

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

The spectacle of Greece's attack on Bulgaria is a needed corrective to the optimism conjured up last week by the initialling of the Locarno Agreement. No sooner has Germany come forward and penitently knelt at the communion rails of the European Peace Conventicle in readiness to take the sacrament, than two of the League's ministrants inside the rails start to batter each other, stumbling and sliding about in a mush of spilled bread and wine. (Ho! everyone that thirsteth for bonnie fighting, come ye and join the League.) "Is this a private fight," asked the eager Irishman in the story, "or can anyone join in?" Well, the fighting is private in a sense, but anyone may take part who pays a subscription to the League—including, of course, Entertainment Tax.

Nothing is an unalloyed evil. This development should render the task of inducing Russia to come in much easier. We notice that Mr. Garvin in this week's *Observer* is telling the Government that it must sink its prejudices against the Soviet Government and try to come to a reasonable understanding with M. Chicherin, who—"sprung from a line of diplomats . . . is an accomplished gentleman, very capable of detached intelligence, and quite able to hold his own with any statesman of Western and Central Europe." Lest this advice should be interpreted by what he calls "rampant Conservatives" as a surrender to Communism he hastens to point out that "the realistic school in Moscow has grown stronger, perceiving that on former lines they were bound to fail financially and politically," for they were "postponing for years their chances of attracting the capital which only the English-speaking world can supply." Communism, like "German Militarism," has to give way under a financial blockade. This is all very true, and there is not the least doubt that, as the Hon. Bertrand Russell has prophesied, the only thing that will emerge from the Russian Revolution will be the peasant proprietorship of the land. Banks have no use for large landlords nowadays, they prefer a

multiplicity of little ones. Hence Lloyd George's new lease of wizardry. Certainly no "patriot" in Britain need be frightened. A communism which does not know how to maintain itself as a going concern in a naturally rich country like Russia, without holding out its fur cap in Threadneedle Street and Wall Street for pounds and dollars, is no danger to Capitalism. And if perchance it *does* know, and yet assumes the attitude of financial helplessness, it cannot intend to be such a danger, but is, in fact, an allotropic form of Capitalism.

For this reason we submit, at whatever risk there may be of "contempt of court," that the proceedings at Bow Street against leaders of the Communist movement in this country are (in view of the fact that the principles of the effective—the Social Credit—answer to Communism are known in Government circles) entirely unnecessary except as a piece of electoral propaganda. When one considers the fact that the Government, directly it chooses to *become* a Government, can immediately cause, by adopting the policy of authorising the issue of Consumer Credit on the lines laid down by Major Douglas, a sufficient improvement in the standard of life of the population of this country to extract for ever the sting of Communism, one can come only to one conclusion—that the Government prefers to leave Communism with its sting rather than to extract it by Major Douglas's means. The cure must, then, be regarded by it as worse than the disease, in which case it is the leaders of the Social Credit movement who logically ought to be in the dock rather than the Communists. But alas, we fear we shall be denied the privilege of such a powerful advertisement. Only the bow-wow agitator is bumped up by "the Crown" on to the Bow Street rostrum.

The doctrine that everybody should proceed to get what he wants by placing his vote in a decorous and submissive manner into a ballot-box every three years or so would be more weighty if it were being obeyed by "constitutionalists" themselves. But, to

take an instance, the French electorate have not, so far as our information goes, been asked to vote whether they wish the franc to slump to the new low record of 117½ to the £, nor have they been invited to grant a mandate to the banks to carry on a campaign against M. Caillaux. Listen to the *Observer's* Paris correspondent:—

The battle is, in reality, raging around the personality of M. Caillaux himself, and it is far more a struggle between him and a certain group of financiers than a theoretic combat over the principle of the capital levy. The italicising of the above illuminating antithesis is our work. The popular theory is that in the last analysis the Finance Minister represents the electorate, and does so at the wish of a majority of voting citizens. But the bankers hold other views, they regard M. Caillaux as their servant. Now M. Caillaux has not, like Mr. Snowden, hastened to put himself where the credit-lords want him. He has not yet called himself the Bankers' Minister. He evidently wants to do something the French branch of the New York Money Trust do not wish him to do—and we, without waiting to know what the issue was, would not hesitate to suggest on a priori grounds that the French people would be the better off if he won. But the nature of the issue is revealed by the correspondent already quoted:

The real attack is directed against M. Caillaux because he refuses to adopt the expedient of a moratorium in the reimbursement of the Bons de la Défense and a reduction of interest on Government securities.

Readers will remember our illustration of the corn-growers ("The Veil of Finance"), who, having invested their profits in bonds, found they could not turn them into cash, but even we did not think of suggesting that the banker would bite something off the rate of interest due to them. We are obliged for this hint from Paris; it will be a useful footnote when our articles appear in book form. But to return to the report.

"This expedient, which has been described as a form of national bankruptcy— (a curious term to apply to the bankers' repudiation of their contract, implied or expressed, with investors)

—is being urged by a group of bankers, whose manoeuvres M. Caillaux threatened in his speech at Nice to denounce, and this group is believed to be inspired by the powerful influence of M. Finally, Director of the Banque de Paris et des Pays Bas, which bank is understood to be in the exceptional position of not possessing a large holding of Bons de la Défense."

