THE

INCORPORATING "CREDIT POWER"

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NOTES OF THE WEEK.

After the collapse of the Geneva "disarmament" negotiations, both frustrated parties have adopted the social and child-like pose of talking loudly about something else. The opening of the Peace Bridge over the Niagara River, for students of finance almost a celebration of the United States annexation of Canada, provided an opportunity as Wolfe took Quebec, by somebody through the persons of Mr. Baldwin and the more renowned General Dawes, aided by the lackey Press of both countries for reassuring the public that affairs could that formal occasion were rhetorical and untrue, that formal occasion were rhetorical and untrue, Amounting to no more altogether than "God's in His Heaven, all's right with the world." The task, said Mr. Boldwin in the world. said Mr. Baldwin in language more nebulous than tobacco-smoke, is "to preserve democracy," and that is possible only "by education not so much in letters as in moral truth." So long as Americans and Englishmen, he said, speak the same speech, obey the same God and the same laws, they will remain one people. What Mr. Baldwin has done to preserve democracy is a question on which debate is preserve democracy is a question on which debate is hardly possible. Whether Englishmen and Americans speak the same speech is irrelevant, anyhow. Whether they obey the same God provokes an ironical and ironical the same speech is first and provokes and ironical the same speech is first and provokes and ironical the same speech is first and provokes and ironical the same speech is first and provokes and ironical the same speech is first and ironical the same speech is same speech is first and ironical the same speech is same speech in the same speech in the same speech is same speech in the same speech in the same speech in the same speech in the same speech is same speech in the same speech in the same speech is same speech in the an ironical answer. As to law, the present moment is pre-eminently the one at which it is incredibly tactless on the part of Mr. Baldwin to mention American law to American l American law to Americans publicly. More high thinking it may be difficult to pack into two sentences; it would certainly be impossible to write two sentences containing as little relevant common sense.

General Dawes made the kind of speech possible only for a distinguished reparations expert off duty. The instinct of self-preservation," he said, with an inconsequence worthy of Mr. I.loyd George, "binds together. That bond will never break"; as though every degree of power-seeking from martyrdom to

world-empire had not been grouped and justified as flowing from "the instinct of self-preservation."
Anyhow, General Dawes congratulated us, it was Anyhow, General Dawes congratulated us, it was now unthinkable that the burden of competitive naval building should again be placed on the peoples. It is not only not unthinkable, but there are many influential publicists in America besides Conmany influential publicists in America besides Congressman Loring Black of New York, who anticipate such a competition. America was represented at such a competition. America was represented at such a competition. America was represented the Geneva to limit the British navy; Britain to limit the Cept as finance had already decided that it should be cept as finance had already decided that it should be cept as finance in America is becoming unhappy groups of influence in America is foreign investments, about the very quantity of her foreign investments, either in goods or in gold, having more of the latter, either in goods or in gold, having more of the latter, either in goods or in gold, having more of the staten and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to produce more of the former than and being able to prod now unthinkable that the burden of competitive

Britain's motives for desiring disarmament, and at the same time for rearing to disarm, are equally financial. Hardly a commentary on Geneva has attached to its emphasis of American misunderstanding a fair statement of the case as Americans have presented it; or has not acknowledged unguardedly that, while Britain must maintain a navy with full power of attack or defence against the guardedly that, while Britain must maintain a navy with full power of attack or defence against the American navy, she has equal necessity for relief from taxation. "Both Great Britain and Japan," the Spectator writes, "being heavily burdened with taxation, saw in the Conference a means of effecting sub-

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stantial economies." The more the discussion is meditated on, the clearer it becomes that, while some mighty power in each country will agree to the diversion of only a limited amount of credit to cruiser-building, these powers will not consent to that limited credit producing less than the maximum prospective fighting efficiency. Great Britain, then, desires the limitation of American armaments, in actual fact, as one of the steps which will enable her to postpone either adjusting the war-debt within the credit-system or—and this is the only course that could endure—reforming the credit-system. Her desperate straining after recapturing—the very word is significant—the market of the world for coal, cotton, and other commodities, renders her, whether she knows it or not, an aggressor nation. The Spectator announces that wars "do not always or even generally, arise out of confident calculations of strength, but out of anger, resentment, and impatience.' Diplomats are not noted for any of these emotions; but that is the sort of comment to be expected from a writer who considers that the "memorable speeches" at the Peace Bridge proved something before which Geneva dwindles to infinitely smaller proportions than we had any right to expect."

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Mr. Baldwin's flourish about the Americans and the British obeying one God and one law refuses to be banished from a note on the Sacco and Vanzetti trial, which appears not to have been referred to at the Peace Bridge outside this unfortunate remark. Without fear of Pharisaism, it may be claimed that neither English law nor English procedure has quite touched such depths of anomaly as this case reflects. But for the consequences to the two men the proceedings have been a farce impossible in the trial of a defaulting member of a boys' cricket club. Evidence for the defence was far stronger than evidence for the prosecution, which depended on faith in such problematical powers as the recognition of Sacco from a window at twenty yards distance in a motor-car passing at fifteen miles an hour, also to be identified, by a woman who failed to distinguish him at the identification until she had been helped by additional particulars, and by seeing him alone. Testimony as to the identifi-cation of the bullet found in one of the murdered men's bodies was interpreted by the judge in a manner that the witness subsequently repudiated by affidavit. Although the men were supposed to have committed an act of brigandage which cleared fifteen thousand dollars, they were not seen to spend any more money than before. Credible witnesses swore an alibi for the two prisoners. A well-known brigand has confessed to the murder, and asserted that Sacco and Vanzetti had no part in it. The foreman of the jury was heard to refer to the poliforeman of the jury was heard to refer to the political views of the prisoners, and to say "they ought to hang anyway." The appeal was set down to be heard by the judge who first tried the case, who naturally found that he had not misdirected the jury. Finally, the men are on hunger-strike, because the inquiries on which their reprieve depends have been conducted in camera.

fraud and conspiracy. "The State Supreme Court confirmed Lindsey's charge of corruption in the election, by ruling that there was so much fraud in Precinct 6, District J, that it should be ruled out from the result." This gave his opponent the verdict! America is the country in which monetary values are at their highest. The rule of money is more open and acknowledged. Although naked, however, finance is not unashamed. It has a shame in which its had conscious and its fraction to supits bad conscience and its frantic struggle to suppress all that arouses that conscience are evident to the world. It is this bad conscience which stimulates the rounding up of "reds," the deportation of Community Community Community Community Communists, Socialists, and Tolstoyans, the formation of Ku Klux Klans for the rooting out of everything which either frees conscience or tends to-wards self-knowledge. The most frequent American excuse for damning the true—the excuse advanced in the case of Upton Sinclair's "Oil"—is that the child much is that the child must be protected. It is this same conscience which have conscience which has kept Sacco and Vanzetti alive for six years, during the whole of which time they have been under control of the days then, have been under sentence of death. America, then, is the place where the counter-revolution continually precedes the ally precedes the revolution in a form of government which is the revolution in a form Joynson ment which is the archetype of Sir William Joynson-Hicks's general striles Hicks's general strike gestures of Fascismo.

Slight improvements in the unemployment statistics are welcomed by Press and Parliament with the brass band and for the the brass band and firework show due only to celebration of a successful remedy. For the five years of the successful remedy. celebration of a successful remedy. For the five years, at intervals whose brevity offers a measure whose for public and intervals whose brevity offers a measure whose hve years, at intervals whose brevity offers a measure for public memory, some person of repute whose utterances would be likely of acceptance by the electorate as responsible, has rushed into the glad where the market ought to be to spread the glad where the market ought to be to spread the glad tidings of coming prosperity. Lord Beaverbrook's tidings of coming prosperity. Lord Beaverbrook's Press has not been the least of the falsely optimistic Press has not been the least of the falsely optimistic bell-men. Its chant of triumph has inaugurated every disappointing industrial fair and exhibition that week the Daily Express devoted its columns of maximum publicity to singing the psalm again, despections. maximum publicity to singing the psalm again, devoting in all nearly three columns to the variations. It is true that unemployment It is true that unemployment—1,119,800 were on the books on August 1 1007 in 119,800 were on the same books on August 1, 1927—is less than on the same date in 1926, as Lord Beaverbrook says, but August 1926, was an advanced stage of the miners, dispute It is true, however, that on August 1, 1927, unemployment statistics showed an improvement on captured. It is true, however, that on August 1, 1927, usepployment statistics showed an improvement on September, 1925, but the position compared with More tember, 1924, was practically unchanged.

over, the downward tendency of consumer income during the past year compels the measurement of trade by exports, which were over a million less the July, 1927, than in July, 1926. Allowing for July, 1927, that in July, 1926. Allowing day more, and that July, 1926, contained a working day more, these facts are more than offset by the effect of these facts are more than offset by the coal exports to nil in July, 1926, but affected other industries.

