

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

No. 1741] NEW SERIES Vol. XXXVIII. No. 12. THURSDAY, JANUARY 21, 1926. [Registered at the G.P.O. as a Newspaper.] SIXPENCE

CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	133	THE CENTURY OF THE COLOURED RACES.—II.	
Coal and Power Schemes—external finance as usual—Labour playing into the hands of the high financiers—everyone on the salary list—further centralisation of control over division of profits. Present policy of finance in regard to unemployment—attack on the investing classes. The appearance of <i>The Banker</i> —its meaning. Mr. John W. Mills, M.P., on the powers of the Treasury. The Hungarian forgeries.		By Ernst Schultze	139
DRAFT SCHEME FOR THE MINING INDUSTRY. By C. H. Douglas (reprinted)	136	DREAMS.—I. By Sherman Manchester	140
THE AMERICAN MIND.—VI. By John Gould Fletcher	137	DRAMA. King Henry the Eighth. By A. N.	141
PROSPECTUS FOR A NEW AUSTRALIA.—III. By G. M. H.	138	AGAINST DEMOCRACY. By R. M.	141
		REVIEW	142
		“Papers of the Society of Mural Decorators and Painters in Tempera.”	
		PASTICHE Steel Houses. By P. M.	142
		LETTERS TO THE EDITOR	143
		From Philip T. Kenway, Haydn Mackey, M.B. Oxon., C. E. Rice, and H. B. S. L.	
		VERSE	—
		Those that Walk in Pride. By A. Newberry Choyce (137).	

NOTES OF THE WEEK.

A cartoon by Low in the *Star* exhibits a “Mine owner” as the driver of a coal cart, labelled “Coal Industry.” The horse has come to a halt on the slippery road. In front, Mr. Baldwin, Mr. Lloyd George and (presumably) Mr. MacDonald are busily scattering “coal and power” gravel to give it a foothold; but the driver is saying: “Sno use! Why won’t they let us stop here and freeze comfortable?” We congratulate Mr. Low. When bankers freeze credits all roads become impassable. Politicians without exception regard the frost as an act of God, and share the belief that to do anything more than roughen the surface of the ice would be economic blasphemy. And if, the next morning, they find a new coating of ice on top of their gravel, this also they accept as a further divine challenge to their powers of scattering more gravel. And so ad infinitum. The driver of the coal cart is not such a fool as he appears. He may just as well freeze where he is as freeze a few yards further along. Mr. Low’s three political figures wear the same sort of hat, use the same size and shape of spade, and all go to the same receptacle on the road-side for their gravel. They are as undifferentiated as the three weights on the governor of a gramophone motor. They are a trinity of revolving reactionaries whose only function is to ensure the smooth reproduction of an out-of-date financial policy. “Coal and Power Linked Up for the State”; “Sweeping Labour Proposals”; “New Electrical Era for Britain”; “Great Government Scheme”; “Mr. Lloyd George’s Power Policy.” They are all at it—grovelling and gravelling.

We do not propose to examine in detail either of the two schemes which were staged by the Bank of England Repertory Theatre on successive days last week. One theme runs through them both, namely that of cheapening unit costs by capital development carried out on the basis of external bank finance. Cheapening costs per unit may mean nothing at all to the consumer. Capital development took place to

an enormous extent even during the war years, and if there were any virtue in it the population of this country ought even now to be living at a standard of comfort half as high again as in 1914. As for the “external” principle of finance, necessitating the subordination of industrial policy to exigencies of the Old Accountancy with its insistence on “sinking funds” (i.e., reserve funds of national dimensions), our own readers at least will see where all this is tending. What contempt our hidden authorities must feel for the general public. They announced that the misfortunes of the Stinnes, and, later, the Vickers organisations, were due to the fact that these enterprises had embraced too large a variety of activities—activities with which their administrative heads were not familiar—with the result that these trusts got top-heavy and overbalanced. To-day, if you please, emancipation depends entirely on putting coal, power, and transport under one directorship. Have supermen been discovered who will handle this stupendous merger of industrial activities? Far from it. They will be “experts,” men of just the same experience as could have been found in the Stinnes trust. There is no logical answer to the conundrum set by this complete reversal of principle. But logic is not necessary so long as there is a loud noise. “Hang the coal-owner and the royalty-owner,” roars the loud-speaker; and democracy’s assent is as unwavering as when the same fate was proposed for the Kaiser.

The striking feature of the situation is the way in which Labour has been induced to go exactly where the credit monopolists want it. For years on years the Socialists have been indicting “profiteers” and “rent-mongers” as the sole cause of the workers’ low wages. To-day, when the Trade Unions are at work forming industrial alliances for a frontal attack on the Capitalist, behold the credit monopolists generously offering to save them the trouble. Just as Lord Northcliffe’s campaign of leaflets paved the way for our military victory over

Germany so the Socialist Press has been engendering a mass psychology favourable to a bankers' victory over Capitalism. Financial policy is to get everyone on the salary list. For this reason it has been necessary to force owners of industrial undertakings to relinquish their ownership. The deflation policy after the war and post-war boom had that effect. Among the chief victims was the coal industry. Now the proper reply to this plot would be for the "coal-owners" (really owners of colliery shares) to say to the credit controllers: "Here, we have had enough of trying to run this industry according to your rules: you come and run it yourselves." But, for reasons given in our recent article, "The New Accountancy," the banking interests will do anything rather than become an integral part of any industry. However industry be re-organised they will take care that they remain outside it. Whether coal, power, and transport be "nationalised" or put under "commissions" or "undertakers" (*absit omen*), the one essential is that there shall be some body which will have to come and borrow bank credit, reserve a "sinking fund" out of its prices to the public, and repay the credit. The common agreement between all parties to the schemes now under discussion that the re-organised industries shall "pay their way" means this and nothing else. This has its bearing upon our remark just now that everybody was to come on the salary list. For the more widely private incomes can be rationed in this way the better guarantee the lenders of credit receive that their claims are not jeopardised by imprudent distributions of profits. It is true that to-day the independent individual owner of a large business is virtually an extinct animal; but it still remains a fact that the directors who have superseded him do control the disposition of profits as between reserves and dividends. If, then, these directors are now superseded by semi-public boards of control one more step has been taken towards the centralisation of the control they once held. Not only so, but there is the question of directors' fees. The *Daily News*, in reporting the cross-examination of Mr. Evan Williams by Mr. Herbert Smith, printed in heavy type the passage where the latter challenged Mr. Williams to reveal what money he made out of his fifteen directorships. That is significant; for, here, Mr. Smith (although he did not realise it) was constituting himself counsel for the bankers, who would be just as enthusiastic in curtailing Mr. Williams's drawings as they were in writing down the claims of Messrs. Vickers' shareholders. Needless to say, Sir Herbert Samuel had no hesitation in promising that "the Commission would consider whether it was desirable to ascertain the number of directors and the fees paid to them." That, it will be remembered, is exactly what is being considered in respect of directorships of subsidiary undertakings in Messrs. Vickers' organisation. The snag for Mr. Herbert Smith lies in the question of who will benefit by the reversion of any fees which may happen to be lopped off. He assumes they will be handed over to the miners. But the aggregate amount will not afford his clients much relief per head—in fact, so little that in all probability it will be decided that the sum may as well go towards debt service and so "relieve taxation"! Wotan may make Alberich disgorge the Socialist Rhine-maidens' gold, but putting it back into the Rhine is another matter—until the financial Gotterdammerung supervenes.

