhaustively every day, they cannot read everything else. In such a state of the world, where very many individuals feel the load of an impossible responsibility, the discovery that the power of "co-ordination" is something that life possesses uniquely is not philosophy; it is the prompting of the unconscious in several conscious types towards the recovery of mental peace and unity.

Over far wider and more numerous social levels this painful consciousness has been awakened; that the world is not regular and smooth-running, not, that is, like a machine; and that life must bind itself together if it is not to perish in demoralisation. During the war Europeans had to surrender such self-consciousness and individual responsibility as they had and to become cogs in a fighting machine, or in a munitions producing machine. Both officers and privates felt that they were caught up as levers and pistons in a mechanism. When they were temporarily set free, it was to rest or sing or drink, thus to throw off all discipline because they had both the memory and the anticipation of being military marionettes. Once thrown out of the machine again, they were in a psychic state that corresponded with that of the economic, political and social world. Once more they were on their own resources, forced to visualise, and to direct themselves towards their own goal or to drift. They had to create a discipline for themselves or to go to pieces. Is it any wonder then, that this binding power of life, which was every bit as manifest in the external, observed, world, when the mechanist hypothesis was almost unchallenged, has suddenly become pre-eminent. In every instance it has now come to consciousness because it is biologically and psychically necessary to mankind's self-preservation; and not because scientist philosophers have advanced. When it becomes philosophy, truly conscious, and therefore truly applied, to the social problems crying for its application, some advance will truly be registered.

Until it becomes philosophy, however, which is to say, agreed conscious wisdom on the basis of which life can be confidently lived, its value will be wasted. Take the vitalist's contention that the organism and not the mechanism is the gauge, implying that even human society is organic. He does not by this mean that every social group can be set in perfect correspondence with each organ of either a man or a jelly-fish. He means such things as that in human society all the work of the central nervous system cannot be done by each several portion and piece; that the organisations of society should have their social functions to perform, which should be "co-ordinated" through the citizen state. He means that the vitality and power of the society should be the measure of its right to exercise and enjoyment, culture and art. He means that the availability of coal and iron and cloth, motor-cars and corn, should be considered in relation to the organic needs of society as a whole. He means that it is impossible for a society to be well as a whole if it has a festering sore called the East End poisoning the stream of social life, and making it necessary to keep in being legal disciplines and sanctions which a true community would outgrow. He does not even mean that the collier or the crossing-sweeper should be deprived of individual self-consciousness by being converted into a social-cell with only vegetable consciousness. That is what the mechanist system has done to the whole of the working-classes except the few who fight their way to self-consciousness through agony and over obstacles. The vitalist is more likely than the mechanist to recognise that self-consciousness, far from being the heat caused by a bad fit of mechanical brain parts, may be the most exquisite of all growing pains, to be developed in all human creatures as surely as the upright posture.

One does not expect a mechanist to adopt this creative view. One cannot anticipate its "emergence" among those who accept the hypothesis of "emergence"; at least, not until they have changed it for the hypothesis of creation. It is an amusing feature of the change over from mechanism that, while society is not perceived to be organic, the

organism is perceived to be a society. Physicists no longer drag life down to the level of matter, they raise matter to the level of life." Similarly biologists raise the organisms to the level of society. As physicists see in the atom a miracle of "co-ordination" or "holism," the biologist sees among the different organs of the organism, with their amazing system of cell-relief-workers, a miracle of "co-ordination" or "holism." The psychologist, observing his neurotic fellow-creature in terms of himself, sees the need for a miracle of "co-ordination" or "holism." The sociologist, viewing society in the light of his own difficulties, perceives that what is required, if society is not to perish, is a miracle: the "emergence" of "co-ordination" or "holism." As a consequence all believe that the eternal, fundamental, and unique, scientific discovery in the make up of the universe is "co-ordination" or "holism." So it will remain until in men's own minds and in society an unconscious impulse towards something else makes itself partly known in consciousness; then co-ordination will be replaced by that something else. "When I look into Nature," said the mystic, "everywhere I see my face; and my face is Thy face, and Thy face is mine." On this occasion it is not the mystic but the scientist who passes through this far from unique experience, and who sees his wishes fulfilled in the skies; the difference between the scientist and the mystic being that the scientist knows less what he does. The principle of "co-ordination" or "holism," well-known for thousands of years to philosophers whose minds were less entangled with their environment is, actually, all that has "emerged"; under the world-wide need for it has partly emerged from the unconscious mind of the scientist into his conscious mind. R. M.

