# THE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND

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### NOTES OF THE WEEK.

Of all the annual speeches of bank chairmen Mr. McKenna's is the first to which students of economic omics are now accustomed to turn. He may be, at bottom, an advocate of the financial system as it exists, but at least he analyses its mechanism and enables the non-technical observer to get a fair idea of the non-technical observer to get a fair idea of the grounds upon which he bases his views on monetary policy. There is practically nothing of the I-say-so method in his arguments. His address on I-say-so method in his arguments. dress on January 26 fully sustained his reputation of last respect. Naturally his survey of the events of last year began with a reference to our return to the gold standard, which had established our ability recover and hold a free gold market," an achievement, however, in which "the sympathetic attitude of the American bankers was a material have been rom which one suspects that it would have been a task beyond our power but for the fact to create the book of the Federal Reserve Board to create an overseas demand for the surplus gold which is which is causing it so much embarrassment. It stands to reason the surplus of countries to reason that the greater the number of countries an arbitrarily swollen price all the gold which may held offered to it the greater relief there will be to holders of unsaleable and unusable stocks of that commodity. It must be remembered that but for such legal compulsion (which is the essence of what would slip is free gold market) the price of gold would slip is free gold market) the price of its present would slip down to a small fraction of its present amount, and its unlucky possessors would have to Messrs. Vickers' ordinary shareholders, their "gold-lion" being written down from its value as bulblied what it would fetch as a material in the applied arts and sciences under the current law of supply and sciences under the current law is a terrify demand. Gold at five shillings an ounce a terrifying contingency—and that price is not by means contingency—and that price is not of State treasure fanciful guess should the skippers of State treasuries decide to dispense with golden anchors for their currencies.

McKenna should offer his congratulations to "our

financial authorities" on the successful stabilisation of the value of their cosmic debenture—gold. But he is fair enough to remember that the satisfaction of purely financial requirements is not the only factor in economics. "We must recognise," he says, "that the transition to gold seriously impaired our export trade." Seeing that all his brother chairmen insist continually that we "live on our export trade," the ordinary man may excusably get into a fog about what the bankers are after. Less export trade means less employment, less wages, less profits, more doles, more subsidies, more quarrels, and more Royal Commissions. The spectacle of a whole population having to get down its econ-omic weight to the extent of four ounces in the pound for no other apparent purpose than to maintain the price of gold at about four pounds per ounce, makes one wonder if he lives in the world or has makes one wonder it he lives in the world of has got lost in a cinema. Now, in France, the people have not gone into the "pictures" yet. They are bankrupt in a financial sense, but economically they are too fat (as yet!) to get past the turnstile. "If we see," continues Mr. McKenna, "that there has been seed in the seed in the world of has a superplayment." practically no unemployment in France since the war, we find unhesitatingly a partial explanation of the phenomenon in the inflation of credit and curthe phenomenon in the inflation of clean and currency, ''—i.e., in the melting down of the golden currency anchor. "No one doubts that monetary inflation must ultimately prove disastrous" (so long —let us interpose—as the "inflation" is allowed to infect prices; which it need not); "but . . . while intect prices; which it need not); but . . . while it lasts it stimulates trade, and particularly the export trade." Conversely, in the case of Germany, with her low wages and splendid organisation and equipment, "trade is depressed and unemployment is rife." And the reason? "There is not enough currency or bank credit in Germany to carry anything like the volume of trade she is capable of conduct-The only point Mr. McKenna is making is that monetary policy has a marked effect on economic activities. The moral to be drawn from this part of his speech is that you can have a good time while you are bankrupt, but that, all the same, it is a disastrous thing to become bankrupt, because you will have such a bad time when you become solvent. This is unconvincing, for why should any people

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choose to change a happy bankruptcy into an unhappy solvency. But here we come to the real point. Do they "choose"—or is the lapse into solvency chosen for them?

No one will charge us with advocating inflation as a settled policy. It is as bad as deflation in its effects on national economic unity. In either process somebody goes to the wall, the tug-of-war between fixed and fluctuating incomes is perpetuated, and inno-cent interests are sacrificed, whichever team is pulled over the mark. In this connection Mr. McKenna is not so clear as he might be. Speaking of the effects of the free gold market he points out that every purchase of gold by the banks creates deposits, and so expands credit. Now, hitherto he has been applying the term "inflation" to expansions of credit; so we are entitled to substitute it in his present formula, and say that every bank purchase of gold causes inflation. But inflation is "disastrous," he has said. If so, the institution of free gold markets and the compulsory purchase of gold must therefore be disastrous. But no. It appears now that credit can be expanded without causing inflation; at least, that is the first impression conveyed by Mr. McKenna's reference to American prosperity. He says that during the last four years the banks in the Federal Reserve system have reported a 30 per cent. increase in deposits. "Prima facie, this large increase in public purchasing power might be thought indicative of inflation." But there is "no serious cause for alarm" for during the same period there has been a "14 per cent increase in amplement in manufacture. 14 per cent. increase in employment in manufacturing industries, and one of nearly 40 per cent. in production in basic industries." In short, "the United States as a whole are enjoying very considerable trade prosperity, and the best authorities tell us that their prosperity is on a sound basis." (Notice his careful phrase, "the best authorities tell us": that is almost an explicit statement that he is not prepared to take the responsibility of supporting them.) Safeguards against inflation have been applied in America. How? Let us quote:—

"As I have already mentioned, the Federal Reserve Banks have thought it necessary to guard against inflation more than once in the last four years. The principal measure adopted to counteract the effect of the forced purchase of gold was quite simple. It must be remembered that just as a purchase by a central bank, be it of gold or anything else, increases bank credit, so a sale reduces it. The Federal Reserve Banks allowed their bills was paid in, and later sold investments, as fast as the gold will be observed that this process was very expensive for assets; gold is not. A continued replacement of bills by all revenue, and they did in fact reach a point in 1924 when the street of the street of the point in 1924 when the street of th

Here is a disappointment to anyone who has been waiting a disappointment to anyone who has been waiting to know how the Federal Reserve Board expanded credit without causing inflation. answer is simple enough in all truth. They did it by not expanding credit! As fast as the banks put fresh money into circulation by issuing credit against the receipt of gold, they withdrew money from circulation by refraining from renewing loan credit on bills. They expanded and contracted credit simultaneously by the same amount. From a revenue-earning point of view this involved the banks in a loss. When a bank buys gold it is really receiving a gift of gold in exchange for a gift of bank no interest on it. It is his own. The gold itself order to make this gift of credit reduces the volume order to make this gift of credit, reduces the volume of its loans to the same amount it loses the interest which it would otherwise have received on it. Thus it is easily seen that the Federal Reserve system was. and still is, in a dilemma. If it piles up its store of gold it may reach a point at which it is not earning a

profit at all. If it expends credit (as, in theory, it is entitled to, and could, on the basis of the increased gold backing) it could earn a profit, but it would cause price inflation—which it wishes not to do. Its only way out is to reverse the process and sell gold, thus initially contracting the volume of outstanding credits; upon which it can create and issue new loancredit, which will earn interest. But there is no possible customer for gold in any appreciable quantity except some other banking system. Nor will even that other banking system want gold unless it is working on the gold basis in respect of its currency. rency. So we come round once more to Mr. Mc-Kenna's congratulations to our financial authorities. They are altruists. They have provided poor Uncle Sam with a dumping ground for his gold. And what do we get as a quid pro quo? Well, we get some bullion—or rather the Bank of England does. That might be comething to the good if it were made the might be something to the good if it were made the basis for new ciedit. But, Mr. McKenna shuts out even that hope for what it is worth, for he hints that the Bank of England will probably follow the precedent set by the Federal Reserve Board, and not increase the total volume of credit, or, if it does, that it will not let it out for circulation among the British it will not let it out for circulation among the British people but use it to purchase dollars or United States Government Bonds which it will accumulate towards the instalments due in repayment of the American debt. If so, a little reflection on Mr. McKenna's remarks will show that this marks will show that this country will be repaying America by adopting a monetary policy which denies it access to foreign markets. it access to foreign markets. In a fundamental sense we shall not pay the debt at all, but stand aside and allow America to pay herself by the process of placing herself at the head of the international queue of college to the property of the propert national queue of sellers to the world's markets.