The general shape of financial policy is becoming clear. Every precaution is being taken to deal with any militant act taken by the left wing of Labour in the near future and thus to keep the ring clear for what may be called the Great Arbitration between now and next May. Fascists, special constables,

flying squads, and so on, are all in a state of readiness to undermine or suppress "direct action." But the circumstances which make these precautions advisable are forcing the hidden Government to carry out a positive policy of some sort. Powerful as it is, it cannot stand pat and do nothing. The essential facts are these. The public conscience, though it will stand almost anything, will not tolerate the spectacle of wholesale starvation. Somehow or other the population has got to be fed. It must be found work and paid for it, or it must be paid because it has no work to do. Up to the present both sorts of payment have been going on. There have been wages, salaries and dividends as usual, but there have been doles, relief and subsidies on a scale for which there has never been a precedent. Further, it has been found impossible to recover from the people in work the cost of feeding the people out of work. The result has been to plunge deeper and deeper into debt the bodies responsible for distributing money among the workers. The West Ham Guardians, for instance, are under the necessity of borrowing another £300,000. And the coal industry, in a formal sense, stands in the position of borrower of the rapidly accumulating subsidy. The process has gone too far for any attempt to stop it or even to slacken it to be a practicable proposition. On the other hand, to allow it to continue will put the public wise to too much, for people will be quick to realise that this "vicious system of pauperism" is at least a successful interim policy in that it staves off trouble while in operation. And when, in addition, there are busybodies like ourselves about, presenting a reasoned case for perpetuating and widening the principle of supplementing earnings with credits for consumption purposes (which is the principle underlying the dole, relief and subsidy *as long as they are not paid back by anybody*) the danger is greatly magnified. So the credit monopolists have no option but to re-impose the "work" condition for the money now being distributed; and, for the foregoing reasons, this compels them to provide the work. The only wonder is why they have not shown signs of doing so long before this; and probably the answer is that, since any such provision of work will involve large expenditure, and therefore some measure of inflation, an understanding had first to be arrived at between the Bank of England and the Federal Reserve Board of America. One must now assume that a formula has been discovered, and that the way is open for the credit of the British people to be expanded to a certain extent. But what is the formula? We think it must be connected with the things we have just been commenting on. If new credit is going to be created, the less of it that gets into the private possession of individuals the stronger the credit-lenders' control over its "economic" use and the more direct their influence on the manner of its employment. We have no doubt at all that the incomes of the investing classes themselves are going to be attacked. We said some time ago, and we now repeat, that the experience of investors during the last seven years has been such that if again they had the good fortune to get hold of good hard cash in any considerable quantity they would think twice before they allowed themselves to be dispossessed of it. And this applies to proprietors, directors, royalty owners, and everyone else whose income is in excess of his necessary expenditure. So the precaution to be taken by the credit controllers is obviously to see that these people do not again get the handling of investment surpluses arising from a new period of inflation. Of course, the old tale about industry having to depend upon the personal savings of private individuals would have to be given up or softened down; but that would not trouble the banks much; people's memories are little longer than their purses. Moreover, the banks would be in the

favourable position of telling the true tale for the first time. Once conceive of coal, power, and transport merged into one administrative authority dependent on bank loans, and you have a picture of a large proportion of the population—rich and poor alike—entirely subject to the direct decision of the banks as to what wages, what salaries, what directors' fees, what royalties, and what dividends shall be distributed among them. They would all be "on the salary list," and it is not too fanciful an idea to imagine, in a year or two, their all anxiously consulting the Labour Ministry's Cost-of-Living Index Figure month by month, to know how much their "salaries" were going to be. Messrs. Foster and Catchings might object that since the expectation of profit (including the hope of super profit) is the main-spring of economic enterprise, the above rationing policy would kill enterprise. They have written a book to prove this, and it is quite true in a society where producers are free to go forward or sit tight. But what if there arises a power which can order them forward under pain of ruin otherwise? That is the power which we warn both Capital and Labour is being surely built up at their expense while they are sparring about over wage-rates, profits, and nationalisation.

Listen to Mr. Straker speaking for the miners before the Commission:—

"Under nationalisation the good years would pay for bad years without reducing wages necessarily to a lower level. Under the present system you cannot do that to the same extent because the shareholder has to have his dividend."

Does he really? What about Messrs. Vickers' shareholders? Sir William Beveridge had to put him right:—

"I suggest to you that it is the practice in every industry which fluctuates—"

(there is no need for this reservation: banks pursue the same practice)

"—to put by reserves in good years to make sure of paying dividends—"

(or to write down shareholders' assets!)

"—in bad years, and that it is quite unnecessary to nationalise for that purpose."

Mr. Straker's reply was:—

"These reserves are small in comparison with the total profits in good years. Under nationalism the State will have the whole of the profits."

For the whole of American industry the profits of all Corporations reporting a net taxable income of \$2,000 and over were \$5,389,274,000, out of which only \$2,781,865,000 was distributed as cash dividends. No doubt, under nationalisation the State would take the whole of the profits; but we beg Mr. Straker not to suppose that it would distribute them. The "State" is the Treasury: and the Treasury has quite other views.

A considerable time ago we referred to the decision of American banking interests to take measures to meet the attacks made on them from so many quarters in the Press. It now seems that British banking feels the need of justifying its rights and privileges to the public, for last week there appeared on the bookstalls an elaborate and expensively produced monthly magazine bearing the title "The Banker." Everyone who can should get this first number. It costs one shilling. It is best described, we think, as the "Strand Magazine" of finance, for the articles throughout are written in such a way as to interest as well as educate people who have had little or no experience of banking. We welcome this venture for two reasons. It is, to us, a sign that the credit controllers, unlike some doubting credit

reformers, recognise that "something is happening" as a result of the propaganda for which THE NEW AGE has been chiefly responsible. We notice that the publishers of *The Banker* have paid us the compliment of using exactly the same style of lettering for its title as is embodied in the title of this journal. That is as it should be, for the ultimate issues at stake are not to be found specified and explained in any other journal than THE NEW AGE. We notice that the publishers' flattery does not extend to the King, for in reproducing a facsimile (in gold) of the sovereign on the title page, they have turned his face to the wall, thereby identifying the coin with a person on a horse slaying the dragon of economic sedition. Who the person is, and what the dragon, we will not say, but there is a hint in the following remark made by a "distinguished American banker" about Mr. Montagu Norman—"Norman? Ah! yes—Norman is a crusader." Our second reason is a practical one, namely, that the gathering together within one pair of covers once a month of all the matters on which High Finance wishes to appeal to the man-in-the-office is a great convenience to us who have hitherto been obliged to discover and assemble such material for ourselves as best we might from among a multitudinous mass of newspaper paragraphs. *The Banker*, in fact, is, opportunely enough, an embodiment of the ideal which the publishers of the *Economic Research Council's Monthly Broadsheet* would have set for themselves had they possessed the financial means of achieving it. Our thanks to Messrs. Eyre and Spottiswoode for presenting us with this labour-saving device.

