THE
NEW AGE
INCORPORATING "CREDIT POWER"
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NOTES OF THE WEEK.

The failure of the action brought by Miss Louise Owen against Lord Rothermere, Sir George Sutton and others was to be expected. Mr. Justice Astbury would have required much more direct evidence than, in the nature of the case, the plaintiff could have called before he could pronounce on the disputed question of the value of the 400,000 Deferred Shares in the Associated Newspapers, Ltd. Lord Rothermere bought them at £4 a share. Whether that price was adequate depends upon how much any other purchaser was willing and able to pay for them at the time of their sale. Mr. Justice Astbury found it impossible to believe that any other purchaser would have outbid Lord Rothermere. According to *The Times* report he said:—

"There were a great many influences at work, and it was impossible for anyone to speculate with any degree of certainty what would have happened if the shares had been sold to anyone else *with Lord Rothermere in opposition*. There is no doubt that he is an extraordinarily able newspaper business man." (Our italics.)

This amounts to the suggestion that Sir George Sutton had to consider, not the true value of the shares at the time, but what their selling price might fall to if Lord Rothermere failed in his attempt to secure them. In those circumstances Miss Owen's allegations against Sir George as having committed a breach of duty obviously fail. And the admirers of Lord Rothermere might plausibly claim that it was very handsome of Lord Rothermere to offer so much as he did if he had this power to scare off other bidders. The effusive handshakes at the end of the case seem to suggest that this idea was in their minds—additionally, of course, to their pleasant reflection that it is a brief wind that blows nobody a refresher.

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Yet the public's sympathy should go to Miss Owen. She has compelled the publication of a good deal of useful information on newspaper finance, and one cannot help a feeling of disappointment that the case was brought to such a dramatically quick conclusion. Mr. Justice Astbury was responsible for this. Addressing Miss Owen's counsel, he said:—

"I have heard Miss Owen's evidence. She has stated that she is not bringing this action for *anything she expects to get out of it*. Have you considered with her whether she wants to go on with it? Would it not be wise for you to consider with her whether it is *worth her while* going on?" (Our italics.)

With this advice, we have already implied, we agree. But—the reason for it! If you win you will not *make any money out of it*, so why go on? A dazzling sidelight on the standards of modern civilisation. The time of the Courts is too valuable to be absorbed by disinterested litigants.

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We must record one or two illuminating passages from the evidence and speeches. Mr. Jowitt, in opening Miss Owen's case, said:—

"In the newspaper world the value of control is, perhaps recognised more than in any other business, for it gives the person in control the power to say how the business should be run, to *regulate editorial matter and political opinions*, and to *exercise a vast influence on the country as a whole*." (*Daily Telegraph*, November 30. Our italics.)

Subsequently Mr. Marlowe, the late editor of the *Daily Mail* under Lord Northcliffe, testified that his lordship "*Did not regard the 'Daily Mail' as a commercial proposition.*" No wonder poor Mr. Justice Astbury wanted to be finished with the case; for how could any living man be expected to assess the monetary value of 400,000 shares in the regulation of political opinions? We can only say for ourselves that the "value of control" must be of an astronomic order when we remember that the Government precipitated the General Strike because some printing trade-union members on the *Daily Mail* wanted to "regulate editorial matter and political opinions." The "Freedom of the Press" had to be defended at the risk even of civil war. Of course, of course.

Take another passage from Mr. Jowitt's opening speech.

". . . the *Daily Mirror* Newspapers, Ltd., and the *Sunday Pictorial* Newspapers, Ltd., control the *Daily Mail* Trust, Ltd. The *Daily Mail* Trust control . . . the Associated Newspapers, Ltd.; and that company controls the Anglo-Newfoundland Development Co."

As to the primary control, namely that of the *Daily Mirror*, he stated that that would involve the holding of 350,001 Ordinary shares in the Company. Lord Rothermere owned 336,354 shares, which was 13,000 short of absolute control;

"but as large numbers of those shares are held by his family, and as his power would virtually amount to control, perhaps I might say that at the present time all these companies are controlled by Lord Rothermere—that these companies revolve like planets round a central sun, who is Lord Rothermere."

When a K.C. gets on the job he leaves the ordinary agitator puffing far in the rear. If only disinterested bodies could command the services of these men on matters of true public importance, things would begin to move.

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Later, when Mr. Jowitt was speaking of the enormously increased prosperity of the Anglo-Newfoundland Development Company, the Judge asked how it was that it had paid no dividends during the years under review. Mr. Jowitt answered that "Lord Northcliffe's plan was, when he had got a good thing, to leave all the profits in it until it had grown to a very strong position." (*Star* report, December 1.) In fact, one of Mr. Jowitt's points had reference to the fact that one set of accounts submitted to the Court by Sir George Sutton when he was applying for sanction to sell the shares in dispute showed a profit of £100,000, whereas there had actually been a profit of £506,000. Evidence of this sort underlines what we were saying lately in regard to secret reserves generally. Here is seen a case of a control of a control of a control; and at each stage it is reasonable to assume that the market value of the control is under-indicated in such a way as to deceive outsiders, who, in their estimation of share values, have nothing much to go on but declared dividends. Unless news magnates fall out honest inquirers never know anything.

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This case is useful as yet one more reminder to the public—if they are alert enough to see it—of the futility of the franchise. In the face of news-print intrigue, financed all the time by credit monopolists, it is becoming more and more clear that if there is any vitality in the democratic principle it will show itself in a deliberate general boycott of the polls. Under existing conditions it is not merely of no use, but it is an anti-democratic gesture for the electorate to vote representatives to Parliament. The newspaper trusts are schools for voters, and these voters are compelled to learn what the trusts teach them. When they have gone through the curriculum for five years or so, they are all awarded a certificate which entitles them to examine and mark the papers of Parliamentary candidates. The result is that Parliament is always manned by an overwhelming majority of men whose fundamental outlook on major issues is a *trust* outlook. Now, the election of trust representatives ought logically to be conducted directly by the trusts. To arrive at a correct estimate of the real value of the House of Commons in so far as it is spokesman for the nation one must imagine it to be representative of, let us suggest, a few hundred voting papers at the most. It is a true generalisation to say that the measure of agreement in the House on any piece of legislation is a measure of popular irritation at its effects in the country at large. In some cases, like the Betting Tax, the irritation is directed to the legislation itself. In others, like the Dawes Pact, it has no direction, through lack of knowledge; but it is there, and in unmeasured volume. In all cases the electorate have to say, in varying degrees of disgust,, "I voted such and such, but *not for it to happen that way*."

* * *

We would like to see, at the next General Election, a strong organisation in every constituency thumping at the hollowness of the electoral system and endeavouring to convert the people from politics. There is a mass of feeling only waiting to be made articulate in this direction. We will warrant that in any company where one may wander at this moment he can count on fairly general assent to the proposition that all politicians are humbugs. The mere fact that voting has been made compulsory in Australia, and that similar legislation has been talked about in this country is presumptive evidence that certain interests, to paraphrase Mr. Justice Astbury, "expect to get something out of it," and consider it "worth their while going on" with this new instalment of coercion. If voting power can change hands as between one newspaper magnate and another in the form of Deferred Shares at £4 apiece, the people who take the trouble to go to the poll ought to be paid for doing so. If it is worth something to somebody to buy the power to tell you whom to vote for, it ought to be worth something to you to go and vote for him. In the good old days of the Eatansville Election, that equitable principle was recognised, though inequitably applied:—

"A small body of electors remained unpolled on the very last day. They were calculating and reflecting persons, who had not yet been convinced by the arguments of either party, although they had had frequent conferences with each. One hour before the close of the poll Mr. Perker solicited the honour of a private interview with these intelligent, these noble, these patriotic men. It was granted. His arguments were brief, but satisfactory. They went in a body to the poll; and when they returned, the Honourable Samuel Slumkey, of Slumkey Hall, was returned also."

Dickens had small admiration for those bargaining individuals—they were stealing a march on the others. But at any rate Slumkey wanted something, and paid for it like a man. Slumkey was going to get something out of it, so he considered it worth his while to go on with it. In these days the principle must be applied differently. The method can be indicated in the form of a question to candidates:—

Questioner: Will the candidate support a measure instituting a Statutory Polling Fee of £1 payable to every voter at an Election?