While this goes on American prosperity is not to be wondered at, even under the defects of her financial system. The explanation system. The explanation is simple. We have many times emphasized the factorial will times emphasised the fact that such a system will break down on the tree that such a system will break down on the tree that such a system will be a system. break down on the problem of the unsaleable national surplus of production. surplus of production. But if the whole world outside America, continue and the unsaleable Hard side America continues to adopt means whereby America's surplus is rendered saleable, naturally America will perform the apparent miracle of making a theoretically self-destructive system work will ing a theoretically self-destructive system work well in practice. But that is not all a system with in practice. But that is not all. In comparison with Europe, America has for many years held an immense natural advantage. She is a whole continent. mense natural advantage. She is a whole continent, which is at once a single credit-area and a single fiscal-system. Her territory to a wilde practically fiscal-system. Her territory, too, yields practically everything necessary to everything necessary to ensure complete economic self-maintenance and convicts to ensure self-maintenance and convicts to ensure complete economic self-maintenance and convicts to ensure everything necessary to ensure complete economic self-maintenance, and can yield it in quantities sufficient to enable her to supply the whole world for nearly all its wants. America's potentialities p For years past, notwithstanding the continuous application of scientific investigations to the human cation of scientific inventions to eliminate the huma element from productions to eliminate the absorptions to the scientific inventions to eliminate the human element from productions to eliminate the absorption and the scientific inventions to eliminate the human element from productions are also as a scientific inventions to eliminate the human element from productions are also as a scientific inventions to eliminate the human element from productions are also as a scientific inventions to eliminate the human element from productions are also as a scientific inventions to eliminate the human element from productions are also as a scientific invention and the scientific inventions are also as a scientific invention and the scientific inventions are also as a scientific invention and the scientific inventions are also as a scientific invention and the scientific inventions are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and the scientific invention are also as a scientific invention and a scientific invention are also as a scientific invention are also element from production, she has been able to absorb streams of emigrants for the streams of emigrants streams of emigrants from all over the world. here we touch on another reason for her prosperi Her recent drastic limitation of immigration has been a most valuable property. a most valuable prop to her defective system finance. Its effect of the defective system a relationary state of the system of th finance. Its effect has been equivalent to a relative export of population export of population—a throwing back on lysed resources of Financial little of hand lysed resources of Europe of a multitude of hands and mouths which would in the multitude of hands and mouths which would in the normal course have found work and sustance in the normal course states. found work and sustenance in the United The truth is that in so far as adventitious aids the come to the rescue of industry under the laws of financial regime. Amorica has a second to the laws of the financial regime. financial regime, America has got a monopoly best them. And in this fact lies the answer to authorities," who "tell us" that American in the perity is on a sound basis. Of course, it is intry perity is on a sound basis. Of course, it is in try immediate sense. So would be that of any countil which could be could be that of any to put it. which could hoodwink all its competitors to basis there. On the other hand, it is not on a soundtch in the sense that Europe can be relied on to hitch

wagon to the stars and stripes indefinitely. "I must live." "Oh!—I don't see the necessity." "Well, I do. And the necessity is that I'm damned well going to." This sledge-hammer retort (was it one of Jack London's characters?) will serve for the doctrinaire as well as for the cynic. Europe must find a means of financing her own resources for the benefit of her own inhabitants. And if the few dozen controllers of the world's credit query the necessity, the answer will be—as before.

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Mr. J. H. Thomas is always so "beastly pleased with himself" about everything he brings off that everyone has to smile. His latest exploit has been to avert to avert a railway strike by the skin of his dress shirt. "What," he said subsequently at the dinner, "would the delegates have thought if I had gone there in my dress clothes?" Whether Mr. Thomas had relapsed into green is certainly had relapsed into green corduroys (green is certainly his colour) the report does not say, but whatever his costume was he conveyed an apology for it to the they by asserting that he did not apologise for it. They received the apology graciously, as who should not from one who had saved them from a revolution? tion? All the same, those delegates who helped him to win the vote will hardly thank him for his breezy exposure of their psychology. It will lower their prestige down below. The Communists will be divided between their prestign of their divided between irritation at his frustration of their hopes and elation at his unwitting confirmation of their opinion of the average railway delegate. Perhaps in the haps in the end even they will smile. Nevertheless, the principle Mr. Thomas applies to these trade disputes will not do. It is true enough that the inthose of any section of it but to make this a prime those of any section of it, but to make this a prime consideration of it, but to make this a prime consideration is very nearly to assert in advance that there are the what the that there shall be no strikes no matter what the provocation; for whether the railwaymen were to strike for it. strike for light or for weighty reasons the injury to the published or for weighty reasons the same. Mr. Thoubic interest would be exactly the same. Mr. Thomas's error is in trying to combine the function of the statesman with that of the trade union of the statesman with that of the other. He ought to give up being one or the trade. We should be the very last to object to the trade union leader's forming definite opinions as to general principal original progress; general principles of economic and social progress; but until lanciples of economic and social progress; but until he arrives at general principles compatible with the arrives at general principles compatible with the arrives at general principles compassents, his special principles of the union he represents, his special principles of the union he represents. sents, his duty is to think and act first for his own clients. clients. If his conscience will not allow this, his place is all the conscience will not allow the place is outside his union. He is a counsel; and the of the other restriction. He is a counser, and of the other restriction of the respecof the of efficient pleading is to ignore the lights other party. The weighing up of the respective rights is for the judge. In the present in Respective Mr. Thomas has not the National Union of Railwaymen to assent to a lower standard of wage all newcomers into the employ of the railway companies, thus violating a very wise rule that there work not be two rates of pay for the same kind of performed by persons whose necessities and responsible by persons whose necessities and responsibilities are identical. We do not pretend to say whether the N.U.R. were right or wrong to follow Mr. Thomas, because we do not know whether the r. Thomas, because we do not know For whether they had good reasons of their own. For tent their foone but themselves knows to what exheir freedom of decision is circumscribed by railway shares—the worst possible security on past vicious practice of tying up their funds in shares the security on which shares—the worst possible security companies. And quite apart from railway shares, more securities suffer from the defect that the share securities suffer from the defect that the ore urgent your need to turn them into cash the public interest, how is it going to benefit the the amount of the railways henceforth to diminish the amount of their total wage disbursements? where railwayman gets this week is what the shop-

keeper gets next, and the manufacturer gets afterwards. Is it a communal interest to lop something off the home demand for goods? And even if it be conceded that the reduced wages can make possible reduced freight charges, how will this be carried out in practice when, owing to a reduction in home demand, the railways will carry fewer goods? "Public interest"! The term is nothing but a moral bludgeon whereby the public is gradually coerced, "sectional interest" by "sectional interest," into renouncing what it wants—every man laying down his economic life for his friends. A lowered wage scale anywhere is a stab in the community's back.

There is no man so mean as not to enjoy the spectacle of the Treasury sustaining a rebuff. Reginald Henry Henning is a holder of shares in a foreign undertaking. Up to the year before last he had been receiving dividends, and was paying income tax on them on the customary basis of the threeyear average. But last year he did not receive a dividend. Nevertheless the Income Tax Collector sent in a demand note for tax on a sum representing the average of the barren year, plus the two preceding fruitful years. Very fortunately there was no Mr. Thomas present to tell him to pay up in the "public interest," so Captain Henning thought only of his own, and declined. He won his case; also the Appeal; and now the judgments of the courts are confirmed by the House of Lords. Lord Atkinson, one of the judges, said that his difficulty was in seeing how they could charge a man upon an income of which he was not in receipt. (We could wish for nothing better than to have Lord Atkinson preside at a final Appeal in which the whole policy of levying charges on incomes which do not exist were brought under review.) Sir Thomas Inskip, K.C., the Solicitor-General, did his best to improve the imperfect vision of his Lordship, but without success. He urged that the assessment had been made on an estimated income, and not on a real one. Presumably Lord Atkinson, from personal experience, was easily able to remind himself that whether incomes be termed real or estimated, there is no doubt about the tax being real. However it was, he decided that a real tax should come only out of a real income. The large fly in the ointment is that this judgment does not apply to taxes on incomes arising in this coun-However, the practical import of the decision money the discussed. Whatever money the need not be discussed. Whatever money the Treasury loses through it will be recovered by a fresh legislative enactment. The interest of the episode lies in the illustration it affords of the power of the lies in the combarness the powers of finance by individual to embarrass the powers of finance by resisting an injustice and thus bringing it into wide publicity. The argument "Everybody has always paid up," did not weigh with Captain Henning one whit against the feeling that he was being "rooked"—and behold the stir. We congratulate him.

We wish we could have congratulated Mr. Wyndham White, who, on the same day, was opposing the reduction of Messrs. Vickers' ordinary capital before Mr. Justice Eve in the Chancery Division. Mr. Clauson, K.C., who appeared for the company, stated that the reduction of £8,000,000 in its capital was authorised by resolutions based on the reports of Mr. Dudley Docker, Mr. Reginald McKenna, and Sir William Plender. The scheme was only an "adjustment between various classes of share-holders." Mr. Justice Eve granted the application, saying that the position of affairs was such that the company was bound to take drastic steps in the way of reduction, though it might turn out that the loss was not so great as expected. So now this precedent is crowned with judicial sanction, and the scythe of the debenture holder can now take a wider sweep

through the dense undergrowth of ordinary investments. There are no stones about. Mowing as usual; sigh and pay.

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There is a point, however, which Mr. Wyndham White might get advice on, in view of Captain Henning's successful sortie. The point is whether the £4,000,000 of reserves in Messrs. Vickers, which sum was, of course, an accumulation of past profits, had been subjected to income tax in the years when received. If so, we think there ought to be a case for the courts. The debenture holders in the company had their interest in full year by year, so that the paying of tax on it was right and proper. But the ordinary shareholders were short paid their legitimate dividends by this £4,000,000. Now that Mr. Justice Eve has sanctioned its appropriation for writing down assets, they will never get this income. If, therefore, in the meantime the Inland Revenue has collected the tax on it, the shareholders ought to instruct the company to apply for its return for the purpose of distributing it among them. We are familiar with the argument that may be advanced officially, namely that "everything comes out in the wash " and that gains on one count will only be cancelled by losses on another; but that is not the point. The point is to get a judicial ruling on the proposition that profits are not taxable income until they are distributed. They are at the most, suspended income, and should be subject only to suspended (i.e. contingent) taxation. Perhaps Lord Atkinson might find a difficulty in seeing why an immediate tax should be levied on a deferred income. It does not meet the difficulty to say that the "Company" received the income, and that therefore the "Company" should pay. The term "Company" has no meaning other than the shareholders. To call a block of money caught up and entangled in an accounting mechanism an "income" is a misuse of language. It may become an income; but that is another matter altogether. Someone may say, "Oh, but supposing reserves escape taxation, and are ultimately distributed as free bonus shares, the shareholders would escape taxation altogether." So they ought, as a consolation for being paid insecure scrip instead of

The English Review for February contains a long article by M. Caillaux, the late Minister of Finance in France. We find in it many passages which we should quote if space allowed, but we must be content with one or two of them. He remarks that

"All the other nations of Europe (Russia being the exception), while feeling the need for solidarity, while trying spasmodically to unite, are still dazed by the storm. Here there is financial disorder, there economic disorder; and it really seems that countries only escape from the one evil to fall into the other. The tug-of-war between financial stability and economic stability seems in fact to be one of the characteristics of this formidable crisis which, unparalleled in its scope and significance, op-presses the world."