One article alone is worth the shilling of any student of real politics. It is entitled "The Treasury and Its Powers," and is contributed by Mr. John W. Hills, M.P., formerly Financial Secretary to the Treasury. Let us quote:—

"The power to tax has passed from the Crown and from Parliament to the Government of the day."

"... the Government order our finances uncontrolled ... the House of Commons can do little to correct them."

Mr. Hills points out the "ultimate power rests with the Chancellor of the Exchequer, with an appeal to the Prime Minister," and he comments: "Thus we come back, as we always do, to the power of Governments as head of the executive." This is the formal political aspect of the situation. But now for the reality.

"But human institutions do not depend entirely on their formal value. The existence of a great and expert body (i.e., the Civil Service staff of the Treasury) manned as it is by the best brains in England, has a weight and authority far greater than its technical position alone would warrant. Permanent, not changing with Governments, acquiring a skill and knowledge which no transitory Chancellor of the Exchequer can hope to equal, the force and influence of the Treasury is, in a sense, national as well as governmental."

In case the first reaction of the reader is to question whether this fits in with democratic theory, Mr. Hills immediately adds the convincing remark: "That this is so is, perhaps, the most hopeful feature in our financial system." That settles all doubts—perhaps. At any rate, the author assumes so, for he goes on frankly to say:—

"Now, in order to realise the exact influence a public department like the Treasury has over its nominal chiefs, that is, over the Chancellor of the Exchequer and, ultimately, over the Cabinet, it is as well to follow the actual procedure whereby expenditure for some big service, such as the Army, is settled."

Well, he follows the procedure with results which we recommend to the attention of the "militarists" stampering the Cabinet. Generals or Admirals!—why,

the Treasury dines on them. We have not space to deal with a tenth of the important facts by which Mr. Hills demonstrates the ultimate power of the Treasury, "any weakening of which," he says in his concluding paragraph, ought to be "regarded with little short of terror." The article itself must be read and learned. One reflection. Englishmen have often scoffed at the American political system under which, when one President had to give way to another, there was a wholesale turn-over of salaried officials all down the line, even to the village postmaster. There was something in it, though, where the new Government was able to command an alternative staff of its own. But that is just the snag when we come to radical changes in high policy. We often hear from Labour leaders that Labour, when it has a majority in the House, will do this and do that. Yes, but is it prepared to sack and replace all the Treasury officials? Even so, Labour would still come up against a larger problem still, one which even Mr. Hills says nothing about. The Treasury itself has a master. Its power of control lies in its means of control: and those means—namely, financial credit—are not in the power of the Treasury to create. Above the Treasury are, shall we say, the "Crusaders."

* * *

There has been much excitement in the European Press over the discovery of the forgeries of ten thousand 1,000-franc notes by a group of highly placed Hungarian notabilities. Major Magashazy, the Regent's aide-de-camp, the Roman Catholic Bishop Zadavec; General Haits and ex-Colonel Kurz (late and present heads respectively of the Cartographic Institute, where the forgeries took place) have all been implicated along with M. Nadossy (the Chief of Police), and Prince Windischgrätz. But to the awakening Magyar Press such implication is an honour; it acclaims the forgers as national heroes who must be liberated, and calls for the removal by force of the representative of France. There are two theories of the cause of the forgeries. One is that the Awakening Magyars (or Hakenkreuzers) and other groups, in sympathy with them, required financial sinews of war in order to make Archduke Albrecht king of Hungary; the other is that they wanted the money to finance Irredentist movements in all the formerly Magyar provinces now belonging to Czechoslovakia, Yugoslavia, and Roumania. It is alleged that for years the notes of these last three States have been falsified by the Cartographic Institute at Budapest, one of the objects being to undermine their respective currencies. According to the *Observer's* correspondent, the present forgeries would have been hushed up but for the strong representations of France, and probably also the statement made by Dr. Benes. The moral of all this lies in its logic. Under a system which is disciplining Europe by rationing her credit, the obvious rôle of revolvers is to challenge the monopoly of credit creation and distribution. So far as France may have been injured by the process, she is a case for sympathy; but the excitement is not about the victimisation of France or any other country; it is because in these forgeries—carried out by persons whom no one charges with sordid motives—there lies a challenge to the power of a centralised banking hierarchy. Forgery for personal enrichment is one thing, but forgery for a national objective is another; and when a Roman Catholic Bishop is associated with it most people in his country revise their estimation of the act rather than their judgment of the Bishop. After all, where is the difference between diluting French currency by forging franc notes in Budapest and smashing her exchange by financial manipulations in New York? And what is there about the house of Morgan that it should enjoy any more freedom to disturb the financial equilibrium between

nations than is to be allowed to public men in Hungary? The episode is bound to engender reflections of this nature, and if it hastens public recognition of the truth that credit is communal property, and that nearly all financial credit is "fiduciary," taken on trust, not real—therefore *forged*, it will prove in the end to have been a beneficent "crime."

DRAFT SCHEME FOR THE MINING INDUSTRY.*

(Republished in response to requests.)

I.

(1) For the purpose of efficient operation each geological mining area shall be considered as autonomous administratively.

(2) In each of these areas a branch of a Bank, to be formed by the M.F.G.B., shall be established, hereinafter referred to as the Producers' Bank. The Government shall recognise this Bank as an integral part of the mining industry regarded as a producer of wealth, and representing its credit. It shall ensure its affiliation with the Clearing House.

(3) The shareholders of the Bank shall consist of all persons engaged in the Mining Industry, ex-officio, whose accounts are kept by the Bank. Each shareholder shall be entitled to one vote at a shareholders' meeting.

(4) The Bank as such shall pay no dividend.

(5) All the capital invested in the Mining properties and plant shall be entitled to a fixed return of 6 per cent., and together with all fresh capital shall carry with it the ordinary privileges of capital administration other than price fixing, which shall be entirely separated from production.

(6) The Boards of Directors shall make all payments of wages and salaries direct to the Producers' Bank in bulk.

(7) In the case of a reduction in cost of working one half of such reduction shall be dealt with in the National Credit account hereinafter referred to, one quarter shall be credited to the Colliery owners, and one quarter to the Producers' Bank.

(8) From the setting to work of the Producers' Bank all subsequent expenditure on capital account shall be financed jointly by the owners and the Producers' Bank, in the ratio which the total dividends bear to the total wages and salaries.

II.

(1) The Government shall require from the Colliery owners a quarterly statement properly kept and audited of the cost of production, including all dividends and bonuses.

(2) On the basis of this ascertained cost, the Government shall by statute regulate the price of coal to the Home consumer of coal for purposes of heating as distinct from use in manufacture, at a percentage of the ascertained cost.