Drama.

The Infinite Shoeblock: Globe.

A poor young Edinburgh student who advises his landlady about her investments in part payment for a cheap attic suddenly learns, after living in the house for some months, that it is of ill-fame. As the servant refers to the girls without embarrassment as the "whoors" it is difficult to see how even the student could avoid this knowledge. After he has refused, with powerful indignation, to put another man's name to his final actuary's examination paper—for a consideration, of course—word is brought that a girl has been found dead on the doorstep. In Shaw's story of the man who blasphemed at a revival meeting, the blasphemer was not merely struck dead, but, to show that the Lord is not easily stopped when started, the corpse was carried home on a shutter. The girl in this play was not merely so unfortunate as to drop dead; she did so in the snow. The girl is not, of course, buried. Having been carried from the snowy doorstep to the attic in the student's brawny arms, which serve all helpless things, she comes to life; she is fed with the student's Edinburgh supper; and put in shining purity into the student's bed. The doctor says that she has been turning out a ninety pressure of emotion with a sixty engine, and there is nothing for her but Spain; whereupon the student agrees, without her knowledge, to fail in the examination for the necessary funds.

There are obvious false notes in this first act, some of which made one almost afraid of what is to follow. Nevertheless, what does follow is moving, refreshing, and real by comparison with much modern theatre-work.

Between the false notes, and with the help of some of them, the author, Mr. Norman Macowan, has brought together the antithetical characters, and, with the exception of one important incident, has

made them true for the imagination. The student convincingly presents the puritan character in a clean form, with its moral drive and social purpose. The girl, who said that she had taken her education in the Greek classics as for life not for scholarship, and that her dream of life was wealth, beauty, and a hundred lovers, convincingly presents the joy-lover. Such a love might have come about, but for the accident in time, between Carlyle and Isadora Duncan.

They meet next in Egypt during the war. He has lost an arm, and his prospects of promotion and recognition have been spoiled by his failure in the examination. She is the General's lady. Invited to her beautiful house he pleads the cause of love, cleanliness, children, and the Carlyle work and be good, for the shoeblock is infinite, philosophy. This time she sacrifices herself. Here occurred the one incident after the first act which failed to convince, to wit, her giving up her wealth to become a working-man's wife. In the sincerity generated by this time one expected that they would part again; but their creator had to have them together again as well as poor for the sake of his theme. Only near death after childbirth, secretly pining for her wealth, beauty, and love again, does she learn of the sacrifice that sent her to Spain; and, dying, she wishes him not to know that her heart was in other things.

The cast is a large one, but interest is focused throughout on the two chief characters. Mr. Leslie Banks as the student gave a magnificent portrayal of sincere moral passion, that rang true throughout in spite of the difficult hurdles. It is good to see this intelligent actor in a part of such scope. He has the capacity, shared only by the best, of rendering silence eloquent. As the girl Miss Mary Newcomb had a task rendered too difficult by the false notes, and beyond even her great ability and the obviously sincere study she had given the part. This Bacchante yet responsible spirit in a frail body is a very complex character for a perfect groundwork which the author has not yet given the actress to build upon.

The play is an Arts Theatre Club production originally, subsequently transferred. In spite of the faults referred to, due to the exploitation of pathos illegitimately, it contains true tragedy. It is an affair of souls and great love, interpreted against philosophic values, and filled with good lines of wide association. The author of "The Infinite Shoeblock" may create the tragedy that cries to be written of modern life.

Sun-Up: Little.

