THE

NEW AGE

INCORPORATING "CREDIT POWER"

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NOTES OF THE WEEK.

In this week's *Observer* Mr. Garvin gives a summary of events which he warns the public are threatening "the spirit of Locarno," and disquieting "every thoughtful lover of peace." We shall later define this spirit of Locarno in relation to the chart* of world government which we published last week. Mr. Garvin quite correctly connects it with the desire for peace. But peace—for what? And these "thoughtful" lovers of peace—what are their thoughts? Peace is not an objective, but a *milieu*; not an end but a means. For instance, you do not abate the suffering—not even the physical suffering—of humanity merely by abolishing war. If you would measure the world's pain you must multiply its intensity by its duration. Anyone who looks at the matter in this light should ask himself where the balance of suffering lies as between a world having teeth extracted under militarism during three years, and a world racked with neuralgia under pacifism for a hundred years. The very idea of associating the humanities with war sounds evil to the unreflecting, but, really what is this alternative condition of peace at the present time but a mask on the face of eternal war?

* * *

"Old passions and prejudices have flamed out in several quarters," says Mr. Garvin. Exactly. No known explosive has shattered these. Now let us look at the instances he gives us. The Budapest forgeries have caused the nations of the Little Entente to "brandish their weapons round unarmed Hungary." (The placing of this particular episode—involving liberties taken with the sacred private monopoly of creating credit—first on the list has a special significance). The preliminary conference on disarmament was postponed for reasons which "every searching witness of affairs could penetrate." Signor Mussolini menaces "the whole disarmed German race with the mailed fist and iron heel of Italy." Finally, when Germany, in the spirit of Locarno, is about to enter the League, there is a stubborn effort to stultify this great event and deprive it of all its grace and efficacy." This last reference is to France, whose influence at Geneva is "altogether preponderant." The withdrawal of the United States, Mr. Garvin continues, "made the League much more a Latin affair," whereas it was the "English-speaking peoples" who created the League. Germany must now have a permanent seat on the Council "as a matter of course," but the French Government is trying to "strengthen its hold" by introducing three new votes—those of Poland, Spain, and perhaps Brazil—to nullify or diminish Germany's expected share of influence." His final comment is: "This sort of pre-war statecraft is death to the spirit of Locarno."

* * *

Supposing we reply—"And a good job too." The "spirit of Locarno"! Against the spirit which admires the halo round Locarno we have nothing to say. Our quarrel is with the spirit which painted the halo there. "Dawes" and "Locarno" are the right and left hands of the Devil. Together they are stripping Europe of her last defence against the external imposition of a policy of economic scarcity. "Dawes" forbids financial self-determination, and "Locarno" economic self-determination, to each several nation, on the false plea that an "international" control over their money and armaments will pacify and enrich the Continent of Europe. The effect will be the opposite. It will enrage and impoverish every section of society under the world's financial system—from the trust magnate struggling to get orders, running to millions of pounds, to the poor little housewife in a ten-shilling tenement, wondering how to give a week's orders out of a pound note. That is the naked "spirit of Locarno."

* As this chart constitutes the key to the frequent comments we shall have occasion to make on foreign politics in the future, it is important that readers should bear it constantly in mind. This will save us unnecessary repetition. We shall therefore republish it (in reduced size) as a separate leaflet with some explanatory matter. It will, we hope, also serve another purpose. Put into the hands of those whom it is desired to interest in the Social Credit outlook the leaflet will enable them to get an instant and comprehensive grasp of our point of view, and thus probably overcome the difficulty so often experienced of stimulating newcomers to persevere with their reading of this journal.

In view of what we said last week the significance of Germany's entry into the Council of the League will be readily appreciated. Germany is being co-opted into the political *Cabinet* of Europe. If her entry were simply into the *Parliament* of Europe—i.e., the Assembly of the League—there would not be this intriguing. By whose influence is Germany being given the privilege of Cabinet rank when Poland, Spain, and Brazil are denied it? By that of the English-speaking peoples, of whom Mr. Garvin has said that they created the League. The immediate sponsors of Germany are America and Britain, the two Powers who together are on balance the world's creditors—the two Powers which represent the principles of debt-repayment, the gold standard, disarmament and balanced budgets. Germany has perforce obeyed these principles, so that her vote in the Cabinet will of necessity be a vote against countries who have not yet done so—notably, of course, France. Naturally France, with her flourishing tail of unpaid taxes and full employment, wonders what will happen if the European Cabinet is packed by foxes without tails. Will not amputation by persuasion give place to amputation by coercion? Indeed, the coercion policy has already been attempted in the form of a direct attack on the French franc by the international financiers, but this has not had such instant success as may have been contemplated. But if these same financiers can improvise a Moral Voice of Europe to sanctify legislation for the Tail-less State, then they can intensify their financial coercion under the guise of Crusaders in the name of Public Conscience. It is one thing for Wall Street or Threadneedle Street to hammer the franc, but quite another when (let us anticipate) the Central Bank of Europe does so. The difference will be between interested motives arising out of private enterprise and disinterested motives arising out of public duty—or so it will be made to appear to Mr. Garvin's "thoughtful lovers" of peace. It will be clear that any national statesman who feels impelled to resist the final objective of the world's financial government has no option but to resist each and every means it is employing to achieve it. Hence he must *appear* to oppose the balanced budget, to oppose disarmament, to carry on guerilla warfare against the League Council—in short to violate the "spirit of Locarno." Mussolini's bullying of Germany, if it were only that, would be entirely reprehensible. But there is more—or can easily be more—in his attitude than that, even though he is not awake to the fact himself. Peace! Did not the Prince of Peace himself differentiate between two kinds of peace? "Not as the world giveth, give I unto thee." So there is a perfect, and an imperfect, peace. There is a Bankers' Peace.

* * *

This reflection should give pause to the churches. To the preaching of peace let us call a truce. It is now time to seek the means of ensueing it. This is a harder task to apostles of the emotions because it necessitates clear thinking. You can preach peace without defining it; but you cannot so bring it down upon the earth. The peoples of this world need no exhortation to love peace—of the right sort! Let somebody produce that peace, and he will see. The other day there was a Press paragraph reporting that the incomes of Archbishops and Bishops are to be divided into two roughly equal parts. The one is to be called "stipend" and the other "allowances for episcopal expenses." Hitherto the whole has ranked as stipend—and paid income tax. So the effect of this new scheme will be to relieve the Archbishops and Bishops of half their tax. Now it may be a hard saying, but the Church Assembly should reject the offer. It is a bribe. It is a concession of exactly the same character as the rise in wages granted to the police force a few years ago when there was a movement to organise it on trade union lines. It is a concession made for precisely the same motives. It is a grant of money to buy the loyalty of those occupying key positions in the existing scheme of centralised government. It is the first duty of the church to enquire what exactly is involved in this loyalty. Whither will it lead? To preach obedience to established law is a duty, or not a duty, of the church depending upon whether the law is Christian or anti-Christian. There is such a field of enquiry as the economic interpretation of Sin. Let the church appoint her best men to enter upon it, and we will promise that their conclusions will profoundly change her present concept of her mission in these critical times.

* * *

Watch what happens to Mr. Wheatley. "Why are you taking for granted that there will be trouble next May except that there exists a plot to lower the standard of living?" he challenged the House the other night. "You ought rather to increase the incomes of the people so that they can keep pace with production—Poverty is the cause of unemployment." There is gossip going round about the new Labour principle that ex-Ministers shall not, *ipso facto*, be entitled to lead Labour from the Front Opposition Bench, but that the Party shall select its Parliamentary leaders. Is there a blackball waiting for Mr. Wheatley? One newspaper hints as much. We quite expect to see him retire to the back benches. What, indeed, is a representative of the interests of the common consumer doing on a front bench? Does he not know that it is a bank freehold leased to Parliament through the Treasury? Let him ask Mr. Snowden.