(3) This percentage shall bear the same ratio to one hundred as the total home consumption of all descriptions of commodities does to the total National Production, i.e.:

As Price : cost : : consumption : production
*** Price = Cost per ton ×

$$\frac{\text{cost value of total consumption and depreciation}}{\text{cost value of total production, including capital appreciation}}$$

(4) The Government shall re-imburse to the Colliery Proprietors the difference between total cost and total price by means of Treasury Notes, such notes being issued, as now, against the National Credit.

(5) The price of coal for export would be fixed at such a day to day price as would serve the general interest. All exported coal would be regarded as consumption.

[* This Scheme has been registered at Stationers' Hall, and is the sole copyright of Major C. H. Douglas.]

PRESS EXTRACTS.

(Selected by the Economic Research Council.)
"The United States has become the world's greatest source of capital. We are the world's bankers."—Mr. T. W. Dysart, President of the Investment Bankers' Association, December 7, 1925.

"If all our factories ran to capacity night and day, our national output of wealth would be something more than doubled. As a nation we could not possibly buy what we had just produced. As a result, values would crash and we would all be paupers despite the fact that in our hands was twice as much real wealth as before. . . . Is the thing caused by some basic fault in our credit system? Has it anything to do with this new theory that the volume and credit in use at any given time must be made to contract and expand more readily with the volume of actual production?"—*Commerce and Finance*, December 23.

The American Mind.

By John Gould Fletcher.

VI.—NIHILISM.

It has not escaped the insight of some shrewd observers of the American scene to note that the mental standpoint of most intelligent Americans closely corresponds to the standpoint held by the Russian intellectuals up to the outbreak of the Russian revolution—and still held by those Russians who have now gone into exile. At least one critic, probably the foremost critic now living in the United States, Mr. Van Wyck Brooks, has suggested the parallel. And such a parallel, if it can be proven, is enlightening and instructive.

The central part of Russia, like the central part of America, is an immense plain, intersected by rivers. This plain in America rises west to the Rockies. In Russia it rises east to the Urals. To the north of this plain in Russia lies access to a closed sea, past the swamps and forests of Archangel. To the south, in America, lies a closed sea, the Gulf of Mexico, access to which is gained through the forests and swamps of the lower Mississippi. The Black Sea and the Caspian, to the south of Russia, somewhat correspond to the Great Lakes on America's northern border. The climate in both countries runs to great extremes of heat and cold.

As with physical features, so with political. Neither Russia nor America figured much in the world's history before the eighteenth century. Peter the Great's scheme of reforms antedates the American Revolution, but it is worth noting that Catherine II.'s reign, when Russian literature strictly speaking begins, coincides with the period when America threw off the yoke of England. And the freeing of the serfs in Russia occurred at the same time as in America the freeing of the slaves.

Washington Irving was our Pushkin, Hawthorne our Gogol. Melville and Whitman correspond for the American consciousness, to Dostoevsky and Tolstoy. Henry James was undoubtedly our Turgenev. The growing corruption of American political life and the movement of her intellectual classes towards Europe which took place during the years 1870-1900 correspond closely to a similar movement in Russia. The dawn of the twentieth century created a backwash of disillusionment in both countries. For America this came after the Spanish War in 1898; for Russia, after the Japanese War.

The outbreak of the European War coincided in America with an explosion of popular discontent. Those who had wearied of the marked imperialism and subservience to Wall Street of the last two presidents, Roosevelt and Taft, elected Woodrow Wilson, the political opponent of the Republican Party. But Wilson, in the very year of the war, dictatorially intervened in Mexico, in sheer defiance of popular feeling. Still more symptomatic of America's feeling at this time was the extraordinary outburst of lyricism that took place. Most of the American poets, novelists, playwrights now living and working were first "discovered" about 1913. And what urged them to become poets and writers was a common feeling of discontent with their background.

Whether anything similar ever occurred in Russia I do not know. But this is certain, that Russia entered the war at the beginning, and saved the Allies from defeat up to 1917. America entered the war after Russia's collapse, and brought the conflict to a conclusion in favour of the Allies. The war was therefore won by the two Powers who took no part in the peace settlement: Russia and America.

The aims of these two Powers are now the great problem of the future. As Russia, cast forth from Europe, gravitates to the East, so America, interesting herself less and less in any question except that of European debt-settlement, gravitates to-

wards the West. The two forces must some day come to clash, for no other reason than that their minds move to the same conclusion, though departing from different premises.

The premise of the Russian mind is that God in His final manifestation does not yet exist. The goal of man's desire is the "new man" predicted by Dostoevsky, the "God-man," who through instinct will make life a miracle. The great healer, the great magician who will transform earth into a Paradise is his vision of the future. All Russians have looked forward to this figure, from Dostoevsky and Tolstoy to Tchekhov and Lunacharsky. The Russian soul in its deepest and most profound abysses wishes for mind to be abolished, and for love alone to prevail. It is therefore profoundly nihilistic, denying the reasoned but impersonal law of God for the sake of the human heart.

America, too, is profoundly nihilistic. The American thinker begins by taking God for granted and assuming that the scheme of things has been arranged by Him. But he cannot reconcile this optimistic postulate with his own lack of vital and abiding culture. He seeks for culture in the European past. The goal of his desire is the intellectual superman, the perfectly developed and efficient brain who will, through understanding, make life infinite in range and hope. The Great Teacher, the great master of culture who will transform earth into an Athens of wealth and intellectual understanding is his goal. But he despairs of reaching this figure, because history, to him, teaches not the continuity of culture, but the tragic fact that every great period has come to an end without succession. History is to him simply a series of phases, as Henry Adams, the most profound American historian (and no country has produced so many fine historians as America) discovered; there is no principle of continuity in it. Therefore the American cannot create a permanent interpretation of the past. And he desires in his inmost being to destroy feeling and to live by the light of the mind alone. He is, therefore, profoundly nihilistic, denying the love of his neighbour for the sake of the final triumph of the brain.

Meanwhile, between these two forces, the role of Europe becomes more and more narrow. Unlike America and Russia, Europe has never had a future since the days when the two opposite poles of Athens and Zion fused to create Christianity. Since then Europe has lived by carrying the torch of the past through the future. Yet for a century from the French Revolution to Nietzsche's breakdown (1789-1889) Europe has struggled to discover a hope for the future in the ideal of individualistic rebellion and freedom. The hope of that century wanes now, day after day—and Europe, day after day, in growing more individual, acquires less power to reconstruct itself from within on the one basis that a nation or group of nations can rebuild itself from within—the basis of a common religious faith. Therefore, as the great traditions of European faith and culture become more and more difficult to maintain or discover, America and Russia are certain to become more and more determined in their nihilism.

(The end, American rights reserved.)

"THOSE THAT WALK IN PRIDE."

By A. Newberry Choyce.

Home with the wind, thou Charioteer!
The Syrian hath put off his pride;
Thy leper lord shall enter in
His gates at peace ere eventide.

But O Abana, Pharpar, still
Between thy waters and between
They go their bitter ways and scorn
The Jordan that could make them clean.