This is well said. Since money is in theory a measurement of economic activity, it does seem strange that in Europe there is no country where the financial and industrial systems can be made to work smoothly at the same time. You can, as it were, have an efficient gas meter and no gas, or you can have plenty of gas and an inefficient gas meter; but there is no third alternative. M. Caillaux, speaking of the French debt, says that

"Under the name of Bons de la Défense Nationale, the State has issued paper amounting to 55 milliard francs, repayable at the end of three months, of six months, of a year. Bonds were also sold to the public, falling due in three years, in six years, or in ten years, of which the total amounts to about 45 milliard francs."

We may note here that whereas the long-term bonds have been sold to the public, whose money resources

are definitely limited, the short-term bonds have largely gone into the possession of banks and large financial holders working in conjunction with them, whose money resources may be said to be potentially illimitable. It ought to be the other way about. The owners of short-term bonds are typified by the traditional country depositor who called at the bank every week to see that his money was still there. That is to say as M. Caller is to say, as M. Caillaux points out, the trouble of the French Government is entirely due to the fact that these bonds keep on falling due, thus torcing the Treasury to hunt round for the cash to pay them off. This brings him to the question of "the relationship which has developed between the little broad and which has developed between the political world and the Treasury." Where finances are healthy a Government of orders and the contract of orders and the cont ment of advanced views can afford to "go in for bold

"But it is a very different state of affairs when a large number of people, mainly Conservative, hold paper entitling them to make immediate, or almost immediate, demands on the Treasury."

For it is then a "simple matter for reactionaries" to frighten holders of Government notes by crying down local time. down legislative proposals as "menacing to capital," with the result that "owners of short-time paper are quick to claim their money, and those in charge of affairs, if they hesitate to adopt an intelligent and energetic policy are seen all the second to their energetic policy, are compelled to surrender to their opponents." This leads M. Caillaux to ask:

"Was the Bloc Nationale, during its years of office, clever enough to create a short-time debt in such a way as to enable it, when it fell, to score off those who had deprived it of office?" deprived it of office? '

He answers that he is

"not sufficiently impressed with the prescience of the men who held the reins of men who held the reins of power between 1919 and 1924 to admit that hypothesis," but nevertheless "the size to which the short term debt was allowed to grow does take on the abbegrance of a trab to satch the heable of the on the appearance of a trap to catch the people of the Left."

Yet it was "a trap from which escape was easy.

The Government and from which escape was easy. The Government could have announced that sufficient bank notes would be bank notes would be issued to meet these claims.

This mere appears This mere announcement might well have reassured panic-stricken depositors. But, if not, and "had the State been forced to throw to the bubble well notes." State been forced to throw to the public new notes of the Banava de E of the Banque de France, even then the evil have not have been overwhelming. The world would have covered its face and shouted 'inflation, inflation.' M.
But it would have been playing with mords. But it would have been playing with words. For including the cashier as though they were notes are received by the cashier as though they were notes. are received by the cashier as though they were notes of the Banque de France." How can it be into tion," he asks, to change on form of surrous into of the Banque de France." How can it be "into tion," he asks, to change one form of currency ciranother? He admits that the bank notes would that culate with more speed than do the bonds, and then the result would be "slight inflation," but the what other means is there of escaping from "what other means is there of escaping from difficulty?" difficulty?"

On the international debt problem M. Caillaux, his ultimate analysis corre

"In order that America may recover the hundreds of millions of dollars which, for good or evil, she aproper to pay her, it will be necessary for European of ducts to take the place each year of American profession both in the home markets of that country and in Republic markets. . . . The great trans-Atlantic will be gathering in the money of the nations from we of will be gathering but will be doing so only by yielding place to their products and retreating will them." "Which side," he concludes, "in the long run, will

be in the more advantageous position?" Turning to the position of Europe he reflects that

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"A community of interests, the necessity of meeting the same creditor, may bring nations together as it brings men together. Perhaps, on the other hand, the harshness of the burden and the inequality of the demands made will exacerbate animosities instead of softening them."

But in any case he comforts himself that "In the end things will come right, for fallacy cannot finally win the day."

Great Press enthusiasm over here greets America's decision to accept the invitation extended to her to Join the World Court. Nobody troubles now about her refusal to enter the League of Nations—except perhaps, to puzzle out why. The puzzle is not hard to solve. The difference between the world Court and the court is the court and the court is the court in the court in the court is the court in the court is the court in the co and the League is the difference, say, between the Bank of England and a British Parliament. The first is a Board of Disposers; the second a Board of Property of the Property of the Second a Board of of the S Proposers. There was a bitter fight in the American Senate about whether America should accept the invitation. If Europe had known her interests, there would have previously been a bitter fight about Whether America should be invited.

#### NOTICES.

Readers are reminded of Major Douglas's first address next Friday. Tickets may be obtained at Caxton Hall.

Readers who propose coming to THE NEW AGE Dinner on Saturday week (February 13) will assist us materially if they will apply for tickets without delay. Those who hope be present, but are not certain of being able to, should send an inter-We have We hope to see a large number of ladies present.

Mr. Mitrinovic's meeting will take the form of a street, Wardour-street, Piccadilly, W., on Sunday, February to be obtained from 70, High Holborn.

FORTHCOMING MEETINGS.

British, February 5.—Major Douglas on "Finance and minster Politics. I.—Internal," at Caxton Hall, West-Willox, 70, High Holborn, W.C.I. Tickets for this and Leaflets announcing this and the following meeting will sent on application. FORTHCOMING MEETINGS. sent on application.

British Politics. II.—External," at Caxton Hall, Westminster. Politics. II.—External," at Canada Time, 6 o'clock. Tickets as above.

Monday, February 8.—Bank Officers' Guild. (It oreign Banks Branch). At Talbot Restaurant, London Open to all bank officers, whether members of the Guild or Saturday.

Saturday. February 8.—Bank Officers' Guild. No. 10 of the Sanks Branch). At Talbot Restaurant, London Open to all banks officers, whether members of the Guild or Saturday. Time, 6.30 p.m.

Saturday, February 13.—The New Age Annual Dinner. Tickets, 7s. 6d. (See advertisement.)

Sunday

D. Mitrinovic.

Particulars later. Sunday, February 14.—Lecture by Mr. D. Mitrinovic.

Tuesday, February 2.—Middlesbrough, Temperance Insti-Thursday, 7.30 p.m. Thursday, February 25.—Maidstone, The Old Palace, 7

Marrion-road, 7.30 p.m.

Marrion-road, 7.30 p.m.

Sunday, March 14.—Folkestone, "Adyar," 58, Shorn-

#### On Educational "Reform."

Education, it seems, came into the world deeply stained with original sin. Her sponsors have been reforming her ever since; it is only by reform that she is kept alive, or at least in that feeble state of health which is her normal condition. Every stir from her wonted lethargy has been hailed as a time of "reform."

At the moment such a period is upon us. There is bustle in the school. Once more education is being reformed, now in the name of "freedom." Discipline from without is to be replaced by discipline from within, the child is to be allowed to chooseeven made to choose. From infant school to university the amount of study, the times of study, the nature of study are to be determined by the pupil.

It is plain that this is partly no more than a change in the fashion of the philosophical finery which some schoolmasters affect. It is reaction against a severer discipline—give the child the reins rather than drag him struggling at the tail of the curriculum or than drive him before it. We do not doubt that fractiousness and tears have become as rare as the whip—but is there any change in direction? The school may be a happier place, but where is education going?

For at closer quarters this freedom turns out to be little more than a teacher's device. The school-master's business, he will tell you, is to teach definite subjects; that is for him the aim of education. These subjects, may be traditional, as Latin; or they have been admitted after terrific bombardment, as Chemistry; or they are semi-vocational, as some forms of Arithmetic. But their place in the school is unassailed. That a knowledge of them constitutes education seems a truism until we inquire a little more deeply. Then the teachers will have to admit that education is forgotten in the pursuit of knowledge. They will even admit that they are aware of ledge. their failure to educate, but will bewail their impotence in the face of examinations, the modern magic gateway to the land of promise. But this frank rejection of the burden does not absolve the teacher from responsibility. In essence, he himself is the author of examinations—which follow the schools as well as lead them. The teacher is fully a part of the

The truth is that the schools hardly understand any education which is not "subjects". The teacher's own training has consisted of nothing but subjects, and his livelihood depends upon his ability subjects, and his livelihood depends upon his action to impart this limited knowledge. The theorists are in no better case. They will give you broad enough in no better case. They will give you broad enough it is aim is the creation of "a in no better case. They will give you broad enough views of education; its aim is the creation of "a Christian gentleman," or to secure "harmonious development"—to quote two recent writers. But whatever the aim, the way is always through the accepted curriculum.

