THE
NEW AGE
INCORPORATING "CREDIT POWER"
A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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CONTENTS.

NOTES OF THE WEEK.

Somewhere Sir Richard Burton tells of the custom of the Bedouin to call out a friendly greeting to his dead when he passes by their resting place in the dusk. "Good night you chaps" will convey the spirit of the greeting. Contrast this with the vulgar mass-production of mourning-ritual with which the Press is choking the unfortunate survivors of the Great War. Are the noble dead, then, like Dives, in torment?

> "For death is of an hour, and after death
> Peace: nor for aught that fear or fancy saith,
> Not even for very love's own sake, shall strife
> Perplex again that perfect peace with life."
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> . . . . . .
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> "So came their hour on them that were in life."
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> . . . . . .
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> "Gave them deliverance to perpetual rest."
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> . . . . . .
>
> "And peace more strong than death round all the dead."

Is dancing to be stilled that the dead be startled by the roarings of Rothermere and the bellowings of Beaverbrook? What have we come to that grief, the essence of whose sanctity is its privacy, should be molten, cast into typemetal, annointed with printer's ink, and marketed at one penny? Let these Masters of the Ceremonies commiserate with the dead, *in the hearing of the living*, on what the dead have lost. Come. Out with it. Would they call Lazarus forth—loose him—let him go? To what? To the tail of a million-long dole queue? From perpetual rest to outdoor relief? No. If we must organise mourning for the lost, let us at least wait until the saved are happy. It is the seventh year, and an oppressed people still lurk enviously outside the railings of the holocaust; and if their tongues voiced their hearts, they would call "Good night you chaps, and good luck—you deserve it all." Now and again one of them loses patience and breaks through to share their peace.

> "Mr. W. Evans, a Larne (Antrim) publican, was found drowned in the river at Glynn with his arms folded. In his pocket was a six-chambered revolver, fully loaded. He left a note for his son attributing the tragedy to 'that stupid income-tax.'"

There is one forgetfulness of death, another forgetfulness of mirth, another of dancing, another of drinking . . . let it be anything so it be not remembrance. Yet is a time coming, and, we believe, at hand, when the happiness of a world of people will transfigure those still forms of the slain. It is for that that they wait to smile in their sleep. Till then the world will chant its yearnings in the "Hymn to Proserpine":—

> Goddess and maiden and queen, be near me now and befriend.
> O daughter of earth, of my mother, her crown and blossom of birth,
> I am also, I also, thy brother; I go as I came unto earth.
> In the night where thine eyes are as moons are in heaven, and the night where thou art,
> Where the silence is more than all tunes, where sleep overflows from the heart,
> Where the poppies are sweet as the rose in our world, and the red rose is white,
> And the wind falls faint as it blows with the fume of the flowers of the night,
> And the murmur of spirits that sleep in the shadow of Gods from afar
> Grows dim in thine ears and deep as the deep dim soul of a star,
> In the sweet low light of thy face, under heavens untrod by the sun,
> Let my soul with their souls find place, and forget what is done and undone.
> Thou art more than the Gods who number the days of our temporal breath;
> For these give labour and slumber; but thou, Proserpina, death.

* * *

Mr. Garvin, in the *Observer*, reflecting on the fact of this Armistice Day being the seventh, alludes to the popular theory that at the end of seven years every particle of the human body has given place to a new one. Our souls, as it were, completely renew their borrowings of organic matter from nature in that period of time. Perhaps that goes to account

for our having received for review, within the last three days, a book* which we have not the slightest hesitation in declaring to be a portent of the new dispensation which we breathlessly await. There is no student of the writings in this journal who does not feel in his innermost soul that we are all being swept into the vortex of a world crisis—are being whirled in the "conflux of two eternities"—are cowering in instant expectation of what M. Mitrinovic prophesies as "the thundering of the aeon." The lightning flash of individual freedom in the midst of the stormclouds of authority is the sign, and this book that we announce speaks that freedom, and proclaims it in the very domain of human life where it is least sought—the price-aspect of the economic system. It is nothing less than a radiograph of the price system as it exists, and as it works to-day. It, moreover, reveals a complete moral philosophy in the terms of commerce; it synthesises the mechanics and psychology of pricing and profit-taking in a manner never before approached. It is shaven of every vestige of economic jargon and articulates economic truth in the terminology of the office and market place. Not once or twice, throughout, but on every page are aphorisms and illustrations of the utmost pregnancy and brilliance. But that is not all. Although the inherent genius of the work will ensure its command of public attention, the Pollak Foundation is offering a prize of five thousand dollars for the best adverse criticism of it. Anybody is free to compete whether he buys the book or not. One can thus feel assured that the truths which the authors expound so remarkably will be diffused quickly and widely. The penurious state of the world invests this liberal prize with a propagandist potency past estimation. The synopsis of the book, as printed on the cover, is as follows:—

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

The dissemination of a paragraph like this is doing more honour to the dead soldier than the world's cenotaphs, for it tells why he died, and therefore shows in what manner we may ensure that he has not "died in vain."

* * * * *

After the foregoing essay in superlativism we must justify it by proofs. The following, then, are one or two out of many equally arresting *obiter dicta* in the opening chapters:—

"Economics is the science that deals with human interests from the standpoint of price."

"Just as Money is the core of economic theory, so Profit is the heart of industrial life."

. . . . . .

"The chief urge to business activity is the profit motive."

. . . . . .

"But before we abolish anybody, it behoves us to know just what he is doing and why."

. . . . . .

"Moral sense is not a substitute for business sense."

. . . . . .

"Ordinarily, we do not have heated controversies concerning the area of a farm; we survey it."

. . . . . .

"One of the functions of price is to move goods. Sometimes it moves them at a loss to the seller; sometimes at a profit. . . . It is not a function of price to make a profit for anybody: profit and loss are by-products."

. . . . . .

"The bookseller who proudly announces that he is in business not to make money, but to spread the habit of reading, is not in business at all, but in philanthropy; and he can continue distributing books from philanthropic motives only as long as his money lasts."

. . . . . .

"Economic forces do not produce their full effects instantaneously. . . . The largest mail-order houses, for example, cannot quickly adjust their prices to changes in demand, since it costs a million dollars or so to prepare and distribute a new price-list."

. . . . . .

"Before we have discovered how to use to advantage what we already have of capital facilities, we feverishly build more."

Here is an epitome of the style and outlook of the whole work. It will be seen that the authors' thesis is that profit is the incentive to productive enterprise. They proceed to show that the justification of profit is "risk."—

"Profit, the difference between two variables."

. . . . . .

"The essential element in profit is the reward for risk."

. . . . . .

"All profits and losses result from taking risks."

. . . . . .

"In 1921 the total deficit of 185,158 corporations that reported no net income was nearly four billion dollars. Other corporations to the number of 171,239 realised a net income of more than four billion dollars."

. . . . . .

"Risks do not arise because changes take place, but because changes are unpredictable. Eclipses of the moon are not business risks."

. . . . . .

"If a business man is too venturesome in taking risks, he loses: if he is not venturesome enough he loses."

. . . . . .

"Upon the assumption that business is aways conducted at a profit, or can be so conducted, we can construct in imagination an extraordinary industrial society; but it will not work."

. . . . . .

"Annually in the United States they (business losses) amount to several billion dollars."

. . . . . .

"At the end of each year, more than 100,000 corporations, having paid wages throughout the year, find that there is nothing left for dividends."

. . . . . .

"When our published statistics are sufficient for the purpose, as they will be when we are aware of the practical value to the community of such publicity, we may find that a combined balance sheet for all enterprises will show no profit."

Next, how do these risks arise?

"Risks are mainly due to the consumer's freedom of choice. Advertising can *influence* his choice, but not restrict it. 'Have you had your iron to-day?' cries the advertiser. 'No,' answers the consumer, if he happens to feel that way about it, and I don't want any.' That settles the matter; and so the history of advertising is strewn with wrecks."

. . . . . .

"Since the individual's option to buy or not to buy is the chief cause of profit and loss, there is no possibility of eliminating profit and loss without depriving the individual consumer of freedom of choice."

. . . . . .

"Consumers' freedom of choice involves the wastes of competition." Take competitive advertising, instanced by socialists. "Such indictments of the capitalist system are superficial. They go far enough to uncover competition for the consumer's dollar as a cause of wastes, but they do not go far enough to uncover the consumer's freedom of choice as the cause of competition. . . ."

. . . . . .

"Admittedly the cost of distributing regulation army supplies is small. No efforts are wasted in persuading the individual soldier to choose this style of hat or that kind of breakfast food: for he has no choice." Thus, "Communism does, indeed, abolish the 'wastes' of distribution . . . but only because it abolishes individual freedom of choice."