Prospectus for a New Australia.

III.—THE ISLANDERS BROUGHT TO BANKRUPTCY.

I have, like a good physician, first indicated a cure for the disease which affects Australia. Dropping the mine metaphor employed in our last article, I will now say something definite about the nature of the disease itself.

In brief, the time-ability of a small sub-nation of 6,000,000 persons to stagger along under a debt of £1,000,000,000 is strictly limited. Sooner or later, a crash must come. It came before, when the English debt was only the merest fraction of that sum. It came in 1893 with paralysing abruptness; and before the end of 1927 I predict, unless a Benjamin Chaffey be installed at once as an efficient Vitruvius of financial ruin, Australia will be utterly bankrupt, and in the British—or will it be the American?—receiver's hands.

As a plain matter of fact, every bank in Australia has already begun to prepare for that smash. Anyone who knows anything at all about British bankers and their methods has merely to scrutinise the current balance-sheet of the Union Bank, for instance, to observe that the ants of Australian commerce are already scurrying for shelter. They can smell the flood of disaster in the very heavens, before the rain falls. I do not blame them in the least for that. They know their job. They received a lesson in 1893 which still stands out in red-ink entries in every Australian bank-ledger. So money is hard to get to-day in Australia. Even if one owns a hundred thousand pounds' worth of liquid assets, it is hard to convince a bank that the same make good collateral. And to-morrow, what? Why, no matter how the Australian Federal elections of 1925 may have worked out, money will be, not easier, but much harder. Money's mind, I insist, is fixed on 1927; money is not thinking very much about these minor political incidents of 1925.

In 1893 a plain and practical man of affairs had to be found in Australia, very suddenly, in order to take hold of the ruinous finances of a loan-cursed, boom-drunk State. The name of that man was Sir George Turner. He was merely a very dull and ordinary solicitor, be it said. But he understood figures; he had a passion for honesty; he was long on every quality in which the average Australian—and most especially the average Australian politician—is short. So this entirely dull and usual sort of person succeeded, eventually, in dragging the Australian key-State of Victoria around the corner, back to solvency. What I have done, therefore, in article number two, has simply been to name the man—the new George Turner—to whom Australian citizens and British investors will be compelled to turn, well before the end of 1927. It is a great service to render. I tell you candidly, you people in England, that to know in advance of the existence of a Benjamin Chaffey—to know that there is a plain man in Australia of his description, capable of handling this 3,000,000-square-mile asset, on our behalf and yours; making it pay instead of perish—to know that is worth three thousand Austen Chamberlains; is worth a whole coral mountain of peace decisions, piled up in Europe by the industrious Locarnoza.

If armaments, *pace* THE NEW AGE, are a guarantee against bankruptcy, then what is knowledge? Is it not the divine armament, in which a nation may walk secure? And, to put the earnest NEW AGE in the witness-box again, if any workhouse inmate with the pluck to haul Bumble to court is too good for his environment, then I would respectfully suggest that my own environment is due for a change. For, as I informed you in advance, in my first article,

I have spent two years in the Australian super-work-house, gathering my facts. I went there, England, with the information buzzing in my ears to the effect that I was committing suicide. Back to prison, man! You are mad. What will they think of you in Pitt-street? What will they say over in Melbourne? That was how the chorus ran. But I do not happen to care, particularly, what they say in any part of Sydney, much less in Pitt-street. I am not impressed with the De Garis-patterned wisdom of Melbourne. All that I care about, very much, are figures and honesty—the sort of thing that interested Sir George Turner; and so, as a deliberate slap in the face for Australia; as a spurning and a scorning of their paste-and-scissors convention; as a flat denial of their capacity to form a judgment about myself, my plans or purposes, however skilled they might be in picking racecourse winners, I went back, voluntarily, of my own free will, to prison; there to examine Bumble.

I desire to be quiet and precise about that fact, however. I do not boast about it, at all. A little tougher in constitution than the late Mr. Oscar Wilde, I simply happened to know, in advance, that Australian prisons are full of bankers. Why not go down into the depths, quietly, and interview a few of them? Why not find out, at my leisure, what the real insiders think? That was my idea. To walk into the head office of the Union Bank, of course, and interview its official chief with a request for information about the financial future of Australia—what would that mean? Why, merely the ingurgitation of whatever lies that amiable gentleman might consider most suited for general circulation. But suppose that I could get hold of some of the able officials of a bank? Suppose that I could interview men who, approached with intelligence, would have no further interest in deception? And suppose that, armed with the information gatherable there, I then, ex the workhouse, went and interviewed a few as yet unarrested banking experts, what then? Would I not have something worth while, as a result, to communicate to England? I rather thought so. I thought so then, and I think so still. I believe that Bumbledom is always the place to go to if you are in search of real information. You can acquire a shining armament there, all right. Blessed be Bumble! If I am to make a world reputation, therefore, as a writer, via THE NEW AGE, I elect to make it on that direct foundation, i.e., that I had the wit and the inspiration—and, incidentally, the will and the self-control—to interview the Bumble-bankers of Australia in their frank and entirely natural ultimate habitat—to wit, in jail.

It is a good thing to sit down with millionaires in their shirt sleeves. It is a still better thing, too, to sit down with ex-millionaires in conditions of mental ease and expansiveness. The veil of finance is lifted, then, with a vengeance. How the Australian islanders, for instance, have been brought to bankruptcy, burned steadily before me there, in lessons of sheer luminous fact. There, I saw the operation of every successive credit cycle. There with THE NEW AGE in my very pocket, I saw how nothing could stop the progressive cumulation of irrecoverable Australian costs—represented, as always, by surplus or unsellable production. I saw that the whole banking policy, as applied to my country, through its financial rules, aimed, ultimately, at making that surplus unsellable. I saw that it was not an accident that the people of Australia were unable to buy much more than a fraction of what they produced. I saw that the real agents of Australia, themselves, were the bankers and artificers of national bankruptcy; that their idea, in short, of a Good Thing was to lead the people—at a profit—as near as possible to the edge; to fall over, of course, if they wanted to;

and then to skip back themselves, with an airy Bumble's expression of perfect honesty, to safety. Bringing the islanders to bankruptcy is most distinctly a good thing. That is, for the bankers. It is not so good for the islanders, however. It involves, at the last moment, when it is almost too late, a sudden frantic demand for a Sir George Turner; because the people, in their madness, their panic horror, insist on dragging the banks—on dragging banker Bumbledom—over the cliffs as well. And the Sir George Turner of the day may be busy elsewhere. He may be in New York or Spitzbergen. His very name, let alone his address, may be unknown. That is why I am so emphatic about plain Benjamin Chaffey. That is why I am so particular to impress the mind of intelligent England with the sharp, solvent, entirely saving idea of that large, square man—that quiet, excellently direct and understandable man—who in figure resembles a blacksmith's anvil poised upon a butcher's block. The head is the anvil; and bankers in vain will hammer there.

G. M. H.

The Century of the Coloured Races.

II.

By Ernst Schultze.