The case has been dealt with by the British Press as exercise when political bias again threatens to the Press has not done, however, is either to say of much done in the name of law in democratic America, or to draw any significance. A bookstore man has just been arrested for selling a copy of Upton Sinclair's latest novel "Oil," although the police refuse to arrest Upton Sinclair, who deliberately sold a copy himself. The world-renowned Judge Lindsey has been turned out of his office as head of the Denver Juvenile Court, as the result of

mention, working more hours in the day, far from being the sign of salvation, shows how disastrous a policy caused the disorder of 1922, and what a criminal waste of labour ensues from the necessity for everyone to roll a tub somewhere as the absolute condition of getting a "moral" income. If, finally, it were a fact that the English standard of living is higher higher to-day than at any time except in 1920, it is a fact not for jubilation, but for shame, since the power of neither England nor the world to produce any nameable commodity has declined since 1920.

The infection of Lord Beaverbrook's cheerfulness did not spread as far as Lord Astor. The Times is almost bored by the monotony with which the Board of Trade Returns confirm the depression of industry. "The country is still waiting for a brighter day to dawn," says The Times, which draws the obvious remark that while it will wait it must. To pass the time away while waiting, The Times considers it "the safest course to recall the reasons for the present state of affairs and to base predictions on the prospect of their gradual disappearance." It is no longer and the state of the sta longer even jam to-morrow, and we may only survey the prospects of jam the day after. The reasons given for depression are the high cost of production, falling prices and the day after. falling prices, stabilisation, and the movement to-wards "self-containment" by other countries. On the question of cost of production, apparently The Times thinkers do not avail themselves of The Times information; according to the same issue the Cotton Yarn Association had to fine one of its members for the same issue the bers £300 for selling at less than the agreed price. In the financially most important and internationally most dangerous industries, rubber, oil, and cotton, for example, as newspapers and economists have have announced for years, world organisation is in operation which prevents the cost of production coming down as an incident in preventing the price coming down as an incident in preventing the produced were taken to market. What applies to raw materials largely applies to food, fruit and fish being objected to the produced were taken to market. being obvious instances. Almost every commodity, both of necessity and of luxury life, has been cheapened ened in potential cost by the accumulated labour and invention of a century and a half of high-speed development, and by ten thousand years of slower development. Cost, will *The Times* ever learn, is not a problem.

So far as falling prices are concerned The Times, although it notes that rising prices stimulate industry and falling prices depress it, makes no reference whatever to the underlying credit conditions beyond the reference to "our progress towards stabilisation," which is simply another way of saying our advance to where we started. If stabilisation means depression, as it has proved to do, it is amazing that nobody outside a formation. side a few cranks suggest expansion. When it is realised, as it should be, that we may choose between stabilisation and prosperity, though we may not have both, the chain of both, the choice of stabilisation looks like a form of heroism that is not magnificent, but does mean war.

The movement towards self-containment in many Countries has a restrictive effect on the British export trade; to overcome these barriers to trade it is clearly necessary to quote competitive prices for delivery inside the foreign tariff walls." Thus The Times proposes in its diplomatic way a policy of economic aggression that gression that must produce war abroad or revolution at home at home according to its success or failure. The economic academies of orthodox finance need to be reformed. Their of orthodox finance need to persons reformed. Their diplomas are granted to persons who give their case away. This very "movement" note that the word progress was reserved for another occasion—towards alleged "self-containment"

is in hard fact usually a movement towards industrialisation and world-market competition. This movement is unavoidable as long as credit solvency depends on the principle of getting back the whole pound of cost; machinery is compelled to follow the cheapest labour as the only way of postponing the manufacture of bombs. This never satisfied demand for the reduction of costs, in the absence of proposals for distributing consumer-incomes, amounts in practice to telling everybody engaged in production that the instinct of self-preservation commands him to starve himself.

It is obvious that the students of orthodox economics and finance are uncomfortable. Unacquainted with proposals for controlling prices, they nevertheless perceive that the degree of pros-perity has varied directly with the price index in startling fashion. Inflation, they see, makes the individual while it ruins the nation; deflation makes the nation while it ruins the citizen; while stabilisathe nation while it ruins the citizen; while stabilisation, which ought to be the happy medium, has proved to exhibit the worst of both tendencies. Students dare not, however, connect this with finance, which they are directed to regard as a constant that must not be varied, and they dare not see any way to the renewal of prosperity but a further fall in prices, which they realise must intensify depression somewhere. In desperation to find a bright spot in the twisted tunnel of their making they pretend that the candle in their hands is the a bright spot in the twisted tunnel of their making they pretend that the candle in their hands is the light ahead. The Times notes that Labour is cooperating with capital more readily; but, it adds, in a tone to arouse expectation, there are not two partners in industry, but three, and the greatest of these is—not credit; it is, since expectations are treated in a Puritan world in order to be discreated in a Puritan world in order to be discreated in a Puritan world in order to had not appointed, direction, as though direction had not been the major active personal partner in industry since engineering became the key. In the end The Times has nothing more novel to suggest than combination, elimination of waste, greater productive limes has nothing more novel to suggest than combination, elimination of waste, greater productive efficiency, wide vision, research, better transport, new methods, and new markets. Is it not common property in knowledge that all these things except the last-named new markets, must simply make the situation worse? And the only new market, if we stuation worse? And the only new market, if we do not learn to consume more goods for ourselves, is the old market of Mars.

In any orthodox survey of the causes of British trade depression and prospects of revival the omission to mention faxation and the war debt is inexcussion to mention taxation and the war debt is inexcusable. The *Round Table* contributor quoted in these Notes last week was at least wiser in this respect than *The Times*. The fall in prices over the last two years, together with the corresponding decrease in producer-incomes, has in effect added more to the war debt than all the repayments have deducted from it. As long as the present financial mechanism from it. As long as the present financial mechanism lasts, every fall in prices increases the burden of the interest on the war debt, which is a vastly greater proportion of the total national income and the interest on the state patients. proportion of the total national income now than it was in 1920. If costs in industry as a whole could be reduced to three hundred and fifty millions a year, the whole of the national income would belong be reduced to three numered and the year, the whole of the national income would belong year, the whole of the national income would belong to the controllers of the war debt, failing, of course, repudiation. Though production might exceed repudiation to he wish of the goods would deconsume them all, or on their ability to force the consume them all, or on their ability to force the consume them all, or on their ability to force the the goods on the foreigner as debt. At present, interest on the war debt is as much a drag on industry as if the holding were wholly foreign. It is a definite addition to cost which orthodox writers may mention on any occasion except when they are dismention on any occasion except when they are dis-cussing costs. Whether the course to be adopted shall be reduction of the rate of interest with or with-

out revolution, or the further disorganisation of industry and increased empowering of finance which would follow a capital levy, or, to name the third course, such an expansion of purchasing-power and production as will enable debt holders to receive their quota without anybody missing it, ought to be a plain choice involving no hesitation. The policy followed for so long, while financier incomes and funds have remained unaltered, of contracting working credit, and with credit, producer and therefore consumer incomes, amounts to something very like national lunacy.

One thing acknowledged with unanimity except by the few advocates of the simple life-and some of these recognise its necessity as a condition of making the simple life possible—is development. The Australian Government and the Empire Marketing Board have just agreed jointly to finance an investigation into methods of surveying for oils and minerals. The Technical Committee set up by the Ministry of Commerce in Paris to furnish recommendations for reducing the cost of living, has almost dations for reducing the cost of living, has almost confined its positive suggestions to hints of directions in which development should be initiated. Major Theodore Rich, in a speech last week at the 1912 Club, groaned under the obstacles to the development of Britain's electricity services. It is an exception to open a page journal without meeting this tion to open a news journal without meeting this agitation for more thorough—and incidentally more civilised—exploitation of the world's known resources. Yet developmentists appear to be bursting their hearts in an effort to break free from invisible chains. They so rarely mention the financial freedom required for development that they must be unconscious of what binds them. They are masters in their own field, and the publicists, who have accepted the duty of uniting the fields in their effect on society, do not enlighten them. Only by accident does it come out that anywhere, outside the reformers crying in the wilderness. the wilderness, a relationship between credit and industry is even guessed at—as when the joyful Daily Express naïvely remarked that "some of the increase in bank deposits as compared with a year ago"—it is very slight—"is due to an expansion of bank advances which are now going to fructify trade and produce a harvest in due season." The sentence should be italiaised in avidence against somebody at should be italicised in evidence against somebody at that financial inquiry fixed for the Judgment.