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"No merchant ever suffers long under the delusion that he controls the price at which he can sell a given volume of goods. He soon finds that, in filling out his price tags, he must either guess right concerning the action of buyers, or guess again. His cash register lets him know when he has guessed right."

. . . . . .

"Every consumer is the sole judge of what he really wants. No other judge, in Russia or elsewhere, has ever been able to satisfy him."

. . . . . .

"During the credit strain of 1921, automobiles were officially declared to be non-essentials; but consumers, by purchasing more cars the next year than ever before, promptly proved that they did not share the official view. Possibly the country would be better off with fewer automobiles. People who think so have a right to their opinion, and the further right to discourage the expansion of the industry by refusing to buy or to use motor cars. This course, however, few of the objectors take. It is some other man's freedom of choice that they usually wish to curtail for the common good. The professor may sit in his study, or the Congressman in his council chamber, and figure out 'saturation points' in various industries and classify products as 'luxuries' and 'essentials.' But buyers are not interested; they decide these matters for themselves. In time of peace they will not tolerate rationing by the Government. Then, the guiding principle of production and distribution is and must be individual desires, desires so numerous, so varied, so capricious, that they can be recorded only by the delicate machinery of price—by the millions of dollar-votes that are cast daily in the ordinary course of marketing."

. . . . . .

"Communism does away with prices and profits. It thereby disfranchises consumers."

Our readers will be quick to realise the importance of the main argument. We are so accustomed to say that we want to give consumers the power of dictating the policy of industry that the assertion that they exercise that power already is an arresting one. It does not, however, conflict with the New Economic outlook. The power exercised at present might well be expressed as the power of renunciation. Industrial costs £100, purchasing power £80, means a margin of enforced renunciation measured by £20—and this £20 is a risk to some parties or other within the industrial organisation. Our authors go on to consider the question of business reserves in their incidence as reductions of public purchasing power. Incidentally they show that a legal limitation of distributed dividends is irrelevant to the problem. The following three extracts from this section must suffice: there are many other examples:—

"United States Corporations, in 1922, disbursed as dividends almost exactly one-half their net book profits. Net taxable income of these 79,625 concerns was 5,389 million dollars; the cash dividends paid during the year were 2,781 million." (Table 14, Appendix.)

. . . . . .

"The Federal Reserve Banks under the law may not pay dividends at a higher rate than 6 per cent."

. . . . . .

"United States Steel Corporation in 1916 added to its surplus (i.e., reserves) over 200 million dollars, *which was more than the total amount previously accumulated since the beginning of the corporation in* 1901."

Here are two striking interludes—

(Workers' control.) "Economic democracy cannot repeal economic law."

. . . . . .

"If there were a given number of units of goods and precisely the same number of buyers, each of whom would be satisfied with one unit, economics would have no difficulties and price would have no meaning. But the moment there are one hundred units of goods and one hundred and one human beings who want them, our economic troubles begin. . . . Scarcity is the rule, and antagonism of human interests is the inevitable result. . . . Socialists and Communists do not overcome it; they merely overlook it. They can indulge themselves in this oversight, however, only as long as they confine themselves to theory. As soon as they try an experiment, this antagonism of interests thrusts itself rudely into the middle of the scheme and gums up the whole works."

But the writers are not at war with the ultimate ideals of the Socialists and Communists. Speaking of trade union rules and regulations regarding wages they remark:—

"No one group of producers . . . should be expected to accept wage reductions simply because somebody declares that such a sacrifice would help to bring about a balanced condition of industry. Each group obtains as high wages as possible; it does not consider itself responsible for general economic conditions. And it is not."

Thus do they, here and elsewhere, tempt the capitalist and the worker to reason together—with that 5,000-dollar prize as an inducement for them both to examine the proffered basis of the reasoning. Another section of the book demonstrates that under a system run on the profit basis there is no way, not even the desire of business men themselves, by which large profits can be generally suppressed. In times of generous "bidding" (inflation) by the consumer, a seller who omitted to take advantage of the high price obtainable would have to ration his customers in some other way. Pricing is a form of rationing, and the easiest for the seller, quite apart from considerations of profit. Then there is no such *obsolute* as a "fair" price for any article, for costs differ like blades of grass. If four producers each make one article, and their several costs are represented by the sequence 1, 2, 3, 4, their respective lowest prices would be the same—1, 2, 3, and 4. Now, if the community want all four articles, and producer No. 1 quotes his lowest price, he will get orders for four articles—four times as many as he has to sell. But if they all quote the same price as the dearest, the difficulty is obviated.

"For no two producers of the same article, cars or copper, cotton cloth or cabbages, is the cost of production by any chance exactly the same."

. . . . . .

"If a merchant were to refuse to accept profits due to rising prices, he might soon be in bankruptcy; for he has no choice about accepting losses due to falling prices."

. . . . . .

"Even if a stable price level were attainable, even if no large profits resulted from changes in individual prices, still some large profits would result from unequal costs of production."

. . . . . .

"In a report of the (Federal Trade) Commission we read that 'the outstanding revelation which accompanies the work of cost finding is the heavy profit made by the low-cost concern under a Governmental fixed price for the whole country.'"

. . . . . .

"So we return to our incredible statement: At any given time, there are many business men who virtually have no choice; they cannot help making large profits."

This ends our quotations for the present, but we shall return to the subject when we have completed our reading of the book. We must refer to one important feature of it, and that is the number and nature of the charts, diagrams, and tables published. There is statistical support for every one and the main contentions of the authors, and we will say this for the Americans, that they are streets ahead of this

* "Profits." By William Trufant Foster and Waddill Catchings (Pollak Foundation for Economic Research, Newton 58, Massachusetts. Price $4.00 net.) Supplies of this work have been ordered by the Credit Research Library, and intending purchasers are invited to apply there.

country in the provision of the data necessary for purposes such as are here in view. The authors rightly lay great stress on the vital necessity for such information; so far as business risks in general can be mitigated under the existing system, it is in that direction only that they are able to advise industry to beckon for help. All the same, the matter which they have collected is sufficient, and it is handled in just the manner in which students of Social Credit would have it. That they are familiar with Major Douglas's theories is evidenced by their citing him, Mr. Hattersley, and Major Powell. Mr. P. W. Martin's *Flaw in the Price System* is also mentioned. And there is no harm now in saying that THE NEW AGE finds its way to the Pollak Foundation week by week. All this is not to say that the authors are preaching Social Credit conclusions. They are not; and in the fact that they do not, their influence is all the greater. They concentrate on *analysis* and *elimination*. They carry the reader with them, compelling him to reject this panacea and ignore that, and leaving him to make what he can of the residue. It is true that the remedy for the trouble is indicated in the synopsis we have quoted, but only by its governing principle; it is not associated with anyone's name. The book is expensive, but a casual glance at the diagrams and appendices will explain why. On the other hand it is "all the words and the last word" on the price system; any person of ordinary apprehension can undoubtedly make himself or herself master of the subject without recourse to any other work. We would especially emphasize the "herself." It is seldom if ever that a book of this monumental importance has beeen written to appeal to any but initiates. This book demands nothing of the reader but common sense, and what is more, the appeal to that common sense is (as will be realised from much of what we have extracted) as nearly in the form of a story as human ingenuity can make it. *Profits* is an economic novel.

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One concluding word. The Pollak Foundation want to secure all the co-operation possible in getting the book circulated in Britain. A printed prospectus will be available, giving synopses of the book itself as well as of all the chapters, and announcing the prize for the best adverse criticism. Readers of THE NEW AGE who want to do something of real import in preparing the mind of this nation for grappling with the menace lowering over it will find it in the distributing of these prospectuses. Last week we warned them of the "Credit" crusades which are now being launched against nothing from everywhere to the utter confusion of the electorate; and we now say that the time has come to bring all the weight of our influence over on the side of *Price*. By themselves, current programmes for reforming the credit system are so many different sizes and patterns of jemmies—all made of lead. Decent enough weapons to tap messages with to your fellow prisoners, but hopeless to prize open the prison door.

* * * * * *

In a speech last week Mr. Baldwin took as his text the present popular disparagement of politicians as such. The Press has amused itself with a little theorising, but if any answer is wanted, the *Observer's* Paris correspondent supplies it:—

> "To-day M. Painlevé has at last announced his financial plans. These plans are clever in three ways. *It is clever* to suggest that they must be rushed through as a matter of urgency. . . . The second *ingenious feature* is the argument that these increased advances (i.e., advances which the State needs from the Bank of France) are not really inflation at all. . . . It need hardly be said that this is mere juggling with words, but it may suffice to calm the Socialists' objection to inflation, which all specialists recognise in some form or other to be inevitable. Perhaps the *cleverest device of all*, however, is the way in which the special taxation to form the sinking fund for the ultimate repayment of short loans is dressed up to look like a capital levy in order to please the Socialists of the Chamber, . . . while the fact that it is in reality nothing but a drastic increase in income tax is calculated to reconcile the opponents of the capital levy in the Senate."