If the candidate asks why, the answer is that to choose between three perfect candidates imposes such a strain on the judgment that not to remunerate it affronts the public conscience; secondly, that going on past experience the aforesaid £1 appears likely to exhaust all the recompense the voter will ever get for his trouble. If the candidate asks where the money is to come from, the answer will relate to the fact that banks create credit (a fact for which there should be a good deal of authoritative support available for quotation by the time the next General Election takes place).

* * *

Mr. Hartley Withers is allowed two columns in the *Investors' Chronicle and Money Market Review* to challenge Dr. Leaf's denial that banks create credit. This controversy is spilling over into all sorts of parched places nowadays—a significant sign in itself. Mr. Withers claims, and rightly, to say something on this matter, for as long ago as 1909 he published a book called *The Meaning of Money*, the chief theme of which was "that deposit banks can and do create credit, and that every loan by a bank makes a deposit." He gives a lucid illustration of the truth of this proposition and concludes his article thus:—

"It is thus evident that the deposit banks can and do create deposits for themselves, or for one another, by making loans, and it could also be shown that they do the same thing when they make investments. Their power to expand deposits in these ways is only limited in the British Isles by their own prudence with regard to the proportion between their cash assets and their deposit liabilities. In the United States the proportion that the deposit banks are obliged to maintain is regulated by law. But as long as they are within the legal limit, their power to create credit is, of course, as effective as that of the British banks."

This adds to the force of what we said last week on the subject. The existence of a legal limit in America to the ratio of credit to cash has no special significance. The law was framed by bankers and super-statesmen, who, of course, can command its alteration when their own prudence suggests it. Colonel House described the discussions attending the origin of the Federal Reserve Act in his recent memoirs. The probable reason for any legislation at all was the fact that American banks, as independent organisations, are much more numerous than ours, besides being widely separated, and it was easier to secure uniformity of policy by law than by private conversations

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The following comment on the Finance Enquiry Petition appeared in the *Scotsman* of November 3:—

"FINANCIAL INQUIRY DEMAND."

"I gather that neither the Government nor the Treasury will respond to the Petition signed by Sir Oliver Lodge, Mr. J. St. Loe Strachey, a number of leading churchmen, and others, for an inquiry into the financial principles and policy of this country. . . . .When the evidence tendered to the Colwyn Committee on the National Debt is available it will be seen that . . . it did in fact survey a wide field. . . In that case ample material is already at the disposal of the Government and the House of Commons, and it is further reinforced by innumerable official publications of recent years, most of which appear to have been overlooked by the signatories to the present request."

Whether the writer has gathered this hint of the tactics to be employed from authoritative quarters we do not know; but it sounds true. We can only hope that the sponsors of the Petition will be allowed the opportunity of emphasising the irrelevancy of all those Reports and Blue Books to the demand contained in the Petition If those published judgments of bankers on industrial and social problems are offered as a substitute for industry's and society's proposed examination of bankers, it is necessary for someone to point out the impudence of such a view.

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Some readers may be glad to be reminded of the titles of those books of fiction which have been specially noticed in this journal as bearing upon the Social Credit outlook in one way or another.

AND A NEW EARTH. By C. E. Jacomb.
LET LOOSE. By H. E. L. Mellersh
KRAKATIT. By Karel Capek.
THE NAMELESS ORDER. By "Dargon."

The first deals with the case of the multi-millionaire who bought an island and began to plant a new civilisation on it. The second recounts the case of the inventor who discovered means of applying sub-atomic energy to transport, etc. The third assumes the discovery of a super-explosive, and deals with international intrigues for possession of the secret. The fourth, in the form of a detective story, describes the structure of the "Hidden Government." The "nameless order" is a group of conspirators who use reformist societies indiscriminately in furtherance of their plans. The book is anti-Semitic in atmosphere, and contains evidence of the author's familiarity with the *Protocols* and Mrs. Webster's *Secret Societies*. All these books are priced at 7s. 6d. They can be obtained through any bookseller; or, if preferred, through the Credit Research Library, postage 4d. We do not know whether all of them are on sale now, so it would be advisable for at least one alternative title to be added to orders.

The High-Wages Policy in Industry and Its Defects.

By C. H. Douglas.

Only a very guileless individual can interest himself in matters of industrial policy for any length of time without coming to realise that there are certain powerful factors in the situation which block a satisfactory outcome. An examination of the antagonists in the contest now proceeding suggests that it is more a fight for power than a search for an all-round solution in the general interest.

Public opinion on these matters, so far as it can be said to have any intellectual basis at all, is chiefly formed by the newspapers, and the newer publicity agency of broadcasting. This machinery of publicity depends for its support upon the Money Power, and it is fair to say that no considerable amount of publicity is given to anything of importance in connection with the industrial and financial system which is not in accordance with the views of this Power. About the only uncensored item is the weather report, and that is not very reliable. When, therefore, a morning paper of large circulation, if unscrupulous reputation, carries on for a considerable period a campaign for high wages in industry, sends deputations to the United States to "discover" the "Secret of High Wages," booms a book with that title, and publishes the portraits of the blushing authors (which seems an unduly severe punishment for their offences), it may be assumed without undue cynicism that there is a catch in the proposal somewhere.

On the face of it, it is an attractive policy. Having recovered from the shock of finding it sponsored by the *Daily Mail*, one feels that the much-heralded change of heart has arrived, and that Saul is among the prophets. Clearly no one in his senses could grudge or object to a policy of high wages taken by itself. The policy is made still more attractive in certain of its aspects by introducing the United States as a shining example of the universal prosperity which accompanies it.

Before examining the policy more closely, it is not a bad introduction to the subject to enquire exactly *how it is to begin*. Take it for granted at the moment that such a policy will stand further scrutiny, and that general agreement to it could be obtained. The exponents of the policy define it, in a phrase, as the "payment of high wages for high production." It is assumed that production in this country is low and that it is low because the individual worker is slow Let us even pass these very sweeping assumptions. Let us forget the Lancashire saying that on Monday and Tuesday we work for India, on Tuesday and Wednesday we work for China, on Thursday and Friday for Europe and South America, and on Saturday morning we clean up and work for England. *Do we begin by increasing production, or do we begin by raising wages?* If we begin by increasing production, do we begin by manufacturing for stock, or have we got orders for more than we can already produce? If we have not got the orders, which, of course, is the case, do we propose to get the additional orders by lowering prices, and if so how do we propose to lower prices without lowering wages if we cannot manufacture for stock? A consideration of a few of these superficial questions rapidly brings one to the point in which we clearly and practically have come in England to-day, as, for instance, in the coal industry, that the first step which is the practical result of a policy of high wages would seem to be a reduction of wages all round.

At this point we begin to approach the true nature of the proposal, which put quite simply is to pay a

lower wages rate per unit, but to obtain the same, or even a *higher wages earning* per man employed by a considerable increase in the number of the units produced. It is, in fact, a new presentation of a controversy which has been raging in the industrial field for at least twenty years between payment on a piece-work basis and payment on a time-rate basis.

Now this controversy, like almost every other controversy connected with finance, seems to lend itself peculiarly to a form of superficial misrepresentation. Piece-work payment is generally put forward by its protagonists under the title of "payments by results," and on the face of it would appear to be unassailable as a commonsense method of remuneration. In addition, it would appear to stand in some sort of antithesis to payment by time. The matter, however, is not quite so simple.

Piece-work rates have been in operation in this country for many years, both in their simplest form, and in connection with complex premium-bonus systems. It is a delusion to imagine that they have been forbidden by Trade Unions. While not very popular with them, they have agreed to their introduction in large numbers of cases.

It has always been explained that the labour objection to piece-work rates is due to the fact that such rates were cut as soon as the earnings of the individual workman rose markedly above the normal, and the inference was made that the employer was so foolish or so grasping that it positively hurt him to see his man earning good wages. So that, as usual, the blame for an unsatisfactory state of affairs was about evenly divided between a lazy workman and a stupid employer, and the limelight was carefully kept off a defective financial system.