As second cause of the rapid achievement of predominance by the whites, I named their rapid transport technique. Here, too, they will probably soon lose the advantage of the last hundred years. Steamship and railway first came into being only in the service of the whites. Western Europe and North America began to utilise these inventions as means of communication. Only towards the end of the century railways began to be built outside Europe and North America. Even at the end of the century Asia had only 33,724 km. of railway, while in Germany alone 42,869 km. were in use. In Africa the total length of the railways at that time was only 9,386 km.—little more than in Sweden, which possessed 8,018 km. By 1913 the figures had grown for these parts of the world also, but the advance of Europe and America was in absolute figures—and these are what matters—much more considerable.

There were in use:

In	End of 1890.	End of 1913.
	Km.	Km.
Europe	223,869	346,235
America	331,447	570,108
Asia	33,724	108,147
Africa	9,386	44,309
Australia	18,889	35,418

There is no doubt that unless other means of communication (motor and air vehicles) take the place of railways the next decades will bring a considerable extension of the latter in Asia and Africa, Australia and South America. But scarcely less significant is the fact that to-day not only is there a great number of coloured engine drivers and railway-men of all kinds, but also coloured engineers and crowds of mechanics, who, in railway workshops and locomotive factories, are capable of carrying on the technical work first devised by the whites.

To a still greater extent perhaps is this true of navigation; we can no longer say of steam navigation, because in recent years, the oil-ship has more and more displaced the steamer. Inland navigation and ocean navigation have been revolutionised by steam. It has contributed to bring about the transition to larger holds, which again rendered necessary the displacement of wooden hulls by iron and later by steel. All these advances were in the first place devised, executed, and used by the whites. The first experiments with steamships both by Chinese and Japanese failed pitifully because they understood practically nothing about them. But to-day it would be impossible that an European shipowner should, as happened as late as the 'seventies in Japan, deliver a quite useless ship to a coloured Government which wished to buy a steamer, so that the purchaser had to have it broken up.

In the meantime in Japan and China they have themselves learned to build iron and steel ships. In 1914 Japanese docks launched 636 sea-going ships with a total of 117,401 tons. In the war emergency the Japanese were able as

early as 1917 to increase their shipbuilding up to the production of 1,598 vessels, with a tonnage of 380,593, finally, in 1919, to 1,595 vessels, with a total of 725,443 tons. This tonnage about equals the year's total which Germany, France and Holland launched before the war. It is true that the world economic crisis reduced the number of vessels launched from Japanese docks in 1920 to 140, with 456,642 tons, and in the next year to 43 vessels, with 227,425 tons. But the important fact is that they were able in a single year to produce 725,000 tons.

No less significant is Japan's present share in the world's commercial fleet. If we measure this as is customary by the tonnage of the sea-going steamers, her share was, in June, 1914, 1,642,000 tons out of the total of 42,514,000 tons; but in June, 1921, there belonged to Japan 3,063,000 tons out of 54,217,000. So that the Japanese mercantile fleet increased by 1,421,000 tons, while Great Britain's increase amounted only to 411,000 tons; and, apart from the United States, whose sea-going merchant fleet increased in those seven years by 10,477,000 tons—which is notoriously to be ascribed to extraordinary, non-recurrent causes, which since have given place to a strong retrogressive movement—only one other country has increased its merchant fleet by more than a million tons: France, which, thanks to the assignments under the Treaty of Versailles, was able to increase her merchant fleet from 1,918,000 to 3,046,000 tons, or by 1,128,000 tons. The share of Japan in the total tonnage of the seafaring iron and steel steamers of the world increased, from June, 1914, to June, 1921, from 3.9 to 5.6 per cent.

Almost yet more astonishing is the impetus which modern shipbuilding has recently experienced in China. Here also the war spurred on the production of shipping. However, even without the war the Chinese yards would have signalled technical and economic achievements which ten years ago one could scarcely have dreamed of. That Chinese yards should have to build steel steamers for foreign account would then have been considered an impossibility.

If we consider further that coloured men are to be found in great numbers among the crews of ocean-going steamers (and recently of oil-ships), since the lines which cross the equator or its neighbourhood (e.g., all the lines which connect eastern Asia by the Suez Canal with Europe) willingly employ coloured stokers and trimmers, we realise that modern navigation technique is no longer unknown to the coloured people, especially of Asia. And let it not be imagined that they are employed only as unskilled labourers. For there are Japanese and Chinese machinists in great numbers. Recently this calling is frequently followed by Indians also. Moreover, the Malays have from of old been devoted to sea-faring.

But even if the coloured races limited themselves for the present to filling the lower, badly paid posts on ocean vessels, that would be not without significance. For in sea transport the competition of the nations turns on wage-rates and cost of living far more than in industry. Since a merchant marine cannot, outside home waters, be protected by duties from the competition of other nations, the measures of protection which are possible in the sea transport business (in particular reserving the coastwise navigation for the national flag) fail in overseas transport; finally, therefore, the costs of working are decisive, and these depend on the one hand on the amount of capital on which interest has to be paid, on the other hand on the amount of the working costs in the narrower sense.

Now the increase of merchant fleets during the war at any price has placed particularly the leading seafaring nations in a weak position, because they must pay interest on an excessive capital. They must therefore demand rates for passengers and goods which, for this reason alone, exceed those of other nations with cheaper fleets. If in addition there are specially high working costs properly so called, such a mercantile marine risks becoming incapable of competing. Now in September, 1921, for a steamer of 8,000 tons capacity, according to a calculation of Mr. John Sharp, vice-president of the Kerr Steamship Company, the daily working costs (deterioration, interest, insurance, provisions, equipment, and all usual working costs) of some of the chief maritime nations were as follows:—

Flag.	Daily cost.	Comparative figures.
German	150 sterling	30
Spanish	200 "	40
Japanese	275 "	55
Norwegian	300 "	60
British	360 "	72
French	400 "	80
U.S.A.	500 "	100

Thus Japanese ships can take freight at almost half the price demanded by North American, if not quite so cheaply

continues to grow, as little a matter for the responsibility of any man as the movements of the stars.

Justice, for example, the more democratic the country in which it is dispensed, tends to become trial by machine. The effect of codifying law is not of necessity to simplify law, and depends on the quality of the men who conduct the codification. In France the effect is largely to reduce the responsibility of the judge, to make him a mechanism for registering a decision automatically. Codification for the sake of clarifying, and codification for the sake of rendering justice a mechanical process, where law is supreme and there is no equity, are entirely different. In Britain the judge still carries considerable responsibility, although the tendency is democratic. As long, however, as it is entrusted to some definite person to judge, after proof of guilt, the degree of heinousness of the offence, justice will reflect the native aristocracy of the English. The quality of the judge will matter at least as much as the quality of the law.

A number of municipalities have adopted a codified system of selecting their clerical officials. In some instances the pay of the officials is to be regulated according to the examination certificates which the candidates produce, and to be increased as further diplomas are gained. This amounts to a repudiation of responsibility for weighing the intelligence of the officials concerned; the councillors either acknowledge their unfitness for such a task, or, under pressure from officials who distrust either their fitness or their disinterestedness, they permit themselves to be superseded. When all the duties of municipal councils can similarly be mechanised democracy will have realised its dream of a state of affairs in which any nobody is fit to be a councillor.