All's well that swells a majority; nothing else matters—very much.

* * *

There are signs of grace in the City article of the *Daily News*:—

> Whenever it was pointed out at the time of our hasty decision to return to gold that its effect would be to make our policy *an annex of that of America*, the advocates of haste expressed their solemn conviction that no such thing could result. How curious it is to-day to see these same advocates pointing to the speculative boom in the United States as a reason—indeed as a sufficient reason—for raising our Bank Rate! . . . Let them now direct their efforts to making the reactions to the American conditions, which are purely temporary, as slight as possible instead of making our monetary policy a means of *pulling U.S. chestnuts out of the fire*. . . .
>
> The second question is more far-reaching. It is argued that London must be kept sensitive to financial and money market conditions in New York. This, in our view, is belittling London's position as the supreme financial centre. *Is our Bank Rate to be raised because Americans take it into their heads to gamble in real estate and stocks? . . . The reins are in our hands, and we must so use them as to make our policy totally independent of what American bankers wish us to do.*

It is true that the *Daily News's* idea of using our "independence" goes no further than the provisioning of industry with cheap credit, but all the same "independence" for the lesser purpose will serve for the greater. This courage on the part of the organ of the "Bankers' Party" (although the Socialists are fast stealing its tradition) is a sign of more than ordinary significance.

* * *

De mortuis nihil nisi bonum might truly be extended a little—"let no evil be spoken of him who has narrowly escaped death." There is no estimating the political dividend which Mussolini has collected as a result of the abortive attempt on his life. It has put the *Daily News* into a deep sulk, in which it shows its loss of self-control to the extent of arguing that this project to assassinate one man does not differ in principle from a policy involving repression. Well if you like to go deep enough you can show, for instance, that the practice of virtue is a form of selfishness, and therefore a vice: but however true, it does not make a good working rule—a fact that the *Daily News* would quickly discover if this kind of reasoning became at all popular in England. All the same, we can imagine how Mr. A. G. Gardiner, whose estimate of Mussolini was that he was an incorrigible actor, must resent the unkind trick of fate which has thrust more footlights than ever at his feet. A narrow escape is a better covering for sins than ever charity—at any rate in political life.

IDLENESS.

> "A labouring man should have no fits of idleness; so says pride, wilfulness, and ignorance. He who of all men, the negro slave excepted, has the fewest inducements to constant unremitted toil, should be free from idle feelings. This is impossible. Every man has his fits of idleness. No man in any class has always the same desire for exertion or investigation; no, nor even for the pursuit of pleasure, when even pleasure alone is the object of his useless life . . . I know not how to describe the sickening aversion which at times steals over the working man, and utterly disables him, for a longer or shorter period, from following his usual occupation, and compels him to indulge in *idleness*. I have felt it, resisted it to the utmost of my power, but have been so completely subdued by it that, spite of very pressing circumstances, I have been obliged to submit and run away from my work. [In his early days Place had been a journeyman breeches-maker.] . . . And in proportion as a man's case is hopeless will such fits more frequently occur and be of longer duration." [From *The Improvement of the Working People*, by Francis Place, Sen. (London, 1834.)]

The Economic Consequences of the Banking System.*

By Major C. H. Douglas.

III.

It is, in my opinion, clearly recognised by such people as Mr. Montagu Norman, of the Bank of England, and Sir Otto Niemeyer, the Permanent Secretary of the Treasury, that the financial system, which they amongst others are clearly determined to support at any cost in men, or prestige, or misery, must break down, and break down rapidly, if there should be in this country either an appreciable rise in prices or a continuance of unemployment. Unlimited finance by Bank credits would produce the former, absence of credits of some sort the latter. It is the fashion to suggest that the enormities for which the financial system is responsible are wholly impersonal, that is to say that from the highest to the lowest those operating it do not understand what they are doing. I notice that within the last few months there has been some departure from this tradition, which I think is right and justifiable. Whatever may be the case in regard to the rank and file of the great army of finance, I find it difficult to believe that its chiefs of staff do not realise that they have obtained a certain very modified amount of what they somewhat facetiously call "stability of prices" by forcing up the value of money and imposing on this country four years of unparalleled economic distress; and the responsibility for the present discomfort, and the great misery which is probably impending, lies not with Communists and other dupes of political agitation, but with these men. The unemployment which is the inevitable alternative to a rise in prices under their system of finance has been met as to its more virulent effects by means of the distribution of purchasing power, which they have taken care to label with the insulting name of the "dole," this purchasing power being simply a transference from the richer to the poorer; while at the same time propaganda for export trade has been stimulated.

If the financial policy of the world had been uniform its results would probably have been similar in every country. But this has been by no means the case. The policy of restricted credits, while it was applied for a very short period in 1921 in the United States, and had the result of causing most extensive unemployment and widespread bankruptcy to smaller businesses which were unsupported by the Banks, was reversed there in about six months in favour of a policy of financial expansion accompanied by rising wages. As a result skilled and energetic men from all countries, and in particular from Great Britain, were attracted into the United States, where they were freely admitted in spite of the most stringent immigration laws. To anyone who was familiar with the production of munitions during the final period of the war, it will be commonplace that certain skilled men, such as toolmakers, were the key of the situation, and one of the most serious consequences of the financial policy in the past four years has been to drain this country of a very large percentage of the best men of this type, who have gone to the United States, where their prospects were so much better, and who would be irreplaceable in a time of national emergency.

Perhaps one of the most serious results of the existing financial system of prices and banking credit is the illusion of antagonism between the interests of employer and employed, and between the rich and the less rich. It is astonishing that very few persons seem to be able to distinguish between the function of an employer, simply considered as an administrator, and his totally distinct function as a distributor of purchasing power; although, without consciously realising it, the average workman does give effect to this distinction in the most practical way. It is notorious that no successful strike can be started or sustained on any issue which does not either directly or indirectly affect the question of wages. During the past fifteen years innumerable efforts have been made to provoke strikes on administrative issues, and generally by, what were called before the war, Syndicalists, but are now better known under the name of Communists. Both in Great Britain and America these efforts have been signally unsuccessful. The average workman is definitely not interested, and is prepared to admit that his boss may have the trouble of running the works, so long as he, the workman, gets well enough paid. But on the latter point he is adamant. He does not consider that he is well enough paid, and he has every intention of being better paid.

Consider now the position of the employer not as an administrator, but as a distributor of purchasing power. Every penny which he distributes in wages goes into the cost of his product, together with other costs, and the ruling principle on which he is obliged to carry on business is that all costs must be recovered in prices from the public. He knows there is a price above which he cannot sell his product, his costs other than labour are fixed costs, and he is obliged to say in effect to his workmen, "I cannot give you higher wages." It cannot be too much emphasised that the modern employer is prepared to pay any wages which he can recover in prices, and, conversely, is fundamentally unable to pay wages which cannot be recovered in prices, and we have already seen that any wages which can be recovered in prices are insufficient to buy more than a small proportion of the available product.

You have here the elements of the most disruptive situation of which it is possible to conceive. Both sides are perfectly justified in their demands, the demands are mutually incompatible, and for the most part neither side is aware that there is a third factor which would enable them both to be satisfied without injury to either.

(To be continued.)

* *Copyright by C. H. Douglas.*

"Real" or "legal" accountancy. Which?

> "On the question of the gold standard they had the bankers' point of view and the industrialists' point of view. Was there a single accountant who was allowed to lift up his voice and give what he might call a cross-bench opinion between the two? Why was it that the people who stood centrally to the whole problem were saying nothing about it? Accountancy had a tendency to make the mind of the accountant legalistic and not realistic. 'Think of the balance-sheet from the realistic point of view,' added Sir Josiah Stamp, 'not from the legalistic, and a flood of light will come upon you.'"—*Sir Josiah Stamp at Luncheon of the Institute of Chartered Accountants.*

Wanted, names of Mr. Baldwin's financial advisers!

> "M. Lauzanne (says a *Daily Chronicle* New York message) is in Washington writing of the debt negotiations for his paper. He learns that several members of the American War Debt Commission—in the winter of 1922-23, when Mr. Baldwin, as Chancellor of the Exchequer in Mr. Bonar Law's Government, went to Washington—believed it would be a hard matter to get the British to pay more than 2 per cent. interest. Washington's negotiators had about resigned themselves in advance to accepting a 2 per cent. offer, when, to their amazement, Mr. Baldwin himself proposed 2½. Thereupon the emboldened representatives of the creditors demanded 5. A lively discussion ensued, and it was presently suggested by one American that the delegates should split the difference—Britain to pay, say, 3½. 'In their inmost minds the Americans expected the British to oppose a desperate resistance to the 3½, and to stick to their 2½ per cent. *To the renewed astonishment of the Washington statesmen, the British rather quickly assented to the 3½ per cent. proposal.* And now the rate of 3½ per cent. has become a sort of sacrosanct rate, to be imposed on all foreign debtors.'"