One of the first difficulties with which an employer using piece-work rates in such industries as that of engineering is met is, that not all the activities of such a business are susceptible to piece-rates. It also happens that those operations which are susceptible to piece-rates are those which require the least skill and initiative on the part of the workman. They are, in fact, routine and repetition operations. Now, if a piece-rate is such as will enable a workman to earn at once a considerably greater sum in wages than he would on a time-rate, it is not very long before he will earn, if left to himself, and the rate is unchanged, considerably more than it is practicable to pay to such men as toolmakers, etc., who are very much more skilled and more highly trained craftsmen, or even to highly-educated engineers. That is one of the difficulties. But a second difficulty arises; and that is that output can undoubtedly be driven up by such methods to such a point that either the work's programme has to be extended, or a portion of the machines have to be shut down: in other words, such a policy brings the production system up against the problem of markets in a very acute form at a very much accelerated rate. This situation has been hidden in the case of specialities such as, for instance, the Ford car, but it only has to be applied on anything like a wide scale to produce either a formidable *market* problem, or a formidable *employment* problem. This situation is at the root of the dangerous nonsense talked about over-population in this country. No one complained of over-population during 1914-1918.

In Great Britain, in accordance with the national genius for compromise, the situation has been met, so far as it has been met, by a kind of "gentlemen's agreement" between workmen and foremen, that piece-rate earnings should be about 1½ times the time-rate earnings for the same work, and where this is ineffective a new piece rate for a "changed operation" is introduced. While it is quite possible that even this arrangement has had an effect on the unemployment returns, it does not in any sense indicate the result of the unfettered application of the principle. For that we have to turn to the United States.

Mass production by American methods and payment on a piece-work basis, while in no sense technically connected, are in practice almost inseparable. Almost up to the present time the United States has presented the spectacle of a number of highly active industrial centres expanding or exporting into undeveloped districts surrounding these centres. Only within the last two or three years has her industrial situation become approximately similar to that of, say, Great Britain or France.

Yet within the few years subsequent to her entry into the War, the United States has become the creditor of Europe for sums representing the stupendous annual payments of, roughly, 300 million dollars in respect of War Debts, and about 550 million dollars in respect of commercial debts. Over a period of years the capital, probably amounting to 20 thousand million dollars, of which these sums are the interest, must represent purchases of American goods. Nevertheless, with this tremendous compulsory market abroad, American industry has been so hard driven to dispose of its output that the outstanding payments on goods sold at home on the instalment system are stated to have risen within the last two years to about five thousand million dollars. As a result of this latter situation, it becomes even more imperative in the United States than it is in Europe, that the whole of her working population shall remain employed at good wages, since any slackening in employment would be followed immediately by the suspension of instalment payments and an avalanche of unpaid-for goods thrown back upon the manufacturers. There is nothing static in this situation. Every day produces improvements of processes, every day increases the instalment sales, every day increases the American loans to Europe, and solidifies the exasperation of Europe at the situation which makes these loans necessary.

It does not take much reflection to see that this is a repetition on an international scale of a situation such as is produced by mass production in America on internal industry. Just so long as a ready-made market can be found to meet an expanding industry, the policy appears to be successful. But it must expand. No given market, however vast in extent, can satisfy it. When the limits of the market are reached, then expedients such as instalment selling are essential to maintain employment, and a situation approaches when there is no possible chance of the unpaid instalments ever being collectively wiped off.

Finance endeavours to control this situation so far as national conditions are concerned by refusing to capitalise any fresh undertaking in an industry which is approaching saturation point. It is, for instance, practically impossible to obtain fresh capital in the United States for the production of motor cars. It is my own opinion that international finance attempts, or is attempting, the same things internationally, but Great Britain, France, Italy, and other countries are for obvious reasons not prepared to allow any one country the monopoly of the production of any essential article.

This brings us to a point at which it is possible to examine the conditions which not merely prevent a so-called high wages policy (as defined previously) from being in itself an effective remedy for industrial difficulties, but make it actually a direct and short cut to an increase of those difficulties. Taking into consideration all the factors of machine and organisation improvements, and the additional and increasing use of power which inevitably accompanies a policy of mass production on a piece-work basis, this policy means that although the money earnings and even the real wages in terms of goods may be higher as a result of the adoption

of the policy, *the real wages form a less proportion of the price of the total output than is the case under a time-rate basis.* Let me repeat that. A lower wages rate unit, even if accompanied by a higher earning per employee, means a higher unsaleable surplus.

No expenditure of time and trouble can be too great to understand this situation. It is the very core of the world's troubles at the present time. Because of it, nations are obliged to seek for export markets, not for the purpose of obtaining imports in return for their exports, but because unless their surplus production is exported they are faced with an unemployment problem. Where every industrial nation is seeking a surplus of exports over imports, and communication with Mars, to which these exports might be directed, has not yet been established, it is obvious that either the system must break, or a war which will use up all these surplus exports must supervene. The difficulties with Mexico and the Central American Republics, which are a most formidable problem for the United States, are the direct outcome of this situation.

Reference has been made above to the enormous increase in instalment-selling in America. In the nature of things, this instalment selling is mainly made to wage-earners. So long as there is no unemployment in the United States, which for the moment is the case, the instalments on these purchases are paid with fair regularity, although the outstanding unpaid balance is constantly increasing. The situation is in fact similar in many respects to the external situation created by the European debts, which are only paid off, in so far as they *are* paid off, by the creation of still larger loans.

But if it becomes impossible to keep the whole of the population of the United States industrially employed—and every improvement of process and additional horse power of mechanical energy tends directly to that end—the first result will be that these wage-earners will default on their instalment payment, and an avalanche of partially used motor-cars, pianos, vacuum-cleaners and a hundred and one other articles will be thrown back upon the manufacturers. The effect of this upon an already slackening trade situation does not require elaboration. It may in passing be noted that the International Debt situation has points of difference in that it is physically impracticable for the creditor to take back the goods which he has supplied in satisfaction of the debt.

What is then wrong with the situation, and what ought to be done to put it right? Broadly speaking what is wrong with the situation is firstly that industrial accounting does not parallel the physical facts of production, and secondly that purchasing power, which is one aspect of this accounting system, is not credited to the right accounts in the industrial ledger to make it possible to balance the books. The remedies lie in adjustments to the pricemaking system and in the wide extension of the dividend on capital.

There is a considerable and increasing literature on the technical aspect of this matter, and for those who are interested in the details, such literature forms probably the best method of approaching the subject. No effective remedy is possible which does not deny to the Banker the ownership of the financial credit which he creates.

But while the general principles of what ought to be done are now fairly well known, the practical problem is much more concerned with how to get it done rather than what to do. I am bound to give it as my opinion as the result of seven years' fairly intensive effort to interest such persons in this subject as might be able to take action in regard to it, that I am not sanguine of any very effective movement in the right direction until those persons who at present are in complete command of the situation are a great deal more actively and personally uncomfortable than they are at present. It is just in regard to this that the policy of the militant labour party is so ineffective. It is instructive to compare it and its ineffectiveness with the tactics of the militant Suffragette party of a few years ago. Whatever one may think about the objective of this party, and however much one may deprecate the exact methods which were employed, the simple fact does emerge upon examination that they grasped the great and simple truth that while systems may be stronger in certain aspects than men, it is ultimately men who run systems: and they proceeded by their own methods to deal with the men. One advantage they possessed was that they had identified their men.

The men who are in control of the world situation at the present time are hardly, if at all, affected by the strikes and industrial upheavals which are the result of current labour policy. They do not depend on the railway or steamship for their transport. There is not one of these men who has not a private fleet of high-powered motor-cars, ocean-going yachts, and aeroplanes awaiting his personal orders and manned by persons guaranteed never to strike. On the other hand, strikes hit directly at the general public and alienate the sympathies of a majority of the population, and thus predispose them to become the tools of their hidden masters. Just as in many other aspects of modern life, we have to look, I believe, for a clue to a practical policy in a recognition of the practical truth of the doctrine of personal responsibility and the fallacy of collectivism. The issue at the present time between Capitalism and Socialism is a stage battle. Capitalism *is* Socialism, i.e., they are both Collectivism. We want a genuine individualism before we can understand what a genuine Socialism could be. So long as the Governor of the Bank of England and the Governor of the American Federal Reserve Bank can sway the destinies of nations from an hotel on the Mediterranean coast surrounded by luxury and adulation exceeding that accorded to princes, and not only avoid any personal consequences of their policies, but can repeat their mistakes indefinitely; so long as half-educated and unscrupulous newspaper millionaires can suppress and distort the facts and forces of industrial and political unrest, not merely safely, but with pleasure and profit to themselves, and great risk to anyone who may object to it; so long as the new organ of publicity, broadcasting, is controlled in this country almost directly by an ex-employee of the Bank of England, and colleagues known to depend for their future on Lombard Street, I do not think there is very much chance that we shall avoid being stampeded from one quack remedy into another, until such time as a catastrophe sweeps the situation out of human control.