It is not strange, then, that all the new plans for "freedom" should be only new methods for teaching the old subjects. The new process no doubt feels different—the child is made to teach himself, but different—the child is made to teach nimself, but only to teach himself very much what the teacher desires him to know. There is not one school "reform" of to-day—Montessori "Method," Dalton "Plan," "Play Way," "Path to Freedom"—which is not actually a means of teaching a definite will also made up as hitherto of school subjects. The syllabus, made up as hitherto of school subjects. The exponents of these newer systems are indeed careful to assure us that they prepare for examinations as successfully as ever before. They may well say so.
When all is in working order, the new machinery will prove excellently well devised for this very purpose.

In one direction only there seems to lie some hope —the growing belief in play. But so long as this, too, is a mere cloak for instruction, a "Way" of

training, it is little better, if at all, than any other method. But while it is truly play it may have a valuable function. It may serve the growth of the body. It may have something even to give of that deeper morality which springs from the social life—a morality which withers in the atmosphere of competitive study and which cannot be found in books. There is hope in play—so long as the teachers leave it free. There is hope in Scouting for boys, which is vital education so long as it is allowed to retain its essential identity with play. But play and Scouting are positive forms of education only in its physical and moral aspects. They are fruitful enough to make the field of education a little less arid. the development of the intellect they contribute little or nothing.

It is in this inability to teach the intellect that education to-day stands confessedly sterile. Against this, "reforms" avail nothing. Education has long been wandering without guidance. The schools change what is, and valiantly hope that change is progress. They will admit as a truism that the aim of education cannot be determined by those practising it. They will allow that their function is to prepare the young for the business of living. They realise that for the majority they totally fail to do this. But how it might be achieved they do not seem to have the merest glimmer of insight.

The work of the school to-day would be admirably suited to the needs of a society consisting entirely of teachers, clergymen, and clerks. It was, in actual fact, designed for a society where only those went to school who were intended to teach or to preach. Education and learning were once synonymous. The education of the unlearned is a new conception, the full meaning of which has not yet pene-trated the walls of the schools, and is little more than echo beyond them.

Within the last half-century the function of the school has entirely changed. The view that education is part of the normal life of every individual has gained tacit acceptance, but the change thus wrought in the scope of education itself is very imperfectly understood. The extension of literacy was the main object of the doctrinaires of educational politics fifty years ago. This is now well within the compass of achievement, but the most superficial observer would hesitate to add that education has been equally extended. The printing press is bitterly convincing us that literacy is not equivalent with education.

At the same time, the doctrines of economic and biological philosophy within the last half-century have greatly changed the general view of the scope of the individual of the second control of the second of the individual. The belief in personal responsibility has grown, and with it the recognition of the value of idiosyncrasy. Education has come to mean the development of the powers of the individual to meet his needs in society. That these needs are widely varied means that education must be widely Mere literacy has its place because it is so powerful an instrument in achieving education. The question is now no longer, Literacy for all? but, With literacy—whither?

For it can no longer be pretended that the school is able to educate every individual. The retainers of the traditional modes as well as the protagonists of the newer systems alike pour scorn on the notion of "vocational" education, and proclaim Education for life and not merely for a living. But what is their much vaunted general education but a technical education of the process of the second continuous factors. nical education of the narrowest kind, in preparation for the life of the desk and the inkpot? Is the multitudinous variety of modern life—even city life—best served by an education of this sort? On the one hand "business" complains of lack of preparation,

on the other the teachers cry out for more time for culture. Meanwhile the school continues to chase its

Let us ask ourselves whether this need be. Education we shall say consists in living while learning how to live. There are some, no doubt, for whom the surest medium of education is books. For these, the school, at its best, is ideal. But very many others, actually the great majority, can never achieve education through the curriculum whether "free" or otherwise. At most, the school can give them an instrumental literacy, skill in the indispensable tools of modern life—language and number, both comprehension and expression. Beyond the period in which this may be achieved, the school has no right to detain them. detain them. For these, education is only possible without the school.

Let us be frank with ourselves and admit that for nearly every child education shall begin when schooling ceases. Our civilisation is already so organised that the training control of the training con that the training of the young might readily be made part of every form of adult work. We need not fear the bugbear of vocational education if we made sure of mental activities and interest activities. of mental activity and intellectual life springing from work of vital interest to each individual. some, it is true, such work might be book-learning. For many more, after the minimum of schooling, human life would have more to offer than its reflection in literature, or than the puerile imitations of it which satisfy some advented in the living which satisfy some educators to-day. With living work as its centre, the education of each child would grow to wider appears to the education of each child would grow to wider appears. grow to wider spheres of culture, only determined in scope and nature by temperament and needs.
Already in some forms Already in some forms of technical training we may perceive an uneasy groping in this direction. It is for us to hasten a return to the fundamental of education after a period long enough of extravagant wandering in schools and "reformed must schools. To secure universal education we must L. M. abolish the universal school.

#### Prospectus for a New Australia.

V.—SINGLE-TRACK AUSTRALIAN.

What is wrong with the Australian mind, if any, is that it has no terminal facilities. It is a singlet track concern at the best, and when one idea best ever so small—is in transit, all the rest of the possible freight business in Ideas has to pile uphark back to a former comparison, if the typical Englishman be a compass-minded person, Englishman be a compass-minded person, and if the average American the average American be an incarnate hammer head, then this is where I introduce you to the spin ning-jenny-headed Australian. I mean the kind spinning-jenny that is used not for weaving cot. spinning-jenny-headed Australian. I mean the kind cotton, or for anything at all so practical as that, a for gambling. The typical Australian is indeed, for gambling. The typical Australian is, indeed, or small-town gambler to the core. He seldom never gambles on anything really great and enduring, such as the future of his own continent; that ing, such as the future of his own continent; what he is a persistent continent what he is a persistent gambler in threepenny-bits. he possesses, in reality, is the Chinese-coolie of mind. The racecourse is his opium. Gambling in threepenny-bits puts in the possesses of the second to sleep. threepenny-bits puts inconvenient Reason to sleep.

Stating these view

Stating these views in THE NEW AGE, I am for rmed, will not a server and the server and the server and the server are server as a server and the server are server as a server Stating these views in The New AGE, I am for formed, will not win me a Labour nomination say Parliament in Australia. Besides, if I want to things about Australia and my fellow-Australia why not say them in some big American magnature article I shall stop talking for a while—to urge article I shall stop talking for a while—to urge article I shall stop talking for a while—to urge article I shall stop talking for a while—to urge article I shall stop talking for a while—to urge article I shall stop talking for a while—to urge tive article I shall stop talking for a while—to urge tive I am, in some respects, an incurably conserved sort of person. I first began, in January AGE, my to discuss Australian matters in The New deliver I prefer, other things being equal, to deliver I prefer, other things being equal, to deliver

Ameripresent flow of fact in the same channel. cans can reprint my views if they like. And Englishmen can do the same. Furthermore, although I am a very earnestly pro-Labour sort of an Australian, I want no political nomination of theirs. Writing this article in Brisbane, Queensland, where Labour has been in power for the past ten years, if I wanted a Job as a politician I would fill this page with adulative references to Jack Fihelly, Labour leader in the Brisbane City Council, ex-Agent-General for Queensland in London, etc., etc. I would also write very profusely about Mr. McCormack, Premier at last and head of the State. Instead, I would rather say something about a Mr. Hanlon, editor of the Brisbane Worker. But I have neither space nor time. In this Prospectus for a New Australia I am not looking for promoter's shares. I have stated what I consider to be the just price of my services—five thousand guineas. And I have every confidence that that fee, in due course—be it by England or by America—will be paid.

Success? So far as I know, the secret of success is to create a vacuum and let your enemy fall into it. Maybe that is what America is doing to England now. That is how woman invariably masters man. She is a sort of moving vacuum, forever gathering in the masculine tribute-substance of success. law courts, again, are another species of vacuumtrap. So with America. A policy of smiling at the United States just now would be a better policy, I

think, than that maintained by THE NEW AGE. Why not try it for a change? See how it works.

Dead Theodore Roosevelt can teach us more, maybe, than living Calvin Coolidge. Certainly there are few comic characters in history to compare with that I comic characters in history to compare with that bygone political man-eating tiger of the American Mysone political man-eating tiger of the Mysone political man-eating tiger o can Middle West. He saw that a New York foundation was no good. And so, following in the steps of lieve, crossed the Ohio River as a pioneer with a kit of carrents. kit of carpenter's tools and a barrel of home-made whisky as his stock-in-trade—Theodore Roosevelt invaded the West. He was a spectacular young man with a very Chinese look. Say that he was a sort of course Prince, with Sort of equivalent of the German Crown Prince, with wit of equivalent of the German Crown Prince, with enough to disguise himself as a belligerently anti-something like that. The pose was a success. And so a cute young man from the East, via the West, arrived to young man from the East, via the west, arrived at the Presidency: showing us how a larged by the illustrated powerpapers, will always larged by the illustrated newspapers, will always

But Australian politicians, with their single-track minds Australian politicians, with their single-crude and utter lack of terminal facilities, are very sists: Their one idea of impressing America con-automatically into this: "Yes, sir, I agree with you, on earth. Lend me ten million dollars Make it fifthey, will you? My Treasury contains one dollar ffty, will you? My Treasury contains one dollar hundred and calaries of twenty-seven thousand eight

That is how they finance. But it is not my way. back able to speak to the earth for my people and board again from the earth itself, as a sounding which I am people themselves, is a privilege for the world's counter, the entire sum of my two years' the in the Australian depths. For it gives me again from the earth itself, as a soundinglabour in the Australian depths. For it gives me ne moral centre. It puts men upon that interior incoln-patterned man may deliver his unexpected that. That is the attackers position in Australia which I That is the strategic position in Australia baid And why? Because it is mine. Because I have and Ohio with this barrel of home-made whisky kit of sharp and emphatic carpenter's tools.