Major Rich certainly did not see the obstacles to electricity development in the lack of industrial direction, since English firms have constructed excellent systems in many foreign countries; he saw them in cost, in the machinations of trusts, and in our lack of water power. That an electricity service could, with our unemployed labour and a little credit re-organisation—granted that the only object in view were an electricity service—be obtained without ultimate cost out ultimate cost, may sound far-fetched to Major out ultimate cost, may sound far-fetched to Major Rich, as may the suggestion that we have a good deal of water in the sea, and magnificent tidal whither they are directed, to greater production on the one hand, or market monopoly by means of minitwo-edged sword in producer organisations. A given plenty of employment; it can either promise or it can utilise its power to make better terms for or it can utilise its power to make better terms for delivering some of the goods, even to the extent of fining its members for reducing the price. The problem is to create conditions, financial and economic, in which it is to the mutual advantage of both labour and capital trusts to deliver the goods,

a problem whose difficulty resides wholly in the unwillingness of the financiers in power to allow any alteration in the mechanism which apparently serves them, if nobody else, well. Whatever their motive, they fear to put their faith in invention in one branch of technology. of technology, and consequently refuse to reorganise the system for distributing purchasing power in the light of knowledge largely contributed to, as knowledge has a way of being, by the experience of war.

Reduction of costs would be a splendid thing if consumers had any other means of buying the product than obtaining a share of costs. Messrs. Tootal, Broadhurst, Lee announced at their annual meeting a scheme for cutting out the middleman. Whatever additions to costs the firm may incur by building warehouses of its own, it intends finally to reduce costs. It must obviously at the same time deprive certain people of incomes. When these have done what the have done what they can in the way of self-help by spending their savings, thus converting a little investment credit to consumer credit, their failure to continue this course will force the firm to meet the further necessary fall in prices by a further reduction in costs. Once again, reduce the costs to nothing, except, of course, depreciation of the old plant and new warehouses, and there is no consumer plant and new warehouses, and there is no consumer income, anywhere them. without the devices of international loans, and credit for future. credit for future production, the consumption of present production present production cannot so much as begin. Further, the moment it begins, and further production is stimulated by the rising market, far more is extracted from the consumer in price than is distributed to him against the proportion of the product buted to him against the proportion of the product he consumes. Without price regulation there is no third course to successive inflation and deflation, each indulged in to escape from the consequences of each indulged in to escape from the consequences of the other. There is at the present time no means by which the world at the present time no means the goods by which the world consumer can demand the goods which existing plant in the goods which existing plant is capable of turning out.

Considerable pleasure was expressed by financial rrespondents at the correspondents at the week-end at the news of a small flow of gold to the December 2 to 10 percent at the news of a small proad, flow of gold to the Bank of England from abroad, for it is well brown to the Bank of England from abroad, for it is well-known that with gold in South Africa we can only fold we can only fold our arms and smoke, whereas with gold in the world. gold in the vaults of the Bank we are permitted to go to work, the supporting go to work, the superstition with least in all folk-lore agree that pictures should be made artificially scarce and that nobody should have chairs unless he got agree that pictures should be made artificially scarce and that nobody should have chairs unless pold is pictures. While we are unhappy because gold is scarce, the United States is unhappy because with plentiful; but instead of agreeing to exchange it us for Rolls Royces or good fine worsted, the gentler were unhappy because with men whose business it is to arrange the matter met in secret and kept very quiet about the proceeding the their conclave. Mr. Norman, Herr Schacht of Reichsbank, Herr Rist of the Banque de France, were Governor Strong of the Federal Reserve Bank, successfully, while the admirals and diplomats of wasting their time at Geneva. The reduction of New York Bank rate was probably the outcomet among other states. wasting their time at Geneva. The reduction of New York Bank rate was probably the outcome, among other events which have doubtless not for matured or are not manifest of their meeting. ensured the Federal Reserve Bank has gaged in preventing the issue of the full amount credit which bankers' custom and politicians' redit which bankers' custom and politicians' support. Gold basis for credit in America is by many economists to exceed the quantity be the for all the real credit which may politically be tee for all the real credit which may politically against inflation, America's gold reserve is a definite

stimulus to inflation. From this it follows that America, which recognises that it cannot afford to receive goods in liquidation of the debts abroad because of the effect on American industry, now perceives that it cannot afford to accept gold. In short, it cannot afford that its debtors should pay at all.

If America, by a price-control system, were rendered able to improve even America's standard of living by taking foods and using them in discharge of her foreign credits, American finance could not agree. One of the reasons why the flow of gold into the United States must be slowed down is impressive. pressive. The Federal Reserve Bank fears that the unavoidable overflow of gold to the local banks will render them independent of the Reserve, in that they will be all the render that they will be a will be able to issue their own credit instead of borrowing from the central pool. This is the only possible home reason for the discouragement of the inflationary instrument of gold by the inflationary instrument of a reduction in the Bank-rate. The moral of this is that if gold were to become extremely plentiful in England, it would not, under the existing price and credit system, be allowed to justify the issue of credit which all orthodox students would calculate. calculate. The control of credit would be preserved for the central bank artificially, whatever industry might suffer in consequence. For all students who will will examine the facts, America has rendered it evident that the gold-standard is entirely adventitions to the relation between financial and real credit, which could be preserved only by the regulation of prices through the appropriate issue of credit to the consumer.

The Midland Bank and a Financial Inquiry.

By C. H. Douglas.

V.

One of the many intriguing aspects of the struggle which appears to be going on between the Midland Bank, the Bank of England, and those of the great Joint stock banks which appear to sympathise with the parent institution, is concerned with the substitution of the £1 Treasury Note by a £1 note issued by the Bank of England. We have been informed publicly. licly on several occasions that such a change was imminent; we have even been informed that quantities of costly machinery have been installed by the Bank of England for the purpose of printing the notes; but the notes have not appeared, and in place of their appearance we have recently had a change in the design of the Treasury Note to accord with new style and title of the King, which change in the notes are immediately to be superseded by Bank the King play no part the King play no part.

It is not difficult to recognise in what appears to be a somewhat trivial matter, a parallel to a "flag" controversy, and at first sight the Midland Bank to conclude this would be premature. Which brings At first sight the "chequelet."

At first sight the imposition of a twopenny stamp on every cheque drawn would appear to be, and from one point of size drawn would appear to be and from one point of size drawn would appear to be an irritating extorone point of view, undoubtedly is, an irritating extor-tion. It is not without significance that cheques in, for instance, the United States, do not bear a stamp. But when we look a little deeper, it will be realised that the stamp upon a cheque represents two matters

of importance. The first of these is the claim of the Crown to countersign or otherwise, bank credit. The second is to make bank credit rather more expensive than State credit, as represented by the Treasury Note, which passes from hand to hand without cost to the user. It is true enough that, as usual, the individual bears the expense of the battle between these two principles, and it ought therefore to be a matter of some consolation to him that neither of his two oppressors, the State or the financial system, is entirely having its own way.

Now the chequelet was an ingenious device to eliminate both of the State privileges which are mentioned above. Incidentally, if successful, it would have been a complete defeat for the Bank of England note. So that if we are to credit the Midland Bank with having a consistent and conscious grasp of the impli-cations of its own actions, it is fair to deduce that

its policy is somewhat as follows.