PRESS EXTRACTS.

"The New York *'Times'* quoted Mr. Harvey as saying: 'The plan of the International Chamber of Commerce is to have the United States or others financially able to furnish money to Germany. The cash would be used to buy raw materials and make machinery, furnaces and other "producers'" goods which Germany would furnish France for use in North Africa. France would receive as reparations-payment stock in the corporations formed to develop its colonies, and the United States or the nation making the loan to Germany would take a first mortgage on the project as a guarantee for the loan. The development would be under French supervision and the machinery would be installed with French labour. . . . *The International Chamber would soon propose the formation of a new world secretariat of economists and financiers who would study the possibility of developing backward areas and who would then supply the money and technical skill to develop such projects if the individual nation did not possess the skill or the resources to carry out the proposal.*'"—*The Commercial and Financial Chronicle*," August 14, 1926.

Individual Psychology.

By Dr. Alfred Adler.

[*Translated from an Introduction to the New Psychology; edited by Emil Saupe.*]

I.

The psychological science founded by the author under this title has already gained wide recognition. This is due in the first place to its usefulness in the treatment and cure of difficult, neglected, children and nervous persons. But there is also increasing recognition of its value in guarding against these mental failures, its value, that is, as an aid to training; and there is already not a branch of mental investigation which does not find itself in important respects at one with the new science. And so far no important alteration in its scientific bases has been found necessary, in spite of the initial attacks upon it by inadequately informed opponents.

Its first task was to throw more light on the body-mind problem. Starting from biology and medicinal pathology, it established (*Adler*, Study of inferiority of organs. Vienna, 1907. Urban and Schwarzenberg) that the child gradually realises the value and fitness of its organism, and, beginning with a long-lasting *feeling of inferiority*, tends to reach a feeling of adequacy, of totality, of superiority to the difficulties of nature and of social relationships. In this *struggle for power* (which is aggravated according to the inefficiency of the child and to the external difficulties) take part also directive tendencies which make for the development of all the internal powers and possibilities towards a dimly imagined goal of perfection. All that we recognise later as mental processes, movements, modes of expression, faculties and "gifts" arises out of the creative power of the individual, which, seeking and wandering, struggles towards its imagined goal. Accordingly we are justified in calling our science individual-psychology.

But the creative struggle of the child takes place in an environment particular to the individual, and providing individual difficulties. Consequently, as soon as the child makes a start towards its goal—corresponding to the discovery of its ego in the first two years of its life—all mental phenomena are responsive attitudes corresponding to the strain which the child experiences in the particular situation. Hence what is decisive is not the absolute value of its organs and their functions, but their value relative to the surroundings. Since these are individually experienced by the child we have to reckon, not with absolute values as foundations of the mental structure, but with a child's impressions, dependent on a hundred influences and errors, and never casual, but to be understood only by feeling and comprehending the individual way of life.

Apart from the fact that we can never consider a human being as other than a uniformly directed being, i.e., as a purposive whole, the purposeful motives in him demand the permanent pursuit of a single goal. To set oneself a goal, which is necessary for life and for every motion, however minute, necessitates unification of the personality from within. While it is true that the teleology of mental life is based on immanent necessities, it is in its special form a creation of the individual.

In the above fashion—the overcoming of difficulties—a person's goal is indicated all too obscurely, but were it known, we could be confident of explaining and understanding what the mental phenomena had to tell us, why they came into being, what the person has made of his native material, and why he has made it thus, and not otherwise; how the traits of his character, his emotions, feelings, his logic, his morals, his aesthetics must be fashioned that he may attain his goal. We could also understand why and how far he deviates from our, perhaps from the normal, way of proceeding, if we could prove that his goal was all too far removed from ours, or, indeed, from the absolute logic of human society. After all we can in an unknown melody recognise a composer known to us, we can recognise a style of architecture in a volute, from the relation of the part to the whole. Life can seldom be reckoned up in a form so artistically complete. The miserable doctrine of types tells us nothing about individual mistakes. If from the volutes and melodies of a human life we could identify the goal the individual had set himself, and from this deduce the whole way of living, then with almost mathematical exactitude we could lay down the test for the value of individual-psychological investigation; we could say *how a person would act* in a particular situation.

By indefatigable investigation the individual-psychology school seems to have solved this problem. The network which is to-day at our disposal in order to determine the goal and way of living of a person, whether child or adult, whether badly brought up or nervous, is based on empirically obtained facts, such as might be accessible to all. Thanks to our way of looking at the ultimate, and our connected view, we saw them in a better light, and could thus arrange and combine them. In every mental movement we learned to see past, present, future, and final goal, and also the situation of the person in early childhood at the point of the birth of his personality.

The course of life, in its mental domain also, is a movement directed to an end. As soon as we see in this view something more than a manner of speaking, if we take this statement seriously, it follows that under pressure of the final goal every mental movement takes its place in the whole line of action, and prepares the way for every following movement. But the deepest meaning of the whole action is the development towards totality. Consequently every step on the path of life is at the same time purposeful accomplishment in an effort towards totality. The task of *compensation* is to cancel out a minus, to attain from "below" to "above."

Now this compensatory movement is creative. It has fashioned culture for the security of the human race, and in the same way all forms of expression and the mode of living of the individual in response to the stresses of the external world. It is unwearying endeavour to arrive at balancing the play of forces—human being, earth, society. The final goal of all mental efforts will be, then, compensation, security, adaptation, totality.

The establishment of a congruence or incongruence of this sort works out, of course, not according to scientific or mathematical principles, but according to an individually experienced impression, which, again, is entirely dependent on the goal of completion which the individual has set before himself in concrete form. A person may see the final goal of security, as adapted to reality, in the rôle of coachman, horse, general, helping physician, saviour of mankind; according as this becomes clear to him in childish fancies or in choice of occupation. Behind all these end-goals grasped as real by the intellect, "concretised," there is always his creative longing to come to a settlement, his schooling for real life, and above all his courage and self-confidence. They determine also his deportment, his attitude, his way of going about things or, in the current speech of psychology, his character, temperament, emotions, feelings, will, the narrowness and breadth of his logic, the direction of his attention, and of his conduct. As final decisive instance in this system of relations, we can assume a *feeling of worth* or *personality*, whose greater or less satisfaction determines the reactions of the individual with regard to his individually conceived life-tasks.

Views and Reviews.

METROPOLITAN CIVILISATION.

IV.

In England essential industry is under-capitalised beyond the power of ridicule to express, while several industries dependent on foreign markets and imported materials are over-capitalised. Raw cotton is cheaper than for many years, yet the cotton factories work "short time" to obtain the subsidy of the unemployment insurance benefit. If the spinning and weaving of cotton cannot employ its workers now, it cannot do so at any time without an expansion of the market at home. Moreover, the surest way of maintaining the people of this country and expanding all its markets would be so to capitalise and re-organise agriculture that the staple necessaries could be produced in England. All schemes for small-holding and peasant-proprietorship which involve abandoning the land to present methods of cultivation and under-capitalisation are merely a humane and pious hobby; the head is not over them.

* * *

In the first place electricity, which sun, moon, and rain are begging to provide for us, is indispensable. The countryside has a right to it as to other amenities of civilisation. It has a right to the degree of intensive research given to the chemical and engineering industry. In this temperate zone labour on the land pays according to its skill and quantity, and according to the intelligence and quantity of capitalisation. Much has been done since Peter Kropotkin wrote "Fields, Factories, and Workshops," with the result that all the factories and workshops lack is effective distributive machinery; but the fields need, in addition, a definite political and economic policy based on the vision of what England's future is to be in the world economy. A country of market-gardeners and intensive cultivators on land from which intelligence and capital were drawing every possible ounce, would supply the great tracts of the world waiting to be Aryanised with a better quality of man than any industrial country, in the world's present over-industrialised condition, can hope to supply.