That is where I am. No man in all the world-no matter if he be Henry Ford-can take the crown of thorns from the brow of Jesus. That is a financial deal beyond his powers. While I am no sort of Messiah, and while my crown of thorns is only a modest one, still, it is mine. I shall finance myself, in the heart of English Labour-aye, and in the heart of all that is best in America—with that. Not by pawning it, but simply by wearing it upon my brow, where men may gaze and see.

Years ago, A. R. Orage said that I had the enormous energy of a W. T. Stead, Hilaire Belloc, and John Burns of Battersea, all rolled into one. I don't know; I only know that it is of no use having the energy of the whole universe, unless you can lead it by steam-pipes and imprison it—for a time—within certain specific cylinder walls. So that is what I have tried to do. Very quietly, like a piston emerging from a well-packed gland, I deliver through The New Age my thrust. I believe that, even as an Australian positions in the large where the large transfer. tralian penitentiary is a place where nobody ever feels penitent, so the British Empire is a place where nobody ever nobody ever acts in an Imperial way. It is run, instead, like a damned village; with the Prince of Wales for the wonderful young heir upon his travels.

Here are 3,000,000 square miles of the earth's surface, mortgaged to the tune of £1,000,000,000. Part of the British Empire, that. And what is the British Empire? Where is the British Emperor? That is what I want to know. Is he the common British working man? If so, it is time for him to visit Australia, upon a battleship, with all expenses paid, instead of the Duke of York or the Prince of Wales. Why not a special delegation of representative British working and thinking men, upon the Here are 3,000,000 square miles of the earth's sur-Wales. Why not a special delegation of representative British working and thinking men, upon the Renown? Cook, Douglas, H. G. Wells, Chesterton, Herbert Smith, Sir Josiah Stamp—let them all come. Herbert Smith, Sir Josiah Stamp—let them all come. Kill off all cricketers, all fool tennis players, for the term of one year. Let us have a real Imperial year instead. Let us find out where we are at. Let us instead. Let us find out where we are at. Let us find out who is the British Emperor. If it be the ordinary English workman, then for God's sake let him be a visible Emperor. Tell Mond to stand out of the way. Let us see our industrial Emperor at GRANT MADISON HERVEY. the top.

(The End.)

"BLESSED ARE THE MEEK." DEDICATED TO THE DESCENDANTS OF THE YEOMEN OF ENGLAND.

More noble than those men of old Whose angry passions rose
If tyrants, growing over bold,
Upon them would impose,

In humble reverence we wait To hear our Lords' intent, And, driven to whatever state, Therewith we are content.

Does earth yield up at harvesting
A thousandfold or more?
We take a mortgage out and bow
To economic LORE.

Does science shatter Eden's curse And loosen Adam's coil? We spurn temptation and extol
The nobleness of toil.

Be happy; our reward is sure! In token of our worth
To each shall come as heritage
SIX FEET OF ENGLISH EARTH. ONE OF THEM.

#### The World as Insanity.

It occurs to most people, at some time or other, to feel sceptical about the whole of existence. They figure it out, perhaps, in this way. A dream is fantastic and unreal, but it seems to be real enough while we are dreaming. It is only our experiences while we are awake that show us the comparative falsity of dreams. But suppose we were to wake up from life!—at this point they allow themselves a casual shudder and bolt back to the security of common

Or it may be that they approach the question in a more sophisticated aspect. Nihil est in intellectu quod non prius fuerit in sensu. The world as we know it comes through our senses. Then where is the means by which we can test their evidence? All our knowledge of objects is subjective; it must be; there is nothing else for it. But when we consider that we have only five senses, and that there is no intelligible reason why we should have just those five, then it becomes obvious that our world of perception need not be in any measure descriptive of the external world.

A third ground for doubt occurs to the ordinary self-mystifier. It is impossible to convince a lunatic that he is mad. There is no plain boundary between madness and sanity. All men can be regarded as partly mad. And what refutation could there be to an argument that all men are completely mad?

Such thoughts come naturally and spasmodically to multitudes of men; but it is one of the oddest and rarest things in the world for a man to keep them steadily in contemplation. Even philosophers are accustomed to bring them out just for a moment, to provide an agreeable sensation of goose-flesh; then to shut them up quickly and reassure us that they are mere phantoms. It is the chief mark of the debility of modern philosophers that they betray a painful anxiety to prove that, after all, their views are in accordance with common sense.

Now the first thing a decent metaphysician would do (I shall not say philosopher, since the duties of philosophy are multifarious) is to take away all the groundwork of security and "common consent" would never give it back again—not even in the most rationalised and refined and educated fashion most rationalised and refined and educated fashion. He should conduct us into the void and leave us there, gaping. He might then, if he chose, plot out his geography of the void, coercing the terms of sense to bear an utterly metaphorical and wilful meaning. But the one blasphemy and unnatural procedure would be for him to pretend that he was the servant of the control of the servant of the natural sciences and was merely engaged in confirming their postulates. There is a place in philosophy for the man who is autocrat of the sciences who the sciences, who shows their assumptions, who deduces them, who builds a "science of sciences"; sells who are agents of the sciences in indifferent

The quarrel between metaphysics and institutional religion is, or should be, this: Religion enters the void purposively, in order to kidnap metaphysical ideas, and by their help to stabilise and enrich the ordinary conduct of life. It builds up a "faith" that and immaterial values. and immaterial values. It keeps a hold upon sense, but translates common sense into divine sense. But metaphysics enters the void sportively, for great and ecstatic joy in breathing the air of valuelessness and blank scepticism. Of those eternal twins, Byss and Abyss, first cause and absolute causelessness, first reason and absolute irrationality, then Byss is the face and fear of God, the idol of all religions; but Abyss is the playmate and perpetual astonishment

The aim of this article, however, is not metaphysical, but religious. It shall therefore be asserted most vehemently that man contains within him the possibility of seeing things as they really are. The tables shall be turned on the metaphysician by defining the reality of the world as its appearance to the perfect and typical man. There can be no meaning to the word "truth" other than "truth-for-man, there is no existence but existence-to-mind, and the far-hunted ding-an-sich, the unknowable, what is left when everything perceptible is abstracted from an object, resolves itself into the percipient himself, the conscious being. The five senses are there because they testify to their own universe, and they create their own universe, and their witness for conscious ness, if consciousness receives it purely, is not only true; it is the substance of truth. There is no other visible universe than the universe of human sight. Madness and sanity have no meaning except in comparison with the standard of sanity created by the men who is the mould of men, the archetype and idea of men idea of men.

It will be seen, therefore, that every man who is not the mere type or standard of man, is to some degree insane and ignorant of reality; his senses are liars to him, and his thoughts confirm him in his absurdities. And it is not as though we might call ourselves part-mad; the call the ourselves part-mad; the spheres of error, in observation and conception, are so complete and interactive that we are all that we are all, in varying degrees, entirely mad.

Every phrase we utter a degrees, entirely made. Every phrase we utter, no matter how much broken intelligence or beauty it may seem to convey, in tainted with insanity, wrong in purpose, wrong expression, wrong in effect. And, as with neurotics, the more we rationalise the worse we become; of are chasing our madness into the inner chambers of the soul; we are tying so many more knots in abominably complicated skein of our consciousness. abominably complicated skein of our consciousness.

Is there nothing to be

Is there nothing to be done to escape from first madness? There is something, indeed; but the works must come first. The knots must be untied; we must set ourselves to deny our horoscopes. Charity is not decreed because abority is meritorious, Charity is not decreed because charity is meritorious, but because it is difficult. So with all virtues of the Aryan Path; they are virtues as solvents of ignorance, not yet as positive realization.

But this is truly chimerical, unless we have one of two conceptions: either the Nietzschean conception that the same and trunical that the sane and typical man is yet to be born and that we can conduce to his birth, or the Christian conception that the sane and typical man was once for all made flesh. Otherwise we are doomed to for all made flesh. Otherwise we are doomed to everlasting madness, and there can be no standards of truth or right conceptions in the standards of truth or right conceptions in the eternal history of mankind THETA. of mankind.

## STATISTICS IN GOVERNMENT PUBLICATIONS.

To a greater or less extent practically all official publications will be found to contain statistics, but a considerable knowledge of department of the statistics of the sta knowledge of departmental organisation is necessary for an enquirer merely to know which annual or other periodical reports or returns are supported by the statistical reports of the statistical re reports or returns are likely to provide the statistical information for which he is seeking, quite apart from the large number of special reports are likely to provide the statistical information for which he is seeking, quite apart from the large number of special reports are likely as the results of enquiries number of special reports exhibiting the results of enquiries or researches, most of which contain statistical data.