It is just as much a believer in the control of in-dustry, and ultimately humanity, by finance as are any of the other banks. It does not show any very obvious signs of an identification of interests with, in the larger sense of the word, Parliamentary politics, although I am not sure that it does not show more signs of an appreciation of the importance of racial characteristics, and of an identification of itself with British racial characteristics, than does any other British racial characteristics, than does any other large financial institution, although its orientation to New York finance is obscure. It appears to be working for the increasing substitution of a pure credit instrument like the cheque, in place of the clumsy monetary token divided into rigid denominations. In this, I have no doubt at all that it is sound, and that if our money system persists at all, it will persist in the form of written orders of the nature of cheques, and that the use of what is called cash will be more and more confined to the smallest of paybe more and more confined to the smallest of payments, and will ultimately disappear altogether. In a community such as existed amongst the British population in India up to a few years ago, in which every individual was a marked man whose credit was perfectly well known, it was no uncommon thing to go for months at a time without using legal tender in any form, and it is a confession of incompetence in any banking system that it should require a dual mechanism of credit.

Having said this, I am very much afraid that we have said most of the complimentary things that can have said most of the complimentary things that can be said about the Midland Bank's policy, as far as it is at present either disclosed or deducible from its actions and utterances. There is no evidence, at any rate visible to me, of a grasp of the new factors introduced into the economic system, and therefore imposed upon the financial system, which are involved in the transfer of the labour of production from human to solar energy. There is no recognition of what seems to me, and has always seemed to me, to be of much greater importance than any mere question of credit policy. I mean the arithmetical fallacy involved in our present method of producing fallacy involved in our present method of producing factory cost prices. And certainly there are no visible signs of a recognition of the fact on which the world situation may be said to turn, that Bank credit is public property, not Bank property.

Under these circumstances, it seems fair to conclude that the Midlard Bank occupies the position in this country of being the most progressive, and very this country of being the most progressive, and very probably the best run of the institutions which carry on an essentially unsound business. If its essential unsoundness is, as I believe it is, fatal to the existing economic and social order, none of its proposals so far adumbrated will sensibly modify the disease. If I am not correct in my view on the general situation, then I should imagine that the remaining joint stock banks will ultimately follow the lead which has been given to them through Mr. McKenna.

(Conclusion.)

Fianna Fail and the Oath.

. . we should deplore the absence from Irish counsels of the only element which shows evidence of knowing what is fundamentally the matter with Ireland. Those Fianna Fail members who know something of the New Economic analysis will recognise that there is a tremendous scope for really good work for Ireland open to them within the wide limitation of the Oath itself." . . "if our armed forces in Ireland had only worn the Bank of England's livery instead of the King's uniform, the Irish people might have conceded His Majesty the purely formal courtesy about which the Government pretends he is so sensitive."—THE NEW AGE, June 23,

The decision of Mr. de Valera's party to take the Oath and sit in the Dail has evoked derisive comment throughout the British Press. The derision, however, to the instructed observer, is something analogous to whistling in the graveyard. Mr. Garvin, in the *Observer*, ostensibly expects Fianna Fail to be discomfited when it comes "in contact with responsibility" and has to exchange "longrange polemics for close discussion." But there are reasons why that need not necessarily happenreasons which no newspaper seems anxious to advertise. The Press is pretending that, apart from the issue of allegiance to the King, Fianna Fail has no policy, and that its participation in future debates will demonstrate the fact. Yet there is plenty of evidence that Mr. de Valera is a realist, no matter how much sentiment surrounded his election campaign. We have on occasions quoted from his speeches in Ireland and America to show that his views on Irish finance and economics tend to open up some inconvenient questions from the point of view of the interests which dominate Press criticism. In the meantime the newspapers maintain what looks like concerted silence about this aspect of the new situation.

Even here, however, they have no case. As soon as Mr. Cosgrave passed his Act disqualifying persons from becoming candidates for the Dail unless they took the Oath the whole situation was changed. No longer was it possible for Fianna Fail to force the Dail to sit with one-third of its elected strength absent; and the only alternatives left to the leaders of that party were to forswear their repudiation of violence or else to withdraw from public affairs completely. And to forestall their contingent, though unlikely, reversion to direct action, Mr. Cosgrave has introduced a measure giving him special powers to deal with "underground organisation" against the "security of life and of the State." So Fianna Fail has been obliged to carry on its campaign against the Oath by first taking it. If this be casuistry then every politician in history has been a

But let us come to facts. The terms of the Oath are as follows:

allegiance to the Constitution of the Irish Free State as by law established, and that I will be faithful to H.M. King George V., his heirs and successors by law, in virtue of the common citizenship of Ireland with Great group of nations forming the British Commonwealth of Tallon."

These terms Fianna Fail now says are an "empty political formula" which deputies can "conscientiously sign without becoming involved or without involving their nation in obligations of levelty to the tiously sign without becoming involved or without involving their nation in obligations of loyalty to the English Crown." They do not imply, it asserts, any given public notice to "all whom it may concern" that it proposes to interpret the Oath in that way.

In justification of this attitude it must be conceded that the very terms of the formula exclude the idea that it is a contract in a legal sense, for nowhere

idea that it is a contract in a legal sense, for nowhere does it define any specific obligation. It does not let a hint escape as to what actions are loyal or disloyal. Nor are British newspapers showing any desire to supply the missing information. The rea-

son is perfectly intelligible to those who remember what ensued on Mr. Asquith's Irish legislation just before the war, when British statesmen were openly threatening and preparing armed resistance to an Act of Parliament which had received Royal assent, and when influential officers of H.M. Forces interviewed Major Seeley and attempted to bargain as to the conditions on which they would assist in enforcing the Act by military measures against these revolters. It is a most significant fact that in the face of Fianna Fail's open repudiation of their signatures to the Oath, its members are allowed to take their seats and

The reason is that nobody can stop them without stating what the Oath implies; and nobody dares attempt such interest the attempt such interpretation because either it must be wide enough to allow Irish statesmen the benefit of the above British precedent, or else it must be narrowed, in which case it would revive a charge of treason against highly placed statesmen in this country.

But no purpose will be served by raking up these forgotten matters. The present duty of Fianna Fail is to pursue its declared policy of economic allegiance to Irish consumers. No doubt the apparent pedantry of the British Government in insisting on the Oath of Allegiance conceals high-financial policy in sharp conflict with Mr. de Valera's If this is 50, in sharp conflict with Mr. de Valera's. If this is 50, his best tactic is to his best tactic is to press forward with his own policy, taking all advantage of the New Economic researches into Credit and Cost. Let him strive bring into political consciousness the unrealised potential affinities of all Irish sities. potential affinities of all Irish citizens considered as consumers. Let him show that a consuming Ireland is a contented Ireland

We have little information about Mr. Thomas Johnson, the leader of the Irish Labour Party, with whom Mr. de Valera may co-operate. If he becomes the new President has all the the new President, he will be forced to do something for the Shannon workers and the state of the shannon workers and the state of the shannon workers and the state of the st for the Shannon workers, whose need for an increase in wages he has publicly recognised. On the problem Mr. Stephen Companies. problem Mr. Stephen Gwynn writes in

"And if Mr. Johnson goes to float a new National Loan to pay for these things, will he get the money of terms at all resembling those which Mr. Cosgrave's Government secured?"

Quite so. But it all depends upon whether Mr. John son accepts the assumptions underlying this compared the cent challenge. It is just possible that Fianna and Labour together may be preparing for such the eventuality with other ideas in mind. If so, them bankers will already be on the move to stop the week fancy we see some indications of their activities in the sudden news that there has been a rift in cost in the sudden news that there has been a rift in Cos-Redmond party, and that consequently Mr. Redmond party, and that consequently Mr. not grave's resignation, assured last Saturday, was will balds on it the assured on the Sunday. If he holds on it clearly not be with the object of doing anything it will not be in power with his few followers); so to must be regarded as a piece of strategy designed to keep the initiation and subjects of debate in the in "safe" hands

in "safe" hands.

"Never in this world," declares Mr. Garvin, is separatism and union meet." Separatism doomed for all time to carry partition on its backing are of "But union and the sense of free partnership ding inseparable from any conception worth holding inseparable from the will take Mr. Garvin is word for the principle, but prefer to give it an application of our own. The real separatists are not groups politicians who want to be independent of insight politicians who want to be independent of orisist groups, but are groups of private citizens who all on being independent of all politicians—above article Governments. It is the separatism between the ficial laws of finance and the natural laws of production and consumption which carries partition fundation and consumption which carries partition fundations. It is for Ireland to comprehend this awaits mental truth; and a name honoured in history are the man who shall announce and expound it to

Views and Reviews.