The World and Europe.

When Sir Leo Chiozza Money recently estimated the population of the world as approximately nineteen hundred million souls, it was not really the figure that was impressive. A few million more or less would hardly have modified its impact upon the imagination. The shock to a reflective mind is the fact that such a numbering of the peoples is possible at all. What is portentous is that man is no longer countless, like the stars of the sky or the leaves of the forest, but numerable: a physical reality of a definite magnitude.

Without grandiloquence, this numbering of the people, which God forbade to the Hebrew king, may be called the last stage of a revolution which is the inversion of heaven and earth. It is the end of instinctive God-consciousness and the beginning of natural world-consciousness in the intellectual soul of man. What was the world of man four hundred years ago? A group of lands and seas, fading into vague and fabulous distances. North and South were not bounded by poles, East and West could never meet in the circle: and no man could say what mundane hells or earthly paradises might exist beyond our journeying. The earth was a mystery much more real and terrible than the intimate and comprehended sky. Sun, moon and stars were near because visible, intelligible since they were rhythmical in movement. Heaven was cosmos and earth was chaos. It was Gods, and their heavenly bodies that were near and real, it was the world that was remote and mysterious. Man's intellect could not be other than theocentric. That which has given geocentric, instead of theocentric, consciousness to man has been the work of post-Renascence Europe. And in the great work, illustrious forever, by which the centre of human intellect was forced from God to Geon, two things must be distinguished. One is the self-wilful hardihood of the white people of Europe, the instrument of this sudden, glorious, irreparable rush of change. The other is the Christian philosophy of life, in which they had been nurtured many centuries, and formed in mind and spirit. The former is their self-expression, but the second is their mission. The one is their force, but the other is their power. So will it be from this critical decade onward, and so it has been till now. It was a people whose minds were formed by Christian philosophy that could conceive a circumnavigable world. Only a people whose God was born in human shape and working homely, useful miracles could have produced the science of the West, which comes more of thinking than of handicraft, and yet is devoted to the practical.

The scientific treasure of triumphant Europe—let this be said in the imminence of her humiliation—comes from an intellectual life heated by the love of the God-Man, and is developed in the hard schooling of Christian metaphysic. Never did a concrete intellectual idea work so great a work in the history and development of any people as the idea of the Christ-event has done in Europe. All our highest science is either a development of, or a reaction against, some influence of this supreme idea.

Thus the one reality of the modern age which is sublime—the gift to mankind of the globe itself—is the gift of Christianity, and not of Europe. Europe was the instrument only, through which world-consciousness has been conferred irrevocably upon Mongol, Semite and Negro equally with Aryan. The Christian ideas of Socialism, of individual and national liberty and self-determination, have been scattered throughout the world beyond recall, to peoples at all stages of maturity and culture. Such is the menace to the white, the danger of anarchy to the world, but such also, let us not forget, is the inevitable preparation for the realisation of the Christian idea.

The triumph of Europe is also her tragedy; for the best idea was given to almost the worst people. This rare and virile flower of ideal humanity was grafted upon a barbarous briar of race. Yet the worst evil of Europe for the world is not the piratical brutality of some of her conquests. It is that she has repudiated her responsibility to civilise the nations with the power of the same idea to which she owes her own culture. It is not what she has taken, but what she has withheld, which has impoverished humanity. And by this denial she has wrecked herself. For instead of fraternising her own peoples in a work of world-culture, she has brought them to fatal war with alluring visions of world-domination, and has called in Moslems, Hindus, Chinese, and even negroes to assist her in her self-destruction. What laughter and mockery, in how many languages, and what hopes of insubordination against the hated domination of the white, has this last miracle of folly aroused throughout the world of coloured humanity! Europe, whose mission in Providence has been to unite the planet's population in the only possible world-conception, has chosen the hideous destiny of uniting it indeed, but *against* herself.

It is far from pleasant even to think of this degradation. And it is easy to be wise after failure. But, in order that we may begin to be wiser before the now inevitable retribution, let us whisper between ourselves, as many as think to be good Europeans in heart, that Europe is by nature incapable of world-domination. We give ourselves away. Our own structure is democratic, our literature is libertarian, our religion is Divine and Universal Man, crucified venomously by established religion and coldly by established law. We cannot hide from those we seek to subdue that our own greatness and efficiency are not in ourselves, but in the Supreme Idea of which we are the all-too-selfish bearers; and that that Idea is not European but most universally the right of every people. Whilst we deny it ourselves and withhold it from non-Christian nations, every article of our constitution gives them a weapon of insurrection against us. If we communicate it, the actual leadership of the world would long be Europe's unquestionable right. But it is only communicable by action.

And the action in question is actual fraternity between the living members of nations; brotherhood in Christ, not abstract but most concretely real. It is because we have withheld this personal reality, giving politic substitutes that communism is preached in China, democracy in India, national self-determination in Africa—all of these partial intellectualisations of the Christian idea, now used against white domination with the terriblest and most anarchic consequence. The Christ-idea created Europe, and, in her apostacy, it is concepts of Christianity that threaten to destroy her.

Whether Europe will give the world her Idea or not, one part of her mission is accomplished. The sphere of Earth is mapped and measured, made near to all by speedy travel-ways, and the heavens removed to infinite distances of Einsteinian mystery. Man has entered his inheritance, and all men gossip of the same events. The world is ready and the people numbered. Who now will have the courage to be a world-citizen, a man before a national, armed with the one and only Universal Human Notion?

* * *

Would that we might still hope to hear the answer —Europe!

FILIOQUE.

From A Travel Diary.

I.

After dinner I had gone into the front restaurant, which seemed the only public room, and there I met a man who unconsciously gave me no small benefit. My eyes were drawn toward him, because his face was perfectly round and unusually large and his eyes were perfectly round and unusually small. As soon as I noticed him he slid along the leather seat and began affably,

"What's your line?"

"Nothing."

The small round eyes played over me for a moment, and then he announced that as for himself, he was the European representative of the Buccaneer Tin Canning Company. He paused long enough for me to take measure of the success he had attained in life and his position in society. When he felt that I had absorbed the shock, he returned to my affairs. I confessed that I had come to Nancy to see something of M. Coué.

"Well, I wish you luck," he said, "but I hope you aren't figuring on being cured of anything?"

"No; I'm not ill, but interested in his system."

"I'll tell you," he said, speaking delicately, and tasting his words deliciously, "I went down to his place, one time, just to have a look around. You may call it a system if you like, but it's all rubbish. He's a regular old humbug, who surrounds himself with a lot of crocks and feeble-minded people. He may be able to hypnotise them, but he couldn't put anything across me." The European representative paused before the great revelation. "Well, he played his tricks on some of those people, and then he told me to join my hands together and think that I couldn't open 'em?—Why, I knew d——d well that I could—so I did!" He opened his hands out with a flourish.

"'Oh,' said Mister Coué, 'you are no good to me.' And I guess I wasn't!"

Nothing feeble-minded about him! He sat back, chuckling and rocking himself and fixing his little round eyes upon me, drinking up my appreciation of how he had beaten M. Coué at his own game.

II.

It is not the fashion to read Swinburne; one must read him, if at all, when very young, and we hardly have time to be young nowadays before we grow old and disillusioned. Most men are losing the enchantment of youth at eighteen, and are quite past it at twenty. By the time they come of age, they are of a great age. But apart from this, if we are to find anything in Swinburne, we ought to eliminate nearly everything he wrote except the first volume of "Poems and Ballads." It used to be said that "Songs Before Sunrise" contained his highest achievement. But those poems are only bags of windy verbiage. He had exhausted "Faustine" and "Dolores," he was overflowing with rhythms and he had nothing to be rythmical about. Partly because some one suggested the Italian revolution as a good subject, and even more because Shelley and Victor Hugo, whom he adored, had been revolutionaries, Swinburne donned the red shirt and blazed away. He thought that he was being both dangerous and original. But the harmless little man was only following a tradition. And after all these years, poets, if they have nothing else to proclaim, will proclaim a revolt against the conventions, as though any conventions remained worth revolting against except the convention of trying to be unconventional. If they but knew it, they are following the only tradition they would dare to follow, the old tradition of revolt.