To assist those wishing to avail themselves readily efficial statistical information, the Permanent Consultative Committee on Official Statistics prepares an annual Guist to Current Consultation.

concial statistical information, the Permanent Consultative Committee on Official Statistics prepares an annual signification of Current Official Statistics, volume three of which has net, been issued (His Majesty's Stationery Office, price is post free is. 3½d., pp. 252). With its aid the enquirement of the contain statistics of the current official publications is post free 1s. 3½d., pp. 252). With its aid the ends the immediately directed to all current official publications is contain statistics bearing on his subject, and especially made aware of the nature of the statistics he will find the yolumes to which he is referred.

The Guide will be found in practice to constitute administration, both central and municipal, and to be indispensable to all interested in public affairs

#### Islam and Nationalism.

FEBRUARY 4, 1926

By O. G. von Wesendonk.

(Translated from the Europäische Revue.)

Can Islam, a creation of the East, make any claim to be taken into consideration in connection with European pro-That Muslims, remnants of the former glory of the Osmanic kingdom, exist in the Balkans in considerable numbers, and that Turkey still rules over Constantinople and Adrianople, this affords but a quite external and spatial point of contact. As an object of colonial politics the Countries ruled by Islam come within the purview of the West which the purview of the countries ruled by Islam come within the countries ruled by Islam come within the purview of the countries ruled by Islam come within the countries West, which for centuries was on the defensive against the Mahometan Powers. But the connecting bonds are far more intimate. Recent investigation has shown that Islamic so that the basis of European and Islamic character is the

The original teaching of Mahomet is indeed spread entirely by Arabian and Eastern influence. But not in this form has Islam become a world Power. So far as existence as a State comes in question, the Arabs, simple sons of the desert, with the self assurance born of their free aristocratic desert, with the self-assurance born of their free aristocratic way of life, followed at first Persian models, to which after the conquest of Syria Byzantine influences were added. From the time of Diocletian, Rome itself was in many tespect. respects dependent on the arrangements of the mighty Sassanians. If under the Ummajades there might be traced a reaction of the chivalry of the Arabian desert directed really against Mahomet's democratic efforts, the dominance of the of the early caliphs of Bagdad, together with classical cultural elements, for the most part introduced by Syrians, and the Persian tradition, meant the creation of a cosmopolitan system. system of Church and State, which had a most enduring in-fluence on Proceedings of the control fluence on Europe both in philosophy and science; until, after the destruction of Byzāntium, the West again drew directly on Greek authorities.

The relation to the West of the Islamic world belonging to the cultural circle of the Mediterranean is, then, closer and older older than, e.g., that of Russia to Western Europe. It is true that there is no relation between Islam and modern Europe as mechanised by America; the connection is only between Islam and Islam and modern between Islam and modern the age of the machine; between Islam and Europe before the age of the machine; and indeed the Europe before the Ages was familiar and indeed the Europe before the age of the machine; in the conception of Christianity, with the ideal of world-completely as Islam obliterated the boundaries of nations and States. States. He who accepts the teaching of the Prophet is Muslim with all rights and duties. It would be of interest investigate has a superior of Christianity as religious-political complex was formed in the struggles of the West against Islam. For the Islamic State investigate how the medieval European conception of a Continuation of the idea of the Roman Empire, not of Iranic National State of the Sassanians, however many

details of Persian institutions were assimilated.

That Islam stands for world citizenship while the idea of nationality to the East by Europe has nationality has been transferred to the East by Europe has bresent has to feel to the gravest conflict which the Moslem system at present has been transferred to the Moslem system at present has to face. The caliphs have always claimed to be actual of the whole earth, however small might be their the fourth caliph Ali, the Spanish Moors, Morocco, and theoretically, even these have maintained the world-wide walter. theoretically, even these have gone their own way; validity of their rule. When the Mameluke sultans received Halagus, and at the beginning of the sixteenth century knew that, weak as the actual power of the caliph might be, knew that, weak as the actual power of the caliph might be, world, of conceptrated the sovereignty of the world. The World, of course, comprised, in accord with the classical conception of course, comprised, in accord with the classical conception opposed to the conception of the "oikumene" as opposed to the Mahometan teaching in regions holding other faiths was this missionary activity is the duty of the caliph. At the same chief tasks of every Islamic ruler, and above an issionary activity is the duty of the caliph. At the Islamitish; as to this there is great tolerance, only the Charles must be Mahamatan Characty must be Mahometan.

Characteristic of the new disposition of the Islamic ropes is the foot the new disposition no longer give oples is the fact that the different nations no longer give prominence to their deeds in the service of the Mahometan days, as was formally a favourite reproach of a certain the of literature but they so back to their own traditions. of literature, but they go back to their own traditions.

ewide dynasty been artificially made especially fanatics, to emphasise the political exposition to the Osmans, n order dynasty been artificially made especially tanaucalls to emphasise the political opposition to the Osmans, other is mind the great deeds of the Achaemenides and the Turanian "heroes of the past, while the Egyptian

thinks of the Pharaohs. And each of these nations goes its own way. By the removal of the caliphate the nationalist Turks have intentionally drawn a line between themselves and the Osmanic-Islamic past, and are counting on the Turkish national State in Asia Minor, while certain circles go further and think of a "great Turanian" kingdom embracing all Turkish people.

Now it is true that these ideas have as yet by no means penetrated deep into the populace, and there is a cleft more or less decided according to the different localities between the masses which adhere to tradition and the elements influenced by foreign ideas. The bridging of this gulf is the fundamental problem of all Islamic countries. The spiritual equipment of all reform groups in the Mahometan East comes from France. August Comte, positivism and sociology, are the guiding stars of these modernised elements which see salvation and progress in the transference of institutions influenced by France to native conditions. That this was often undertaken quite uncritically, and that the adaptation of Islamic-Oriental conditions to the demands of Western theory was violent and precipitate in part to be of Western theory was violent and precipitate is not to be denied. The reformers went no further than the external and the superficial, and covered over the old kernel with a foreign whitewash. Laws, constitutions, and sounding resolutions do not alter the spirit of a people.

On the other hand, England, in spite of her long practical contact with the Islamic world, has never influenced the leading circles so strongly as France, as appeared especially in Egypt, and is chiefly explained by the Anglo-Saxon conception of Christianity as the decisive factor of State and social life. Germany again has acted in the realm of technical progress through its military men, its engineers and physicians; but in general the Muslim lacks appreciation of German mentality, prominent as Germany is in opening up the cultural wealth of the East.

The all-too-sudden collision of the yet medieval Islamic world with mechanised Europe has led to the shattering of the foundations of Mahometanism; and external evidence of this is to be found in the fact that extensive regions have lost their political independence. An agreement of Islam with the Occident of the present day does not seem possible. It would be thinkable only in case of an internal reform-movement, which, however, would not leave the funderentals of the extracture of Islam unaltered. the fundamentals of the structure of Islam unaltered, retaining only externals. Thus, as political factor, Islam has probably played its part, however strongly its social influence cleaves to the peoples of the East. For this reason, too, the overtures of Bolshevism have little prospect in the Islamic East. Much as Western technique and success may impress the Muslims, the whole European character, with the materialist-industrial basis of communist ideas, remains quite incomprehensible and strange to them, especially as the industrialised masses are lacking in the East. For, as religion, Islam remains full of vitality, however the educated classes may have gone over to "enlightenment." Even for these classes the Bolshevik solution fails to preserve the order which with all these innovations lies to be root of the French Western because The Bolshevik at the root of the French-Western character. The Bolshevik attitude of gross hostility to religion, which has nothing in common with the refined scepticism of the French, repels the Islamic populace.

The nations have to-day undertaken the renovation of the Islamic East, and this development has brought about contact with the West. The different peoples, Turks, Persians, Arabs, Indians, enter into the plan. The results for which they are striving and the reactions which will thus be felt by the great colonial Powers depend no longer on the Islamic idea, but on the efficiency, energy, and skill of the respective nations of the East.

#### Method of Recovering the Payment of a Debt, practised by the Fanti of the Gold Coast, West Africa.

The creditor goes early in the morning to his debtor's residence, covered with white clay, or in sackcloth and ashes, he seats himself on a mat, or on the bare ground, with a supply of food enough for a single meal. He informs the debtor that unless the debt is paid to the last farthing he will not go away, and if the debtor goes out the creditor follows him everywhere. Instances are known where, the debt not having been paid, the creditor has died of starvation. Sometimes, as the day draws to a close, the creditor swears to commit suicide if the debt be not paid before sunset. If in such a case the debt be not paid, and the creditor doth commit suicide, the debtor is bound to bear the funeral expenses, in addition to paying the original debt, and making substantial compensation to the family of the deceased

(Extracted from E. S. Hartland's Primitive Law.)

#### Art.

#### THE ROYAL ACADEMY WINTER EXHIBITION

(John S. Sargent, R.A. (1856-1925.)

This socially attractive and effectively hung memorial exhibition, arranged by the President and Council to honour their deceased colleague, is a popular success. Works in oil, and in water-colour, black and white drawings, and exercises in architectural decoration and sculpture, collected apparently without thought of quality, are shown. • Everything has been done to impress the visitor with the output of a society portrait painter who, in his leisure, threw off numberless sketches and who undertook, in addition, to decorate the Boston Public Library in the United States.