* * *

At present there is more vision of the future of agriculture in Ireland than in England. The despised Irish are ahead of us. Denmark, small, pacifist, busy filling the stomachs of industrial Europe, has dug a road to pacifism for the world. If England could turn her attention to the real roots of human life, and set to work making the fullest use of the country-side, she could, with her inventive and explorative genius, become the world's tutor in peace and agriculture as she has been in war and industry. Agriculture, that was originally the way into war, has become, along with financial re-orientation, the way out.

* * *

Whether the metropolitan mind can be startled into awareness of its own futility in time, as every reader of this journal wonders, is by no means sure. The metropolitan mind is already far gone towards the acceptance of life as an aesthetic phenomenon, in relation to which the individual is so externalised that he has no longer will or thought. Sport, a mere spectacle thrill, is the specialism of a few employees of joint-stock companies. Even the meditative pleasure of walking has given place to the metropolitan anxiety "to get there"—ready to be leaving for somewhere else. Country women fancy themselves becoming more civilised as they follow the fashion of the town-woman in forgetting how to bake, brew, launder, and cook. This is not obstinate resistance to labour-saving. Canned and cooked foods, synthetic beer, bakehouse bread, laundry tear instead of wear, are not labour-saving, they are labour-wasting. They set nobody free for increased cultural responsibility, but simply force more and more people to find some parasitic task, or to fall into a nervous boredom that starts a cry for fresh diversion.

* * *

Missioners and educators whose self-satisfaction proceeds from carrying the city-dweller's neurasthenia to the villages as though it were the wine of salvation have to be discredited. The agricultural labourer is not pitiable because he has to go out in the rain, midwife the lambs, rise early, and go to bed sleepy. He is not benighted because he has either to make his own conversation or choose between darts and shove-ha'penny. It is the benefactor who is benighted in that he so often comes not with quoits and bowls, ideas and costumes for a play, Thoreau's Walden and Chaucer's Tales, but with a gramophone and fox-trots. It is the kinema speculator who is depraved for rousing the farm-man's discontent—not at the natural betrayal of his industry—but at the enviable wealth and comfort of the cabarets of New York, Paris, and London; and who pretends that the unsightly and ungodly mud-hut he puts up adds enlightenment and magnificence to the village. What the farm-men need—and want—besides the leisure and education on which their hope of autonomy in the spirit depends, is the restoration of worth to agriculture. To corrupt the farm man with unreal desires, namely, wealth-fantasies, and to make him lust for all the futile sensuality of cities that divide not day and night, makes a miniature cosmopolitan of him, in short, breeds the wrong sort of discontent. It devalues what is well worth doing so that the man hates himself for doing it.

* * *

That the country-man is ignorant is an inference from false values. Those metropolitans who have conspired to set the city standard of culture, notwithstanding their colleges and universities, are the truly ignorant. From leaving school or college, most of them forget all they have learned, in an academic style, of agriculture, politics, and human nature. They rapidly become jarred networks of nerves disincarnated from supporting bodies, and reacting mechanically, without any will of their own to the environment. Just as many humane thinkers have suspected that a decree imposing on all men a period of service in the mines would make for economic progress, so a period of service among the clods of the field, who at present provide only comic types for superior city wags, would contribute to education; and more to art than the occasional reading of a novel by Thomas Hardy. How many townsmen, walking hastily along Oxford Street or the Strand, ever realise that every shop implies a great tract of land with lonely men ploughing, harrowing, mowing, binding, or threshing; men manuring or tending cattle; men, women, and children with hunched shoulders, heavy tread, and stunted minds. The dainty, half-draped fairy of the ball-room, with perfect deportment and shining-face, is dancing, without knowing what she does, on the stomach of a serf chained to the earth. The city man, fleeing to his cubicle in the suburbs, digging his garden for exercise, to plant geraniums for the envy of next-door, is trifling with the salvation of his soul and his body at the same time. Absorbed in his pretty idyll in place of reality, genially calling his privet-hedge and rose-tree, which he trims while wearing a bowler-hat and a collar, his cabbage-patch, he is living at the expense of a man planting a field with wheat or turnips. Having dug for a little exercise he will take out his

car, sit in it all the week-end, and terrify the real farmers' poultry while covering his fields with dust.

* * *

When the city-man, nervously wrecked or in danger of wreck, has to go away to the quiet of the country-side for a day or two, he renders back a little of the plunder which the city takes of the country year in and year out. But he gradually converts the countryman to the same wealth-conscious business-man as himself. In the act of giving-in for the time being to the nervous pressure of the metropolis, in the act of seeking relief from it, he takes it with him, and corrupts all he meets. By his pretence of political knowledge, literary culture, and of being in command of the great world, he actually spreads his metropolitan standards, the worst of them farthest, while he is in asylum from them because of their detrimental effect.

R. M.

Drama.

The Country Wife.

There are five tragedies and four comedies by Shakespeare which make me doubt the gospel of progress as applicable to anything except technique. Wycherley assures me that plenty of room for improvement exists all round. "The Country Wife" is reputed the best but one of the Restoration comedies, and the naughtiest bar none. If it were submitted to-morrow to any West-End manager as a play on the Restoration period, written by a living author, after a more clear-sighted criticism than it has ever had, it would be turned down. The author would be informed that the comic situations, comic as they might be, were too far apart, and that one whole act, and more than one scene could be cut, with very little re-writing, and no loss.

There was not a moment in the first act when the actors showed the slightest faith in the importance of what they were doing. In fact, the first three acts could be comfortably accommodated in two short scenes of one act. The fifth act is dissected into four parts in such a manner that the fun is brought to an end in the throes of its beginning. Yet the play is so full of possibilities that any one of half-a-dozen modern comedians could make a first-class farce out of the material, and would show no more disrespect for property in plots than Wycherley did to Molière in fitting together the original. It would have to be farce, for the reason that modern comedy takes sex seriously, whereas Wycherley treated it as ludicrous, and mercilessly discomfited and humiliated all who pretended to regard it with the slightest earnestness.

Restoration Comedy furnishes a good field for excavation to those who indulge themselves in debate about art and morals. One can hardly consider this work other than as exemplifying the immoral protest. The impression received from it is of a strict headmaster seized and bound to his chair by a gang of his adolescent pupils, who then enact before his eyes all the simplicity, hypocrisy, and blindness of adults, while writing on the blackboard all the forbidden obscenities at their command. The public sins of the fathers are the private virtues of the children. The art of the "Country Wife" is naïvely artificial, and the motive could not be worked out except in a world of assumed simpletons. It is not a Scottish discovery that men are mostly fools, nor an American inspiration that a mug is born every minute. Molière, Le Sage, Wycherley, a hundred other comedians, have accepted these truths as the first axiom of human nature.

That a wife should be able to use her husband as a messenger with a love-letter to her paramour by exchanging the one written at his dictation for the one she wished to send during the sealing process is as far fetched as the plots of nine-tenths the tales which regale the schoolboy world. That husbands should force a gay spark's company on their suspected wives because the clever fellow spreads a rumour, with the help of a quack, that something happened to him in France to forestall the only climax to be feared presumes upon credulity beyond the dreams of a modern professor in a school for advertising agents. And yet, while the present-day moral censorship administered by the King's Household under the shadow of the Council for Public Morality and the Birmingham Watch Committee, bans an innocuous play like "Mrs. Warren's Profession" for nearly thirty years, the "Country Wife" is for the world. Its morals, like those of debonair Mr. Horner in the play, do not need investigating; Mr. Horner had suffered in France a wound to smirk about—the play is exempt from moral suspicion on the ground of age. Do not children put their thumbs at their noses to the Puritans with the help of so purely intellectual a compilation as a dictionary, not to mention a work of a more moral tendency? One would suspect that the offence which Puritanism really abhors is youth, and what is allied to it, novelty.