* * *

There are crimes and crimes. Nine persons have been arrested in France for melting down gold and silver coins into ingots. Altogether the "gang" (notice the colour of the *Daily Mail* correspondent's terminology: he knows his job) have melted down £25,000 worth of metal. Why? Well, so far as the gold is concerned, they found that "20-franc pieces are still worth only 20 francs paper nominally, whereas their metal value is about 105 francs paper, owing to the depreciation of the franc." Accepting these figures as accurate, the purchasing power of the 20-franc coin is only one-fifth of the exchange value of the gold in it. It will fetch five times as many (say) loaves of bread when destroyed as a coin. So the "gang" went to work to exploit this discovery. But nothing is said about the "gang," who "depreciated the value of the franc." Yet where is the difference between depreciating the franc's purchasing power for one purpose and appreciating it for another? Really, what has happened is that one gang has been undoing the nefarious work of another. The only just criticism of the nine "criminals" is that they stole a march on all the remainder of the community who were possessed of gold coins. If they had all done their own melting there would be practically nothing to be said against the act. A last reflection is this. Mr. McKenna recently described how central banks become possessed of gold in the first place. He said, in regard to the Bank of England, that it pays for this metal with a *draft on itself*. In terms of reality, it gets it for nothing. So there are two sets of "gangs"—the law-making sort and the law-breaking sort. The first get away with their large spoils, out of which they subsidise the church to pronounce the Benediction: the second start to escape with their little spoils and stumble at once into a dock to hear the Court pronounce judgment.

* * *

Mr. David Kirkwood has been to Monte Carlo. In an interview with a *Daily News* representative he says that nowhere else has he seen sadder faces. If we had been there we feel sure that we should have picked his own out as the saddest. But however that may be, he must not lend encouragement to a false moral. The reformer may achieve sadness; the rich may have it thrust upon them; but the poor are born to it.

* * *

"If goods are difficult to dispose of," said Lord Riddell at the Hotel Cecil, "the answer of the publicity agents is 'Advertise it and we'll sell it,'" Quite so. If the consumer does not think he wants it he can be made to think that he does. "Economy," for instance. Every individual curses it—and votes for it.

NOTICE.

Mr. W. A. Willox will address the Central London group on "The Utilization of Productive Capacity" at 70, High Holborn, on Thursday, February 18, at 7 p.m. Meeting open to visitors.

PRESS EXTRACTS.

(Selected by the Economic Research Council.)

"The dole system remains a thorn in the flesh, lessening the initiative and efficiency of British labour. But there is every indication that the worst of this situation is over. *Present plans are understood to call for a cut of 10 per cent. to 15 per cent. sometime in the coming spring, and this will be the preface to further cuts later on.*—"*Wall Street News*," December 23.

"*The whole business of the U.S. nation and our present standard of living are supported by credit, and principally by consumer credit.* . . . Manufacturers, merchants, and financiers fully realise to-day, as never before, that the wheels of business cannot be kept turning, on a broad scale, without mass consumption—*that credit must be available to consumers as well as to producers and distributors of the products of industry and agriculture.* Mass consumption is necessary to support mass production and high wages, and mass credit is the Atlas which holds up all of them."—A writer in *The Annalist* quoted by A. R. Erskine, President of the Studebaker Corporation, at the second annual automotive financing conference, Chicago, November 16, 1925.

(1) "The statement by Montagu Norman, governor of the Bank of England, that there has been no agreement between the Federal Reserve Bank of New York and the Bank of England regarding changes in the rediscount rate of the two institutions is undoubtedly correct."—"*Wall Street News*," December 24.

(2) "From what can be learned, it is possible that the reason the New York Federal Reserve did not increase its rate above 3½ per cent. in November last, when other Federal Reserve banks were increasing their rates to check speculation in stocks and real estate building, was because Mr. Benjamin Strong, the Governor, had an agreement with Mr. Montagu Norman, Governor of the Bank of England, to hold the New York rate down in order to give him a chance to see if the gold outflow from Great Britain could be stopped."—"*Financial Times*," *January* 5, 1926.

"The key passage of M. Briand's speech referred to mining concessions in the Riff. . . . The autonomy that Paris and Madrid have always professed themselves prepared to grant to the Riff tribes has expressly excluded the right to dispose of mining concessions, which are to be reserved to the Sultan. In justice, one ought to add that this consideration has been as much in Abdel Krim's mind (he has been trained as a mining engineer) as in that of his Western enemies. . . . *Riff concession-hunting seems still destined to cause international dissension, just as it has accounted during the last six months for the whole difficulty on both sides in making peace in the Riff.*"—"*Manchester Guardian*," *January* 1, 1926.

"The wider the diffusion of ownership (in joint stock corporations) the more readily does effective control run to the intermediaries—in this case, promoters, bankers, or management companies."—Professor Ripley, quoted in "*The Bankers' Magazine*," *December*, 1925.

"This year the new capital issues distributed in this country will greatly exceed $6,000,000,000, and the Old World now comes to us with its credit needs. *We are the world's bankers.* The responsibilities of world welfare rests more heavily on the bankers to-day than on any other class of citizenship."—*T. N. Dysart, President of the Associated Investment Bankers, quoted in the "Christian Science Monitor," December 9.*

Finance and British Politics.*

By C. H. Douglas.

(*Address delivered at Westminster, February, 1926.*)

II.—EXTERNAL.

It will have been plain to those who have followed the examination of the relations between Finance and Internal British Politics that the validity of the ideas involved in that examination rests largely upon the acceptance of a somewhat unorthodox or at any rate unfamiliar theory of world politics. I think perhaps it would be convenient at this point to state that theory.

In the first place it is suggested that the aims of national Governments are by no means the same things as the aims of the majority of individuals in the countries they are supposed to represent. Further, that these Governments are far more responsive to influence from financial sources than they are to popular influence. We might almost go so far as to say that the modern Government is quite insensible to popular influence, and that no serious change of policy is effected by a change from one party to another. This is certainly true where the subject in which such influence might desire to be exercised conflicts with the interests of Finance. A consideration of the relative progress, during a period of acute housing shortage, in the building of small houses, on the one hand, and the building of branch banks on the other, will perhaps afford an example of what I mean.

It therefore becomes a matter of the first importance to find out what would be the interests of Finance in relation to the apparently conflicting interests of various national Governments, because if we can get any clear kind of idea in regard to this, and we admit (as I have suggested we are obliged to admit) that Finance can make itself effective through any Government, and is common to all Governments, then we should be able to obtain some insight into the probable trend of international politics.

Now I think there is very little doubt that Finance has this in common with human nature. Self preservation is the first law of its being. The first rule which we should expect to find operating in this connection, therefore, is that Finance would tend to favour those nations where Finance itself finds the most congenial home.

There is very little doubt that the effective headquarters of world Finance at the end of the eighteenth and the beginning of the nineteenth centuries were in London. It is a matter of common history also, that the end of the eighteenth century and the earlier part of the nineteenth century witnessed a condition of general culture in England which was lower and more brutal than that existing in any other portion of the civilised world. It is not necessary to elaborate this side of the question. I do not suppose anybody would seriously contest it, but in any event a consideration of the penalties prescribed by the criminal law, or even a slight excursion into the literature and particularly the biographies covered by the period referred to, are sufficient to prove the point.

But during the last 100 years, and more particularly during the last thirty or forty years, the temper and tone of the people of this country has undergone a great change, and I think a change for the better. Our laws and the punishments connected with them are probably still the harshest in the world—there is, for instance, no other country in which the punishment of flogging by the "cat" is legal—and there is a notable increase in their harshness since finance regained control of the post-war situation. Notice also the resurrection of the prize ring, which had its hey-day in England when Finance was unquestioned, but now

flourishes best in America. But there is an increasing dislike and protest in regard to these things on the part of the general public. Germany before the war, or perhaps it would be fairer to say Prussia, had a culture which was not dissimilar to that imported into England by our Hanoverian Kings at the end of the eighteenth century, and Finance in Germany was even before the war seriously contesting the pre-eminence of British Finance. Frankfort had begun to look coldly on London.

In the past fifteen or twenty years, however, the event of the most outstanding importance in world politics has been the rise to power of the United States of America. It is the common convention to ascribe this rise to the possession, by the United States Government, of unique economic resources. While economic resources are a factor in the question, I do not myself think that they are anything like so important a factor as is commonly believed, and they are certainly not the only or even the dominating factor. Under present conditions, any country is as prosperous as Finance allows it to be.