This is frank reporting, and the fact that it is published in a journal of the *Observer's* standing has a significance of its own. The pressure being brought on the obstinate M. Caillaux takes, as we have already hinted, the usual form of a hammering of the franc in the international exchange market. The news from Paris is supplemented by the following report by the *Observer's* City correspondent:

"A wide-spread 'bear' (i.e., price depressing) campaign is in progress in most of the European financial centres." Notice that there is no room here for the orthodox pretence that the value of the franc is an automatic reflection of the general economic condition of France; if that were the case the price of the franc would not suddenly rise or fall according to whether this Minister or that expressed this sentiment or the other, it would adjust itself slowly and almost imperceptibly from week to week to the necessarily slowly changing realities of the situation. The above fallacy was brought forward at Major Douglas's second address at Westminster. He had referred to a former occasion when, during a similar crisis to the present one, an English bank "threw on to the market" some (we think) sixteen million francs; whereupon a gentleman in the audience objected to the speaker's suggestion that this was done to exer-

cise political pressure on the French Government, saying that it was a mere matter of business precaution—that, presumably, the bank feared that the French Government's policy would lower the value of francs, and therefore sold out in order to avoid a financial loss on its holding. All very plausible unless one is aware of the fact that a large bank can "sell" millions of francs at any time without holding a single one. Major Douglas's interlocutor looked to be a sufficiently sophisticated business man to be acquainted with the fact and the process of "selling forward." Again, a member bank of the Big Five (which this one was) would not need to dispose of francs for the motive he suggested, because it would never be under the necessity of guessing at what the price of the franc would be; it would know, for the adequate reason that it would be privy to the intentions of the international money dealers. The comments that Major Douglas made then apply to the present case. The attack on any country's exchange is, if anything at all can be regarded as exchanging war, the most justifiable *casus belli* that could be pleaded. For what is involved by the attack on the franc "in most of the European financial centres" but that an embargo is automatically laid on manufacturers and traders of all those countries against executing orders from France? It is an economic blockade of France not differing an iota either in principle or in consequences from Britain's naval blockade of Germany during the war. Conversely of course—for all these financial tricks are double-edged—the cheapened franc assists France to undercut the home markets of the blockading countries. But the main point is not the question of the balance of injury; it is the scandal of a situation where a group of non-elected banking organisations, dumped down like so many alien fortresses in different European countries, should be able to commit whole populations to acts of economic bellicosity without their assent or even their knowledge. If the French Government were to instruct the army to occupy these French banks and impound their documents, and then prosecute the bankers for "acts subversive of constitutional government," it would be showing a good example to Mr. Joynson Hicks, whose solicitude for the democratic principle consists in sheet-arming the community against Communist pin-pricks, while leaving it at the mercy of financial narcotic and opiate traffickers. When will the political custodians of this and other nations' integrity wake up to the realisation that financial authorities—that claiming and exercising extra-territorial rights—the King's Writ does not run beyond the thresholds of "his" subject banks? The Communists are alleged to intend the overthrow of Capitalism. They are too late. Capitalism (in their construction) is a dead horse already; and Mr. Joynson Hicks, instead of calling in the police to stop the Communists from flogging it, ought to call in the alienists to cure them of the illusion that flogging can discipline the animal. And while he is about it, he might very well submit himself to the treatment of his own *idée fixe* that Providence has appointed him to stand guard over a hide-full of catsmeat.

"The Liberal Party," said one of its upholders the other day, "has always thriven on the advocacy of moral causes." If that be so it will never lack for nutriment while Mr. Lloyd George leads it. Any cause which that gentleman takes up becomes *ipso facto* "moral." More, any people whom he desires to propitiate become "moral." He reminds us of Swinburne's heroine. Iseult—

... And what her light hand leant upon Grew blossom scented. For a person with this gift of transcendentalisation there is no more perfect milieu than a gathering of Free Churchmen. Mr. Lloyd George "came among"

them the other day at the City Temple to address them on "The Responsibility of Free Churchmen." He began on a high note. "The churches have got to dominate the rulers of the world"—a courageous note too, for, considering that the churches represent a small minority of the community, this ideal seems subversive of democratic government. Still, Bow Street is full up at the moment. Coming from the general to a specific moral cause, Mr. Lloyd George presented to his audience—the miners. "The miners have some right to the help of the Free Churches, for there are no better supporters of the Free Churches than that body of workers." Fair wages mean fat pew-rents; and since the Church, like the army, has to march on its stomach, fair wages must ultimately hasten the Coming of the Kingdom. The fish porters at Billingsgate are another matter—but the miners . . . ! The sentiment elicited cheers from the audience, many of whom no doubt remembered the time when they initiated the speaker's translation from a solicitor's office in Wales to the Opposition Benches in Parliament, there to proclaim the moral educational course of inculcating thrift without the Catechism.

To fight for a moral cause it is necessary for there to exist an immoral opponent of the cause. So one arrives at the brewery.