So fearful is democracy of either bestowing or accepting responsibility that on every hand men with the need for appreciating another's intelligence seek to replace their own intuition and judgment by some sort of vernier-scale. It is acknowledged, for example, that the diploma-scale puts square pegs into round holes, that it selects the crammer in preference to the fellow endowed with gumption, who cannot always be persuaded to cram. The world-wide means now being tried to avoid this dilemma is "intelligence tests," on which experts are continually working with a view to making them perfectly efficient and fool-proof. It is significant in regard to intelligence-tests that they originated in the mind of democratic France; still more so that they were taken up with enthusiasm in fanatically democratic America; and more so again that an English Government committee expressed its distrust in them "in their present degree" of refinement on the ground that the judgment of a man was often capable of detecting erroneous results. Notwithstanding that there is still hope for England, it must be asserted that all this tendency to put the responsibility for what happens to men on some kind of measuring-instrument neither breeds the best men to select nor selects the best men. The intelligence capable of devising the instrument could weigh the men—if it could be trusted. These scales are not, to come to a fundamental, necessary to choose better than their creators could choose; it is not the capacity for choice which is really in question; the real motive for throwing the onus of choice on a machine or a formula is that the integrity of every person is under suspicion.

Democracy has no use for intuition. For intuitive judgment no reasons can be given, however true the result, and no instrument can be created to substitute the intuition since it cannot be analysed. It is not merely that democracy is empiricism run riot; it cannot trust empiricism if the process is carried out by a man, if truthful report is dependent on a character. In short, democracy is an endeavour to dispense with character, which is one of the reasons why the person of Christ so widely gave place to a code of morals. It is more or less empirical to judge the character of your acquaintance by the light of God in his eyes or the darks of dissipation under them, or the lines of over-work around them. To-day it is becoming the vogue to obtain an expert's reports on the peculiarities of his handwriting or the dimensions of his skull. Throughout every institution acceptable to democracy runs a ridiculous over-respect for the analytic faculties, and a damning boycott of the synthetic. During the whole history of modern democracy this disintegrating avalanche has grown in force. In religion, psychology, medicine, economics, everywhere the analyst has been heard as one having authority, whereas the spirit with something healing to impart has been treated as an outcast. As a result we have nothing left but parts and theories, while men have got lost. He was a wise ironist who doubted the prevalence of double personality on the ground that personality was so rare.

R. M.

Reviews.

Papers of the Society of Mural Decorators and Painters in Tempera. Edited by John D. Batten. (10s. 6d., post free, from the Hon. Treasurer, Miss Lanchester, Chelwood Gate, East Grinstead.)

This is the second volume issued by the society, the first, published in 1907, being now completely sold out. This new collection of selected papers covers the years 1907-24, and comprises a wealth of valuable technical data on vital facts relative to painting in both tempera and fresco. Particularly arresting is the treatise by Mr. Noel Heaton, B.Sc., F.C.S., on his chemical examination of the mural paintings discovered at Knossos by Sir Arthur Evans; for not only has this searching analysis subverted hitherto accepted opinion as to the origins of fresco painting, but it has opened up new paths in the fine practice of that medium. Mrs. Sargent Florence's paper, on the frescoes of the Old School at Oakham, gives details of her own technical experience in carrying out perhaps the most important enterprise in fresco painting which has been achieved within recent years. A letter from Holman Hunt in 1907 to the society furnishes a first-hand account of the experiments in painting carried out by himself and his confreres of the "pre-Raphaelite" group. It remains to be added that the volume has been printed by the Dolphin Press, Brighton, in type and on paper that are a delight to see.

Pastiche.

STEEL HOUSES.

(With apologies to Mr. M—n H—s.)

"Well, hallelujah!" as General Booth says in his famous diary. All is for the best, after all. This England never did and never shall—well, what-I-mean-to-say is, we are saved again by our Practical common sense. Look at these Steel Houses, now. There was nothing to live in but a Housing Problem, and now there's going to be thousands of houses! Our national what-d'you-call-it has triumphed once more over all those selfish interests, expensive plans and high wages, and we are delivering the goods. And what goods! Houses that will cost at least several shillings less than real ones and last nearly fifty years, with care. Think of the repairing work they will need during the last ten years of their lives!—it ought to solve the unemployment problem of the future: not to mention the medical benefit that the inmates will be drawing.

Yes, we may muddle along, but we do the right thing in the end. It will be the same with budget deficits and unemployment, and all that. There wasn't any housing problem, really. As soon as the Practical man got his way, with Sound Finance, drastic Wage Cuts, and Mass Production—well, I-mean-to-say, there you are! All the poor are tightly housed in tin cans, as it were. And it will be the same with the Food Problem when we tackle it Practically. Look at trees, for instance, and grass. They must be full of vitamins and calories and things. As soon as we Practically get them out and mass-produce them, the poor will be fed. The same with clothes. If there's artificial silk, why isn't there artificial wool and artificial waistcoats and trousers? Give us a Practical man, Sound Finance, and more Mass-production, and the things's done—everybody housed and fed and clothed, dirt-cheap. It only wants a little Practical idealism.

And what about unemployment? Well, what about it? You want to look at the question all round. We've got to pay our way, and we've got to make the country fit for company of the Great War and then—well, take Shakespeare, now. When he said all that about charity blessing both him that gives and him that receives, he wasn't thinking of the dole, was he? What I'm driving at is this: all we've got to do is to take the whole thing in hand Practically and amalgamate the shipping and standardise the ships and the cabins and basins and bring the fares down till it will be so cheap to emigrate that the unemployed will simply have to do it. Now, look at—

Blessed (Nietzsche almost said) are the Weirys, for they shall soon drop off.

P. M.

What?!!

"Whatever the rights of this case may be, Mr. Thomas is certainly justified in demanding an inquiry, which might be made by the Coal Commission rather than the Food Council. And let us hear no more of the Law of supply and demand, which is in this connection not a law but an excuse, and fiddlesticks at that."—*Daily News* leading article.

LETTERS TO THE EDITOR.

"G. M. H." AND MR. DYSON.

Sir,—Whilst being thankful for, and deeply appreciative of, "G. M. H.'s" handsome "salute," I very much deplore being contrasted with the finest cartoonist, who, in recent years, has achieved, if only for a time, some publicity in this benighted country.

HAYDN MACKEY.

Sir,—I wish strongly to protest against the whole tone of an article, "A Dull Career," in your issue of January 7.

Such an expression of mean spite, obviously actuated by the most pitiable and ridiculous conceit, and quite unredeemed by any given reason or principle, can, I think, in a paper of your high standing, only have been printed by very unfortunate inadvertence.

It will not in the least damage Mr. Dyson—it is "we of THE NEW AGE" who suffer.

PHILIP T. KENWAY.