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NOTES ON MECHANISM .- I

Throughout empirical philosophy the idea of the universe—including man—as mechanism has exercised almost a compulsion over the thinker. Even to find a partial to the characters to find a satisfactory word for the alternative to mechanism has exceeded man's philosophical power. Free-will or freedom, the moment the honest thinker begins to justify the terms by reasoning, gradually leave him with the alternative of regarding a man as an unrelated point in a vacuum, or as a ball whose movements are entirely controlled by the boots that propel it. The case for free-will or freedom has in-variably had considerable support from religious authority, and a good deal from the desire of the individual to be somebody on his own account rather than an electrical marionette stimulated only by his environment. Although there appears to be no reconciliation possible between the concepts of freedom and determinism in rational philosophy there is possible. sibly a pragmatic reconciliation to be made in psychology. One may even be able to show why man is under the necessity to choose the idea of freedom as authority contends, and why, perhaps, he often chooses voluntarily the idea of determinism.

Part of the aim affirmed by enlightened moderns is that the individual human being should become able increasingly to control his own destiny. Much of the opposition to that aim springs from a very old and hard-set belief that man is laden with an heredity so much against him that the one thing he cannot be trusted with is control over his cwn destiny, wherefore he must be surrounded, for his soul's sake, by trials and all the large trials and all the surrounded in the soul's sake, by trials and obstacles, including the necessity to work hard and long, for fear the devil find employment for his idle hands. It is an amusing paradox that the advocates of and on the same support of the same advocates of endowing a man with control over his own destiny, who are ready to take the risk of his thwarting all his possibilities for good, are the more ready as a general rule to accept the concept of determinism with the concept of the concept of determinism with the concept of minism, while those who would have man externally disciplined for his soul's sake are the more insistent on the concept of free-will. It is a commonplace of product of the concept of free-will in the concept of free-will modern political thought that the advocates of freedom accept determinism while the advocates of authority rule and precedent accept free-will. Perhaps the two concepts exist in every mind, in such a manner that no matter which of the two be consciously expressed. pressed, the other is expressed with lower conscious emphasis. If this be true there must exist some organic link between them, except in the minds which are so split that they adopt determinism on this occasion, and on another occasion as tacitly assume free-will without knowing what they do.

Nietzsche, plying language on behalf of the crystallisation of feeling in the form of thought with a mastery attained by few artists in the history of civilisation. civilisation, more than once demonstrated the utter inadequacy of language to express anything. In his criticism of Kant's claim that every phenomenon implied the criticism of that there could implied the existence of a noumenon, that there could be no account of Kant's claim that every phonon implied the existence of a noumenon, that there could be no account of the country o be no appearance without a corresponding reality which, whatever it might produce besides, must at least have contributed an accordance of that least have contributed to the production of that appearance. Nietzsche demonstrated how gratuitous an assured how gratuitous an assumption it was; what a phenomenon proves, said Nicks and Nic said Nietzsche, is a phenomenon. Tracing how appearances differ according to the vital needs of the person communicating his record of them, Nietzsche concluded that all so-called knowledge amounted to nothing more than useful falsifications of reality from a taken for greated point of view. It may be from a taken-for-granted point of view. It may be useful to inquire whether the whole of empirical philosophy's recorded. sophy's researches into the problems of determinism and free-will are not also attempts to justify two opposed falsifications, each useful to different people,

or for different purposes, by reference to a single faculty of the mind, namely, reason, which, perhaps, for the sake of a similar useful falsification, has been separated from other faculties equally vital; and to the prejudice of one of the two falsifications.

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To diagrammatise the mind is itself a falsification. Yet it is a useful falsification, nothing superior to the conversion of the mind into rooms, boxes, regions, and branches, having yet been discovered. For a psychoanalyst the mind is regarded at times as a group of related rooms rather like a house; to Freud it is rather like a house with an attic, in whose airy height all the ideas and wishes which inhabit the place want to live, and in which the less socially respectable are kept in the cellar, except when the doctor procures them an airing. In Jung's system, again, the mind is not altogether unlike a house, though it has more rooms, and the occupants of the various floors are expected to live at peace with one another, even to marry, and not to despise the hints for general happiness to be obtained from the frogs that jump about in the cellar, or sometimes, in the night, about the stairs. Kant, inquiring into the mind from another angle, concluded that its activities could hardly be reduced to fewer than three, knowing, feeling, and willing. This, although scarcely a conversion of what appears to go on in a very complex structure of brain, senses, and nervous very complex structure of brain, senses, and nervous system, into a *spatial* diagram, may also have been a convenient falsification useful to get Kant over a stile; nevertheless, it is a conclusion that nobody has yet been able to dispense with.

It is of interest that individuals in society are called upon to use, in varying degree at different times, will, feeling, and knowing, because it is according to the degree to which one or other of these functions dominates their activity that they appear to believe in determinism or in free-will. A life occupied with cognition produces a determinist, a life occupied with feeling produces a devotee of free-will and in their effects to establish either as a final will, and in their efforts to establish either as a final concept both beg the question. To take the instance of psychology, Freud is practically a mechanist, and Jung a denier of mechanism. mechanist, and Jung a denier of mechanism. Nobody would oppose the statement that the psycho-analysis of Freud is dominated by cognition. His followers explicitly claim that his is the only science of psycho-analysis. That the Freudian system could be formulated the concept of free-will had to be denied. It may be that the Freudian system is so supremely useful that the Freudian system is so supremely useful that the repudiation of freedom is justified; it may, on the other hand, be that the concept of free-will is so supremely useful that repudiation of the Freudian supremely useful that repudiation of the Freudian system is justified. The rational ramifications of either concept being unpursuable to their limits, life itself in this matter is the blind force which must itself in this matter is the blind force which must choose according to its instinctive needs, in faith that whatever enriches life will prove true.

The term mechanism is one which avoids the question rather than answers it, precisely as does free-will. In anxiety to arrive at a valid concept efforts have been made to substitute for free-will the concept of "purposiveness." The term mechanism is just as unsatisfactory, since nobody mechanism is just as unsatisfactory, since nobody has ever seen a mechanism that was only a mechanism. There is no machine which can be ism. There is no machine which can be regarded as an isolated creature repeating its own movements to no end. Invariably it has a purpose, movements to no end. Invariably it has a purpose though its purpose is not its own; and the purpose was put there by a man. Moreover, the machine was put there by a man. To get work (itself a purcan do no work of itself. To get work (itself a purposive term) out of a machine, energy in the form of steam, electricity or petrol, or even a foot on a pedal, must be introduced from outside, while the union between energy and mechanism has to be union between energy and mechanism has to be regulated and directed so that the process ascends

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even beyond what is called dynamic; the very agent that the concept was wholly designed to keep out forces itself in before the machine, accepted for what it is, can fulfil any function. Possibily there are no mechanisms in the universe in this sense; for an expanism contains not only all that is ease. for an organism contains not only all that is essential to the machine, but in addition, the power of transmuting its own energy and of furnishing its own direction. An organism is the mechanism plus the machine-tenter plus the inventor, plus the perceiver of the need, purpose, and use of the mechanism. The advocate of determinism—or mechanism—is in an amusing situation when he has to choose his term not from the inorganic, but from an extension of the object under consideration.
R. M.

THE NEW AGE

The Prophets. I.—BERNARD SHAW. By Hugh Ross.

The patriarchal beard of Bernard Shaw has graced the illustrated pages of so many newspapers that his features are as well known as his name. (There is indeed a story that he once walked unrecognised down the Strand carrying a bag of bananas, but one is forced to believe that he himself originated that myth to prove his modesty.) We of the younger generation are told that once that beard was red, and that its owner resembled Mephistopheles; but to us it recalls only Moses. Bernard Shaw, the contemporary, is an eminently respectable prophet, and we cannot understand how people at this time of day can maintain that he is a revolutionary.

I do not mean to imply that Shaw has changed. "Saint Joan" is not a recantation. Eminent divines apparently crowd to see it in the belief that it is a slightly intellectualised "Sign of the Cross." It does not occur to them that the very title is ironical. The last play is of a piece with all the others; it preaches the same uncompromising doctrine. But the author is older and the audiences are wiser. That is the only difference.

So much has been written on the subject of "G. B. S.," that it may seem both impertinent and impossible to attempt to analyse his achievement in a short article. Yet, in spite of his apparent complexity, the clue is simple. It is contained in the Mephistopheles-Moses transition. How did the rebel of one generation become the reactionary of the next while remaining essentially the same?