With one reservation, the note on the programme that Lula Vollmer's "Sun-Up" is a page out of real life can be heartily agreed with. The reservation, of course, is her hearing spirits in time to refrain from shooting the son of the official who shot her husband. If the author were to assure me that Widow Cagel did not shoot the man, I should, of course, accept the assurance; but Widow Cagel would surely have had more humanist reasons. No doubt the public goes to bed with an easier mind after an ending which saves a life, and adds a touch of romanticism to the widow. Apart from this, and of occasions when the producer does something sentimental—such as framing the young couple in the window as the husband goes off to war—"Sun-Up" is drawn from life with true insight. It portrays, without comment, the tribal-consciousness, with its tribe-rights, pride, and feuds, and its hatred of superior law, melting slowly away into the wider social unit. The widow herself calls to mind the sort of woman who must have minded the cave for the absent hunters when matriarchy was in its prime. She sits before her fire with her pipe and dispenses the wisdom of her people's mode of life. She loves deeply but does not display it, and hates

as deeply without hiding it. She neither receives kisses nor handshakes, but she can be depended upon. The only disappointing thing about Widow Cagel is that, according to the programme, she smoked Edgworth, which she could probably neither obtain nor afford, assuming that it was to her palate. There should be no need to comment on Lucille la Verne's performance. Audiences the world over will insist on her continuing to do it as long as she will consent. The other parts are also well performed, particularly R. Halliday Mason's as Bud and Owen Meech's as Pap Todd. The dialect, whether it be near that of the mountains of North Carolina or not, is well articulated, unaffected, and pleasant to the ear.

PAUL BANKS.

Pierrots.

The usual length of a modern novel is about seventy-five thousand words. Mr. Priestley's new book* is very nearly four times the average size, that is, about three hundred thousand words. In the case of the majority of novels I generally skip more than half, but I found it quite easy to read every page of "The Good Companions." Although the canvas is so large, the treatment of each part of it has been careful. There are no dull patches. As a whole and in detail, therefore, I found this novel enjoyable.

First of all, this is a book of adventure. It is crammed with interesting characters, and all sorts of pleasant and unpleasant things happen to them. What happens is at once real and unreal, and at once real and unreal are the characters. Life is seen through the eyes of romance; but the brain behind those eyes is that of a realist. In the best sense of the word, this novel is theatrical. And this brings me to the story which describes the travels round England of a concert party called "The Good Companions."

A third of the book is required to bring together the individuals who will constitute this company. Most of them are the members of a pierrot troupe left stranded by an absconding manager. But the three leading characters are a Yorkshire carpenter; a lady of independent means who has lived until she is thirty in a Cotswold manor house, and a schoolmaster in Lincolnshire. These three, so far apart from each other, and from the pierrot troupe in terms of place, social position, and individual character, have first to be shown breaking off the routine of their lives in order to live, for a while, adventurously. Rather daringly, but with success, Mr. Priestley begins his book three times. The first chapter describes why and how Mr. Oakroyd, joiner and carpenter, loosened himself from home and factory in Bruddersford. The second and third chronicle the separate departures from the daily task of Miss Grant, the lady from Gloucestershire, and Mr. Jollifant, the teacher from Lincolnshire. The lines of their adventures converge upon and meet in a doleful room, where the penniless pierrots discuss their sad position. Miss Grant finances them and becomes manager; Mr. Jollifant plays the piano and composes catchy songs for them; Mr. Oakroyd becomes stage-carpenter. Thus they set off on tour. After happy and unhappy adventures—all of which are delightfully invented and described—the "Good Companions" split up, joyfully exploded by success. The good end happily and the bad end unhappily; and that, as Oscar Wilde said, is what fiction means.

The variety of well-drawn scenes and subordinate characters and the skill with which the long history is controlled help to make this a notable novel.

J. S.

* "The Good Companions." By J. B. Priestley. (Heinemann. 10s. 6d.)

A Tudor Banker.

Philip Henslowe is a name well known to those who study theatrical history, for he built several of the famous Elizabethan playhouses. It were just as well, however, if students of the banking system knew something about this gentleman, for in him we find a portrait of the everlasting banker.

He started life as an artizan, a dyer of wool. He married his employer, who was a wealthy widow. He began to increase his fortune by turning pawnbroker and usurer. He could not spell and could hardly write a single consecutive sentence; but his accounts always began "In God's Name, Amen." He occupied himself with forest exploitation and the timber trade. He married his step-daughter to Edward Alleyn, the most successful Elizabethan actor, who founded Dulwich College with the money he left at his death.