"While there are a million and a half people out of work living on the bounty of the State we have an adverse trading balance for the first time in our history, nevertheless we spent three hundred and sixteen millions of money last year on alcoholic liquor."

The fact that probably £150 millions out of this sum did not purchase drink, but paid taxes, lessens one's horror somewhat, but does not impair the force of the moral indignation against the spending of the remainder. That critical faculties go to sleep as they cross the portals of a place of worship is a favourite gibe of the Freethinker, and certainly some of the arguments that "get by" in an atmosphere of religious fervour lend support to it. For example, it is not at all clear why, just when this country has for the first time in its history imported more than it has exported, its people should be told to reduce their consumption. (That beer may not be a proper article for them to consume is irrelevant to the argument.) Again, what is the meaning of the phrase "We spent"? It suggests that this country wasted £316 millions, and that somehow or other it has lost that amount of money. Nothing of the sort. All that has happened is that a certain number of individuals handed the sum in question to a certain number of other individuals in exchange for drink. The former got the drink and the latter got the money. There was no loss of money to the nation as a whole; and the suppression of the drink traffic would not make the country a penny the "richer" except, be it remarked, under one condition, namely, that the drinkers were deprived of the use of £316 millions as well as of the opportunity to buy drink. In that case the wage-bill of industry would be lightened, with whatever benefits Mr. Lloyd George may expect to accrue from the consequential stimulation of our competitive efficiency in foreign markets. But if he intends to suggest that the mere suppression of the drink trade will improve the financial position of the people, we must point out that the freeing of the £316 millions will simply mean price-inflation in every new direction in which the people expend it. Speaking of America, he said:

"No political party in the States dare propose the abolition of the Prohibition law." Nor dare any party in Britain propose the abolition of the Dawes Pact, or the repudiation of Britain's debt agreement with America—and for the same reason, that these matters are part of the bankers' policy, and no single political party can possibly overthrow it. "Prohibition is an experiment we

ought to investigate," says Mr. Lloyd George. "Don't condemn it in a haphazard sort of way." We will not; but neither will we attribute virtues to it in that sort of way. "They (the Americans) are the most prosperous people under the sun, not because they have gold, but because they have not drink." From what we hear they manage to get a good deal—but that apart; the chief reason for America's transient prosperity is that she has reduced her population to some sort of equilibrium with her industry's ability to afford wages—not by deporting her old citizens ("assisting emigration" as we call it here)—but by drastically limiting the immigration of new ones. However, nothing will be said of this, for the United Kingdom Alliance and Mr. Lloyd George are out for a class war. "We have turned to Local Option because it is the shortest way to Prohibition," said Mr. Leif Jones in his presidential address at Manchester on October 19. "Its organisation has been improved and its finances strengthened." We are not surprised. And that Sir George Paish was present to say that "the glass of beer was enthroned in regal state, but it must be dethroned," is just what we should have expected. Sir Donald Maclean's statement that the "whole weight of instructed public opinion was becoming adverse to the drink traffic" is probably quite true—when you have satisfactorily defined the word "instructed," and detected whence the instruction proceeded. It is the old game. When an election comes 2 per cent. of the people will vote for Local Option, and 98 per cent. against Communism. That will, of course, give a 100 per cent. mandate for Prohibition to whichever of the three parties comes to power and likes to use it. But it will give no mandate to anybody to attend to the real problem—the alleviation of the pains of poverty, which it is the God-given property of beer to blur and make temporarily bearable to its victims. Given, again, the architecture and equipment of the average home, and drinking becomes an imperative aesthetic command. Things as they are must not be seen as they are. "Drinking may be my sin, but it helps me to forget sins done me." And the brewery covers a multitude of them.

Under the title of "Porridge and Progress" in *G.K.'s Weekly* of October 24, Mr. Penty answers our article of a few weeks ago in which it will be remembered, we took him to task for his onslaught on engineers as the cause of economic distresses. We imagined a kitchen where there were ten men cooking porridge separately, and then supposed that one of them, by scrapping saucepans, and making a large cooking pan, enabled the work of the ten men to be done by one only in the same time—thus giving nine of them complete leisure. We then pointed out that the nine men, under current rules of finance, could not take their leisure because unless they continued to cook porridge they would not be allowed to eat any. The machine was the friend, but the financial rule was the enemy. Mr. Penty has only one thing to say in regard to this illustration; namely, "as it turns out, the one man who did the work previously done by ten would be compelled to make porridge all day." There is no satisfying Mr. Penty. We show how the engineer's invention frees nine men from work, and Mr. Penty ignores this nine-man gift of leisure to make a grievance of the fact that the tenth man has none. Even so, the statement itself is incorrect. It did not occur to us to little-Arthurize our argument down to the point of explaining that if the one man did not want to make porridge all day and every day, the ten of them could take it in turns, so that each worked one day in ten. We apologise to Mr. Penty for not having made this clear at the time. As for the rest of his article, we say quite sincerely we can make

nothing of it. He talks, for instance, of the "makers of porridge cookers . . . stimulating the consumption of porridge" and enlisting the services of the engineer to make a "forcible feeder," which leads to over-consumption of porridge, followed by "the utilisation of stomach pumps" to correct the evil. If any reader of *G.K.'s Weekly* can present us with an intelligible paraphrase of the article from line 8 of paragraph 2 to the end, we shall be pleased to print and comment on it. But do not let us have question-begging rhetoric such as "the machine will not allow him to do" this, that and the other. If insentient machines are held to be able to impose policy upon their sentient creators, let us have the proof; but do not expect to convert us by arguments which imply it as a postulate.