Victorianism has come to mean a corrupt puritanism. It is a commonplace to say that the Victorian age could produce no genuine art because it could think only in terms of conventional morality. Its typical creation was the nonconformist conscience an automatic veto on everything vital. Its crowning achievement was the Great War, waged to make the world safe for commerce. The present age has so stressed this aspect of its predecessor that it has forgotten that there is a puritanism which is not hypocritical and a nonconformity which is not negative. The rebels were so busy attacking Victorianism from without that they mistinterpreted the attack that came from within. "The 'Nineties' waged war on false puritanism because it was puritanism; Bernard Shaw, because it was false.

Consequently, at the outset, his intention was mistaken by both parties. If he wrote "Three Plays for Puritans," the title was taken as evidence of his malicious irony. Neither friend nor foe accepted it as the sober truth. If "Mrs. Warren's Profession" was banned, it was assumed that it was banned for the same reason as, for instance, "Salome." It never occurred to the puritans that it was prohibited because it was too moral. If he remarked that "when Jesus called Peter from his boat he spoiled an

honest fisherman and made nothing better out of the wreck than a salvation monger," it was taken as proof of his anti-Christian tendencies by the outproof of his anti-Christian tendencies by the raged nonconformists. Only the Catholics saw in The it the unmistakable signs of his puritanism. The Catholics were right. The famous preface to "Androcles and the Lion" remains the greatest popular exposition of true puritanism that this generation

Shaw might be disowned by his fellow-believers, but the discerning among their opponents soon realised that he was still the ised that he was still their prophet. Against the doctrine that the assessment trine that the essence of the thing done is the manner of doing it he want of doing it he waged uncompromising war and proof doing it he waged uncompromising war and pro-claimed that "he who has nothing to assert has no style, and can have none." In the preface to and Superman" he demolished "l'art pour l'art" group. In the preface to "The Dark Lady of the Sonnets" he showed signs of his inherent respect-ability by denying the obvious because he thought it was scandalous. Indeed, he never disguised the fact that he believed in sermons rather than in sonnets, that he believed in sermons rather than in sonnets, and he manifested that held for the sonnets of and he manifested that belief by putting most of his best work into his prefaces instead of into his plays. He made the stage and instead of into his plays. He made the stage a pulpit, yet saved it for its proper function despite himself.

Now, after the wreckage of the war, Shaw is revealed in his true colours. He emerges as the great puritan. He can no longer be mistaken for a rebeline is seen to be a reactionary. he is seen to be a reactionary. It may be objected that all rebels become reaction that all rebels become reactionaries in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that Shaw becomes in the process of time, and that the process of time, and that the process of time, and that the process of time, and the process of time time, and that Shaw has merely shared the common lot. But there is a difference by shared the common thinks lot. But there is a difference. Nobody ever thinks of Tennyson or Browning as a reactionary. Neither is more than a manifestation of his age. are mere providers of academic discussions are mere providers of academic discussions makes the state of time. He is jung pendent of time. He is jung could have existed without Victorianism. pendent of time. He utters a message that has rung down the ages, calling to pendent of time. He utters a message that has runk down the ages, calling to men to repent and third hold of life. If all his work were lost but the act of "Man and Superman," it would not matter greatly. The essence of him is there. He has never surpassed, perhaps never equalled, that expression of it. It is there that occurs his description and surpassed, perhaps never equalled, that expression of it. It is there that occurs his description of Heaven: "In Heaven, as I picture it, you live face work instead of playing and pretending. things as they are; you escape nothing but glamour; and your steadfastness and your peril are your glory." His message is the need to establish Heaven on earth.

So he becomes

So he becomes, judged by the spirit of this age, a reactionary. He stands, a lonely giant, in a world of Cowards. Having destroyed the false puritarism, he had hoped for the dawn of the true. of stead he has found only the tedious vulgarity of Restoration. And he has expressed his disillusion ment in the devastating cynicism of the epilogue. ment in the devastating cynicism of the epilogue of "Saint Joan."

I have purposely taken no account of his dramatic change his humanant account of his dramatic firm. technique, his humour, his alleged paradoxes. Service to the stage is recorded in every text-bothe. Even the man who knows little and cares less theatre knows that Shakespeare wiest. theatre knows that Shaw and Shakespeare arnest plays. His humour is incidental; he is too early for it to be fundamental; and his paradoxes exist only in the state of the sta for it to be fundamental; and his paradoxes is only in the minds of the unintelligent. dramatist only by accident. It would not be at a cult to imagine the tall, spare figure standing and street corner conducting a revival meeting. street corner conducting a revival meeting ng lustily singing: "Work, for the night is cominate Only, because he is a religious genius, he his the world his street corner and written hymns.

It is his religion, too, that explains his social His The one is the political expression of the other unconvegetarianism, on the other hand, seems an

nected fad. If it could be established, however, that it was not altogether unconnected with longevity, the Shavians might elevate it into a doctrine. This would be the more regrettable since, already, they seem bent on popularising their master's asides on longevity at the expense of his teaching on life.

Bismarck—The Man. J. S. Kirkbride.

A heterogeneous mass of glorious blame, Half virtues and whole vices being combined; Faults which attract because they are not tame; Follies trick'd out so brightly that they blind.
(Don Juan. Canto XV.).

If the latest biography of Bismarck does not add much to our knowledge of the statesman, Emil Ludwig's fascinating book leaves us in no doubt as to the manner of man "The Iron Chancellor" was. After all, it may be that it was the very human Bismarck who left an indelible impress on the history of Europe, rather than the subtleties of the super-diplomat or the ruthlessness of the man of "blood and iron." Von Treitschke, who was no mean judge, held that it was personalities who made him made history, citing in the same breath Luther, Frederick the Great, and Bismarck in proof of his assertion. The right man, he said, "always appears at the right time," and added that why this is so "will always appears at the right time," and added that why this is "The age develops genius, but does not evolve it." It is a comforting theory, but one cannot help wondering what went wrong with the automatic supply of "right men" in August, 1914! Perhaps it was the age that was "out of joint," but the greatest crisis in modern history had to be met by men who, at their best, were only well-meaning mediocrities.

As an introduction to the study of the man, it would be difficult to improve on Emil Ludwig's own

"A shadowy panoplied figure, glimmering in the twi-light.—For eighty years the lightning of party hatred has flickered round him; in his lifetime he won but little affection for he had been supported by the start of the start affection, for he bestowed little. . . It is the task of this book to draw the picture of a victorious and erring fighter. were pride, courage, and hatred.

As the man Bismarck was Germany's fate, it is meet that the nation should know him as he was, not as distorted by adoration and hatred.

Now, it would be no exaggeration to say that if pride and courage constituted the driving forces of Rismand. Bismarck's character and made him the most powerful statesman of his day, hatred was the cause of more than one deplorable mistake in the career of this "victorious and erring fighter." But it was the heterology and the leathed the hatred of a large mind, of one who loathed meanness and treachery. It was the natural expression of what Treitschke called his "massive frankness," and wrung from Favre the half-reluctant admission. admission : -

"He never deceived me. He often hurt and enraged me by his hardness, but in small things and in great I have always found him upright and precise."

One is tempted to ask whether Bismarck read Swift, for his knowledge of English literature was more than respectable; his early letters to Johanna von Puttkamer are liberally sprinkled with quotations from English classics. There is the Serman tempt, yea hatred, in the outbursts of the German aristocrat against politicians and courtiers that we meet in the writings of the sardonic Dean. When Gulliver at Lafuta exclaims,

"How low an opinion I had of human wisdom and integrity, when I was truly informed of the springs and motives of great enterprises and revolutions in the world, and of the contemptible accidents to which they owned their success,"

it might be Bismarck giving vent to his wrath and disdain in '48 after his stormy interview with Augusta, and his refusal to further her ambitions Augusta, and his refusal to further her, ambitions on behalf of her son at the expense of her husband and brother-in-law. Truly, on that occasion Bismarck was more royalist than the King; and the Prussian Junker's rigid sense of duty settled for good or ill the future of Germany.

The constant outbursts of irritation, culminating at times in veritable brain-storms, of which Dr. Ludwig gives us many instances, may have their origin in a trait of Bismarck's character which seems to have been overlooked by his biographers. He had a keen sense of humour—of the sardonic kind, it is true—and, with all deference to the land that gave us Heine, humour is not the German's strong point, and was certainly not conspicuous either in point, and was certainly not conspicuous either in his friend and colleague, von Roon, or in his royal master, William I. Small wonder if he once complained to his doctor that he "could not stand the ceremoniousness of court-speech," and bemoaned that he could not say outright, "Your Majesty is talking rot," or "Your Majesty has the political insight of a fourth-form schoolboy." He also once said that when serving on committees he preferred to sit amongst his opponents—"his friends were so dull!"