But Swinburne meant something in the first volume of "Poems and Ballads." He did not say it with precision, but he got it into his sobbing music and his heavy extravagant colours. To know what he meant you have to be really young and feel sentimental about your sins. You have to feel that you have sinned the unpardonable sin, that you have become so infested with evil that your heart is a nest of green snakes. You and your loves are going to hell, of course, but you are going to hell magnificently. You see yourself sharing the fate of Lucifer your master, "ruining along the illimitable inane." You are in outrageous revolt against the Almighty, who for your purposes must be very angry, with His big solemn eyes glaring at you. Well, maybe there is no Almighty, but most people think there is, and here you are in the midst of them, wallowing in your sin and revelling in it. You proclaim your scarlet shame to the public, and the public, being very pious and timid, is perfectly aghast at your behaviour, but you are so different from these ordinary people, who are content with merely showing off their clothes, while you have risen to the height of showing off your obscenities—you have evolved so far beyond them, you are so progressive, that you utterly despise them, although, at the same time, rather curiously, you are very anxious that they should notice you, and so you keep peeping at them over your shoulder and squinting at them through your fingers. If they fail to notice you, your game is up.

Swinburne expresses this mood in poems like "Dolores" and "Faustine." It is a real mood, not unknown to young men who have sown a few wild oats, or who would like it to be thought that they are sowing them. But it is not a very satisfying mood, and so at times you give way to being luxuriously despondent about everything, and conceive—or try to conceive—as picturesque an image of melancholy as Swinburne's "Ballad of Burdens." Again you feel that passion is as exhausting and suffocating as a hot summer's afternoon, and you write—or almost certainly only try to write—a poem as full of a sickly heat and drought as Swinburne's "August." You even at times feel sorry to be so far sunken in vice, and think of yourself as forlornly struggling against it; then you will write, if you have an extraordinary gift for words and phrases, something like the more sombre passages of "Laus Veneris."

Vanity breaks out in unexpected diseases, and one of its eruptions is an itching desire to have one's sins remarked on in public. It is thought better to have a reputation for wickedness than for virtue; to be wicked means, of course, that we are bold as well as bad. The small boy at the seaside hopes that he will be mistaken for a pirate, and a few years later he is hoping that he will be mistaken for a Don Juan.

But sooner or later you must either take your folly seriously and make it a part of your life, or give it up as unreal. Byron and Swinburne both began with a youthful display of sins, real or imaginary; Byron's mood hardened into a way of life, and he followed it to the bitter end—the cynicism of his later poems, and then exhaustion and an early death. Swinburne was only playing with the mood and he gave it up. But the sad thing for Swinburne is that although he got over it, he never got beyond it. He passed from eroticism to materialism, and that is a way of thinking on as low a level as Byron lived. Materialism is without hope and without ideals; its truth is a dead truth, a phantom hovering over a sequence of events. If you want to find a living truth, you must become convinced that you and the firmament together are inside of one life and one meaning, not that you are a momentary whirl of folly amid an eternal whirl of atoms and electrons. You must find the one spirit within you and beyond you, not two, but one and continuous. Most of us, without knowing it, are frivolous in thought and insincere at heart because we are at least half persuaded that the universe is only mathematical and mechanical, a

grinning skeleton without truth and sincerity, empty of fine feeling and pure thinking. This is the easiest view for an age of science and mechanics, but it is superficial; and if one wrestles with it, it becomes unthinkable. I have got thus far, but now I am in danger of substituting the abstractions of philosophy for the abstractions of science, and there is hardly more life in one than the other. I will try to see the Spirit face to face; but how can I see it face to face, if I am part of it?—if "we are in Him and He in us?"—I am groping for an image.

III.

A fountain cannot rise above its source, and man cannot now be higher than the origin and ground of his being. The true nature of a process, said Aristotle, is seen in its end, not in its beginning. That is profoundly true. We must see life as an organic whole, from the lowest to the highest; if life be one continuous whole, varying only in degrees of self-realisation, then the mind of man, the burning, striving heart of man, his struggle for the good, his rebellion against evil; nay, his very sense of good and evil, of beauty and ugliness—these are not mere by-products of evolution, but its most adequate self-expression. The true nature of life is at least the equal of the "best and brightest moments of the best and brightest minds."

During Victorian times evolution was taken to mean that the higher forms of life can be interpreted in terms of the lower; but while it is true that the lower can be understood in the light of the higher, the reverse will lead to incompleteness because in the higher there are conceptions and meanings and functions which in the lower are missing. Herbert Spencer, mistaking abstraction for analysis, traced the world and all it contains back to a homogeneous diffusion of matter and motion, and having arrived at so simple a beginning, and trying to retrace his steps, he had to postulate the absurd doctrine that given an original homogeneous diffusion of matter and motion, the homogeneous will inevitably lapse into the heterogeneous. But the homogeneous would do nothing of the kind; it would remain homogeneous, and matter and motion, however redistributed, would remain only matter and motion. The theory of mechanistic evolution is an unconscious reflection of the deep impression made by machinery in the earlier periods of the industrial revolution; men so admired their new inventions, that not only must the universe be a machine, but life itself a product of the universal machinery. Nowadays, with our more extraordinary inventions, we are beginning to observe—it is so simple that we are likely to overlook it—how even the adding and calculating machine can do nothing unless there is a living mind to press the keys and turn the handle; it never does anything because it wants to, or feels that it ought to. This theory of mechanistic evolution could not cope with the advance of biology and the growing importance of feeling, instinct and mind; it broke down because, in a word, how could a machine produce an emotion, a mind, a poem, and a religion? The philosophy of Herbert Spencer is as dead to-day as the old Sicilian gods. We have regained our balance after the first shock of discovery, and the result is a return to the spiritual view of life.

W. F. S.

Repression in excelsis.

"The new regulation which forbids the wearing of the fez is to be strictly enforced. Yesterday the police stopped all citizens wearing the prohibited headgear and invited them without delay to exchange it for a hat. . . . A few people who disregarded the warning had their headgear snatched off and torn to bits, while the police complacently looked on. Hat dealers have done a roaring trade in the last two days. The majority of the population seemed to be wearing caps, which included the oddest shapes and weirdest colourings. *The wearers looked most unhappy.*"—*Reuter cable from Constantinople.*

The Mirage of Superfluity.

By Guglielmo Ferrero.

(Translated from the *Euröpaische Revue,* Leipzig.)

II.

Now, what really is Superfluity? The possibility of possessing commodities in excess of one's needs and demands without ever having to feel the grievous gnawing of unsatisfied desires. But we, are we to delude ourselves that we are living in superfluity when our desires far exceed the means of life at our disposal?

Objectively considered, wealth and poverty are realities only when a man either possesses less than he absolutely needs for his existence, or more than the most lavish expenditure could consume. To go hungry, to lack clothing, to have no roof, no bed—that is objective poverty. To possess millions or milliards—that is to live in real wealth.

True poverty, however, is in our days very rare, far more rare than in past centuries. Objective wealth, on the other hand, is much more frequent, although even now the number of the wealthy is small. To-day, as at all times, wealth and poverty are for most mortals nothing else and can mean nothing else than two different mental states.

Most men can be rich or poor just as they will, because, after all, they are rich or poor only in the subjective sense. But he is rich who, even possessing little, can keep his desires and demands within the limits of his means. He is poor, even in the midst of wealth, who always wants to possess more.

This is the reason why Europe and America have for a hundred years been bemoaning their poverty while they are constantly getting richer. So long as demands and desires grow as fast as the commodities at disposal, or even faster, the majority of men will always endure the shackles of poverty. A certain stability of customs and ideals of living, a certain moderation, whether it comes from within or is imposed by external circumstances, allows wealth to grow faster than human demands and desires, and thus becomes for the individual, as for whole generations, a true source of well-being and of superfluity.

If to-day living constantly becomes dearer, is that because the totality of disposable commodities has considerably decreased? It is true that extensive regions, such as Russia and Asia Minor, have been laid waste, but other vast territories, such as the two Americas, are producing to-day much more than ten years ago. Taking all in all, the production of the earth to-day should not be much less than ten years ago.

No: living is getting dearer, even without perceptible diminution of disposable commodities, because the desires of men have considerably increased. As did formerly the wars of the Revolution and the Empire, so, too, the world-war has taught the masses luxury and the craving to spend. Driven by more ardent desires, men contend to-day more violently for the commodities which ten years ago amply sufficed for the world's consumption.

* * *

For these reasons Socialism is a movement at once so powerful and so weak. It represents, perhaps on the grandest scale, the crystallisation of that sort of double motive. In such contradictions it arises, through them it prospers, on them it will be wrecked.

Socialism did not grow up on the misery of true objective poverty. Hungry poverty, which lacks clothing and shelter, is now too rare to cause a movement so extensive and so deep-seated. Neither from the Church nor from the nobility has Socialism inherited those crowds of beggars who at one time received alms from monasteries and palaces: the nineteenth century has caused their disappearance.

Socialism has grown up and is nourished upon the misery of that subjective poverty, through which to-day so many men feel themselves cramped, even though they dispose of a superfluity which to our fathers would have seemed something like luxury. This subjective poverty is like a leprosy, which among the lower and middle classes extends its ravages in the same measure in which the total wealth increases. But on the track of this ever-growing disease Socialism expands; it offers a means of cure and thinks it infallible.