Bryan Powley took Mr. Pinchwife in the serious comedy manner, and exhibited the fear of the faithful husband lest his neighbours crow over him after poaching on his preserve particularly well. It was appropriate that his costume had a Puritan air. His wife, Isabel Jeans, was rich farce. Accepting the character with all its implied simplicity and cunning, she behaved in logical sequence. I care not how Wycherley imagined Mrs. Pinchwife, nor who did it so prettily when Steele saw it; Isabel Jeans gave exactly the interpretation required for caricaturing Mr. Pinchwife's distraction and terror of humiliation to the full. The speeches in which that overwrought gentleman cursed the unmanageability of women were justified by Isabel Jeans' magnificent revelation of "The Country Wife's" absolute need for unceasing care and supervision for mental deficiency alone. Athene Seyler has not yet exploited Lady Fidget to the full, although I have no doubt that she will after a few performances, since she has the understanding requisite for this kind of play. Adrianne Allen's Mrs. Squeamish was more like Miss 1926, not so squeamish as one might have expected, and with a very naughty twinkle in her eye.

The artificiality of the whole play was entirely taken for granted in the performances of Philip Desborough and Guy Le Feuvre as, respectively, Mr. Horner, the gay hero, and Mr. Sparkish, who was sold for his faith in frankness. Both of them seemed a trifle self-conscious, as though they felt that the fellows they had to play ought to be somewhat of a bore, whether they were or not, to an audience acclimatised to more complex and more plausible types. George Howe worked hard with Sir Jasper Fidget, and made a good job of that kindly husband's alternating consternation and reassurance at the harmlessness of the diversion he was obtaining from Mr. Horner for his wife. If the play were examinable by the Binet-Simon intelligence tests, its intellectual age could not be found a month over sixteen.

PAUL BANKS.

DEAD HAMMER-DRIVER.

His giant hammers clanging night and day
Soothed this man's ears and he was well content;
He knew the calm of clamours, he would say
That quiet is where sound is never spent.

And so how most ridiculous it is
To call it Peace where he is laid apart,
Since Death arrested, with vast silences,
The red and punctual hammer of his heart.

A. NEWBERRY CHOYCE.

Art.

Picasso.

Sir Reginald Blomfield speaking recently about those aspects of modern art which he does not like, mentioned Picasso as a creator of incomprehensible pictures, while Mr. Sacheverell Sitwell, in a recent article, called the same artist "the greatest genius of our age."

Picasso is certainly one of the greatest experimentalists, and the cylindrical Harlequin which I believe Sir Reginald had in mind is only one of a multitude of diverse works—including outline drawings—of that detached quality revealed so fully in the painter's setting and costumes for "The Three-cornered Hat," as given by the Diaghileff Ballet; and including also tender genre paintings, among which "The Young Family with an Ape" stands out. Both these groups are easily understood and are in sharp contrast to Picasso's cubic and cylindrical compositions, partly or wholly devoted to abstract shape. In these he appears to attempt the combination of those Spenglerian opposites, the Apollonian and the Faustian (opposites analogous to those which form the subject of a pointed essay, "Poussin y El Greco," by the Spanish author, Eugenio d'Ors), which ever compete for an artist's allegiance and to which, in turn, Picasso has done homage.

Cézanne, however unconsciously, unceasingly strove for some such synthesis of these confronting statements represented, roughly, by the restrained painting of Gauguin and the ecstatic painting of Van Gogh. The Spanish artist, unlike Cézanne, has himself tested the practice of El Greco, Rubens, Ingres and others, only to turn, frustrated as it were, from each, and his synthesis, unlike the Frenchman's patient effort, speaks of abrupt dissatisfaction, the essential outline of life becoming an involved mechanism of structure and tenderness turning to melancholy. The hybrid called into being need startle no more than the ancient centaur or the modern robot; for in abusing the particular characters of the art of foreground and the art of background, in an attempt to combine them, the sense of reality which each possesses is lost.

Picasso has left this phase behind, and, in turning again to experiment in what by comparison are orthodox methods, he emphasises the impotence of the modern to create a significant synthesis of all for which line and colour stand. As regards line, for the treatment of which one need go back no further than Greek vase painting in search of a standard, the names Beardsley, Heine, Eric Gill, in addition to Picasso, indicate the direction of positive achievement. Colour is a more complicated matter, and, in considering what modern artists have done, one is conscious of an attitude of equivocation. The imaginative understanding of colour seen, for instance, in the Tate Gallery portrait of Miss Edith Sitwell, by Alvaro Guevara, and confirmed by some of the small paintings in his important recent exhibition at the Leicester Galleries, is very rare, although its possibilities are evoked by the study of such painters as Klimt and Hodler. The latter's use of pure colour, to reinforce virile line, happily widens the small circle in which many would confine modern painting, and spurs the student to consider afresh the stupendous alliance of line and colour in Byzantine mosaic, which stands at the beginning of modern Western graphic art to admonish and encourage.

M. Jean Cocteau says "Picasso was the first who defied the monsters born of the marriage between the subjective and the objective." In his defiance, Picasso has, perhaps, realised that his greatest gift is expression in line, and that until he can manipulate colour as purely he cannot bring the two together for the production of healthy children.

ERNEST COLLINGS.

Foreign Literature.

By C. M. Grieve.

It would be easy to name a hundred volumes of recent Russian fiction which ought to be translated into English, but Leonid Andreyev's last and longest novel, *Sashka Zhegulev* (1912)—transliterated as *Sashka Jigouleff* (Jarrolds, 7s. 6d.)—is not one of them. Andreyev's popularity was on the wane when it was written, and it attracted little attention. It deserved less. Its lustier predecessors in the same or a similar vein (*The Red Laugh, The Seven That Were Hanged,* etc.) are all available to English readers. But they are hopelessly dated. It is not by these that Andreyev's reputation will preserve a slender permanence, but by his earliest work—*Once Upon a Time There Lived* (1901), *In The Fog* (1902), and *The Governor* (1906), none of them yet translated into English, I think. His long tale of subsequent work was practically an unrelieved prostitution of his powers. It gave him a brief world-wide reputation for the wrong thing. English and American publishers are still trading upon it, but, even for them, it must be about played out.

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Two Japanese books this week! *Journalism in Japan and Its Earl Pioneers,* by Kanesada Hanazono (Osaka Shuppan-sha, 4s. net)—about which no more need be said than that it will be very useful to those who have use for it. The other is of great importance. No firm of publishers in the English-speaking world publishes more, or better, translations of books of permanent value than Messrs. Kegan Paul, and they have added notably to their list with *Masterpieces of Chikamatsu,* admirably translated by Asataro Miyamori (21s. net). Mr. Miyamori claims Chikamatsu as "the Japanese Shakespeare." A sound knowledge of the complex conventions of the Japanese stage is necessary to check the claim: and without a thorough knowledge of Japanese it is impossible to estimate his comparative magnitude as a literary artist. But on the basis of what is here the ordinary English reader will realise that he was undoubtedly a very great dramatist with a comprehensive knowledge of human life and the power of awakening all the emotions. The introduction, and translations, reveal Mr. Miyamori as an English writer of uncommon power, and, in a letter to him, Mr. Shoyo Tsubo-Uchi, "the best authority on Japanese drama," expresses the hope that its formulae will yet exercise considerable influence in Europe and America. Such a book as this can hardly fail to accentuate the tendency in that direction which has already manifested itself in certain quarters. Readers hitherto unacquainted with Chikamatsu may well ask themselves how many more of the world's twelve greatest dramatists they have still to hear about.

* * * *

The Voltaire vogue continues. Lytton Strachey began it with one of his best essays, and Mr. H. I. Woolf followed up last year with his translation of selections from *Voltaire's Philosophical Dictionary* (Allen and Unwin)—an attempt "to show an aspect of Voltaire not usually seen by the English reader, to whom for various reasons *Candide* has nearly always been offered as Voltaire's typical work." The same translator gave us Voltaire's *Zadig and Other Romances* in the Broadway Translations, and now, in addition to a finely illustrated edition of the same work put out by Messrs. John Lane (16s.), we have Voltaire's *Letters Concerning the English Nation,* with a stimulating introduction by Mr. Charles Whibley (Peter Davies, 15s.) and a study of *The Young Voltaire,* by an American critic, Mr. Clarence Chase (Longmans, 12s. 6d.). It is a little difficult to understand why Voltaire should have been chosen for this intensive reconsideration. No doubt the general English view of Voltaire is as inadequate and one-sided as Mr. Woolf makes out; but that is true of the English view of almost every foreign writer.