The Economic Consequences of the Banking System.*

By Major C. H. Douglas.

II.

The monopoly of the power to create new and effective money is fundamentally the centralisation of material power, by which is meant the ability to bend the wills and actions of a large number of individuals to ends which they would not describe or recognise as in their own individual interest. To elaborate this consideration at length would be to examine the philosophy of Government. Without doing this, however, it is perhaps permissible to say that history is for all practicable purposes nothing but a record of a continuous struggle by the individual to free himself from the domination of centralised power of this description, whether that of an absolute monarchy, a military or feudal dictatorship, or an undisguised system of slavery.

From this centralised economic power certain material general consequences follow logically. The first of these is an excessive concentration of population in large cities, such cities becoming predominantly composed of magnificent buildings, designed for, and devoted to, any object other than the personal use of individuals. During the outcry of recent years over what is called the "Housing Problem," it must surely have been obvious that there has been no building problem connected with premises for what is called business use. One great Bank alone has increased the number of its branches by over 500 since the Armistice, during the year 1919-1920 a perfect orgy of factory building might have been seen within a radius of twenty miles of Charing Cross, and even now, in the period of great economic stress and trade depression, an observant American recently described London as looking like an American "boom town."

Co-incidentally with the expanded magnificence of public and business buildings may be seen a contracting standard of personal comfort, if not absolute, at any rate relative to the progress of science. Every West End square is full of mansions to be let, the occupants are living in flats, country houses are empty or turned into public institutions, the occupants are either living in villas, or have emigrated. The villa occupants snatch eagerly at a slightly modernised agricultural labourer's cottage, and the agricultural labourer clamours that he has nowhere to live.

Exactly the same process may be seen at work on the railways. In spite of engineering progress which has been by no means inconsiderable, the railway service of this country which is, even yet, the best in the world, is quite certainly not so good as it was thirty years ago. A prospective passenger from

London to Edinburgh thirty years ago had more room allotted to him than at present, and no one had ever heard of a first class carriage expected to seat more than three aside, he had a larger number of trains at his disposal, and they did the journey in a shorter time, he was certain of an incomparably better meal at a much lower price if he wished to take it upon the train, and his fare, either first or third class, was not much more than half what it is now, and if he wished to take a sleeping berth, its cost was only one quarter of what it is now. Similarly, the Canal system of this country, which is, and probably always will be, by far the most fundamentally economic method for the slow transport of non-perishable goods, has been ruined. Exactly the same process is now overtaking the Railways, whose traffic is being concentrated upon the roads. Ninety per cent. of the road upkeep, and at least 50 per cent. of the congestion and road risk, is due to the presence of traffic which never ought to be on the roads at all. Anyone who will consider for a few moments the intrinsic cost of keeping a steel ribbon six inches or so wide in a perfect state of repair as compared with the cost of keeping a concrete road seventy or eighty feet wide, and subjected to a type of load which concrete is fundamentally unsuited to carry, must realise that something very artificial must be present to account for the diversion of heavy traffic from the railways on to the roads. It is most astonishing that any person of ordinary intelligence can be found to argue that in spite of improvements in locomotives, methods of traction, production of steel rails, and so forth, Railway transport can be fundamentally (apart from financially) more expensive than it was thirty years ago. In this connection the following extracts from the Conference on "The Economics of Transportation," published by the Highway and Highway Transport Education Committee, Washington, D.C., 1922, are of interest, together with a comment by Professor J. M. Clark, Professor of Political Economy, University of Chicago.

"In 1917-18 that road (Maryland State Road) carried a tremendous traffic, not so great in number of units as in size of units. For practically its entire length in April, 1918, it was impassable. It could not be used for anything except very light trucks. The cost of rebuilding that road in 1918 was \$6,000,000. A traffic count was taken for the twelve months preceding reconstruction. It was not accurate but was approximate. A comprehensive study was made of that traffic count, and it was demonstrated by the Bureau of Public Roads, in a statement which they published, that if all the units of 5 tons or larger had been carried in units of 5 tons, taking the manufacturers' rated efficiency, the cost to the operators would have been \$15,000. The people of the state of Maryland paid \$6,000,000 to permit a few truck operators to save \$15,000.*"

"Before the recent revolution in prices, the cost of moving goods by road ranged from 15 to 30 cents per ton mile, and the average operating cost on rail-roads was one half-cent. per ton mile.

"Another three-tenths of a cent per ton mile furnished on the average the return on the investment. Traffic might be so sparse that a rail-road would be working at only one twenty-fifth of average efficiency, and it would still be cheaper to move the goods by rail than by the wagon, and enough cheaper to pay for the investment.†"

* "Conference on Economics of Highway Transport," published by Highway and Highway Transport Education Committee, Washington, D.C., 1922, p. 19. Would the result have been as striking had the count been made earlier?