Sargent was a modest man, at heart a seeker for more than popular applause, and his talent might more appropriately have been honoured with a smaller collection of chosen pictures. However, the lavishness of the present

display helps criticism.

There are two conspicuous failures, the huge war picture, "Gassed" (No. 318), enlarged from a tender note (No. 598), which says all that Sargent could say of so sad a scene, and the great bronze "The Redemption" (No. 602), empty, both emotionally and technically although the small empty, both emotionally and technically, although the small coloured sketch included in the "Model for the Mediaeval End decoration of the Boston Public Library" (No. 612) has a dramatic accent. In these two instances, Sargent obviously undertook something beyond his powers. Possibly he also did this in many portraits; but in the latter he relied on facility of hand in setting down exactly what he saw. He failed several times, and when he succeeded there seems more often to have been a seems more of the seems more there seems more often to have been a secret bond between himself and the sitter than any inspiration of design. Successes are worth seeking; but, before noting a few, I will mention some small paintings which are of assistance in the quest. Nos. 364, 402, 440, 462, 470, 515, and 561 include studies after Titian, El Greco, Velasquez, and Goya, and sketches of mosaics at Ravenna. (In addition to Sargent's interest in such art, it is useful to remember his admiration for the sculpture of Mestrovic and his possession, at one for the sculpture of Mestrovic and his possession, at one time, of Mrs. A. L. Swynnerton's "Oreads," now at the Tate Gallery.) Also, there are such exercises as the heads, "A Capri Girl" (No. 218), "Gondolier" (No. 305), "Bedouin" (No. 306), and "Egyptian Dancing Girl" (No. 353), all sensuously felt and surely painted. The two full-length studies of Javanese dancing girls (Nos. 54 and 50) betray hesitation, and the emphasis of design, which 59) betray hesitation, and the emphasis of design, which they demand, is missed. Sargent painted a full-length figure of a nude Egyptian girl early in his career, which I remember, was full of restrained force; but it is not included in this exhibition. Keeping in mind such evidence of the painter's preferences, the portraits may be studied anew. "Mrs. Legh" (No. 224) painted in 1884, was, the anew. "Mrs. Legh" (No. 334), painted in 1884, was, the catalogue states, the artist's first portrait of an English lady. The sitter may have helped to bring it into being, but the picture is an echo, an unmistakable echo, of El Greco. Nowhere else can I see so obvious an inspiration from study of the old masters.

Sargent's apparent emotional sympathy with Mediterranean and Eastern peoples shows itself in the excellent portraits of Sir Philip Sassoon (No. 33) and Mrs. Leopold Hirsch (No. 34), in both of which dignity of race and of personality is achieved to such a strict of the artist's not unpersonality is achieved by a curbing of the artist's not unusual important usual impetuosity of statement. Somewhat akin to these two, but less mature as portraiture, is the delightful group original unity of design and quiet distinction of colour. This will, I think author many the restrait groups. will, I think, outlive many of the other portrait groups.

Some answering sympathy in the painter seems to account for the sensitive portrayal of such men as the late F. C. Penrose, F.R.S. (No. 45), the late Coventry Patmore the delicate "Rose Marie" (No. 2).

The majority of the other portraits are clever statements of fact, painted by sleight of hand, as it were, and the landscapes (both in oil and in water-colour) also suffer from this too facile paterial. this too facile notation. There are exceptions, such as the sonorous "Oxen Resting" (No. 24) and the incisive Bedouins" (No. 141).

Sargent almost entirely lacked the anchorage of design, which sets the artist firmly on the earth however wayward his vision may be. He had, I feel sure, a deep intuition of what his limitation was a second in what his limitation was, and in one example in this exhibition, he triumphantly overcame it. The "brilliant "society portraits may all give place to the unfinished "Madame Gautreau: A Study "(No. 451), which is worthy to hang beside the work of any master of static

Music.

The "celebrity" star concerts at the Albert Hall of a Sunday get duller and duller; a fact of which the audiences, too, are becoming conscious, for I have rarely seen the "Kensington Gas Works" so poorly filled as on the two recent occasions that I have been rash enough to brave boredom and betake myself there. The desolate drearinges of that unappealed a prohitoctural monetrosity when ness of that unspeakable architectural monstrosity when only partially filled, coupled with performances as mediocre and dull as those on Sunday, January 10, is well calculated to send the victim cursing on his way as it did me.

It seems very supererogatory to import "artistes," only that form of the word marks the supererogatory to import "artistes,"

only that form of the word meets the case—like Mme. Selma d'Arco, for she has all the faults of singing method and style that are the peculiar speciality of the stock English singer of the Ballad—in its post-bellum reincarnation of "Popular"—concert, while a round dozen could be named who are better then it lies in Mass. d'Arco's power named who are better than it lies in Mme. d'Arco's power perhaps ever to become—but they do not call them nor do their agents call them "celebrities"—and if the persistent debasement of the connotation of that word continues, intelligent music lovers will soon come to regard it with the sceptical and dubious feelings inspired by those words "refined" and "artistic" in a Times agony column advertisement of comment of comments as a second column advertisement of column advertisement of column advertisement of column advertisement of column advertisements as a second column advertisement of column advertisements as a second column advertisement of column advertisements are column advertisements as a second column advertisement of column advertisements are column advertisements as a second column advertisement of column advertisements are column advertisements as a second column advertisement as a second column column advertisement of some one who wants a job as companion help or some such. The most interesting participator in the programme was that excellent and sound artist, Mr. Maurice d'Oisly, who did musicianly and accomplished work—but for him I should have fled after five minutes. In "Jeunes Fillettes" of Weckerlingiven in response to well deserved and persistent applause—Mr. d'Oisly showed us as fine a company of rapid French d'Oisly showed us as fine a command of rapid French articulation as one ever removal and persistent applause articulation as one ever removal and persistent applause applause articulation as one ever removal and persistent applause. articulation as one ever remembers to have heard from a non-French singer. His "Chanson Triste" of Dupare was very well sung also

Sir Thomas Beecham, the preux chevalier of music in England, makes one of his regrettably rare appearances nowadays on the 1st with the L.S.O. He is such an artist, such a musician invariant heat do and a that it is artist, such a musician jusqu'au bout des ongles, that it is almost astonishing that almost astonishing that contemporary England should have produced such a man. Fortunation of produced such a man. Fortunately for the greater glory of Music Sir Thomas is a man and the greater glory and music Sir Thomas is a man and the greater glory and music Sir Thomas is a man and the greater glory and man and Music Sir Thomas is a man of independent means, no therefore, as Dr. Coomaraswamy would say, "under no temptation to be a supported by the support of the su therefore, as Dr. Coomaraswamy would say, that is not temptation to be anything but an artist." But that is reason why his generosity should be imposed on by a public that owes musically more to him than to any other living Englishman—and a public that owes to him a knowledge of works that but for him would be still utterly unknown here—the one man who utterly alone and unaided war of works that but for him would be still utterly unknown here—the one man who utterly alone and unaided war music of the highest order alive in England during the years. As someone has well said, in Germany such a him would have been made a Prince—his own land makes it bankrupt, and shows not the slightest sign of recognition of all that it owes to him—and expresses injured surposition. a pankrupt, and shows not the slightest sign of recognition of all that it owes to him—and expresses injured surprise and hurt feelings when Sir Thomas has delivered himself of some scathing observations on the state of affairs. resialmost alone of British musicians has that marvellous the lient sense of rhythm—like fine-tempered steel—that is peculiar prerogative of the Latin races added to a fine-nite of state. peculiar prerogative of the Latin races added to a fine peculiar prerogative of the Latin races added to a fine peculiar prerogative of the Latin races added to a fine peculiar present that are quite definitely un-English. To hear the exquisite Eclogue interval a Summer Garden "—of Delius, played by the supreme preter of Delius, makes one express the wish for a Delius preserved." a Summer Garden "—of Delius, played by the supreme interpreter of Delius, makes one express the wish for a Delius Festival, conducted, of course, by Beecham, including Survare things as the exquisite "Arabeski," the "Songs of Life, and "Seadrift." One longs, too, to hear Beecham are things and "Seadrift." One longs, too, to hear Beecham resurvageat Mahler Symphonies—the fervent and mystic great Mahler Symphonies—the fervent and mystic the section "Symphony, the bold and powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad stupendous of the supreme powerful 6th and 7th, sad supreme powerful 6th and 7th supreme powerful 6th supreme p rection 'Symphonies—the fervent and mystic 7th, the stupendous 8th with its passionately Catholic spirit, ternes, and remote 9th, and the poignant mock-Epicurean bitternes, of "Das Lied von der Erde" with its lovely "Abschied of Sunselle School Sunselle S —so closely akin in spirit to the Delius "Songs of Sunset"—which launched one upon the topic of the Symphonies are most of them of immense proportions taking up of a proportions. negiect of Mahler in England. It is true his Symphotic are most of them of immense proportions, taking up of a best part, or, as in the case of No. VIII., the whole old programme, but the 2nd, 3rd, and 8th are choral, and course well find a place instead of the everlasting "Gerontius" "Apostle," or "Kingdom"—which are just as the London the programmes of some of our choirs, such as the London Choral Society, the Bach choir—or is it quite company and best of all in the case of the company of the programmes of some of our choirs, such as the London Choral Society, the Bach choir—or is it quite company and best of all in the case of the company of the programmes of some of our choirs, such as the London Choral Society, the Bach choir—or is it quite company the case of the case o Choral Society, the Bach choir—or is it quite comatosonic and best of all the enterprising and excellent Philharmothe Choir, who would revel in the company of and company of an and company of an and company of an another company of another company of an another com Choir, who would revel in the exacting demands of and "Symphony of the Thousand"—No. 8. For grandeur with nobility of concention no world to the comparable with the c nobility of conception no work of Strauss is comparable state the Mahler Symphonies that I nobility of conception no work of Strauss is comparable wat the Mahler Symphonies that I have mentioned. Ouixone this greatest—even in Salomé, Elektra, Don for Heldenleben—betrays himself again and again arriviste and vulgarian that he is essentially and at