Side by side with this rise to world power of the United States, there has arisen a culture which is markedly similar to that of the eighteenth-century England, or nineteenth-century Prussia. In saying this, I do not overlook the existence in the United States of a very large number, perhaps even a majority, of people who are kindly, tolerant, and charming. But I am personally familiar with the United States over a period of more than twenty-five years, and I do say most emphatically, that these people do not represent the effective culture of the United States, and further than that, that their influence is considerably less effective now than it was twenty-five years ago. Lynching, murder, and other crime is a reflex of a police system which is both corrupt and brutal. While American law is milder than ours, its enforcement is more barbarous.

It is more than a coincidence that at the periods to which I have referred, Finance and a particular type of culture, which you can call Prussianism if you wish to give it a name, have been dominant at one and the same time, and I think you will see that it is not a very long step from recognising and admitting this to recognising that the interests of Finance might be expected at the present time to coincide with the domination in international politics of the United States of America.

Perhaps the question of international War Debts affords the clearest indication of the policy of High Finance. You are all familiar with the general outlines of the Debt settlements which have been arranged. The financial representatives of the British Government pledged the credit of the British people to the United States Government. The United States Government issued loans to the population of the United States in exactly the same way that the British Government issued loans to the British people. The banks and issuing houses *created* new money, *lent* it to the people to invest in the loans, and held the loans as security for the "Debt." In both countries the ultimate owners of this debt were the Bankers and not the Governments. Now I do not believe that a few people, many of whom are no doubt here to-night, are the sole possessors of sufficient intelligence to understand the true meaning of this process. That does not seem to me to be a reasonable hypothesis. But in spite of the fact that there must have been numbers of people in important positions both in Governmental and financial circles who understood quite well that we never received any money from America either for ourselves or on behalf of our Allies, a financial commission headed by the present Prime Minister concluded a post-war arrangement with financiers in the United States which committed us to re-pay, not the goods which we had received, but the money which we had not received, on terms more onerous even than those financiers acting on behalf of the United States themselves had hoped to receive. The population of this country of forty-five millions, which sustained no small part of the actual fighting between 1914 and 1918 is at the present time committed to pay a large portion of the taxes of a country of 110 millions whose effective participation in the actual war covered a period of about six months.

Subsequent to the completion of this undertaking, the United States arranged its loan transactions with other debtors who were at the same time much larger debtors of this country. In place of an interest rate of $3\frac{1}{2}$ per cent. on a sum of about one thousand millions, which is being exacted from Great Britain, an interest rate of $\frac{1}{8}$ of 1 per cent. on a debt of about half that sum has been arranged as between the United States and Italy. Our own financiers (if there can be said to be any ownership in financiers) gave Italy terms equivalent to cancelling five-sixths of the debt. You will not fail to notice that these extremely favourable terms to Italy coincide with the apotheosis of one of the most fantastic tyrannies (not excepting that of Russia) which history has ever known. The result of this and other similar arrangements has been to make it impossible to obtain from our own debtors a sum which is more than an insignificant proportion of the sum which we have to pay to America, although our collective loans to the Allies in the war considerably exceed our borrowings from America.

This situation has been accompanied by a policy which has been termed the return to the gold standard, a policy which even some of our most influential bankers, to their great credit, have denounced as inevitably reducing this country to a state of financial bondage to Wall Street.

Now, with a full sense of the gravity of what I am saying, I suggest to you that the persons who were really responsible for those Debt settlements (I do not say the figureheads, although I see no reason why they should escape criticism) were financiers before they were Englishmen. They saw, and truly saw, that the power of Finance was shaken to its very base, and that a sacrifice was necessary. The millions of unemployed, the bankrupts, the suicides, the new poor, those and many others are that sacrifice. I hope those of them who survive feel that their sufferings were in a good cause. Finance has been re-established, and there is every prospect, I think, that the main object having been achieved, the Anglo-American Debt will eventually be scaled down, and we may be permitted to enjoy a decorous, if undistinguished, old age—if nothing happens to disturb the plan.

I believe that there is (save the mark) a "gentleman's" agreement between the Bank of England, the permanent Treasury officials, and the Federal Reserve Board—Messrs. Warburg, Mr. Otto Kahn and others intervening—to that effect.

Those of you who have read that remarkable book by Mr. Benjaminn Kidd, "The Science of Power," may remember the following passage: "It is a fact, the significance of which has been overlooked in the past, that Western civilisation has been in a special and peculiar sense founded upon force." The point to which I have been endeavouring to bring you in this and the preceding address, is that orthodox finance appears to have a subtle connection with this doctrine of force—Force and Finance, if not the same things, are complementary. Quite demonstrably, force has brought one nation after another to a certain type of pre-eminence. With that pre-eminence has come a rise of culture, arising, I think, not out of force, or finance, but out of the economic prosperity which is the bait used by

Finance, and subsequent to that rise of culture, forces appear to have been set in operation to transfer the pre-eminence elsewhere.

I do not suggest that this sequence of events has passed unnoticed or uncommented upon. That well-known classic, Gibbon's "Decline and Fall of the Roman Empire" set a fashion which has had many imitators. In almost every case, and most notably in the case of the immediate pre-war German comment on these matters, the suggestion was that the type of culture to which I am referring, which involves the elevation of such qualities as kindness, mutual consideration, toleration of new ideas, dislike of aggression, in fact all that group of virtues which we call civilised, or, if you prefer it, Christian, constituted a disease of society and led to the downfall of a nation which succumbed to them. It was, in fact, assessed as pure weakness.

The first negative comment which we can make upon this theory is that the fall of Germany was certainly as violent and catastrophic as any in history, and was certainly not due to the undue cultivation of a civilisation of this description. For half a century, at least, Germany had inculcated brutality as a specific principle of her system. Her fall was not due to anything that you might call softness. I believe that in the lying propaganda as to the causes and the reasons of the war there was a real truth. It was that the world would not have German "Kultur" at any price. Prussian culture set in motion forces stronger than itself, which brought about its downfall. In war time, therefore, civilisation does not fail. It is in peace time that it fails.

Now I want to put before you a totally different theory (which so far as I know is novel, although its novelty is of no importance) as to the reason for the decline of nations which become pre-eminent by force and financial policy and subsequently become civilised. I think that they are brought up to a certain point in evolution by the system that we are living under, and that at that point they are in a very favourable position to develop what I believe to be a really higher level of culture.

While in one sense brute force gave it birth, this level of culture does not rely on force of the ordinary kind. In fact, force of the ordinary kind is distasteful to it. It, and force, together with orthodox Finance, are mutually repulsive. The result of this is to drive Finance to seek for a more congenial environment. You may say this is only a more complicated form of the old explanation. I do not think so. I think you can get a new idea of great value from it.

The danger of a decline, once this level of a new culture is reached, is not, in my opinion, due to that culture in itself. *It is due to the failure on the part of that culture to develop a system of Finance, and a use of force, which is sympathetic to the general spirit of the new culture.*

You may find an analogy to this state of affairs in the life history of many insects—the May fly for instance. They are brought to a certain stage of development in water, but once that stage is reached they either escape into the air or they are drowned. It is even probable that all life on this planet is compelled by the nature of things thus to change into a different plane on pain of extinction.

Now the characteristic of orthodox Finance is the centralisation or monopoly of Credit. I could, without much difficulty, prove to you that such a policy synthesises every Anti-Christian principle. The distribution of Credit is its antithesis.

While the details of such a system of Finance are better left for discussion until such time as they might come into the region of practical politics, I do not think there is much doubt of the principles they would be obliged to follow. In the first place they must provide a financial reflection of the physical facts of the producing, distributing, and consuming systems which the existing financial system signally fails to do.

I put this requirement first because from the lack of it arises that peculiar situation which can only be described as a financial bottle neck, the control of which gives control of the very necessities of life itself. Closely linked with the fulfilment of this requirement is the necessity for exalting the individual over the group. I mean by that, the exact opposite of what is commonly called Socialism. The direct road to the emancipation of the individual from the domination of the group, is, in my opinion, the substitution, to an increasing extent, of the dividend in place of the wage and salary.