* * * *

War-time! I wonder how many of my readers remember the droll anecdote of the French spy mania at the time of the Revolution, when Coleridge and Wordsworth were overheard "beside a bank at the seaside" in Somersetshire talking of "one *Spy Nosy*" (Spinoza) and fell under grave suspicion accordingly. 1927 is the 250th anniversary of Spinoza's death, and Professor A. Wolf (we seem to be overrun with wolves) is bringing out a new English translation of the *Correspondence of Spinoza.* This is to be followed by four other volumes, which will comprise a new translation of the philosopher's complete works. Messrs. Allen and Unwin will be the publishers. Professor Wolf hopes to finish the books by 1932, the 300th anniversary of Spinoza's birth. I shall hope to have an opportunity of recurring to the matter ere then.

Solitaria.

By V. Rosanov.

(Translated from the Russian by S. S. Koteliansky.)

XII.

AZURE LOVE.

. . . And each time I ascended the hill and approached the large stone house I heard music. Much later I learnt that it was " scales." They seemed to me magical. Slowly, thoughtfully I walked up the terribly solemn parade drive, entered the enormous hall-vestibule, and taking off my school overcoat, I invariably passed through to see my chum.

My chum did not know that I was in love with his sister. I saw her once at tea, and once—in the drive up to the Hall of the Nobility (there was a symphony concert there). At tea she spoke French with her mother; I blushed terribly, and whispered to my chum.

After this, tea used to be sent into his room. But through the wall, not a very thick one, I could at times hear her silvery voice—about the tea, or something. . . .

And in the drive up to the Hall of the Nobility it was like this: I missed the concert, or something happened . . . It does not matter. I stood in the drive, through which continuously people, many people, kept on driving up, in a stream. And, behold, she and her mother—an unpleasant, solemn old lady—got out of a sledge.

Besides the pale face, the extraordinarily elegant figure, the wonderful outline of the ears, of the straight, small nose, so very refined, my heart " took " in also this, that she always held her head a little bent down, which, together with the contour of the breast and the back, formed a most fascinating line to me. " A gazelle drinking." . . . I believe the chief fascination was in her movements, magically light . . . And yet the supreme, the final fascination to me was in her soul.

Yes; although what sort of notion could I have of her?

But I imagined that soul to be proud, and all her movements confirmed my idea. Not haughty; but she was so absorbed in her inner charm that she did not notice people. . . . She only passed by people, things, took what she needed from them, but had no other connection with them. When alone she must be sitting down to her music: it must be so. I knew that she took lessons in mathematics from the local public-school teacher; higher mathematics, for she had completed her high-school course. " These are such lucky fellows!" (the teacher).

Once my chum committed some offence: he forged the marks in his school-report. And with absurd naïveté telling me about it, he let fall:

" My sister said to mother: ' I ascribe it all to the fact that Volodya is a friend of that Rosanov. . . . That friendship has a bad influence on him. Volodya was not always like that. . . .'

Volodya was a nice, silly little boy, a sort of " irresponsible." I wrote compositions for him in class; and after that we " chatted." . . . But I had no " bad influence " on him, for owing to his childishness, naïveté and nonsensicalness, it was impossible to have any influence on him.

I listened in silence.

But how I longed then to be dead.

And not " then " only: it seemed to me all the while, always, that " I was being run over by horses in the street." And she drives by. The horses are stopped. And seeing that it was " me," she says to her mother:

" Poor boy . . . Perhaps he was not as bad as he seemed. He's probably *hurt*. After all, I am so sorry for him."

. . . . . .

One may both fall in love with Terrorism and get to hate it to the very bottom of one's soul—without any insincerity. There are matters, *per se* dialectical, radiating (*themselves*) now one, now another light, seeming on one side one colour, and on the other side a different colour. We people are terribly unfortunate in our judgments in face of these dialectical matters, for we are terribly helpless. " God has taken the ends of things and tied them into a knot, not to be untied." You can't disentangle it, and if you cut it, everything will die. And one has to say—" blue, white, red." For all these *are* there. No one will condemn Morozov's* *Letters from the Schlessebburg Fortress,* but his *Thunder in the Storm* is silly and pretentious. Hessya Helfman* is fine, but the bloody Frumkin* is organically revolting to me as is Berdyaguin,* who *out of spite,* pricks himself to death with a table fork. They are all consumptive Hippolites (from Dostoevsky's " Idiot "), with consumption in their nerves. No harmony of soul, no grandeur.

(*Examining my coins.*)

* All these are famous Russian revolutionaries.

Reviews.

Memories of Old Emigrant Days in Kansas. By Mrs. Orpen. (Blackwood.)

This book is the vividly recollected picture of her life as a small child outside civilisation in Kansas, told by a highly-cultivated Irishwoman of seventy. It is clear, free from padding, and convincing, and the second half of it is entertaining reading.

Songs of Innocence. (Ernest Benn, Ltd. 12s. 6d.)

This splendidly produced reproduction of Blake's " Songs of Innocence " in their original form can be heartily recommended as a gift-book whether the recipient be man, woman, or child; and if nobody makes one a gift of it, the best thing to do is to buy it for one's self. With Blake's own decorated text, his delightfully innocent pictures woven into the text, the charm of the " Songs of Innocence " is doubled. Blake could almost be made the patron of modern craftsmen. He was poet, painter, engraver, and printer, not to mention inventor; so that when the work finally reached the public, it really was the work of Blake.

A Talk with Joseph Conrad. By R. L. Mêgroz. (Elkin Mathews. 7s. 6d.)

The foundations of this volume are the mind and method of Conrad, and the author has written a pleasant appreciation based upon a conversation at Conrad's London hotel a few hours before the performance of " The Secret Agent," in 1922. Conrad talked about his work, about events of his life, translations, his admiration for Dickens, and so on. Mr. Mêgroz records his impressions in some detail, interrupts his record of the conversations with references to passages in Conrad's books, but branches off into too many metaphysical phrases and several quite unnecessary excursions into psycho-analysis in regard to Conrad. We think that Mr. Mêgroz is lacking in appreciation when he suggests that Mr. Ford Madox Ford's book upon Conrad's " personality " was nothing more than a piece of " witty fiction." Mr. Ford's book is written in a highly impressionistic manner, but does not suffer on that acccount, for it is a tribute to a fine writer, and strikes us as being thoroughly honest in the image it sets out to create. There is too much padding in the present volume of the opinions held by other people about the work of Conrad.

The World of William Clissold. By H. G. Wells. Vol. III. Books V. and VI. (Benn. 7s. 6d.)

On the whole, has it come off? We ask the question not in any spirit of depreciation, but just as a question. Mr. Wells invited us to say if this is a new and a better way of writing a novel, and we say no. He has not created a new form of art in presenting this ambitious canvas of the social order and touching in the high lights with bits of story here and there. This is not to say that " Clissold " is not worth reading. The first volume may well be sipped by any reader. But in the second and third we are entertained, given something to think about, stimulated in those parts of our intelligence which mostly lie dormant, the parts where we keep our social conscience. A few fools will raise an imbecile cry of disloyalty or scandal because Mr. Wells thinks kings are silly and has no instinctive reverence for the swindling supermen who helped themselves out of the public purse and the fount of honour while their betters (according to any standard you like) joined other decent men in the madness of beasts. But most kings know their kingship is frogged out with all manner of folly, and even among the supermen there are a few who will confess that the only fellow they have any real respect for is the fellow who will tell them what they are to their faces. So we need not concern ourselves with Mr. Wells's disloyalties. He is to-day, as he has always been, a forward-looking man. And when he reminds us that there are more important things in the world than those with which our society, politicians, industrialists, our spiritual and intellectual leaders concern themselves, the reminder is well worth seven and six a volume. That does not justify the experiment, however. The author of " Kipps " and " Mr. Polly " and " Ann Veronica " must not do this sort of thing and call it a novel. He is not tired; that we can see from the glimpses of a story which we are vouchsafed once or twice in the course of this three-decker, laboursome, if not insignificant voyage. The few actual, fictional characters he creates in the book are real people with a story to tell if only William would vacate the pulpit for a while and join them. Why doesn't Mr. Wells write " Clissold " again as a novel in one volume, and see what he can make of it.

LETTERS TO THE EDITOR.

MODERN LETTERS.

Sir,—In my article, " Modern Letters," I inadvertently referred to the author of " Mrs. Evans, No. 6," as Mr. Evans. I tender Mr. Davies, who is, of course, as was stated earlier in the paragraph, the author, an apology.