But this disease is, *under the given conditions,* incurable. Socialism would eradicate it by a better distribution of the total wealth, *i.e.,* through an increase in the possessions of those who to-day feel poor. But when for a century past desires have constantly increased faster than the income of the masses, is it likely that a new distribution of wealth would produce anything but hunger, new hunger for more wealth?

As long as our standard of living and our ideal of living remain so changeable as they are to-day; so long as every new achievement calls forth an army of new desires, so long will humanity be condemned to feel itself poorer and poorer the more its wealth grows. Socialism, too, will be incapable of solving a problem which, as it is posed to-day, seems insoluble. This is to say, we admit that humanity is fated for a long time yet to endure these Tantalus tortures.

There is no sign visible, not on the most distant horizon, that Europe and America are inclined to return to a more definite, less changeable, ideal of living. Rather everything tends to the conclusion that many more generations will wear themselves out with this continuous instability of their desires and ideals, for ever running after superfluity, which eludes them with all the more certainty the more they dream that their outstretched hands are already touching and laying hold of it. But to anyone who should ask whether, in my opinion, Europe and America some fine day will return to a more clearly-defined and constant ideal of living, to him I should unhesitatingly answer, Yes.

What has always happened will happen again. But we take an episode for the great drama of history, and we lose ourselves in the brief intoxication of a single hour of human existence, as if it were the brazen law of all time.

All centuries of which we have any knowledge, all cultures down to the French Revolution, all peoples except the Europeans and Americans, all religions which have ever been believed or which ever will be believed, even in Europe and America—all these have undeniably had as supreme axiom a certain constancy in the ideal of living. Is this testimony of the centuries not to carry more weight than the sad experience of an hour? It is surely not possible that the human soul has changed simply because in the depths of the earth we have found a solid or liquid fuel.

No: we Europeans and Americans of the nineteenth and twentieth centuries, we are not the definitive expression of history; we are only her temporary exceptions.

Vladimir Solovyov, and The Religious Philosophy of Russia.

By Janko Lavrin.

V.

SOLOVYOV'S CONCEPTION OF THE CHURCH

Doctrines concerning the general welfare of humanity can be roughly divided into two categories: those which look upon human society as an organism; and those which look upon it as a mechanism.

The principles and formulae professed by these two groups may look almost identical on the surface. Yet, in spite of their external semblance, they are different in essence. Thus many humanitarian and socialist theories (including those which are based on historic materialism) have certain points in common with Christianity; so much so that the French Revolution, as well as the recent Revolution in Russia, had been based on the Christian principles of liberty, equality, and universal brotherhood. Yet the plane on which these principles had been used was entirely "anti-Christian." And so countless horrors were committed in their name. They did not improve the general state of mankind but only shifted the centre of gravity from one class on to another—preserving (in a slightly modified form) all the former antagonism and hatred between various social strata. The gulf between classes, between nations, between man and man, seems to become even wider, after each attempt at a compulsory "brotherhood," than before it.

The usual mistake of all such attempts consists in the old delusion that a radical improvement can be achieved by altering the external conditions without having previously made a change in the souls of men. No one is morally ripe for external freedom unless he has first become inwardly free. A revolution whose main driving forces are envy and revenge is bound to be only destructive: an orgy of rebellious and revengeful slaves is not liberty but the reverse of it.

In short, only a mechanism can be improved by mere external changes. Humanity, however, is an organism; hence only those reforms can be lasting which are the result of a profound inner change. Mere mechanical shifting of power from one class to another may produce a quantitative, but never a qualitative improvement. An enduring social revolution is possible only when it comes from inside, and not from outside only; that is to say, it must be based on a profound spiritual regeneration. Otherwise its only result may be new violence and new tyranny—under some fashionable label or other.

But how is one to achieve that inner transformation of man on which a complete change of all our material life could be built? Is such a change still possible?

It was in answer to this question that Solovyov made his conception of what he calls "the Universal Church."

* * *

Like Dostoevsky, Solovyov, too, does not see any possibility of human brotherhood apart from a profound religious tie between man and man. It is absurd to think that mere "economic interests" are sufficient to keep humanity together. Such bourgeois humanity based on mere utilitarian values, and kept together owing to mere uilitarian interests regulated by politicians, economists, and by statistics, would be too boring and too disgusting even if it were possible. This would simply reduce the idea of human brotherhood to a respectable universal Company (Ltd.) of shareholders.

But there still are, perhaps, a few ties deeper and nobler than those of mean practical calculations, or of the canonised "economic interests." Besides, even a little knowledge of human nature is sufficient to make us understand that all attempts at a compulsory utilitarian "brotherhood" are bound to finish in violent despotism of quantity over the quality in *fraternité ou la mort?*

It was such and many other dilemmas with which Solovyov tried to cope when building up his theory of the living Universal Church. Solovyov conceives the Church not as a static institution limping behind the time, hampering our human progress, and courting, in a cringing way, the interests of those in power. The Church to come ought to be the greatest *dynamic* agent of mankind's progress. She ought to direct and synthesise all human activities in such a manner as to achieve the integral fulness of existence on our planet—through an organic inner union of men with each other, and of mankind with God. "The Church is not only a gathering of people (believers) but before all *that which gathers them, i.e.,* the essential form of unity given to them from above by means of which they can be linked to God. Consequently, the kernel of religious questions is this: do we, or do we not recognise a superhuman power and form of divine action in the Universe—an action that is independent of us and morally imperative?

All our ultimate attitude towards world and mankind depends on our admission of such a superhuman power. And there is only one alternative with regard to it: either complete acceptance, or complete rejection. In the first case, the Will of God is morally imperative and shows us the way towards God-man. In the second case, the self-will alone (tempered by mutual interests and by cowardice) creates moral norms; man is the only God and the only law: he is the man-God.

The second course, pushed to its extreme, would lead not only to universal egotism but also to eternal struggle and mutual extermination. Hence, the only way of salvation—individual and social—is the way of God-mankind as shown to us by Christ. And the Universal Church is that active form of human society which "initiates each individual into the wholeness of Divine Life, made manifest in man, communicates to each the absolute content of life and thus equalises all—in the way similar to that in which all finite magnitudes are equal to one another in relation to infinity. If in Christ dwelleth all the fulness of the God-head bodily (in the words of the Apostle), and if Christ lives in every believer, there can be no room for inequality. Participation in the absolute content of life through the universal Church, liberating and equalising all in a positive sense, makes of them one absolute whole, or a perfect brotherhood."

* * *

It goes without saying that this invisible Church may be as far from the historical Church as heaven is from the earth. Solovyov knew the gulf between the two; yet as the existing Christian Church is—with all its defects—the only institution through which a spiritual action on a grand scale could be attempted, he wished that the visible Church should become regenerated to such an extent as to coincide at last with the invisible Church, *i.e.,* with the Kingdom of God on earth. "There is no division," he says, "but there is difference between the invisible and the visible Church, since the first is the hidden moving power of the second, and the second the growing realisation of the first. The two are one, in essence, but different in condition."

This was one of the reasons why Solovyov took all matters concerning the existing Christian Churches extremely seriously. He himself wrote several very able theological studies and ardently wished that a reunion should take place. He became a passionate apostle of reunion, particularly in so far as the Russian and the Roman Catholic

Churches are concerned. His French book, "La Russie et l'Eglise Universelle," is written entirely in this spirit."*

In the same way he was ready to recognise the hierarchy and authority of the Church, only in so far as the latter corresponds to the spirit of Christ. He even elaborated an ingenuous theocratic system, according to which, the three powers representing the spiritual, the social, and the individual principles could create—in organic harmony—a new culture, a real Christian culture, thus preparing the Kingdom of God on earth.

And he believed in this Kingdom with all the verve of his ardent and romantic, sometimes too romantic idealism. He believed in it simply because otherwise human history would have no higher (*i.e.*, superhuman) sense and meaning. He was aware that the ultimate choice of mankind was—either to become God-mankind, or to finish in self-extermination and in that civilised cannibalism which is now rampant all over the world.

As a typical Russian, Solovyov despised half-measures and half-beliefs. We have the choice between Christ and Nothing. And if we are not strong enough to embrace Christ fully and definitely, then it is nobler to perish than to haggle half-heartedly with God and the Devil, thus making our lives but an expression of continuous inner cowardice and inner compromise.

(*To be continued.*)

At The Cross Roads.

NOVEMBER 11, 1925.

By "Old and Crusted."

—no man is justified in thinking he is freed from all further responsibility and may dismiss from his mind the economic muddle of the world. He cannot be freed. So long as he lives, it is in him; and, writhe as we may, we must bear the Nessus-shirt of modern industrialism and still feel that, as we have all our lives been sheltered through the blood and tears of others and ridden on the crest of the wave, so we do still; and ours will be the guilt if the chains of injustice are made heavier.