Henslowe, now connected with the theatre, began to build playhouses, and we have his Diary of Accounts. Of each performance he received a share of the proceeds. The playwrights, who were most of them poor, and received very little for their plays, were always having to beg loans from Henslowe. The actors also were always borrowing. According to Mantzius, who bases his statement on contemporary documents, Henslowe was very cunning in the way he took advantage of the difficulties of his authors and actors. He sold the actors costumes and ornaments on part-payment; he bought plays from the authors direct, re-sold them to actors, but kept the MSS. himself. Whenever he lent money to individual actors he charged the amount to the company as a whole, and deducted from a day's takings all instalments and interest due to him. Most cunning of all, he prevented the actors from being too successful, never permitting them to become entirely out of debt to him by a simple method of dissolving the company for a short period. In the course of three years he dissolved five companies. As the actors soon spent whatever they had earned, they inevitably found themselves borrowing from Henslowe, who then opened his theatre again. Henslowe said straight out—and these are his actual words—"If those fellows come out of their debt to me, I should never have any power over them."

So he saw to it that they were never free from his money-bags. When he died he left £11,000 (i.e., nearly £100,000 in present-day money). J. S.

Krishnamurti's Message and Social Credit.

By T. Kennedy.

It has been the experience of many, that one of the chief difficulties confronting Credit Reformers is a certain philosophy of life, held by so many throughout Western civilisation.

After the pioneer has broken down the resistance of inertia; after he has demonstrated the inherent unsoundness of the present financial system to the satisfaction of those interested, and when they are even quite convinced of the technical possibility of putting mankind in possession of material resources on a scale beyond the dreams of even the optimistic, another, and even bigger dragon bars his path.

"Yes, these things are possible and would certainly remove much suffering but would it be good for humanity? "Would it be good for the average man to be economically free to live his life in his own way; to take his destiny into his own hands, without that control of his life and actions which, it is recognised, the present financial system confers on somebody, other than that average man?"

"Authority must be maintained, therefore why change

from the control which the present financial system doubtless confers on responsible people?" And so on.

The pioneer is confronted with a philosophy of life which postulates a jealous Jehovah or, at least, a watchful, all-powerful Heavenly Father; with a conception of life, in which rewards and punishments—beginning with entirely arbitrary circumstances of birth, perhaps slightly modified by an over-worked theory of heredity—are apportioned with bewildering results and apparently little reason or justice to justify their incidence.

Religious beliefs; educational systems; the social codes of the vast majority around us, reflect this conception of life and, in what is increasingly recognised as the present period of transition, if old modes of thought and standards of value are breaking down, the resulting attitude of mind is largely summed up in the word "defeatism"; and the concentrated economic powers in the world, with the financial system as pinnacle of authority, are taking advantage of the dissolution of individual initiative to impose an overwhelming organisation of repression.

If the more advanced refuse to accept unpleasant circumstances and to explain obscure phenomena with the former omnibus answer: "It is the will of God," they have not, as a rule, won to a positive philosophy of life which will serve the immortal Spirit of man as an inspiration through the New Age.

Into this atmosphere of crumbling beliefs, decaying faith and imposed regimentation through economic control, there is spreading a new conception of life and its purpose.

A young and vigorous voice is proclaiming a fresh conception of the eternal verities, in which Freedom is the keynote and unflinching denial of the authority of creeds, religions, systems, codes, to confine the Divine Life in man into any mould made for him by another.

In J. Krishnamurti many see a World-Teacher, come to sound the keynote which shall be worked out and expressed in the dawning New Age, just as Hinduism and Buddhism; Egypt and Greece; Confucianism and Christianity, each expressed certain definite keynotes, and each built into the evolving human consciousness certain definite qualities of mind or emotion. Be that as it may, here is a man to reckon with, for a Thinker has indeed appeared and, as Emerson pointed out, "then all things are at stake." As Krishnamurti has said: "If there are three who have become a flame of Truth, who are a danger to everything around them that is unessential, those three and I will create a new understanding, a new delight, a new world."