Practically all the evils from which we suffer at the present time can be traced to the ability resident in existing organisations to subordinate true individuality to them. It must be a common experience of many people here to-night to have been obliged to acquiesce passively in transactions either of a business concern or a Government Department which transgress every canon of common decency, and which if done for the advantage of an individual would be generally condemned. The fact that they are done under the orders or for the advantage of some organisation is commonly held to excuse their character. There is, however, another aspect of the greatest importance. Measured by civilised standards, groups are always of lower value than individuals. Conversely, individuals have qualities which are non-existent in groups. I suppose a lifelong plot on the part of one man against the well-being of another man is very rare, but a business or national vendetta is the rule, and I should say there were few exceptions to that rule. Acts of generosity without ulterior motive between individuals are common—between nations or businesses as such, are unknown.

The fixing of responsibility on the individual for acts committed by him, or decisions in which he acquiesces, follows logically from the adoption of such principles as I have been suggesting.

Even if it were desirable, the time at my disposal is inadequate to deal with the technical aspect of this problem which is no doubt fairly familiar to many of those interested in it.

In conclusion, however, I should like to emphasise one very important aspect of the whole problem. The desired solution has no basis in sentimentality or abstract Pacifism. To be successful, it has to be a solution which can fight. As I have just said, and as must be only too obvious, modern scientific civilisation is irresistible in War. I believe it is possible to provide a financial system which will so abolish the artificial differences of interest between individuals, that any community, nation, or continent which will successfully put these principles into operation will either compel imitation from the rest of the world, or will reduce any attack upon its principles to the relative position of a mob of bushmen armed with bows and arrows who might be so rash as to attack a modern army equipped with all the terrible weapons of modern warfare.

In the meantime, a few concrete hints may be useful. Resist the abolition of Treasury Notes and the issue of Bank Notes. Always refuse a Bank of England note. Never subscribe to a new issue of shares or Government stock. Buy your shares or stock in the open market, and do not buy new issues. Fight every demand for taxes. Don't imagine it is your duty to pay taxes. You have to, but that is quite a different matter. Take a leaf out of the French taxpayers' book.

A Cry for Sanity in the Wilderness of Words.*

By Philippe Mairet.

A sound and well-reasoned presentation of the principle of Social Credit is a cause of rejoicing to a true Socialist. And when it is an appeal to the Independent Labour Party, which, whatever its limitations, is the purest and most humane body of English Socialists, it also engenders an austere reflection. The discovery of the basic principle of economics is a highly critical event. Its acceptance or rejection by the Socialist movement as a whole involves the fate of Socialism and the future of a civilisation. If Socialism should fail now, at the end of one epoch of history and the beginning of another, both its word and its idea must disappear into insignificance. It will not then be Socialism, nor a Social order at all co-operative in spirit, upon which men will enter for the next phase of human culture.

And if this seems to be an exaggeration, let it be remembered that the fervour and the thought of Socialism has, during its whole history, gradually and increasingly narrowed and concentrated into economics. It is perfectly natural to the Western World that its sociology should be directed to the physical ideal of co-operative material production. The characteristic striving of European scientists has been to increase man's material riches, that of its moralists to distribute or equalise them. And of all this striving, it is the Douglas conception of Social Credit which appears as the ripe fruit, or rather the vital seed. Having narrowed the social problem to economics, and having now the economic truth condensed into an irrefutable formula, it remains to *apply that formula*. And this is no longer only an economic, it is also a political and a moral problem.

If we turn to the inspirers of early democracy and Socialism—to such men as Tom Paine, for instance, or Godwin or Shelley—we find that their reaction to the social question was chiefly moral. They depict a moral ideal of man, and ascribe social evils mainly to the working of the devils of greed, ambition, and selfishness. Upon this moral basis they appeal for regenerate economics, through ideas of a juster politics. But in later Socialist writers, in Marx and his school, we find much less of the moral appeal. Whilst moral judgments break through occasionally, in moments of indignation, man is conceived, in these writers, as the average being of a stage of evolution, differentiated mainly by environment. The wrongs of the economically oppressed can be righted only by their own revolt, and there is little significance in politics. Politics, in fact, according to Marx and almost all subsequent socialists, becomes ideally included into economics. Man is to vote less for his representative than for his official employer or foreman.

This increasing neglect of the political and moral aspects of Socialism was rendered inevitable by the development of European life as a whole. It produced the now discredited ideal of State Socialism. But while it focussed attention upon the increasingly ghastly mystery of economic scarcity in the richest age and realm of the world, it made possible, indirectly, the discovery of the fact of Social Credit.

When English Socialists, therefore, are presented, in such works as Messrs. Symons's and Tait's pamphlet, with the revelation of the truth concerning the Just Price, they encounter what they have been seeking for more than a hundred years. Henceforth it is clear that the economic basis of any Socialism is financial; is actually a definable method of accountancy; the quest of the economic principle of Socialism is finished and it remains only to realise it in action.

It is through the struggle for this realisation, and this alone, that Socialism could regain its neglected political and moral principles. The new-found truth of economics does not exalt the proletarian above the rest of society. It cannot therefore be served by the dynamic proletarian vengeance. The age-long oppression of the wage-earners, the pitiless tragedy of their exploitation has engendered a class-hatred which is one of the most powerful forces in Socialism. The true economics would demand the exorcism of this spectral passion, for the crystalline truth of pure economic reality gives it no food to feed on; it promises no confiscations—no violent dethronements, no spectacular turning of the tables on the rich. The necessity to sublimate one of its principal forces would, of itself, recall Socialism to the moral problem it has long and almost justifiably neglected.

Moreover, the completion of its quest in economics can now give to Socialism a new political consciousness. It is quite evident that the political outlook of Socialism is wearied with will-o'-the-wisp programmes and confused by inner divisions. Social Credit, by locating the real enemy to economic health, also discovers unsuspected possibilities of alliance; for it shows that all producers of *reality*, no matter how (or almost however highly) paid for their production, are in truth possible brothers. It is only the manipulators of paper, the creators of *unreal* values, who must become servants before they can be acknowledged kin. The conception of the wholeness of the State, of a politics beyond the class-war, would become a living reality to Socialists working for the economic truth.

The economic idea alone, it is true, is but one basis of the social synthesis. But, *if it is pure*, it is a real basis. Never in its history yet has Socialism envisaged a pure economics. Its notions of production and distribution have always been confused with ethical and State considerations. The appendix to the present pamphlet well illustrates this. And it is in Douglas alone that an economic theory has been produced which is true in its own limits and free from any but genuinely economic considerations. And it may be said, without prejudice to the threefold reality of human Society, that work upon the purely economic basis alone, if faithfully pursued, can regenerate the moral and political bases of life. The dynamic of this Socialism would be, not the mechanical reactions of passion to the miseries of economic injustice, but the sure hope of making actual the potential abundance of our age. This summary of Symons and Tait is well based upon the proof of the abundance of the new age of the world. And there is no better dynamic for an economic action than the hope of plenty.

* "The Just Price." A Financial Policy for the I.L.P. By W. T. Symons and Fred Tait. (Published by the Credit Research Library. 6d.)

SIEGE.

By D. R. Guttery.

Round about our walls so strong
Waves of furious foemen break;
(Save that beer, for goodness' sake!)
Now, my hearties, bring along
Everything you want to take;
(But bring the beer, for goodness' sake!)
Soon good ales shall drive away
Care that makes our bellies ache;
(Take those casks, for goodness' sake!)
The throngs that round our ramparts sway
No offer of a truce will make;
(Tap a barrel, for goodness' sake!)
They nothing but the lees shall find
If they should our city take;
(Pour some out, for goodness' sake!)
Though all else we leave behind
Home-brewed ale we'll ne'er forsake;
(Let's drink it all, for goodness' sake!).

—*After* OLIVIER BASSELIN, 14—

The Essence of Democracy.

II.