(Figgis, *Civilisation at the Cross Roads.*)

There is an old story told of two Whitechapel Jews. On entering the shop of his friend Lazarus, Moses noticed some unfamiliar round glass bottles suspended in wire racks on the walls.

"Vot vas dose, Lazarus?" quoth Moses.

"Fire extinguishers."

"Fire extinguishers! Vot do you vant mit fire extinguishers?"

"Vell, der shentleman vot sold zem to me told me der fire insurance company vould reduce der premiums if I have zem in my shop."

"So-o-o! And vot vas in dose bottles, Lazarus?"

"Vell, Moses, I do not know vot vas in dose bottles, but I can tell you vot vas in zem now. It vos petrol!"

Some grotesque association of ideas recalled this old chestnut to mind when reading the gush pumped up in the Press over the Treaty of Locarno, or, as I would prefer to dub it, the Locarno Mutual Fire and Life Assurance Co., Ltd.—"War risks a speciality." This being an international undertaking, our Foreign Secretary was deputed to represent Great Britain, and has well deserved the cordial acknowledgments of the London board for his zeal and tact in promoting these interests. Whether the shareholders will ever receive a dividend, or the policy-holders be paid in event of fire, is another story. Judging from the articles of association, which are as comprehensive and diffuse as the endless clauses printed on the back of the ordinary insurance policy—which nobody reads—the business contemplated and the risks covered are wide, to say the least of it. If they can be strained to secure the funding of certain debts and guarantee the payment of interest thereon, there is no doubt the new company will receive a measure of support from both Semitic and Gentile financiers; they might even consider contributing towards the cost of providing fire extinguishers, if the business is conducted on lines that meet with their approval, but it would pay the policy-holders to employ Major C. H. Douglas, on his own terms, to analyse the contents of those blue bottles and red tin cones—especially those labelled "status quo," for use in the event of an outbreak on the frontiers—for they may contain petrol.

* * *

'Tis strange how all these well-meaning people will accept every possible explanation of the cause of our troubles except the one set forth week by week in the opening pages of this great journal. And yet everybody admits there is "something wrong." When Father John Neville Figgis, Litt.D., of the Community of the Resurrection, published in 1912 his notable book *Civilisation at the Cross Roads*, which he might well have named "Civilisation at Cross Purposes," he said, amongst other arresting things,

> "Something is crumbling all around us. . . . In a few years we shall, perhaps, be saying something like what Luther said three centuries and a half ago about the Holy Roman Empire: 'Die Welt ist am Ende Kommen, das römisch Reich ist fast dahin und zerrissen.'"

Further on in the book, in the chapter headed "Babylon," are these pregnant words:—

> "The crying need of the time is for something to shake men out of their complacency. In the literal sense we need seers—men who can see things as they are and burn into men the facts of life in this twentieth century."

Well, there is no doubt we have had the shaking—and precious little good has come of it so far—also, we have the man, "who can see things as they are," but, alas, as R. K. said on another occasion,

> Council and Creed and College—all the obese, unchallenged old things that stifle and overlie us—

still prevent his message of hope from reaching the ears of the people. Even now, when we are celebrating once more the extinguishing of the last great conflagration and honouring the memory of its victims, the high and sacred occasion is sullied by the trivial and absurd. A great lady, who signs herself Margot Oxford, writing to *The Times* on October 22, girds at the clergy for

> interfering with people who wish to dance, sing, mourn, or commemorate Armistice Day in whatever manner they choose,

and suggests they would be better employed in raising

> a voice against the erecting of hideous and expensive war memorials that have gone far to spoil our English villages,

and much more to the same effect. I must protest, her ladyship exaggerates. Even this humdrum Midland village, where there prevails a tenuous form of Christianity that jibs at the symbol of our redemption and would shudder at the sight of a Calvary, although it will sing "When I survey the Wondrous Cross" with aggressive unction (hymn books and sweets provided), has managed to raise—at the Cross Roads—a meaningless but inoffensive obelisk, costing some £600, dedicated to "Our Glorious Dead." Lady Oxford also protests that the money might have been put to better use. Perhaps she is right. I wonder how many alabaster boxes of ointment it would have bought.

* * *

Time there was when Cross Roads were gruesome places shunned by timid folk at nightfall. Here stood the gibbets from which the victims of a savage penal code swung and rotted in chains. God forbid they should ever be re-erected by an exasperated people, driven mad by the "economic muddle of the world." According to the Dean of St. Paul's, we have reached an impasse.

> "We have millions more than we can find work for at home, and the number grows by nearly 300,000 every year. But, such as they are, no other country wants them; they are not worth the wages which they claim."

And whose fault is that? Ours, Mr. Dean. Yours and mine, and that of all men and women whose lives "have been sheltered through the blood and tears of others."

Now this obscure, reactionary old Tory is not alone in deploring the Dean's blind adherence to an obsolete economic theory. He is in good company. In a recent letter to the editor of the *Spectator* G. B. S. pours scorn on the dreary doctrine which

> "is still taught confusedly and disingenuously in our universities, and has lamed many public men, notably the Earl of Oxford and Dean Inge, in their dealings with industrial questions."

He adds also that it is

> "obviously no policy for a gentleman."

Quite so. Also it may have disastrous and unpleasant consequences. It would pain me beyond measure to see a pair of natty black gaiters dangling at the Cross Roads—but, they are walking in that direction.

* Solovyov was on very friendly terms with the famous Roman Catholic Bishop Strossmayer, at whose residence (Djakovo, in Croatia) he stayed as a guest, in 1886.

Review.

Thrasymachus, or The Future of Morals. By C. E. M. Joad. (Kegan Paul. 2s. 6d. net.)

Morality is "the interest of the strongest" said Thrasymachus (Plato's *Republic*). Mr. Joad supports this by reference to economics. The result is an apparence of cynicism, which is especially emphasised when he discusses sex-morality. As an example:—

> "Morality as a going concern is kept up by women. . . It guarantees their bread and butter."
>
> ". . . daughter . . . saleable value in marriage . . . diminished by unchastity. . . ."
>
> "The (husband's) obligation to maintain the wife is a permanent one, persisting after the enjoyment of her person has ceased. . . . So soon, however, as she bestows the enjoyment of her person upon another the obligation to maintenance ceases, presumably on the ground that the new consumer should be saddled with the obligation of keeping up what he enjoys. . . . If another man is permitted to enjoy for nothing what he himself has purchased at a heavy outlay, the husband naturally feels aggrieved."

The evolution of sex-morality, in fact, engages most of his attention. Because women are quickly becoming economically independent they will, he thinks, tend to grant short-term sex-leases to men rather than the freehold to one man. Men, on their side, will lend themselves the more easily to this tendency because they will not be responsible for the upkeep of the woman after the determination of the lease. The "children" difficulty will be done away with by the wide diffusion of the knowledge of methods of birth prevention. So the family tie will be weakened, and the status of the *demi-vièrge* be correspondingly improved. The unmarried, unchaste woman will not be a social outcast. Mr. Joad will have none of the biological argument that woman is naturally monogamous and man polygamous. He doubts if woman is *naturally* monogamous, suggesting that her apparent instinct for one life-long loyalty is the result of centuries of subjection to the stronger sex. This is very specious. If economics were really dominant there would be a money price at which, for instance, husbands would be willing to lease their freehold property, their wives. The theory of long submission to male requirements as an explanation of woman's monogamous "instinct" only transfers the question back to Adam and Eve. How did man come to exact and woman to yield this out of date feminine faithfulness? One need not deny the phenomenon of woman's growing economic independence to refuse credence to Mr. Joad's forecasts; for it is too soon to base reliable forecasts on what one sees happening in industry to-day. We are living in a transition stage. If one assumes a continuance of the present system one can argue that women will become economically free in the sense that they will not depend on marriage as a means of life. But the force of the argument depends entirely upon the fallacious assumption that, while escaping economic thraldom, women will still retain the privileges summed up in the scoffed-at term "chivalry." It is all very well for the "emancipated" spinster or childless wife to say she wants rights and not privileges; but it is not they who will decide what the whole sex will do or what they will want. The germ of moral evolution in sex matters lies in what *mothers* are likely to teach *their daughters*. Show us a nation of mothers encouraging their daughters to grant short leases of their bodies, and then we will join the Joad school of seers. A waitress in a restaurant was bantered recently on not being married. She replied "Yes, I'm the only one here; but I still have hopes." "Hopes?" countered her assailant, "Why hopes?" "Well," was the answer, "I don't want to work all my life." Naturally the other hastened to point out that she would have to work harder than ever if she married; but no, the idea couldn't be conveyed anyhow; the waitress could not see it. It is the mentality—irrational if you will—of this woman, and not that of the dishymenated Shaw-"fan" which will fix the margin of moral oscillation in the future. Then, coming to the economic argument, there is another fallacy here; it lies in the tacit assumption that it is possible for women to enter industry *en masse* and range themselves on an equality with men—a kind of sister-brother collaboration in doing work and drawing income. But not a word is said to show how industry is to pay two "sex" incomes instead of one. To illustrate; suppose that in the past men have been earning, say, £100, on which they had to keep a wife and family. Now enters the wife, then daughter, as a direct industrial wage-earner. Is the £100 going to be increased so that the woman's wage can be supplementary to the man's, or is her wage to *come out of the* £100? If the first, where's the extra money to come from? If the second, the logical end of woman's complete economic emancipation means the economic subjection of men by women, who would then have to "keep" them. Industry cannot pay one sex, let alone two. "A good thing" might the feminist retort. Well, let us agree. But what becomes of the picture of the equality of independence that is relied on by Mr. Joad? The whole male sex would go on the "Dole," and the female sex taxed for the cost of it. The whole trouble has arisen from the impossibility for the man and the woman to live on a total of £100. Were it possible to foresee that £100 being increased to, say, £200 we could then discuss Mr. Joad's forecasts on their merits. But—unless something fundamental happens to our economic system—the £100 is more likely to become £75. And, in fact, the woman's movement is being encouraged by the hidden rulers of our national economy precisely to that end. There are some fanciful ideas relating to the elimination of husbands as a superfluity. One hears of conception without sexual intercourse. Whether science will discover the secret of synthetic semen for this purpose is for the future. In the meantime one supposes that the would-be mother will have to depend upon the natural product; and this presupposes that there exist men willing to lend themselves to its provision, after the manner of people who volunteer their blood for transfusion purposes. If so we can only say that it will be a daring woman who takes the risk of mothering the progeny of males of that type.