This quiet, graceful young Brahmin has just startled his adherents—some fifty thousand members scattered throughout the world and in every rank of life—by summarily dissolving the Order of the Star in the East, or, as it has been called in recent years, "The Order of the Star," of which he was the Head.

For the benefit of those who know nothing of the Order of the Star and for whom its dissolution, therefore, can have no meaning, a brief explanation must suffice. The Order of the Star in the East was founded in Benares, India, in the year 1911, to proclaim the coming of a World-Teacher and to prepare the world for that event. J. Krishnamurti was placed at the head of that Order by those who recognised the potential Teacher in him.

In 1927 the name of the Order was changed to "Order of the Star," as its members realised that the days of expectation were over and Krishnamurti—or Krishnaji, as they lovingly called him—was for them the Teacher.

In 1929 Krishnamurti, by his own act, dissolves the Order, and this August, at Ommen Camp, Holland, where a large estate serves as the headquarters of the Order, he explained his position to the three thousand campers assembled there from all over the world.

He began with a characteristic story of how the devil and a friend of his were walking down the street, when they saw ahead of them a man stoop down and pick up something from the ground, look at it, and put it in his pocket. The friend said to the devil, "What did that man pick up?" "He picked up a piece of Truth," said his friend. "That is a very bad business for you, then," said the devil. "Oh, not at all," the devil replied, "I am going to let him organise it."

Krishnamurti continued: "I maintain that Truth is a pathless land, and you cannot approach it by any path whatsoever, by any religion, by any sect. That is my point of view, and I adhere to that absolutely and unconditionally. Truth, being limitless, unconditioned, unapproachable by any path whatsoever, cannot be organised; nor should any organisation be formed to lead or to coerce people along any particular path. A belief is purely an individual matter, and you cannot and must not organise it. If you do,

it becomes dead, crystallised; it becomes a creed, a sect, a religion, to be imposed on others. . . . I would make use of an organisation which would take me to London, for example; this is quite a different kind of organisation, merely mechanical, like the post or the telegraph. I would use a motor-car or a steamship to travel, these are only physical mechanisms which have nothing to do with spirituality.

"Again, I maintain that no organisation can lead man to spirituality. If an organisation be created for this purpose, it becomes a crutch, a weakness, a bondage, and must cripple the individual, and prevent him from growing, from establishing his uniqueness, which lies in the discovery for himself of that absolute, unconditioned Truth. . . . I am concerning myself with only one essential thing; to set man free. I desire to free him from all cages, from all fears, and not to found religions, new sects, nor to establish new theories and new philosophies."

Krishnamurti said he did not want followers, nor money. "I have only one purpose: to make man free, to urge him towards freedom, to help him to break away from all limitations, for that alone will give him eternal happiness, will give him the unconditional realisation of the self."

"Because I am free, unconditioned, whole, not the part, not the relative, but the whole Truth that is eternal, I desire those, who seek to understand me, to be free, not to follow me, not to make out of me a cage which will become a religion, a sect. Rather should they be free from all fears—the fear of religion, from the fear of salvation, from the fear of spirituality, from the fear of love, from the fear of death, from the fear of life itself. As an artist paints a picture because he takes delight in that painting, because it is his self-expression, his glory, his well-being, so I do this and not because I want anything from anyone. . . . My purpose is to make men unconditionally free, for I maintain that the only spirituality is the incorruptibility of the self which is eternal, the harmony between reason and love. This is the absolute, unconditioned Truth which is Life itself. I want therefore to set man free, rejoicing as the bird in the clear sky, unburdened, independent, ecstatic in that freedom."

But these are not merely the longings of a social anarchist. In an address broadcast over Europe on August 4 and published as a pamphlet with the striking title of "NOW," Krishnamurti points out that those who wish to attain that which he has attained, and all must attain sometime, must impose on themselves the necessary self-discipline.

"Man being free, is wholly responsible to himself, unguided by any plan, by any spiritual authority, by any divine dispensation whatsoever. As he is free, he is, by that very freedom, limited. If you were not free, you would have a different world from that which exists at present. As the will in everyone is free, it is limited, and because the self is small, without determination or purpose at the beginning, it chooses, it discriminates, has its likes and self-dislikes. In the removal of that limitation, which is self-imposed on the self, lies the glory of the fulfilment of the self, the freedom of the self."