This may account, in part, for his curious intimacy, one might say friendship, with the brilliant Lasalle, which had a common basis in their mutual contempt for "das Bürgertum." Bourgeois liberalism was anathema to both. Had Lasalle lived another ten years, Bismarck might have come to that understanding of the people which he only attained at the end of his career—when it was too late. Speaking years after in the Reichstag, this super-junker said. super-junker said:-

"Lasalle had something about him that attracted me as a private individual; he was one of the most talented and amiable men I ever met; he was ambitious in the grand style.

Our interviews lasted for hours, grand style. Our interviews lasted for nours, and I was always sorry when they were over. I also believe he carried away with him the impression that I was an intelligent and willing listener.

It was his subtle sense of humour that endowed him with his extraordinary breadth of view in world with his extraordinary breadth of view in world politics. He was a "good European," free from the more vulgar form of patriotism, and never held that his own folk were the chosen people. Did that his own to that aristocratic caste which constitutes the nearest approach we have to an interstitutes the nearest approach we have to an international sodality and may even yet give us real "democratic control" based on the good manners ademocratic control "based on the good manners so obviously lacking in the plutocracy of to-day? After all, gentlefolk and peasants are much the same the world over; they have this in commonthey are in closest touch with the land and all that its cultivation and enjoyment imply. Life in the its cultivation and enjoyment imply. Life in the open is a great leveller; it matters little who beats or who shoots. or who shoots. It is the middle-classes of England or who shoots. It is the middle-classes of England and France, the urban industrialists, who have given us Manchester Economics, wars for markets, and all the doubtful blessings of high finance.

It is as an out-of-door man, a lover of horses and the dogs who were his constant companions the

the dogs who were his constant companions, the the dogs who were his constant companions, the mighty hunter before the Lord, that Bismarck should appeal to Englishmen. The latent poet slumbering in all of us awoke in his as he listened to the secular trees in the woods of Saxony chanting their old sagas and the pines of Pomerania to the secular trees in the woods of Satory ing their old sagas, and the pines of Pomerania ing their old sagas, and the pines of I love the great whispering their ancient runes. "I love the great trees," he said. "They are ancestors." He fought with his head forester for the life of every decaying monarch of the woods. "What? The decaying monarch of the woods withered," he top rotten? Why my own poll is withered," he top rotten? Why my own port is withcred, he retorted, baring his head. And then would he and his sons—this man before whom his colleagues trembled—go out with their guns to blow away

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the dead branches from the tree-tops, so that the ruthless forester might be hoodwinked into sparing

them for yet one more spring.

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In his beloved woods the lord of Friedrichsruh became another man; a simple, straight-dealing human being. On one occasion, having in the presence of guests accused a tenant, an old miller, of poaching, he learned, on returning home, that the accusation was groundless—the old man had not even a gun. Climbing back into his carriage, he said, "Gentlemen, dinner must wait; you must do me the pleasure of accompanying me back to the mill." On arriving there the justly offended miller ignored a call to come out of his lair, so the Chancellor of the Reich got out of his lair, so the Chancellor of the Reich got out of his carriage and, accompanied by his friends, entered the mill and tendered a humble apology. And that is how he who "consorted with kings" did not "lose the common touch."

No attempt to delineate the man Bismarck would be complete without a passing reference to his mighty powers as a trencherman. Once, when Prince Hohenlohe was his guest the Prince kept a record of the dishes his host tackled at dinner. They included soup, eels, cold meat, prawns, lobster, smoked meat, raw ham, hot roast, and pudding!—and he was an old man when he consumed that modest collation. As for liquor, not even Falstaff could have given him points. "To every man—he said—a certain quantity of wine and tobacco is allotted. Mine is 100,000 cigars and 5,000 bottles of champagne." Spread over a long life that may be a not too excessive allowage what when we add to it the wast quantities. ance, but when we add to it the vast quantities of beer, burgundy, and hock wherewith he washed down his gargantuan repasts and moistened the eternal long pipe, the companion of his evenings, what a robust contrast he affords to a whisky-andsoda sipping, cigarette-puffing generation! During the strenuous days of the Berlin Congress he suffered from persistent insomnia, seldom getting any class before ting any sleep before six, or even eight, in the morning. To brace himself for the daily combat of wits he drank "two or three beer-glasses of the heaviest port" "to set his blood circulating properly"; without it he could "not have carried on." And yet he lived to die of a broken heart at eighty three! eighty-three!

It is just possible that Bismarck's rather medieval conception of social relaxation, which smacks somewhat of his forefathers' carousals on mead and horseflesh, may have contributed to his detachment from the intellecual life of his time. During his last twenty years of office there is no record that any of the men who dominated Berlin society—Heyse, Storm, Brandes, Ibsen, Bjornson, and many others—ever crossed his threshold.

Moreover, as Emil Ludwig tersely remarks, he who reads nothing for thirty years except an odd poem by Heine, Byron, Uhland, or Rickert is ask-ing for trouble when it comes to dealing with the great European movements—world-economics, the Church, and Socialism.

Thus the elements of the tragedy that culminated in his dismissal in 1890 worked out to the inevitable end—to the joy of those meaner souls who had cringed to him for a generation past. It is a significant fact that when he left Berlin the last person whose hand he pressed was no Secretary of State, Ambassador, or Prince, but a man of the people. Three hours before his departure his messenger, Leverström, who had entered his service on the day of the foundation of the Reich, took his courage in both hands and asked permission to bid farewell to his old master. He was admitted without delay. Of the many interviews in those last days, amongst the endless official leave-takings, this was the one occasion on which the man of "blood and iron" showed any emotion. After

thanking the man for his loyal services, he seized the nearest of his many valued cups—a silver-gilt "pokal"—and handed it to him with these words: Dass Sie mich nicht vergessen.'

And that is why Bismarck's work endures. He had builded better than he knew. His foundations were well and truly laid in the hearts of the German people. In the electron words of Dr. Lud-German people. In the closing words of Dr. Ludwig's masterly book:-,

"Germany lives. Her princes abandoned her in her hour of need—but the people whom he knew too late, held on, and saved Bismarck's work.

Bismarch By the British A. Brismarch Br Bismarck. By von Emil Ludwig. (Ernst Rowohlt Verlag, Berlin.)

Forgotten.

Scene: A Library-Studio anywhere. Very clever people up to a dozen or so all talking more or less. Speech is conducted in a breathless hurry as though the speaker was in a slowly moving train from a static and the spoken-to conducted in a breathless hurry as though the speaker was in a slowly moving train from a station, and the spoken-to was standing on the platform. When the spoken-to responds the train and platform change places.

Peter: Yes, I liked your old shepherd in Breeze." I can see him now sitting in his chair with his gnarled hands on his walking-stick. It was very well done.

PAUL (looking dazed and almost oblivious whether his shepherd sat in a chair or stood on his head on Wiltshire Downs): Do you think and on his head on him. Downs): Do you think so? I had almost forgotten him. Eh—yes, I remember in Chapter V Eh—yes, I remember in Chapter V.—where he recounts his experience in the storm

experience in the storm.

Peter (hoping that Paul won't go into details as he himself is not sure): Er—wasn't it in the public-house as five old shepherd came in at the door and stood silent buckled minutes? You remember—the scene where the ram buckled off his hat and made are algebrat available round the spittoon; the

off his hat and made an elegant puddle round the spittoon the Paul (without conviction): Yes—so you did like character—I had almost forgotten him.

BLAGDON D. BLAGDON (author of "The Obscurity," "Filed Smoke and the Esoteric Meaning," The Percolations of Water Through Pumice Stone Your Felise was a charming creature. So blythe, so spontaneous, so artless.

CLAUDE (aghast that he is the author of a character named Felise, but with no such qualities): Er—not quite—she that a trifle wicked, but I had forgotten her. You remember all flesh was brass.

a trifle wicked, but I had forgotten her. You remember that lecture of yours, where you stated that all flesh was brass. You converted me straight away.