† J. M. Clark, Professor of Political Economy, University of Chicago. Studies in the Economics of Overhead Costs, 1923.

But it is financially more expensive to run a railway to-day than it was twenty-five years ago, and there is nothing which differentiates a railway in this respect from any other economic activity. The existing financial system, by providing insufficient wages, salaries, and dividends to buy the product produced through their agency, makes it necessary to appropriate the wages, salaries, and dividends of future production to form the purchasing power for present needs. A process such as this must in the nature of things produce a crisis of some sort. It is this crisis that we are approaching so rapidly at this present time, and this process I visualise as a conflict between the real progress made by science and an effort, conscious or unconscious, on the part of the financial system to defeat this progress by filching purchasing power from the consumer. Now you will readily appreciate that if a given community produces 100 units of saleable goods and can normally only buy 30 of them for itself, it will be able to buy 20 more without drawing upon Banking credit if it can sell 50 units abroad at the price of 20 at home. It is in effect paying 50 units for the privilege of using its own credit. This is exactly what is in the minds of the financial authorities when the British public is exhorted to produce more and to consume less.

(To be continued.)

The United States of Europe.

By Francesco Nitti.

(Translated from the *Europäische Revue*.)

III.

The struggle which is being fought out between France and Germany on the Rhine is above all a struggle for supremacy in coal and iron, and can it be that both on one side and the other there is no interest in arriving at an understanding? Is it not possible and desirable that the two rivals should become friends.

Italy and France are from different points of view the two nations which could lead the movement towards the European Customs Union, and later to the political union of Europe.

Some years ago I already proposed a Customs Union of the States succeeding Austria-Hungary. The Austro-Hungarian monarchy has split into eight portions—54 million persons have in part formed new States, in part they have been attached to other States, and herein lies the only criterion as to how far it would injure the Germans and Hungarians. What a miserable criterion! But in this way the production of the whole territory which before the war was more than twice as great as that of all Italy has been completely shattered. How can German Austria with its huge capital and its small territory possibly live? How can Hungary live, deprived of its best resources? Also the States which have received the richest territories, like Czecho-Slovakia, are in a difficult position, because they are surrounded by neighbours whose need for economic expansion threatens to cripple them. Where to-day is the population that is to benefit the great industrial production of Vienna, Budapest, Prague, or the other smaller but important centres such as Lemberg, Cracow, Graz, Brünn, Czernowitz, Pilsen, etc.? What signifies the harbours of Trieste and Fiume when they have lost the greater part of their hinterland and cannot regain it?

The successor-States of Austria-Hungary include a great part of Europe with a population of almost 120 millions; a Customs Union among them would render possible the speediest exploitation of all their agricultural, mineral and industrial resources. If these States represented a single great market, the output, so far as many goods were concerned, would completely satisfy the total demand. The Austrian

question and the Hungarian would lose much of their sharpness; Italy and Czecho-Slovakia would find very elastic markets for their produce, Poles, Roumanians, and Jugo-Slavians could open up resources which to-day remain unused.

Every great political union has always, or almost always, been preceded by an economic alliance. It was the German Customs Union which prepared the way for the political union of 1871. A community of interests leads to forms of political union which cannot be with certainty foreseen, but can readily be imagined.

There are certain difficulties of an economic nature, and especially in matters connected with finance and currency which are opposed to the tendencies above-indicated. Here I cannot enter into a discussion of these technical questions. I have devoted my whole life to the study of economic and financial problems and can only say that these difficulties are by no means of such nature that they cannot be overcome.

A Customs League between the succession-States of Austria-Hungary would suffice to form the first instalment of the reconstruction—Switzerland, Holland, Denmark, Sweden, Norway, would be greatly advantaged by joining it. England would have the same interest in the creation of a Customs Union, only in another form. Although she might wish to remain isolated with her dominions and colonies, she would create an enormous advantage for herself by getting in touch with vast populations with a single market and increasing absorptive capacity.

France and Germany are at present destroying each other in a merciless struggle. Germany is defenceless, and France is occupying German territory and speaks only of the problems of its future security. Military occupations, however, must come to an end some day, and then it will be seen that all artificial systems for ensuring the future—guarantee treaties with one State or several; measures of control based on the long-term provisions of the Treaty of Versailles, systems of mutual guarantee of all States by way of the League of Nations—are ideas remote from practicability.

To-day we have come to this, that now Germany cannot be reproached with armaments which could constitute a danger, it is said that she is doing nothing to bring about a disarmament of tempers. But how can tempers be calmed by abuse and violence? If one calls the Germans barbarians, if one looks on them alone responsible for the war, if one embitter them as enemies of civilisation, one can but embitter tempers; but that means arming them with new hate. Only kindness and harmony disarm, and only community of interest draws people together.

Either France and Germany must come to an understanding or it will come to a struggle which will not cease until either France permanently subdues Germany by crippling its power or the re-risen Germany permanently subjugates France. Both the latter possibilities are equally lamentable and equally ruinous for human progress and for the peace of the world. Could the two democracies not arrive at an understanding? And could not the basis of this understanding be a complete Customs agreement, a real union uniting also the resources of the two great peoples. But by unity I understand none of the existing forms of commercial treaty, which are based on distrust and the more or less unjust kinds of protective duty, but the creation of a really common Customs territory.