"There must be a removal of the barriers imposed on the self by the self, a constant breaking down of limitations, till the self arrives at that condition, where no more barriers exist between it and the eternal. Such a state, which is limitless, immeasurable, is Liberation. It is the self, made incorruptible. Perfection of the self is immortality."

"Understand the purpose of life, and from that very understanding will arise self-discipline. . . . Self-discipline must be born out of the love of Life—vast, measurable, whole, unconditioned, limitless, to which all humanity belongs. The encouragement, the nourishment, the fostering of that love will lead to incorruptibility, because you love that which is eternal. Because you love that freedom which is absolute, which is Truth itself, which is Life eternal, which is perfection, which is incorruptibility, which is harmony—by the very force of that love, your self-discipline will make you incorruptible; so you must nourish that love. The incorruptibility of the self is the perfection of life. Into the vastness of that Life which is unconditioned all things enter, as all rivers enter the sea."

Those interested must study the writings of this remarkable young man*; the beauty of his verse has astonished the critics, as the profundity and the simplicity of his thought has fascinated and inspired thousands. Enough has been quoted to indicate that, in this gospel of self-disciplined Freedom, we have a philosophy of life which may well serve for the inspiration of the New Age, as Social Credit will serve for the mechanism of its social life.

* Obtainable from the Star Publishing Trust, at Eerde, Ommen, Holland, or 43, Great Portland-street, London, W.1.

LETTERS TO THE EDITOR.

INCOMES AND PRICES.

Sir,—For some long time I struggled to understand the A + B Theorem, but was always "bogged" by the time-lag argument of those who maintained that all costs of production appeared as consumer purchasing-power "in the long run."

I write to congratulate you upon, and to thank you for, "John Smith," the accounting machine, and the potatoes. Your simple demonstration smashes every criticism of Social Credit, and makes the whole question as clear as daylight.

ERNEST HAYWARD.

"ECONOMIC PHILOSOPHY."

Sir,—I welcome "S.R.'s" article. I do not agree with it all. He has a power of clear statement, and arouses Conflict, which is fruitful. If he is a philosopher, as I expect, he may at some date help to set forth the philosophy of Social Credit. I need not apologise to him (if he be a philosopher) for saying that he has not stated it yet. We are both subject to the authority of Reality.

N. B.

THE KIBBO KIFT

is an active A+B movement, basing its activities upon the New Economic interpretation. Students of Social Credit who are keen to forge a human instrument for the reorganisation of Social Economics on the basis of the Exact Price, and who "sense" the need for Colour, Shape, Sound and Movement, as the emotional flow on which to float the logic of the New Producer-Consumer State, should APPLY TO JOIN THE KIBBO KIFT.

Address: BM/KIFT, London, W.C.1.

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.

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.

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.

CREDIT RESEARCH LIBRARY

Books and Pamphlets on Social Credit.

- ADAMS, W.
Real Wealth and Financial Poverty. 7s. 6d.
- BRENTON, ARTHUR.
Social Credit in Summary. 1d.
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Through Consumption to Prosperity. 2d.
The Veil of Finance. 6d.
- COLBOURNE, M.
Unemployment or War. 12s. 6d. (Procured from New York to order.)
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Social Credit. 7s. 6d.
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Canada's Bankers and Canada's Credit (Reprint of Major Douglas's Evidence at the Government Enquiry in Ottawa). 2s. 6d.
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Cartesian Economics. 6d.
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- HILTON, J. F.
Britain's First Municipal Savings Bank. 1s. 6d.

Address: 70, High Holborn, London, W.C.1.

FIRST MANIFESTO OF THE ECONOMIC PARTY

Addressed to the Social Credit Movement.

FELLOW WORKERS :

On the occasion of this, the first meeting of the Central Committee of the Economic Party, held in London on July 31st, 1929, we take the opportunity of issuing the following Manifesto to the Social Credit Movement, and to all Credit Reformers in these islands of Britain.