With the aim of simplifying the antithesis between the aristocratic and the democratic value, let us observe their application in a homely instance; in a situation such as nearly everybody has at some time witnessed. We will suppose that the trustworthy assistant in our office whose function was to issue stores, stationery, pencils, rulers, and the like, to members of the staff requiring them, has obtained a better post elsewhere. After a successor has been engaged only a few months we notice that the consumption of these small stores has greatly increased. At the end of the half-year the competence of the new storekeeper is plainly in doubt. And not the competence only; in spite of the unanimous distaste of business people for suspecting any person's honesty, the honesty of this particular storekeeper persistently drags after it a note of interrogation. Apart from the difficulty of proving dishonesty, we do not feel blameless ourselves—for lack of care. We promptly decide to have a new system. Be it noted that we do not propound a system for cultivating honesty except by limiting dishonesty; we do not encourage conscientiousness except by arranging supervision. The new system which immediately suggests itself is designed, on the principle of safety first, to put a curb on the nefarious motives which experience has taught us to expect among storekeepers. It is a system founded on stockbooks, on filed receipts for stores issued, on statistics comparing this month's consumption with that of the same period last year. The storekeeper's requisitions and receipts must be audited by another member of the staff, and the final comparative statement presented without delay to some responsible member of the firm. Thus the system develops. Everybody who operates it is assumed to be a potential thief, and so far from a potential angel that he can be better trusted, if he must be trusted at all, even as a policeman than as a man. Alongside the growth of the system the integrity of the person engaged is perceived to diminish in importance. Only his ability continues to matter, his ability to master and operate the routine of the system. Given the ability the mechanism of the system will imprison it so that it cannot be misused.

What we have effected in this imaginary but very real office is the replacement of an order of aristocratic, by one of democratic, value. As will become apparent later, precisely the same development characterises what is called, under the democratic orientation, progress. The aristocratic value of privileged responsibility was, in our supposed instance, abandoned because the agent became corrupt and abused his privilege. Aristocracies have never been deposed because of anything objectionable in the nature of aristocracies, but only because they were, or men believed them to be, or stronger, men wanted to be, corrupt. The earliest steps towards democratising the administration of law, observable in the history of three to four thousand years ago, were taken because the custodians of the law, the few with leisure and memories in a time without writing, or with only secret writing, exposed themselves to the suspicion of abuse.

What I wish here, however, is not to trace the development of codes out of religious affirmations of duties, such as the law of Manu; by continuing the homely example already outlined I wish to suggest that the aristocratic value begins to restore itself if there is a corresponding decline, judged by external signs, in corrupt practice. Let us suppose, further, after our system has developed near to "fool-proofness"—not fool-probity—the engagement of another storekeeper. For some time we examine the audited periodical returns thoroughly, have stocks certified, and all the rest, without finding any cause for alarm. Our suspicion of persons is gradually allayed. We are busy people with a multitude of other affairs, and a month arrives when we would rather not spare the time to examine the returns. We rather like the look of the new storekeeper. One by one we omit to demand the statements, and nothing untoward happens. One by one the supervisor ceases to check them, since he finds no fun in the task, and nobody inquires about it. The storekeeper ceases to make them, or, at least, those he does not choose to make for his own guidance. He has become a responsible member of the firm, enjoying such privilege as the function requires. Excepting such an audit as applies to the firm's results as a whole he is entirely trusted, and so long as his conscientiousness and competence are maintained nobody again interferes with him. The time previously spent on checking his files of receipts can be utilised for improving one's golf, or witnessing a more Olympian game from the grandstand. The character of the new storekeeper has given him the freedom of the firm, and, in addition, the firm's freedom of him. This combination of privilege and responsibility which mark his new status present the seal of the aristocratic value.

In this lowly example of the opposition between the aristocratic and democratic values we shall find as we proceed an exact replica of the same opposition on the bigger and grander scale of society. The drop does not reflect with less fidelity what is reflected in the ocean; it is simply more manageable. One principle of the aristocratic value, as clearly perceptible in our example as throughout history, is the title of the worthy man to privilege—or reserved power—sanctioned by duties; while the corresponding principle of the democratic value is equality of opportunity (regarded as the negative of privilege) sanctioned by a perfect system of external check. The aristocratic value, in brief, is concerned with the quality of the man, the democratic with efficiency, and, above all, with the efficiency of the system.

Granting that a period of democracy is necessary if the agents of an aristocratic order fall into corruption, as the inevitable penalty of the fall, I still faithfully affirm that the redemption of the man precedes the perfection of any institutions or systems. The perfect system, in which temptation cannot approach the man, were it attainable, would strike less joy of anticipation than the creation of men capable of resisting temptation though it wear no fetters. The present epoch of democratic outlook and legislation was the penalty human society had to pay for the weakness of the aristocratic character prior to the middle eighteenth century. Yet sufficient signs are manifest that democracy has now over-shot itself; and that it threatens to break up in decay without creating anything. When the democrat, looking back at the procession of aristocracies which, however noble in their noon, failed in their night, and which, with an instance almost within living memory, had to be amputated from society at immense cost; when this pessimistic democrat swears "Never again," I confess I see much to excuse him. But I do not agree that he is justified. On grounds of faith rather than logic, of religion rather than expediency, the standard of value which affirms the man is superior to that which affirms the system. Before any man or all men are able to control their environment completely I want to see a nobler type of man.

RICHARD MONTGOMERY.

"CONSERVATISM puts the CONSTITUTION before the COUNTRY.
FASCISM puts the COUNTRY before the CONSTITUTION."

—*Slogan on leaflet issued by the National Fascisti.*

Greek Philosophy.

By Eugen Heinrich Schmitt.

First we are concerned with the fundamentals of Pythagorean doctrine (which are no mere sport for the indulgence of an ingenious fancy), fundamentals with which, as we see, Christian Gnosis is connected.

If the soul is an effluence of the self-moving, i.e. all-inclusive, harmony, and if it determines through itself the number and harmony of the body, attempting to induct it also into its own rhythmic relations, and as it were to discipline it in them, the soul is at the same time hindered and confined in this its activity by the body which it has thus to direct and arrange; it finds itself in a prison. It is most significant, too, that the Pythagoreans distinguish between the reasoning and the unreasoning of the soul. The animals possess only the unreasoning, lower soul; to man pertains the reasoning as well as the unreasoning side of the soul.

It was Socrates who first attacked the problem of self-knowledge, and set up the individual human spirit as judge of its own conceptions, as judge of the truth; in accord with which divine office of the spirit, every individual in whom had dawned the divine light of reason had alone in his own inner being to decide by virtue of that supreme majesty. What is the true, the good, the just, the noble, the exalted, and what the false, the bad, the unjust, the mean, and the low. He reasons then, that henceforth no one should blindly bow down before any external authority, and that there can be no blasphemy against God, no offence whatsoever except against that supreme majesty, which is enthroned above all sacred traditions of the past, and all authorities of state and church; there can be only blasphemy against that sacred light of reason, which to recognise and which to obey is the sole duty of every human being. For if any other, any external law, is to be recognised, it could, according to Socrates, be recognised only in so far as it should justify itself before that supreme judgment-seat which is in every human spirit. Shocked at this monstrous revolution which called in question all the external foundations of a thousand-year-old culture, and made them depend on the sovereignty of the individual invested with the dignity of divine judicial power, the Athenians tendered Socrates the poison cup.

At first, however, the consciousness could not grasp its whole super-royal dignity which was involved in this bold, this unheard-of development. As a boy, just established in the kingly dignity, can only later and gradually consider his own personality, but at first busies himself in the contemplation of that which surrounds him, of the splendid buildings and their halls, of the gardens, of all the treasures that shall belong to him, so the costly pearls of the spiritual treasury of ideas were to ancient philosophy objects of interest and investigation only as an external reality. Thus, to the great disciple of Socrates, Plato, the eternal number-laws of Pythagoras, and the world of conceptions of the universal, seemed alone the original truth of things, and of the existent.

It is again the world of the Eleatics, the unchangeable, eternal, but now organised into a wealth of forms as a unified systematic view of reason. The ideas, the universal primeval realities, are, then, as it were radiations of the one indivisible reason, of the Nous, of the divine knowledge, which as this inseparable unity, becomes a structure, becomes the Logos, becomes the reason, revealing and unfolding itself. At the boundary of this Kingdom of the truth of reason, at the entry to the divine knowledge, in their entrance-hall, we find the mathematical quantities. These signify *finite* quantities, but the *law* represented by them, is simply the infinite law of reason, enthroned above all limits of space and time, whose validity is eternal and universal.