LETTERS TO THE EDITOR.

THE BLOCKADE OF A "SOCIAL CREDIT" NATION.

Sir,—(1) It seems to me that your admission is a serious one, viz., "a certain amount of agricultural development in the United Kingdom and elsewhere in the Empire would have to take place beforehand." This implies that we cannot pay for our imported food under the scheme owing to the enormous quantity of goods we would have to export to pay for them. (The national granaries scheme is one that is as good apart from the Douglas scheme as in it.)

(2) You did not answer the point that these enormous quantities of exports (which count as *Consumption*) will severely affect your basic internal prices ("a figure less than cost as Total Consumption is to Total Production.") This seems to me important.

(3) Do you admit that if we went in for Social Credit and the United States went on as usual, that our exchange *would* depreciate considerably? Your answer did not exactly admit it.

A. S. L.

[(1) The implication was, as stated, that we could not start feeding ourselves completely on home-grown food *to-morrow morning*. The more "enormous" our exports the more "enormous" the unemployment we should inflict on the blockading countries. For every shilling's worth sent out we might cause a stoppage of, say, a pound's worth of production abroad. The merits of the national granaries idea were not put forward as a part of the Social Credit proposals. Any practical proposals must obviously assume that this country would exploit its facilities on common-sense lines. There is no point here unless it is urged that we could not erect granaries under a Social Credit régime.

(2) As our space is limited, we have to allow a margin of imagination to the reader. Naturally, if we exported all our surplus for nothing the Price Regulation factor would be unity—i.e., the community would be living at the same standard as at present. But any export price above zero would allow of a corresponding discount (as against present prices) at home. Everyone must make up his own mind as to where the balance between the export "cut" and the domestic discount would be likely to be fixed.

(3) We cannot say that we "admit" or do not "admit" that the exchange would depreciate. What we do say is that *if* it did the effect would be to cheapen still further our already fractionized export prices in the American market. To make a correct guess at what Wall Street would do one would have to allow for the fact that Wall Street would know antecedently what we should be able to do under our Social Credit régime; and it is quite possible that it might consider the game was not worth the candle.—ED.]

"THE PERSISTENCE OF ROME."

Sir,—The article by W. F. S. is most interesting. But is it true that the Roman Church "stands erect and bows to no man, stands four-square and unbending"? For one thing, it has its master, Mammon. The Vatican, I read, has lately been hard up and is touting in Wall Street for funds as earnestly though not as servilely as the British Treasury. Eminent financiers, "usurers" in the strict sense, lenders

of money (manufactured to boot) against collateral without risk, whom the Catholic moral theology has for centuries condemned, are received and entertained as faithful sons of the Church. Then there is Mussolini and Co. What hand had the Church in the suppression of the priest Luigi Sturzo, who was at once the most effective opponent of the *ci-devant* atheists, republicans, anti-clericals, and Bolshevists who now rule Italy and threaten Europe, and the most hopeful personality in Italian affairs.

The future of the Church is, I believe, as well or as ill-assured as that of Islam. And there is a good deal of evidence for believing that general prosperity combined with leisure breeds heretics. HAERETICUS.

FINANCING OUT OF SAVINGS.

Sir,—It will, I suppose, be admitted that under the present financial system credit is issued to producers in the belief that there exists at the same time an unsold stock of goods, unsold I mean by reason of the lack of purchasing power in the hands of consumers. It is asserted that the Social Credit proposals will increase the purchasing power in the hands of the community to an amount sufficient to provide effective demand for the *whole* product of industry. At the same time, all production is to be financed by new credits, that is, by the creation of more money.

It seems to me to be fairly obvious that if the consumer has the effective demand for the whole product of industry in his pocket, then the consumer must finance new production. This implies that when the Social Credit proposals are in force all new production will be financed out of savings.

I have never seen this stated categorically, and I think it is a matter that requires to be cleared up.

November 2, 1925. LAWRENCE MACEWEN.

[(1) The money in the hands of the community at any moment must be equal to the total price of *consumable articles for sale;* not to the price of *total* production. (2) It depends on what is meant by "financing out of savings." As we ourselves use the term, we always mean the diversion of consumers' money from "consumption" purchases to capital development—building up capital through abstinence from consumption. Social Credit cannot imply this. New costs will be built up on new credits: consumers will only "finance" industry by buying its output, thus defraying these costs.—ED.]

THE ECONOMIC RESEARCH COUNCIL.

Sir,—I should be grateful if you would allow me the hospitality of your columns in order to announce my resignation from the position of Secretary to the Economic Research Council. It is with the utmost regret that I take this step, but private circumstances have left me little choice, and I can no longer spare the time necessary for the work.

I should like also to announce a change of address. Letters may now be addressed to me at Bookham, Surrey.

M. A. MORALT.

NOTICE.

In pursuance of its declared policy of supporting the **ECONOMIC RESEARCH COUNCIL** the Social Credit Movement is accepting the offer of certain of its members to take advantage of the hospitality of THE NEW AGE for insertion periodically of sections of *Broadsheet* matter in the journal, so that although the Secretary of the Economic Research Council finds it impracticable to continue separate publication, and has been obliged, for private reasons, to resign, the valuable work that she and her collaborators have started will be continued, and the Council kept in being for possible developments in other directions that have not so far proved feasible, but which the constitution of the Council provided for. Subscribers to the *Broadsheet* will be sent copies of THE NEW AGE, *upon application to Mr. Willox,* in completion of the period of their subscriptions unless they have meanwhile accepted Miss Moralt's offer of return of the unexpired portion. Newspaper cuttings and other material for use in preparation of the *Broadsheet* column should be sent to Mr. W. A. Willox, 83 The Avenue, Moulescoombe, Brighton.

FORTHCOMING MEETINGS.

November 12, *Thursday*. Address by Major Douglas to the London Commercial Club, at the Trocadero Restaurant (Luncheon meeting).

December 3, *Thursday*. Address by Mr. Frederick Thoresby, to the Hampstead Social Credit Group, Holly Hill Shop, 1 Holly-hill, Hampstead (close to Hampstead Tube Station), on "The Bank of England—a National Menace." Time, 8.15. Open meeting.

The Social Credit Movement.

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

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

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

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

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

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

The undermentioned are willing to correspond with persons interested:—

Bournemouth: W. V. Cornish, 77, Maxwell Road.

Dublin: T. Kennedy, 43, Dawson Street.

London: H. Cousens, 1 Holly Hill, Hampstead, N.W.3; Major C. H. Douglas, 8, Fig Tree Court, Temple, E.C.4; E. A. Dowson, 23, Effra Road, S.W.2; D. Wemyss Lewis, 176, Camden Road, N.W.1; E. Wright, 38, Bromar Road, S.E.5.

Manchester: F. Gardner, 24, Mansfield Avenue, near Blackley.

Middlesbrough: Mrs. E. M. Dunn, Linden Grove, Linthorpe.

Newcastle-on-Tyne: W. H. Wakinshaw, 12, Lovaine Crescent.

Rotherham: R. J. Dalkin, Wickersley.

Hon. Secretary, W. A. Willox, 70, High Holborn, London, W.C.1.

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