Mahler at times is astonishingly naive, but mean and cheap never. Place for a moment side by side Strauss's appalling "Alpensymphonie," written when he was at the height of his powers, with Mahler's "Lied von der Erde," written when Mahler was practically dying. No greater contrast could there be between the models and appreciation of the two men there be between the outlook and expression of the two men. Mahler's second Symphony, the amazing "Auferstehungs-symphonie," was written in 1894, long before the most characteristic Strauss tone-poems, such as "Zarathustra,"
"Don Quixote," or "Heldenleben." Mahler, like that great master of piano music, Charles Victor Alkan, is, as far as England goes, an unknown and ignored quantity, and unhappily likely to remain so, seeing how timid and unenterprising are our leading concert-givers, and how increasingly so they become with every fresh season. And that prings me to another matter, the prospects of the early 1926 season. Surely within living memory, even during the war years, there has never been anything duller, more dead, nor uninteresting than those early weeks—advanced programmes carefully garnered from the concert halls and scrutiny of fixture lists give no promise of the public constitution of the Is this a sign of the approaching demise of the public con-Cert? After the morbid and hectic activity of which I spoke few seasons ago it certainly looks like it; and it must be confessed that with the rapid improvements in wireless transmission and reception, and the still more startling advances in recording and reproducing music by means of the gramophone, concerts other than those of the highest order and interest will become increasingly superfluous, and it will be increasingly difficult to cajole or trick people into risking beredem and discomfort in a concert hall when into risking boredom and discomfort in a concert hall when Probably by sitting comfortably at home they can have something far superior to what the average concert can give them escaping both boredom and discomfort into the bargain.

Reviews.

KAIKHOSRU SORABJI.

By M. A. Muegge. (C. W. Daniel Company. 2s. 6d. net.)

There is nothing to remember in these facrie-tales, but ey distil an ethereal fragrance, cool and delicate as that of the Rubra de Marly itself which the writer describes. It is essentially a book for odd people in odd, dreamy moments. Its value is the value of falling petals in the loose folds of a gown. The tales have no deep, spiritual significance, and the paragraphs are rather like flights of stairs that plunge into deal. into darkness and obscurity; as though in the dance of moral lessons and sly whimsicalities which the writer has woven he became tangled, and fell, afraid of the heaviness of his own shadow. The book is plentifully sprinkled with high-sounding names like "Carysta Blancoi" and "Cupressus unacquainted, with heteny, are nevertheless, sufficiently pretty to be effective. The author tells us that these faeries are written for "children of a riper growth," and one wonders. wonders whether grown-ups really prefer a brand of faerie-tales all their own. When specially written for grown-ups they cease to be faerie-tales, for the real habitat of the taerie-tale is in the golden garden of childhood, during the young, fresh days of illusion, when new-born dreams go soaring endlessly upwards and the spirit is light enough to reach the clouds and nibble them. Could anyone barter the old Arabian nights for the new?

BOOKS ON ART.

The Appreciation of Sculpture." By Eric Maclagan, C.B.E., F.S.A. (Oxford University Press. 1s. 6d. net.)

Under the terms of the Henriette Hertz Trust, an British Academy. Mr. Maclagan's paper, read on June 17, of the Present Director of the Victoria and Albert Museum, outh Rensington. If the tone of his discourse is slightly official, it is good to remember that it is largely owing to initiative that visitors to the Museum can to-day see est sculpture by such modern artists as Rodin, Degas, estrovic, Rosandic, Gaudier-Brzeska, and Modigliani.

C. R. W. Nevinson." (Contemporary British Artists'
Series.) Ernest Benn, Ltd. 8s. 6d. net.)

O This addition to a welcome series contains a preface by s, and thirty-six half-tone reproductions. Mr. Nevinson, is known, can severely criticise his own work; but two Portraits here, one of himself (Plate 2) and one of Josef Colbrooke, well withstand criticism from any quarter.

The Connoisseur "and "The Street Acrobat" seem only in the last of a Soulless City," little less secure, while "The Soul of a Soulless City, other New York scenes, if more open to attack, proclaim appropriate use the artist has made of his studies in the

#### LETTERS TO THE EDITOR. "AGAINST DEMOCRACY."

Sir,—If you can allow me space for a rejoinder to R. M., I should like to say that he seems to assume that intuition must always be good; if it is bad, it can't be intuition! would say, for instance, that when the democratic movements jumped at nation-wide trade unionism in 1833, the intuition was good; when they later jumped at the Charter, it was bad. Curiously enough, R. M. referred to Christ with approval. But whether Christ's maxim, "Judge not that ye be not judged," is an intuitive judgment on the nature of judgment, I leave R. M. to decide.

The dismissal of intelligence tests as superfluous if they confirm personal judgments is hardly sound, for in the American Army tests which I mentioned, the results of a few hours of examination by the tests coincided with the results of several months and even years of personal judg-Intelligence tests are most usefully employed at present with school children, whom they promise (aided by the emotional tests which are a possible outcome of prolonged systematic laboratory work) to rescue from the happy-go-lucky, traditional, intuitive regimes that 50 per cent. at least have suffered under. And would not pub-lished tests of the intelligence of politicians be an excellent

HILDERIC COUSENS.

[R. M. replies: As logic must be accurate, or qualified erroneous, so intuitions must be true, or qualified false. Unanalysable doctrines may proceed from the unconscious as well as from the intuition. The trade unions, following repeal of the Conspiracy Laws in 1824, derive partly from each. The points of the Charter were scarcely unanalysable. able, being rationally deducible from that older intuition, the Equality of Man. Some resolutions of the Chartist Convention, relating to the War Debt, for example, hint at "good" intuition; it is still absurd to mortgage future generations for the war. Chartist intuition failed at the task of judging Cobden and Bright, but intelligence tests would hardly have succeeded.

Years of personal judgment replaced by a few hours' intelligence testing were unpropitious to intuition. One would guess the judgment the sort that waits for all the facts; not the master's, but the schoolman's. Of greater concern than the years lost because we were afraid to make up our minds are the years of cramming the tests ahead of us. I cannot believe that scope for intuition is restricted to speculative finance; in education, I suspect, judgment is not at fault, except from incipient atrophy, but the judge has adopted Christ's injunction with Mr. Cousen's implied meaning. "Judge not according to appearances, but according to the spirit," presents the word with another content, however, the difference having to be appreciated

The intelligence testing of to-day's politicians might spoil Mr. Cousen's game by demonstrating the inefficiency of the tests.

"DREAMS."

Sir,—Spinoza once wrote that an average man only existed "so long as he suffered, but did not admit that his suffering assured him continued existence. The diabolically handsome superman whose teachings were inflicted on your readers last week is anxious that we should not have even such a high conceit of ourselves. We are apparently real enough to despise ourselves, and no more. We did not cause ourselves, we cannot end ourselves, we cannot, except under exceptional circumstances and by supreme struggles, redeem ourselves. Truly the highbrows well deserve the hate they get from the "sheep."

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#### Credit Research Library.

MONEY. By W. T. Foster and W. Catchings. Price, 15s. Postage, 8d. Mr. Foster and W. Catchings. Trice, 16s. 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 numer-Goldman, Sachs and Company, and a director of numerous industrial corporations. This book attempts to show the fundamental difference between a barter economic and a strength of the fundamental difference between a barter economic and a strength of the s omy 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

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 fol-

lowing 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 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 but to bring about the production of more goods. Under lowing is a summary of their conclusions: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 ment than we can use. Inadequacy of consumer income is produce the wealth which natural resources, capital facilities, improvements in the arts, and the self-interest of employers Chiefly because of shortage of consumer demand, both these standards and labour restrict output, and nations engage in capital and labour restrict output, and nations engage in those struggles for outside markets and spheres of commercial influence which are the trick course of war." mercial 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

"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.

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#### The Social Credit Movement.

FEBRUARY 4, 1926

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 pays conital resources. 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 more and markets. ployment 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 hands of the community to an amount sufficient to purvide effective demond for the purchasing power to purpose the purpose the purpose to purpose the pu vide 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 the simultaneous creation of new money and the regulation of the price of consumers' goods at their real cost production (as distinct from their apparent financial cost 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 unpl cedented improvement in the standard of living of the population by the absorption at home of the present unsaleable output, and would therefore visit to the dansaleable output, and would, therefore, eliminate the dangerous struggle for foreign markets. Unlike other suggested remedies, these proposals do not call for financial gested 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 arthur "Through Consumption to Prosperity," by Arthur Brenton. 24

"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.

7s. 6d.
"These Present Discontents: The Labour Party and Social Credit?"

Social Credit," by C. H. Douglas, 1s.
"The Solution of Unemployment," by Wakinshaw, 10s.
preliminary set of five pamphlets, together with

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

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