The organisation of the ideas is the unfolding of the indivisible. One in its inner wealth, in its multiplicity; but every idea is only an organic member, a ray of this spirit-light of the living reason, and therefore necessarily participates in the unity, and through this in all other modifications and ideas. The ideas have no meaning without this unity, and no meaning without one another. As mutually contradictory they resolve themselves into nothing if one attempts to separate them from this organic relation to the organised totality. They are really only different sides of the same thing, and are therefore in motion relatively to each other, which motion is only the expression of the indivisible nature proper to the common fundamental essence, its *dialectic*. Out of this indivisible abundance certain sides, certain features, shine forth conspicuous; but on a closer view it appears that the other sides are most intimately interwoven with those on which the mental glance had rested, and it is really only an abundance, a wealth of the same One which shows forth in different sides and modifications.

Things stand in this relation to ideas, that they represent the incomplete, the separated, and so the finite, determined and effectively changed by something else, i.e., perishable, fugitive. True being is only the universal connection, and the eternal creative abundance, which thought sees with one glance as indivisible unity in the universal view, in the mental perception. This alone is the whole, the completed, the eternal law, the unchangeable. Here, as with the Pythagoreans, this unity appears as living, as self-moving, as divine spirit which is not determined and moved by any thing outside itself, like the finite factors of the sense world, the material world The human spirit which exalts itself to such consciousness is necessarily related to this divine, which hovers over the changeable existence of nature as the unchangeable, the simple. The finite and sensuous, the externally moved, which from its nature is not merely incapable of including in itself the divine and spiritual and actively all-unifying (and, in so far, the good), is actually opposed to the peculiar mode of action of the divine. From the vital unity and harmony of the original universe this, its opposite, cannot be explained. It only becomes conceivable in so far as the incomplete, fleeting-shadow-like outlines of the world, of the conception of the Universe are stamped on it. In itself, as the mere possibility of such a manifestation, this opposite appears as matter, as in itself nothing, as mere, negative, as the principle of disorder, of limitation and hindrance of the original universal life. This eternal opposition of the divine and the mental is therefore at once the eternal cause of evil and of all wickedness in the world. In man, too, this side is represented in the lower forms of the soul, in the animal or "temperamental," "irritable" soul, and in the covetous soul, both of which are of sensual and not of spiritual nature. This form of animation man has in common with the animals; the last form, the vegetative, in common with the plants. But while the reasoning soul proceeds from the life of the Godhead, and indeed flows perpetually from it, and in this sense, as is set forth in the Phaedrus, is uncreated, eternal in its nature like the divine life itself, the unreasoning on the other hand, the animal soul, is the product of subordinate universal potencies, or, in figurative language, of "lower Gods," since it is not worthy of the highest God to create something mortal and radically incomplete. It is therefore impossible that its manifestation, or that anything low, evil and wicked can flow from the pure perfection of the divine being.

(To be continued.)

Gertrude Stein.

By C. M. Grieve.

I.

"He said enough.
"Enough said.
"He said enough.
"Not only wool and woollen silk and silken not only silk and silken wool and woollen not only wool and woollen silk and silken not only silk and silken wool and woollen not only wool and woollen not only silk and silken not only silk and silken not only wool and woollen."

GERTRUDE STEIN.

What about Gertrude Stein? What is she trying to do? The question is being asked up and down Great Britain to-day by all sorts of people—mainly those who have not read anything she has written, except short quotations taken from a prose-study in the first issue of the *New Criterion*. All sorts of papers have held this up to ridicule. The Scottish Press, in particular, is full of it, and a leading article in the *Glasgow Herald* refers to the matter as follows:—

"Neo-impressionism in art consists in an arbitrary departure from the facts of nature as perceived by the visual sense. Neo-impressionism in literature consists in a departure from accepted forms of poetry, and in the substitution of arbitrary association of ideas for a logical or emotional coherence conditioned by a total effect. The most extreme manifestation is that which has sprung from the example of Mallarmé, who claimed that ordinary sense hindered the emotional evocations of language. Mallarmé's poems at least contained beautiful words and alluring rhythms. But what is one to say of this sort of thing, taken at random from a so-called 'story' by Gertrude Stein? *'She was one being one of a kind of them that when they are that kind of them are ones completely needing to be doing something, some one thing. . . . She was of a kind of them, and that kind of them when they are that kind of them are ones needing to be willing to be doing, really doing one thing, and she was of that kind of them'*—and so on for pages. Something like this may be overheard in lunatic asylums, but no one except mental pathologists has ever troubled to take it down."

The weakness of this line of criticism lies just in the fact that nothing of "this sort" *is* ever overheard in lunatic asylums. People who know nothing about insanity are unsafe guides even to sanity. And whatever else can be said at first glance of the above extract it is, at least, all too obviously sane, intolerably sane, at the furthest possible remove from that genius which is to madness near allied. But the interest that has been aroused in Scotland is not all of this stale and unprofitable sort. A friend of my own sends me a p.c. with this *cri-de-cœur*:—"What I'm writing for is this. Please simply please simply write a p.c. simply p.c. please simply and explain what Gertrude Stein is after in the *New Criterion*, p. 71. I bought it to read H. P. Collins on Saurat's Milton, and that's what I got in the eye. *Must be something in it.* Have you the explanation?" An appeal of this kind cannot be denied. I believe there is a great deal in Miss Stein's work—far too much to explain on a postcard. Hence these articles. Her "The Making of Americans" (1906-1908) has just been published by The Contact Editions, 29 Quai D'Anjou, Paris; and consists of 900 pages and upwards of 650,000 words. Ireland is rather more intelligent than Scotland. Reviewing this magnum opus in a recent issue of the *Irish Statesman*, the critic does admit.

"We have no impatient feeling in us against her. It is a way she has, we know it, it is right for her to have it, the kind of feeling she has about writing. It is a way she has, we are not impatient with her, she is right to have that kind of feeling in her. It was not that she knew we would like it, and we had, for a little while, a hard time beginning, but she was not urging us not to give up now we had made a beginning. . . . Certainly, this writing is soothing, and no dictionary is needing, and the vocabulary is limiting, certainly some were admiring this limiting vocabulary and this illimiting combining. . . . If we were quite a young one it might be in us to be reading her through; but we are at the beginning of our middle being."

This is frank and fair, Gertrude Stein's message is certainly almost exclusively for *les jeunes*; and the reviewer hits upon an important point, a clue to the whole process, when he says that she confines herself wholly to the general vocabulary of word and thought. There is no madness in her method; that is why most people find it so hopelessly puzzling—it flatters them, not only in none of the usual ways, but in no way. It stands—alone—at the opposite extreme from all literature that depends upon induced hyperæsthesia; or, rather, it is *normal* in the Shavian sense; the centre, from which all other literary methods radiate towards the void. "The making of Americans," and Gertrude Stein's work in general, represent a wholesome dissatisfaction with all the innumerable divergencies of literature which *go nowhere* so far as the mass of mankind is concerned, a determination to reject all such auto-deceptions of the mind and concentrate, or, rather, reconcentrate, on the essence of our psychical plight, and what T. E. Hulme said of the necessary preliminary preparation for an understanding of the religious attitude can be applied to Miss Stein's work, regarded as spadework, pioneering, towards a dynamic literature—a literature that will do what literature has never done in the past, act directly on general consciousness, circumvent all those elements which have hitherto protected the inertia, the refusal to think, to experience, of the masses and restricted literature to direct effect upon a negligible fringe.

"If we continue to look with satisfaction along these roads," says Hulme, "we shall always be unable to understand the religious attitude. The necessary preliminary *preparation* for such an understanding is a realisation that satisfaction is to be found along none of these roads. The effect of this necessary *preparation* is to force the mind back on the centre, by the closing of all the roads on the plane. No 'meaning' can be given to the existing world, such as philosophers are accustomed to give in their last chapters. To each conclusion one asks, 'In what way is that *satisfying*?' The mind is forced back along every line in the plane, back on the centre. What is the result? To continue the rather comic metaphor, we may say the result is that which follows the snake eating its own tail, an *infinite* straight line *perpendicular* to the plane. In other words, you get the religious attitude. . . . It is the closing of all the roads, this realisation of the *tragic* significance of life, which makes it legitimate to call all other attitudes shallow. Such a realisation has formed the basis of all the great religions. . . . This symbol of the futility of existence is absolutely lost to the modern world, nor can it be recovered without great difficulty."