Sir,—When I read Mr. Harvey's first article on "Australian Prospects" I got rather a shock. But I supposed that the attack on Mr. Dyson meant that some shaft of cynicism had got home and wounded Mr. Harvey rather badly. Moreover, I also supposed that the attack was sufficiently part and parcel of the series of articles to justify its publication here. But, judging from the second article, I seem to have been mistaken. Perhaps this sort of thing suits the cut-and-thrust manners of pyrotechnic Australia, but it bears transport badly, and on unpacking in this dull land it seems to me to have a bad smell. This might have been less obvious if Mr. Dyson had been here to give us in return his views on Mr. Harvey—but G. M. H. tells us Mr. Dyson is not here, and so the only offset which your readers might have looked for is denied to them.

M. B., OXON.

THE HOPE CONFERENCE.

Sir,—Referring to the paragraph under above heading in your last issue, and speaking for myself and also for others who have arranged to attend the Hope Conference, will you allow me to state that we regard it mainly as a special and welcome occasion

(1) for discussion and organisation of propaganda, and (2) for agreement in regard to opportunities that appear to be in view on the political and industrial horizons for taking some first steps in applying Social Credit principles.

We go, not to discuss theorems, but, if possible, to agree upon practical proposals for the solution of pressing problems on S.C. lines. We believe in the Theorem enunciated and demonstrated by Major Douglas, and expressed with conciseness and perfect clarity each week in the last column of THE NEW AGE under the heading "The Social Credit Movement."

I heartily hope that every sincere, earnest, and loyal Social Creditor will come and help at the Conference. I feel sure we shall all come away with a vaster horizon, and with a confidence greater than ever in that Star around which all others, however picturesque they may be, must revolve.

C. E. RICE.

"THE LEADERSHIP OF THE WORLD."

Sir,—M. Philippe Mairet's article under the above title is excellent—and yet there are one or two things left unsaid, and possibly even one or two lapses into conventionality in what he does say.

I am sure that too much is made (not by M. Mairet alone) of the East's alleged ignorance of our best. Of course, it is true that the exploited labourer is ignorant of our best; but it is a very doubtful proposition as applied to the leaders of revolt, whether in India or in China. Feng professes Christianity, and Gandhi is regarded by strictly orthodox Hindus as little better than a Christian. Besides, even the slightest acquaintance with Indian Nationalist journalism (a good deal of which, by the way, is in English) shows that a world-wide synthesis of culture is already in being—no dead eclecticism, but a young, living thing of immeasurable potentialities.

I find that any attempt to illustrate this would take up too much space; but here is a curious sample of the impression made by this new East on the Western mind. I lent a speech of Gandhi to a workmate of mine; and her comment was that his idea of God was what she had always thought God ought to be like, but she had never met any set of people who exactly taught that. (This last statement rather shocked me.)

Then as to the "toxic effect" of European ideas, this kind of talk, though it may have some basis of fact in certain Eastern countries, say Turkey, is very largely the mere

refuge of the European who won't admit that the East has found our industrialism out. "The toxic effect of the financial system" would be a truer description of the facts.

The coloured races, with the partial exception of the Mohammedans, are dangerous only because they are very hungry. Unfortunately, the real danger is concealed from the British public by politicians doing the mutual admiration stunt. I questioned an Indian recently as to the real significance of that "disruption" of Indian Nationalism on which Lord Reading has been congratulating himself; and was told that the people were getting so desperate that their own leaders could no longer control them; they were turning to the manufacture of bombs. (And a missionary says that "India is receiving the fellowship of the Holy Ghost." Probably both statements are perfectly correct.) For corroboration my Indian friend referred me to the articles in *Forward* by Johnston of Dundee, whose account of labour conditions in India makes one wonder how the people exist at all. Others of our own kindred give similar evidence, e.g., Dr. Macnicol (a missionary), in his "Making of Modern India," a book highly praised by Indians themselves. As for the East's own knowledge of what is the matter with it, Gandhi declared about a year ago that "Britain's chief interest centres round the Lancashire trade with India. It is the one thing more than any other that has ruined the Indian peasant. . . . The many proved immoral acts of Britain are traceable to this one immoral traffic."

Given conditions like these among any people, would its intellectuals be better men if they sat all the time discussing Augustine and Aquinas with us, and left the proletariat alone to rot or to explode? If we think they would, then we likewise should devote ourselves to metaphysics in humble submission to the Federal Reserve Board.

No, the secret of world-wide brotherhood is indeed with Christ, but among His servants it lies not with Aquinas but with Douglas, not with the systematic theologian, but with the man who knows the way of escape from this present City of Destruction. And, important as is the cultivation of personal and spiritual friendships with men of all other races," yet, as a good deal has already been done in that line, it is probable that the best investment of the major part of our free time is in pushing the Social Credit cause here in Imperial Britain. "What do you think you can do for India?" said a young Indian to me once when my emotions had been stirred. Sensible boy!

H. B. S. L.

"THE NEW AGE" ANNUAL DINNER

AT THE FLORENCE RESTAURANT RUPERT STREET, PICCADILLY, W.

ON Saturday, February 13th, at 6.30 for 6.45.

TICKETS 7/6 each.

Apply to The Manager, "The New Age," 70 High Holborn, London, W.C.1.

Readers residing in or near London are invited to offer hospitality for visitors during the week-end. The latter, in their turn, are invited to state if they wish to avail themselves of such hospitality. Communications to the manager, THE NEW AGE, as above.

FORTHCOMING MEETINGS.

Thursday, January 21.—Central London Group. R. F. Boyd Gaudin on "Douglas Without Tears," at 70, High Holborn. Time, 7 p.m. The organisers invite visitors to meet them at The Bun House (upstairs), 111, High Holborn (nearly opposite Holborn Tube Station) between 6 and 7.

Thursday, January 21.—Liverpool Engineering Society. The Temple, Dale-street, Liverpool. Mr. F. H. Auger on "Economics and Engineering." Time, 7.30 p.m.

Friday, February 5.—Major Douglas on "Finance and British Politics. I.—Internal," at Caxton Hall, Westminster. Time, 6 o'clock. Tickets, 2s. 6d., from W. A. Willox, 70, High Holborn, W.C.1. Tickets for this and the succeeding address, 4s., if taken before February 5.

Leaflets announcing this and the following meeting will be sent on application.

Friday, February 12.—Major Douglas on "Finance and British Politics. II.—External," at Caxton Hall, Westminster. Time, 6 o'clock. Tickets as above.

Credit Research Library.

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

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

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

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

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

PROFITS. By W. T. Foster and W. Catchings. Price 17s. Postage, 9d. This book, in the authors' words, "is the only considerable attempt to present the statistical proof that industry does not disburse to consumers enough money to buy the goods that are produced." The following is a summary of their conclusions:—

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

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

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

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

SUBSCRIPTION RATES.

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

The Social Credit Movement.

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

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

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

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

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

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

The undermentioned are willing to correspond with persons interested:—

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

Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C.1, and printed for him by THE ARGUS PRESS, LIMITED, Temple Avenue and Tudor Street, London E.C.4.