Customs Leagues create common interests and accordingly the basis of political unions; the mistakes of the peace treaties would lose all their edge if the matter in dispute were for the most part removed.

The public cherishes well-founded distrust of certain industrial circles, above all of the war profiteers.

But it is wrong in attributing to them secret plans and dark aims. Their psychology is much more simple. If their Press is so corrupt, that is connected with the fact that they think that they see their own interest in the present forms of exploitation and waste. If new horizons, new fields of labour should open up they would certainly work as zealously for peace as they have worked for war. The question is to find a way of salvation out of the moral wilderness which Europe is to-day.

As to the United States of America, I think they have the greatest interest in co-operating in the reconstruction of Europe, without burdening themselves with military responsibility and without accepting guarantees. Already they are beginning to suffer under their prosperity and their accumulation of goods. Their great need is to revive the markets of Europe, which are not only the most important, but for a long time will be the only ones really capable of absorbing goods.

One would have to be an Utopist to draw up reconstruction plans, after the fashion of architects who draw the plans of buildings, with all possible details and work and projects which the march of time very soon shows to be impossible. I have been engaged too long in the business of government, I have seen too much, I have known too many men to cherish illusions. I am first of all a practical idealist. I know on which side the resistance is to be found, and I know the immense power of prejudice and ignorance in all their significance. I know too that the spirit of reaction is beginning to rage, and that Europe is waging a bitter war with the powers of cynicism and meanness.

But the position in which we find ourselves admits of no illusion; either Europe will unite or it will be ruined; either after all kinds of mistakes it must come to the Union of the nations of Europe, or we must face collapse and war without ceasing. The present state of things cripples every peace movement; we have no peace but an abominable state of general discord which must lead either to the gradual ruin of all the nations of Europe or to a change in their spirit and to their union.

The United States of Europe, which yesterday was a mere mental picture, is to-day a condition of development and of life. Happy those who may be able to co-operate in this work with their spiritual power and their faith; but what exertions will be necessary to make common property the fundamental truths, and what energy it requires to overcome prejudices! What an expenditure of energy is demanded to combat in every country reactions in internal politics and violence and cunning in external politics. In truth, a heroic spirit is needed to overcome prejudice and the powers of a past which is striving to become the future. The hero of our time is not he who holds in his hands the menacing sword, but he who, disregarding his own afflictions and his own losses, brings the truth to the deceived and oppressed masses. As the seed buried in the earth, so vanishes the hero as soon as the vital work of his creation has taken shape. But this vital work must be taken in hand to-day now that the powers of death are so near to us.

Life demands its rights!

THE DEBTOR'S CHAIR.

Debtor's oak chair in London furniture dealer's shop. On front of seat is carved, "Welcome to my friends." The chair is dated 1647. The dealer has placed in front of it the following description: "The action of sitting in this chair automatically sets in motion the hidden mechanism, and this releases the heavy iron grips at the sides, which instantly imprison the legs of the unfortunate victim, who must remain a captive until set free, as the unlocking device is out of reach.—The chair comes from Scotland."

The Dethronement of Sex.

Myth is the most active and energising form of philosophy. Truth is taken up in it and given a cutting edge by which it can slit open the unconscious. Argument by itself will never produce action. There is something too self-sufficient and do-nothing about the intellect. If one man should wish to call out deeds from another, he must find a way to pierce to his instincts. And myth is the sword of persuasion.

But it happens that now, at this world-moment, men cover up against myths and assaults upon the will with a never-paralleled subtlety. There is nothing culpable in that. We have reached a stage of evolution when we insist upon being jealously self-conscious and utterly reasonable. What we know, we must also understand. And in a fashion it would be a treachery to the Aryan path if we let instinct drive us, or if we put ourselves under the care of Providence.

There is a pest, though, in that defensiveness. When myth goes, then ideas and values generally go with it. Men think they can safely abandon the gods without having sucked them dry of meaning. In consequence they have no conception of what the hierarchies of heaven represent in thought, as a system of knowledge, as a net to catch the universe. If they do not care to perceive why and how this nation believed in Thor and Woden, and that in Jupiter and Mercury, and a third in Ammon and Thoth, they are in a worse case than the mere superstitious worshipper.

Take, as one of the simplest instances, the Greek god Pan. Once he was the intuition of a whole race, and they worshipped and placated in him the universal unconscious of man—exactly that most modern of divinities. When the more literary and aristocratic gods of Greece were settled on Olympus, he became meaner. He turned to a satyr, with horns and cloven hoofs. He peeped out from behind trees and frightened unsuspecting travellers in woods; put them in a "panic." Do we recognise him still? He is still the "personal unconscious" of which people who have heard the rumour of psycho-analysis are so terrified; he is the evil instincts, the brute in man. Still, he pops out of the darkness, the satyr, the Old Man of the Woods, and shows a face that makes men shudder. He is a false god, and no such Pan ever existed. But because no one has taken the trouble to analyse him and discover the true Pan, he is worshipped most superstitiously in a hundred disguises, especially by scientists. They call him Cave Man.