A. N.

INFLATION.

Sir,—I would suggest that it adds to the clarity of expression if the word " inflate " is used in the active sense of increase of money, which leads to the passive " result of inflation " or inflatedness of prices, if goods have not increased to the same extent.

L. W.

THE AMORALITY OF BEAUTY.

Sir,—There appears in THE NEW AGE, dated November 18, an extraordinary statement.

The occasion is a review of a book, " Reason and Romanticism," by Herbert Read, and the statement is as follows:—

" They (i.e., . . . the great philosophic critics) all agree that the only *real* and *sane standard* of art values is a moral one."

Now what in the name of Croce have morals got to do with it? How strange that this illusion should persist, and in THE NEW AGE!

The only true standard of judgment in art is " Does it express perfectly? " As to what is expressed, that may be moral, immoral (varying with time and place), or simply amoral. It is beside the point, aesthetically.

Of course, it is true that a perfect expression of something immoral may be inexpedient. It may be individually and socially disruptive—but it is a work of art.

Aesthetic appreciation is intuitive. I am impressed neither by the philosophic critic nor the scholarly critic in this matter. Your reviewer seems to attach great importance to both. They are important, but not in relation to art values. The philosopher deals (we hope) in wisdom, the scholar, in learning.

When, however, your reviewer says that a profound work of art can proceed only from a man whose conscience is equally as profound, I cordially agree—if only the word consciousness is used instead of conscience, for, I suppose, the true end of art is the extension of human consciousness.

N. DUDLEY SHORT.

THE EDITOR'S DELINQUENCIES.

Sir,—Your readers must sometimes ask themselves, what is your purpose in writing these Notes? Is it to inform us (from superior access to news or more acute powers of reasoning) of facts of which we are ignorant, or of inferences of which we are incapable? Or is it to refute Dr. Leaf, or to convert the authors of the Birmingham proposals that he repeats the cries of " Banks Create Credits " and " A can never equal A + B! " Or is it to reassure the doubtful and strengthen them in their delusions?

If you looked at the papers, with the contents of which it is the business of a publicist to be acquainted, you would know that the criticisms to which Dr. Leaf mainly referred are those of various City editors, including that of *The Times*, and of Mr. Hardy of the *Referee*. Your opinion that the Douglas proposals are not inflationary is not shared by the orthodox, and others believe that under the most favourable conditions they might cause a shortage of the more desirable commodities, while if money equal to its total costs were distributed in each business, it would lead—as Mr. C. E. Pell calculated—to inflation by geometrical progression. The argument that " what one bank cannot do, all can do together," and that " what would injure one industry would not injure all," is a damaging admission for one who upholds the A B fallacy that " what is true of each factory must be true of all combined "!

Your notion that " Lord Hunsdon's argument, not new to readers of these notes, is neatly put " is liable to confuse such readers as still try to make sense of your economics. It would be an advantage if, before you wrote any more notes on foreign loans, etc., you learned something about them from *The Export of Capital*, by C. K. Hobson, or the articles in the *Encycl. Brit.*, 1926, for instance. There you will find that " we " have no " excess of exports," but the reverse, and should have to pay for it not by lending, but by borrowing, if it were not that the adverse balance is redressed by our shipping and the interest on former loans. A loan to another country is an invisible import for us, not an export, as you appear to imagine.

In a recent " answer " to a correspondent it is asserted that the banks' profits are not greater than those of any other business. In the *Economist* of January 30 the net profits of Barclays, Lloyds, Midland, N. Prov., and Westminster are recorded as follows: 1920, £14,675,300, 100 per cent.; 1921, £11,407,400, 77.7 per cent.; 1922, £9,938,300, 67.7 per cent.; 1923, £9,745,200, 66.4 per cent.; 1924, £10,948,800, 74.5 per cent.; 1925, £11,748,600, 80 per cent. Can you show any trade that has averaged profits of 77 per cent. since 1919?

Finally in attempting to discredit the critics of interest the learned oracle informed another inquirer that wheat, for example, could increase at a much faster rate than 5 per cent. To be sure it could, but it would not; obviously because there would be no demand for it, theoretically, as there would be no space for it, and actually because wheat, like most useful commodities, is used, and deteriorates if kept. For these reasons it could not increase at the rate of compound interest.

GEOFFREY BIDDULPH.

[The only section of this letter on which we can serve much purpose in commenting is that concerning bank profits. *Rates* of profit are irrelevant to what we said. It is the *total profit* with which we were concerned. We now repeat that there is nothing startling about a profit of £11 millions or even £14 millions in comparison with those of other combines. The four chief railway systems have an estimated income for 1926 of £28 millions. The Imperial Tobacco combine's figures are not in our recollection, but we see that Carreras, Ltd., alone have made over £1,000,000 this year. Compared with the total profits of Industry the interest earnings of the Banks are negligible.

For the rest (1) the policy of THE NEW AGE is fairly well understood by now. (2) If Mr. Biddulph thinks that what we said is " damaging " to the A + B Theorem, either his memory or his logic is at fault. (3) If a British loan abroad is an invisible import then American loans to Europe were European invisible exports to America—in which case America appears to owe the American Debt to Europe. (4) Mr. Biddulph's last paragraph is merely a synopsis of our own argument, which was that whatever *theory* may say about the accumulation of money at compound interest it does not happen in practice.—Ed.]

THE BELLOC-WELLS CONTROVERSY.

Sir,—The Belloc-Wells controversy reaches down, through the futilities of discussion, to the fundamentals of life itself. Mr. Belloc and Mr. Wells, therefore, become symbols for something in ourselves, existing in varying proportions; or it may be that the one almost entirely excludes the other. Among my consistent friends I can find many Mr. Bellocs and many Mr. Wellses. The more complex and changeable among us yield to Mr. Belloc in some aspects and phases of their lives, and to Mr. Wells in others. Those who are accustomed to deal in watertight compartments will pass from the one to the other with little sense of pain and inconsistency; with others the process is more difficult, and is associated with mood, rather than with circumstance, and with subtle influences, such as æsthetic emotion. Among the most highly complex of all there will be a continual swaying, almost from moment to moment, so that at last the two masters come to close combat; these people will suffer from psychological dizziness and a sense of utter helplessness and futility. They will realise that we must have absolute freedom of thought *on all spheres* before we can begin to realise the truth, or even the need for truth. They will see that nothing has any value which has not been arrived at through an entirely fresh reassertion of any problem, made through the individual personality. In no other way can we even attempt to think. And yet the glorious heritage of Catholic teaching will also be seen like a lake of living water, from which, though parched beyond measure in an arid desert, we dare not drink. It is the Mr. Wells in us who drives us to refuse the sweetness of this gift, leaving us courage alone as a consolation. Fortunately, we cannot live with him always, and on emerging into the bright world of things and people *as they are* we find ourselves with a hand to play, in which the distribution of cards bears no relation to academic discussion. Here at last is true sport—to do well with Kings and Aces—better still without them. Our values shift from the gloomy individualism of theorising to the splendid unreasonableness of corporate living. Hail! Mr. Belloc. Now we can laugh at everything, play with everything, with simple actual things that become interesting and wonderfully entertaining, not Childhood and Womanhood, but some child and woman that we know—not the tomes of Darwin, but the significance of the gift that we are about to make to a friend. When Mr. Belloc is about we are all children again; and children accept symbols so naturally and happily that we wonder why they should ever have the misfortune to meet Mr. Wells. How then to reconcile these two? Perhaps, in the end. Christianity alone can do this for us, just because of its myriad contradictions—the working carpenter, who was yet of the House of David and the

Son of God—the virgin who was also Mother and a symbol for the sanctity of Marriage. The aristocratic assumptions of Catholic Christianity, with its powerful democratic sympathy, its fierce doctrine of damnation, with its tenderness for the grossest sinner; here are contradictions which may in the end resolve all opposites, even such opposites as the gay slavery of Mr. Belloc and the sad freedom of Mr. Wells.

The actual Mr. Wells and Mr. Belloc should never engage in controversy, for they do not start upon the same plane and words are apt to change their meaning as they pass from the one to the other. Mr. Wells will always win on paper, but Mr. Belloc will win in other far more important spheres of life.

DOROTHY DUDLEY SHORT.

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

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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.

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.

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