It is well known to you that we stand for the Douglas Analysis and Proposals without modification or compromise.

The Economic Party was called into being in December, 1928, and made its first public pronouncement in the "Age of Plenty" of that date.

We have had to define our function, and, by trial and error, hammer out the beginnings of a technique, draw up the Rules of the Party, secure our own H.Q. office in London, and appoint three necessary office-holders: a General Secretary, an Organising Secretary, and a Treasurer.

Having accomplished these things (not without a certain passive opposition from those who felt that no such organisation form was needed) we make plain our general position and review the present situation.

Firstly, as to function:

We look upon "The New Age" Office, 70, High Holborn, as the Techno-Economic Centre of the Social Credit Movement, with which Centre we are in full accord, and with which we are able to co-operate in the closest manner. The function of this Centre, issuing "The New Age" each week, is clearly defined as being mainly technical; it deals with the technics of the New Economics.

The function of the Economic Party, with its H.Q. Office at 10, Fetter Lane, is clearly defined as being mainly Politico-Economic.

The Party deals with the Politics of the New Economics, having one aim and one only: to create an effective propaganda instrument.

This being so, it is obvious that we hold Numbers to be of vital importance in bringing about the change-over from the present system to that of the new Producer-Consumer State, functioning on the basis of the Exact Price; that we do not believe in the inevitability of any such change being made by those now wielding financial power; and that, therefore, we consider Mass Propaganda essential.

Secondly, in retrospect:

We look back upon the period 1919-29 as the period of more or less isolated individual effort. We wish to put on record that we have nothing but praise for all those lone workers who have tilled the ground and sown the seed—a patch here and a patch there—during those ten years, and so far from belittling such efforts, it is our desire as a Party to give all the support and encouragement we can to individuals, without trying to impose on them any kind of organisational control.

But goodwill and support on our part towards those who have carried on, and are carrying on, individual and non-co-ordinated propaganda must not blind us to the fact that the Social Credit Movement (by which we mean all those who are fully convinced of the truth of the Douglas Analysis and Proposals, those who are studying these matters, and those who "sense" the common sense of the New Economics, without necessarily becoming serious economic students) has lacked any clear idea as to how it might accomplish its objective.

We define its objective as: the re-organisation of Social Economics in this country on the basis of the Exact Price.

We consider that this implies the creation and effective administration of the New Producer-Consumer State in which the equation of Consumption to Production shall be maintained.

We brush aside the probability of such a régime being brought about either by pressure of circumstances or by any act on the part of those now wielding financial power.

It is because we think this quite improbable, if not impossible, that we recognise the necessity for the Economic Party.

The position as we see it is: that there has been, up to now, a confusion of technical function with political function.

Three stages of development have been, and are, taking place, and must be recognised:—

1. Technical: The period of analysis and of formulating proposals. This took place in the early years of the Social Credit Movement, and is an accomplished fact. We have the Analysis and the Proposals.

2. Political: The period of propaganda and of mass action. We are just entering this stage.

3. Technical: The period of the establishment of a Social Credit Régime in which (a) the technician must be "called in," and in which (b) the politico-economic forces in control must maintain order, check any and every attempt to overthrow the new régime, and so allow the technician to function.

These three stages of development have not been clearly understood in the Social Credit Movement.

Because of this failure to see (a) what has already been accomplished (b) what is now to be accomplished and (c) the final period, so far as the struggle to introduce Social Credit is concerned, the Movement has faltered.

It is owing to this failure to understand what is taking place that various groupings and individuals tend to look about for intellectual and emotional compensation in other directions, and as a consequence, the driving force towards the one objective is frequently being dispersed and dissipated.

We call upon every man and woman in the Social Credit Movement, and every Credit Reformer of whatever school of thought, to acknowledge the political logic of the Economic Party, and join in one united front.

Towards the Economic Runnymede!

(Signed) PHILIP T. KENWAY,
General Secretary,

C. HUNT,
Organising Secretary.

S. REED,
Treasurer.

J. GOLDBER.
R. A. M. KEARNEY.

On behalf of the Economic Party, and approved
by the Third General Assembly of the Party,
July 24th, 1929.

10 Fetter Lane, E.C.4.