When the gods die, they are apt to leave emptiness behind them. And in ancient times nothing was so hedged with mystery and so dignified with myth as the sex impulse in man. The greater part of ancient initiations was occupied in teaching what a world is implied in that simple and, we might think it, physiological hunger. If rules were imposed by force, if the check of superstition was applied, who shall object? For the plain fact is that the majority of men were unable to become fully conscious of their sex and direct the forces that were let loose in them to reasonable and free ends. As yet there was a complete justification for tyranny.

Those initiations fade. We are travelling towards an age when there will be no tabus; no terrors will be left to restrain us; no judgment of God will be called down upon profligacy or perversity. We claim the right now to examine without mystification even the profoundest and most abiding of mysteries.

Good! But let the whole of our sex be brought into consciousness. If we assert our right to see plainly and individually, let us not deceive ourselves.

* For the superstitions of scientists see *The Everlasting Man*, by G. K. Chesterton (Hodder and Stoughton).

So long as the sex impulse acts independently of the will, dictates to the will, colours the world by its own demands, then for so long initiations and instructions and prohibitions and the whole magnificence of fable are needed to form some kind of responsibility in man. Those who boast themselves free are the most terribly bound: their sex is wasted in them.

The myths of initiations were true; and if we abandon myth we must beware of abandoning truth. It is certain that sex is at the root of the world-process, is the motive of every kind of creation. The value of our sex in us is our value to mankind. Let that, too, be self-willed and self-directed.

THETA.

Unity in Diversity.

By Hans Driesch.

[Translated from the "Europäische Revue."]

Many of the leading spirits of Europe are convinced that European or rather "Western" culture in spite of its diversity is a unity, and it is precisely upon this faith in *unity in diversity* that the "cultural unions" (since joined together to form the "cultural alliance" of different nations) have been built up in the States of Europe. Now the leading idea of a "unity in diversity" is mostly very indefinite, rather a matter of surmise and of feeling than of strict logic; and it seems to me desirable to examine with some stringency of thought what we should really understand by these words. We shall see that they stand for two quite different kinds of relationship, of which, however, in our case only one comes into question.

The two kinds of relationship of which I am thinking are not so sharply distinguished even by philosophers as they undoubtedly must be if we are to proceed with real precision.

"Unity in diversity" is, first, every whole which consists of parts. It is difficult, if not indeed impossible, to define the idea of a whole without travelling in a circle. But there are certain cases in which we intuitively know with certainty that we have a whole before us, while in other cases it is true we are sometimes doubtful. The quite undisputed case of wholeness occurs in the *organised individual*. This consists of specifically formed and specifically functioning organs, which again are composed of tissues, cells, and cell-constituents arranged step beyond step; and despite its being thus made up it is by form and function "one." Indeed, by what is called regulation, it restores its double unity when this has been disturbed. For this very reason the organic individual is whole.

Now quite another form of "unity in diversity" is the second, the *systematic* unity.

The empirical world is so constituted that we can "classify" all the things and all the processes in it, *i.e.*, our ideas of them can be formed into an artificial framework of logically chief and subordinate orders. And here, too, although tables or hats may be classified, the system of the organisms is the clearest case. Here we have individuals, and then races, species, genera, families, orders, classes, and types, until finally we arrive at the ideas "animal" and "plant," which have above them logically only the idea "living being."

Here there is no wholeness as such as in the living individual, at any rate, no wholeness united into "one thing," but yet here, too, there is unity in diversity. Every distinct living form always expresses *life* in its own way, indeed, coming lower down, expresses "animal," "vertebrate animal," "mammal," "carnivore," "canine animal," "dog." We stand before the problems of Plato

and the schoolmen, before the problem of the so-called "Universals."

Now it is true one might say that all living forms taken together, if one expressly considers them as existing empirically, *i.e.*, not only according to their ideal essence, again form a whole, a *super-personal* whole, and that phylogenetic science concerns itself with the law of the realisation of this whole. Nevertheless, the fact remains that the "system," even if one thinks of it as "real," represents "unity in diversity" in a form quite other than that represented by any individual organism. The individual organism is "one whole thing"; the systematic totality of the living is a *whole* in so far as in it are expressed all possible variations of the theme "life" that have been historically expressed.

We who speak of the unity in diversity of Europe, indeed, of humanity, who believe in it, can evidently refer the content of our belief only to the second form of unity, the systematic. At all events we could compare the single people, or, better, the single State, with a whole individual. But the totality of peoples or States can be for us a "diverse" expression of "one" only in the sense in which lion, wolf, and bear represent "beast of prey," the same One in diverse form.

Now the unity which different forms of culture express in diverse ways is a *spiritual* unity. "Man," as the one *spiritual* being, receives manifold expression.

This means a certain important difference between the systematic unity expressed through the cultures and that expressed through forms. Of the unity which expresses itself in the diversity of all distinct living forms, we said that, taken as an existing, not only as an ideal, unity, it is yet in a certain sense a whole realised by the course of phylogenesis; though a whole whose structure differs from that whole which is called an individual and is "a thing." But of the spiritual unity manifesting itself in different forms of culture we cannot say exactly the same thing.