Miss Stein has set herself a similar task, and her realisation of the tragic futility of cerebration, the extent to which, in D. H. Lawrence's phrase, we are all "pot-bound," going round in a vicious circle, gives her work a unique significance, against which the work of almost all her contemporaries is intolerably shallow. It may well form the basis of a greater literature than mankind has yet developed.

As Janko Lavrin says of some of the outstanding Russian authors—that "in their best works they are usually more concerned about great life than about great art—a tendency which makes them strive after a plane where art grows not apart from man, but together with him"; so, it may be, that Miss Stein, like Gogol, will prove a victim of her "own impossible craving—the craving to reach that point where great art and great life meet and merge into one"—if it be impossible, and, if so, for very different reasons, for Miss Stein's work is the antithesis of personal, it is on the contrary *proletart* to an extraordinary degree, an amazing reproduction of the cerebral *Oblomovshekina* in which civilisation is bogged, confronting the fundamental issues of human mentality stripped of all their conventional disguises.

(To be continued.)

Art.

The Goupil Gallery.

It is being realised only slowly that to do justice to modern art it must be studied as seriously and critically as ancient art, and that the former should be seen in truer relation to its growth from the latter The time has not yet come when it will be the rule rather than the exception for past and present pictures to hang side by side on the same wall; but were this so, there is little doubt that both the theory and practice of art would gain new health.

The proprietors of the Goupil Gallery, Regent-street, generously encourage modern work; but they have been too lenient in selecting exhibits for their present show of Oil Paintings and Drawings, by Stephen Bone, Rodney Burn, and Robin Guthrie. Moderate examples of older work would do havoc here, but without them it is easy to pick out paintings and drawings which help to justify the frank words of such authorities as Mr. Sickert and Mr. Tatlock, in the *Daily Telegraph* of February 3 last, about the present condition of art education and display.

There is promise in the Small Gallery, mainly hung with drawings. No. 26, "The Flute Player," by Mr. Bone, and No. 27, "Profile," by Mr. Guthrie, show that sensitive apprehension which communicates itself naturally to the hand, while in No. 18, "Reclining figure," and No. 21, "Nude figure standing," Mr. Burn feels his way to the sculptural drawing No. 33, "Girl kneeling," a success which may be praised without reserve.

The Large Gallery, as a whole, is disappointing. Mr. Bone fares best; he seems to inherit some of the painstaking method of his father's etchings and drawings, and to possess a spirit of quiet wonder, amid the open spaces of the earth, akin to that expressed in his mother's prose. His achievement is modest; but in clear statement (No. 86, "Sligneach," is the best example) of colour and tone it is convincing

Remembering Mr. Stephen Bone's woodcuts and etchings (no example of either is here), it is to be hoped that he will be able to fuse the qualities of both with those of his paintings, and thus move to more sustained composition

The assurance seen in Mr. Burn's drawings is absent from his paintings. His "Pigeons" (No. 51) may be taken with Mr. Guthrie's "The Escaped Bird" (No. 91). Both are emotionally vague and both are unconvincing, because the statement is vague also. A truer understanding of the interrelation of conception and expression is apparent in No. 92, "William Bond," by Mr. Guthrie, the best figure painting in the room. His lively sketch, No. 52, degenerates into an exercise in the Slade School manner when carried out in oil paint in No. 102, "Incident in the Riots of 1884." This picture is matched by Mr. Burn's "Summer" (No. 99), a composition of John-like figures in a Steer setting.

Mr. Burn and Mr. Guthrie do possess ability in drawing, and it is therefore worth while trying to understand why they fail as painters. I suggest that they are too susceptible to the atmosphere of the art-school, the studio, and the exhibition gallery. They might be set free by an entire change of surroundings; for instance, by working for a time in, say, Switzerland, or Finland, in either of which countries a view of art less sophisticated than at home would probably prevail.

The Memorial Exhibition of work by the late Robert Bevan (1865-1925), in the Upper Galleries, makes amends for any disappointment below. Bevan was not a great artist; he was, however, a straight-forward painter, who won a place among modern British artists, playing a worthy part in helping to bring order out of the chaotic ideals of the studios.

ERNEST COLLINGS.

Music.

Stravinsky. Casals.

The *clou* of the young débutant Stefan Askenase's recital was the London *première* of the Stravinsky Sonata. If badness were any criterion, one could prophesy boldly its *dernière*, too. A work so tedious, so dull, so utterly without essential logic, coherence, or significance, and, finally, so pretentiously ridiculous, it is not often, even in these days of atrociously bad music-making, one's fate to hear. One listened vainly for the indication of any conscious or unconscious certainty of aim or direction, and the only thing one can compare the thing to is a feeble attempt to imitate Clementi, while making use of the "current cant" (as THE NEW AGE used to say) of contemporary music. But a pastiche of Clementi might conceivably be well and cleverly done; one can imagine Busoni, for instance, producing a fascinating, witty, and dazzling piece of work of the sort. Under no circumstances can one imagine Stravinsky doing it; he has neither the intellectual power nor the breadth of musical culture. The miraculously happy harmonic twists that Busoni knows so well how to give to passages of comparatively ordinary harmony are the result both of immense knowledge and skill, and impeccable, never-erring instinct. Stravinsky's, on the other hand, approximate to the fumblings of a child pianist somewhere in the vicinity of the right notes; just lack of competence. Of taste or style he has absoluely none. His harmonic sense is cramped and limited to a degree almost incredible, and the rhythmic variety and vitality of which we hear so much spoken and actually hear so little, is as conspicuously lacking as it always is.

The playing by Casals of the very beautiful 'cello concerto of Schumann—neglected and abused by the majority of 'cellists because they are incapable of playing it—can only be compared for beauty of line, exquisite subtlety, and fineness of style to the marvellously fine gold Damascene work of the Japanese craftsmen, contemplation of which is an endless source of amazement and entranced delight. Almost unique is Casals among 'cellists for the way in which every vestige of that fat, greasy, suety tone so sedulously and offensively cultivated by others—the inherent and vicious tendency of the instrument theretowards intensified and exaggerated under the influence of the tasteless and vulgar illusion of tone deaf barbarians that it is "fine big tone"—is purged from the sounds he alone knows how to draw from his instrument. At a later concert of the L.S.O. London had its first revelation of Casals powers as a conductor, in which capacity he has long been known by repute to some of us as a master of the first order. When one says Casals the conductor can only be compared in artistic stature with Casals the 'cellist one has almost said all that can be said. Never since Nikisch has the London Symphony Orchestra been made to sound so like one of the great orchestras of the world and less like the London Symphony Orchestra. One could hardly believe that this gorgeously rich, full, yet glowingly clear and luminous sonority was being produced by the same body of men who, upon occasion, for instance, under M. Figalth Pilesey, make some of the most unpleasant noises an orchestra can make. The stately tragic Overture of Brahms was played in the finest "classical" spirit with not the least hint of the dryness or want of emotional significance that this epithet is usually made to imply. On the contrary, under Casals, one had the sense of enormous emotion under the control of a will of steel. Of the prodigious "Don Quixote" of Strauss, one of his very greatest works, one can only say that the performance, too, was prodigious—every detail of the score, every phrase and motive glowed with an inward light, but all was in its right place in relation to a superbly conceived whole. One London concert-goer is a most extraordinary creature. One would have imagined that curiosity alone would have packed Queen's Hall, but the audience was only average in size, and more than average, if that be possible, in bad manners. An audience of Battersea municipal school children whom I had the interesting experience of watching recently were vastly better behaved. One would have thought that elementary courtesy—to say nothing of fitting respect for a great master to whom it is their privilege to listen—would restrain members of an audience from making barking noises with their noses and throats or at least would induce them to stifle them with handkerchiefs, especially during pianissimo passages. Far from it; they bark as vigorously then as at other times—and with devastating effect.

KAIKHOSRU SORABJI.

"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.

Penguin Finance.

By "Old and Crusted."

La démocratie pingouine ne se gouvernait point par elle-même; elle obéissait à une oligarchie financière qui faisait l'opinion par les journaux, et tenait dans sa main les députés, les ministres et le président. Elle ordonnait souverainement les finances de la république et dirigeait la politique extérieure du pays.

—L'Ile des Pingouins.

. . . . . .

"Papa! what's money?"

. . . .