BLAGDON D. BLAGDON (utterly oblivious of making such a statement, but determined to keep it up, smiling); and I drew over to my side the great physician, Brake—but I had almost forgotten. (Sighs and lifts by stem.)

D. P. Brance.

D. P. BLITHERS: You managed that seduction scene as a well in "Broken Furniture"; it was as impressive at the scene from "Salammbo." How do you think of all vivid details?

ERNEST FRY (not remembering that he wrote such a book of the but determined to deserve the compliment): Oh, yes, out the such a book of the such as a book of the s know all my characters appear to melt into each other had almost forgotten

had almost forgotten.

BARGOLD STUMER: The way you described Arthur Strong biting the antimesessor is way you described and a strong live.

know all my characters appear to melt into each had almost forgotten.

BARGOLD STUMER: The way you described Arthur Stroit. BARGOLD STUMER: The way you described Arthur Stroit. JOHN TRUSTWORTHY (remembering that his hero was training in the sixteenth century, but having almost him): Yes—he was rather an impressive beast.

This kind of thing may be multiplied by the rod, for two perch. Man is an animal with an infinite capacity of ears for the entrance and exit of oral vibration. He has, by a wise arrangement of Provine ears for the entrance and exit of oral vibration that the vocal chords he can stir up strife, nail anyone to this own will, or create peace. This is the explanation the his own will, or create peace. That there is a traffic problem in the beginning was the word; as the final stroke of in the world of imagination is a certainty: their arms. It is the the word of Falstaff treads on the face of the ethereal regularity are disregarded, the policemen cannot move their are usually are disregarded, the policemen cannot move there are usually are disregarded, the policemen cannot move the arms. It is somether the whimper of Little Nell is mixed with the melody the sound of a hammer has never been heard. Is somethers to be weighed out by the pound by academic shop may be for the ethere and tripe, for, according to statute, created and forget, created and forget, created and forget.

gotten—the little authors, the big authors by the demon of creation are driven to work overtime. How can they remember? The population of the world in 1911 was 1,623,000,000, and there is abundant reason to think that they are forgotten by the author, and the responsibility was passed on and accepted by those who rock the great cradle. Now I want to finish this story with some sort of a moral. Will you help me, reader? Whilst I have been writing, a mosquito has settled on the knee of my trouser-leg, and by a vigorous corkscrew movement, I can tell he has a grudge against me, but this does not help me how to tell you the profound meaning of my meaning so that you will say, "That's good—I see—that chap Repton is beginning to improve, but he has a long way to go." The chaps who rock the great cradle walk in front—are you listening? In this position they are more libely to receive a blow on the this position they are more likely to receive a blow on the forehead. Those who follow only run the risk of getting a kick in a soft place. This is the Divine Comedy in a few words. Maxim Gorki, wherever you are, accept my salutations. And as for you, reader, I leave you a problem in metable in the conmetaphysics. A bandage round the head cannot be concealed, but with a few dots I show you the reverse side of the picture. . . .

WILLIAM REPTON.

Verse.

PRAY CHRIST WE BE FREE! Sad is a tower taken A city stript of gold; A desolate proud doom fulfilled On some rare prince of old; But the good red heart's betrayal How shall such be told?

And the man that gives his sworn friend Into a foeman's hand, When Honour comes sweet-smelling To walk the shining land And would have her own about her, How shall that man stand?

Saul's son strips him naked For sake of Jesse's son, And better he die beloved, Gilboa! with a kingdom won In the breast of the friend he loveth Than tarry till love be done.

Sad is the lot of women Kissed for expediency. But a kiss more bitter remaineth Pray Christ we be free! Pray by the kiss He suffered Under the olive tree

A. NEWBERRY CHOYCE.

LETTERS TO THE EDITOR. A CRITICAL COINCIDENCE.

Sir,—If the intention of Mr. M'Diarmid's letter in your Sir,—If the intention of Mr. M'Diarmid's letter in your issue of August 4 were simply to register an interesting coincidence, there would be no call for a reply. But, since he has seen fit to insinuate that my review of Mr. Wolfe's poem was plagiarised from his own, I must be allowed to make it clear that my article was in the hands of the editor of The Scots Observer on July 1, the appointed date. Since I doubt whether my more statement will carry weight with I doubt whether my mere statement will carry weight with one who is unfortunately so suspicious, I invite him to confirm it by communicating with the editor of The Scots Observer

J. MIDDLETON MURRY.

ON THE FICKLENESS OF FORTUNE. Sir,—Wilfrid Thorley, following Vauquelin de la Fresnoye, makes a pretty set of verses on this theme. Yet I still think it was best done in its first appearance in the Greek Apphelogy, when having allege much to its point. Greek Anthology, where brevity adds so much to its point.

I will not trouble your readers with the original, but quote an admirable rendering of the nineteenth century:

A, finding some gold, left a rope on the ground:

B, missing his gold, used the rope which he found.

—Yours obediently,

S. GASELEE.

The Athenaeum, Pall Mall, S.W.1. August 10, 1927.

"THE LAW OF SIMILARS."

Sir,—My article, "The Law of Similars," in the previous issue contains an unfinished sentence for which I must apologise. The second paragraph should conclude: "Such stimuli Dr. Bier found to produce the same results whether administered internally or by injection in some instances, while in others the results were dissimilar, thus necessitating provings by both methods to ascertain the full range of ing provings by both methods to ascertain the full range of action of any particular stimulus." A minor misprint in the footnote may also be corrected. The publishers are Messrs. Boericke and Tafel. J. W. GIBBON.

WILLIAM BLAKE AND ANTISEMITISM.

Sir,-In the kind and appreciative review of my small book, "William Blake on the Lord's Prayer," which appeared in your issue of July 14, the writer says that "it invites the charge of being anti-Semitic propaganda." But the anti-semitism of my book is Blake's, and does not orginate with me.

"Antisemitism" is a word which I never employ, because it means totally different things in the mouths of

different persons, and I rather opine that the genius who invented it, whoever he may have been, intended that it should.

The best account of the Gentile reaction against Jewry, and the best explanation of the term known to me, is to be found in the work of that brilliant Jew, Bernard Lazare—L'Antisemitisme, son Histoire et ses Causes (Paris, Léon Chaillett, 1894). Jews are fond of putting on Christianity the onus of their persecutions, but Lazare shows that antisemitism long antedated the Christian era. Thus, in his preface, he savs:—

semitism long antedated the Christian era. Thus, in his preface, he says:—
"It seemed to me that an opinion so universal as antisemitism, which has flourished in all places and at all times, before and after the Christian era, in Alexandria, in Rome, before and in Arabia, in Persia, in Europe of the Middle in Antioch, in Arabia, in Persia, in a word, in all parts of the Ages, and in modern Europe, in a word, in all parts of the world where there are or have been Jews—it seemed to me world where there are or have been Jews—it seemed to me that such an opinion could not be the result of a fantasy or

Ages, and in modern Europe, in a word, in the pworld where there are or have been Jews—it seemed to me that such an opinion could not be the result of a fantasy or of a perpetual caprice, and it must have profound and serious reasons for its outburst and permanence.

On page 41 of his book Lazare gives utterance to a truth of deep significance which at once links him with Blake. Of deep significance which at once links him with Blake. He writes: "L'Eglise est fille de la Synagogue." Of He writes: "L'Eglise est fille de la Synagogue. way as regeneration, redemption, and restoration take

place with every one.

But as long as the Church Visible prefers with Dr. Thornton to worship a magnified Augustus Caesar for its god,
living far away in a "telescopic" heaven, so long as it asks
him to give it temporal and material things such as bread,
him to give it temporal and material things such as bread,
which can be bought with money and taxed, so long will it
which can be bought with money and taxed, so long will it
remain in "the State called Rahab." If this is "Semitism"
and that is what Bernard Lazare implies by saying that the —and that is what Bernard Lazare implies by saying that the Church is the daughter of the Synagogue—then Blake was indeed the greatest antisemite born since the Christian era.—Yours truly JOHN HENRY CLARKE. Yours truly,

R. M. replies: Vernacular develops ahead of dictionaries. R. M. replies: Vernacular develops ahead of dictionaries. The word anti-Semite, no more defying its etymology than many other words, has taken its place in speech to mark a person who chooses, from a multitude behaving and thinking alike, to focus his antipathy to that behaviour and thought on the persons of the Jews. Blake certainly did not like the Judaism of the Christian churches; but he directed his antipathy towards the Christian churches.

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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.

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