"What is money, Paul?" he answered. "Money?"

"Yes," said the child . . . "what is money?"

Mr. Dombey was in a difficulty. He would have liked to give him some explanation involving the terms circulating-medium, currency, depreciation of currency, bullion, rates of exchange, value of precious metals in the market, and so forth; but looking down at the little chair, and seeing what a long way down it was, he answered: "Gold, and silver, and copper. Guineas, shillings, half-pence. You know what they are?"

"Oh, yes, I know what they are," said Paul. "I don't mean that, papa. I mean what's money after all?"

—Dombey and Son.

One of the most popular catch phrases of the vulgar is "Money talks." Nothing of the sort. Money is far too cunning to do its own blabbing; it has countless hired tongues to whisper its behests into willing ears, and, when necessary, knows how to use the great, the good, and the orthodox as megaphones to blare its decrees to bemused humanity. For example. When our Mr. Baldwin, dear, well-meaning man, went to America to arrange about the repayment of that over-due account there was very little talking that the public could hear. After a heart to heart chat in a quiet bank parlour whence our emissary emerged, mopping his brow and eagerly scanning the horizon for a "boot-legger," such talking as there was took the form of eulogistic claptrap in the financial columns of the New York and London Press. "Money," as usual, like brer rabbit, "lay low an' say nuffin'." Another comedy of the same kind is being played in France at this moment, where "the débâcle of the franc" is causing good men to scratch their heads and wonder what is at the back of it all. That versatile publicist, the Very Rev. W. R. Inge, who is one of the unconscious megaphones of high finance, has recently given us some pertinent criticisms on the idiosyncrasies of the very practical race he describes as "our attractive but difficult neighbours." Discussing Mr. Sisley Huddleston's book on "France and the French," he says, "the Frenchman works hard in order that he may stop working," which strikes me as being about as good an excuse as can be proffered for doing a bit of overtime, and stamps Pierre as a very sensible fellow. But, alas, such is the sad mutability of affairs human that this same Pierre, when he has achieved his ambition and become a rentier, is said to undergo a morbific transformation. He enters a privileged class and develops into "a parasite who threatens to suck the lifeblood of the nation." Nasty little beast!—but, whatever is a poor victim of thrift to do with his savings if he may not live on the interest thereof and grow cabbages in his old age?

Then there are the Socialists of whom Professor Charles Sarolea—also quoted by the Dean—says:—

> "the simple truth is that they do not want to save the franc; they want it to collapse. For the collapse of the franc gives them their chance; it means the immediate destruction of the bourgeois class. It means that they will achieve at one stroke what it has been for generations their one aim to achieve."

Pleasant outlook for certain old Parisian friends of mine, whose breast pockets bulged with bonds and coupons, and with whom I used to hold high revel at the hour of absinthe in those dear dead days beyond recall, when we dined sumptuously for 3·50, "vin compris," and "pain à discrétion."

Now those who do not take everything for gospel that is served up by reverend publicists and city editors will be inclined to jeer at their dreary vapid lucubrations. Take, for example, the flapdoodle ladled out by Mr. Arthur W. Kiddy in the *Spectator*, who, in discussing "New Year Prospects," says:

> "Briefly, it is expected that the beginning of the year will be characterised by conditions very similar to those which have marked the closing months of 1925. That is to say, activity is looked for in the world of finance and the Stock Exchange rather than in commerce."

In other words, Tuesday will follow Monday as usual. Barring cataclysms, there will be a new moon next month and the dealers in credit will continue to play the same old game of heads I win tails you lose with unabated vim and vicinity. But, reverting to that debilitated franc. Is it possible that "activity in the world of finance" has something to do with the "débâcle"? Is, perchance, Uncle Sam angry with Pierre because he will not be a good boy like little Johnny Bull.

During the war we heard a great deal about the machinations of a certain "hidden hand"; it was the popular theme of countless stupid novels and sometimes used by the syndicated press to make our blood curdle and boost their circulation. None of the "penny dreadfuls" (some were 2d.) ever stumbled on the real culprit—if it did it kept its mouth shut—but it is highly probable that the prime cause of all our woes is the same sinister "activity" which used to be dubbed the "hidden hand." The *Church Times* says it is the Devil:

> "He is generally on the safe side of the big trusts. He has far too much control over the crafts and trades we follow, the victuals we eat (it might have included the beer we drink), the newspapers we read,"

but even the outspoken *Church Times* refrains from saying that the worst of all trusts is the money trust! Still, there is food for thought in that dig at "the newspapers we read"—some of us—and have we not been treated to an intimate essay on the subject by Lord Beaverbrook entitled "Politicians and the Press" (price 1s., value 4d.) and also two columns of comment thereon by Mr. J. St. Loe Strachey, who uses as text for his sermon on "The Functions of the Newspaper" the familiar words from Numbers xvi. 7 "Ye take too much upon you, ye sons of Levi"? Perhaps they do, but are they quite free agents in the matter? Is it entirely their fault if they do not always supply

(1) Honest news as to the world's affairs.
(2) Honest and uncorrupt comment upon the news?

I trow not. Yea, even in the days of the pontificate of St. Loe the Great, did "his immaculacy" provide his readers with "honest news as to the affairs" of the New Economics and furnish "honest comment" thereon, or did he fall into the sin which he imputes to Lord Beaverbrook and the newspapers who

> "have failed, and are failing, in their prime duty of publicity and should remember that they must enlighten, but not attempt directly to lead"?

. . . . . .

After all, the financial world is very like the Church of Rome at its worst epoch. The hierarchy is there in ordered ranks, from presbyter to Pope; its flashy, over-decorated basilicas dominate every market-place, its metropolitan temples, insolent structures of marble and precious wood, overshadow all secular buildings. Its organisation, perfect to the last detail; its potential utility boundless; but all its power for good is sterilised by a narrow orthodoxy, the final arbiter of whose tenets is an unholy Inquisition, selfish and pitiless, working in secret and shrouded from the whole-some light of day. That is the "hidden hand" which sways the destinies of mankind.

Doubtless, the *Church Times* is quite right; it is

> "Old Nick with his mantle of banknotes, entrenched behind the concrete redoubts of selfishness, luxury, and vulgarity,"

who pays the piper and calls the tune.

. . . . . .

But the Dean and his brother publicists are wrong about France. They should consult Anatole; he would remind them that

> "Dans tout Etat policé, la richesse est chose sacrée; dans les démocraties elle est la seule chose sacrée."

FORTHCOMING MEETINGS.

THEOSOPHICAL SOCIETY LECTURES.

Mr. C. F. J. Galloway will be lecturing on Social Credit as under. His titles are "Towards a New Social Order," and (at Folkestone) "Theosophy and Economics."

Thursday, February 25.—Maidstone, The Old Palace, 7 p.m.

Friday, February 26.—Chatham, Masonic Hall Library, Marrion-road, 7.30 p.m.

Sunday, March 14.—Folkestone, "Adyar," 58, Shorncliffe-road, 3 p.m.

All communications should be addressed, Manager, THE NEW AGE, 70, *High Holborn, W.C.*1.

LETTER TO THE EDITOR.

"EDUCATIONAL 'REFORM.'"

Sir,—I read with much interest in THE NEW AGE of February 4 an article by L. M. on "Educational 'Reform,'" but, as I have been struggling in the backwash of modern methods of instruction (I dare not say education), to wit, a flood of papers to correct and mark, I did not come across the article till this last week-end.

The opinions the writer expresses have long been the opinions of many teachers. I am ready to admit that the efforts at "reform" are about as useful to the cause of education as, in the domain of economics, are most reforms which do not strike at the main premises of orthodox economists and financiers. But I would remind L. M. that the teacher (whatever his professional ideals) is, after all, a mere cog in the mechanism of the modern juggernaut. Why, if education were reformed in the thorough-going manner at which the writer *hints*, I should say three-quarters of us would be unemployed! Blissful state! Yes, but not till Douglas comes into his own! Till then: que voulezvous? All some of us can do is to prepare the way for the economic reforms, which will enable us to work towards real educational reform.

L. C. J. B.

Credit Research Library.

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

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

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

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

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

The Social Credit Movement.

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

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

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

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

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

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

The undermentioned are willing to correspond with persons interested:—

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

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

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