For the different animal- and plant-forms do not express animal nature and plant nature in such a way that the one form brings into special prominence this side, the other that side of these generalisations, while as it were only slightly emphasising the other sides; rather for the time being the nature of "animal" or "plant" is expressed in fundamental variation. But human beings as spiritual beings are everywhere essentially similar, and here one form of culture really expresses with special emphasis only this, the other that side of one and the same being. Hence the cultures mutually "understand" each other, hence the Chinese read Descartes, Hume, and Kant, and the French German, and British, Kung-tse and Laot-se and Buddha's discourses; hence in particular all Western peoples enjoy their intellectual and artistic creations in mutual exchange.

The unity in diversity which the cultures express is thus, indeed, what we have called systematic unity, but yet in a way somewhat different from that in which unity expressed by the totality of living forms is a "systematic" unity.

Briefly we may say: The highest achievements of all cultures taken all together represent the spiritual nature of the ideal man, *i.e.*, of "the" man, who is a genius in every realm of culture. And we can imagine this man as "existing" while we cannot think of "the animal" or "the plant" as existing.

How it comes that one culture or one human being represents with special clarity this side, and another that side of the ideal type we do not know? So-called race-peculiarities may play a part, but probably accidents of environment, such as climate and district, play at least as great a part in the differences that occur.

But among all the factors that cause differences in culture the most important is always the *individual*, in so far as he is favoured, and, as a favoured person, gains disciples, at first, of course, among his own people and in his own State. I might go so far as to say that the special cultures are determined in the FIRST place according to the favoured individuals in a special community of States or peoples. The favoured person, whether prophet, scholar, or artist, finds a "milieu" which itself is for the most part due to previous favoured individuals of his community. Certainly he then exerts an influence on "all" men, but after all most intimately on those who constitute his immediate surroundings, and who best understand his language and his way of thinking, which, of course, grew up with them in the common "milieu."

Now, being favoured is a matter of local *chance*; it is "favour" common to the race which manifests itself now in Germany, now in France, China, England, India, Italy. Every time it occurs in the special milieu, which, however, itself results from previous "favours" on the same soil.

It follows that the cultures also differ mostly by *chance*, not really in essentials; that which is common to humanity runs directly through them all. And that is just why mutual understanding is possible.

What we mean may also be expressed thus: The culture of each distinct human society is quite predominantly the work of its "great men," when the conception of "greatness" is always something common to the race, wearing, indeed, the garb of the milieu, though this itself comes mostly from earlier great ones.

Unity in diversity in the spiritual life of cultures is thus a much narrower bond of unity than in the biologic system—with which alone, as we know, a comparison is permissible; for dog, bee, man, do not mutually "understand" each other, although they all express in their way "animal-nature."

Indeed, one might say that at bottom all culture is *one*, and that this profound unity is disturbed only by hindrances such as differences of speech. Thus there are not many beings, but one being (*essentia*) which is hindered only secondarily, namely, by obstacles from being comprehended everywhere in all its purity and fullness.

As regards Europe in particular, the great men of antiquity and of the Bible have exerted a uniform cultural influence on *all* nations; "diversity" sets in when Latin ceases to be "the" language. Then the great Germans, French, British, Italians influence at times predominantly one another, at times predominantly their own people. But, it is true, only "predominantly."

And, indeed, if we compare the West and East with each other the difference is only accidental, not essential. Perhaps it arises only from the fact that "the earliest great men of the East concerned themselves mainly with the mind, those of the West mainly with Nature." And thereby they created the milieu of the succeeding great men.

The human spiritual unity in diversity is thus systematic unity, not only because in it (as in the totality of forms) one and the same nature presents manifold variations, but it is unity in the sense of an essential *identity*. In it there is no mutual exclusion of the variants. Mutual *sympathy* is here possible. Nay, it is a fact.

Self-enfranchisement.

M. Bainville anticipates that now that the supposed dangers of French militarism are removed America will cease to use her financial influence in Paris in support of the French Radical parties, and will even see more likelihood of a French financial revival, and consequent payments to America in the return to power of his own political friends.—(The "Observer's" Paris Correspondent on the Locarno Agreement.)

Vladimir Solovyov, and The Religious Philosophy of Russia.

By Janko Lavrin.

III.—THE ADVENT OF SOLOVYOY.—(Continued.)

The question whether a meaning does or does not exist in life is the old cardinal problem of humanity. It is the main problem of all philosophies and religions, and our personal solution of it necessarily determines also our attitude towards life and mankind. Every advanced consciousness has to face—sooner or later—this dilemma, whose formula is as simple as possible: either the world and life have an absolute and eternal significance which justifies all that exists; or they are but a casual result of casual blind forces. In the latter case our existence, with all its pain and evil, is also casual and has no justification whatever. It is a stupid accident, and man's destiny is the same as the destiny of animals; with this difference, however, that animals are not conscious of the cosmic void surrounding them, while man is aware of it and has to bear all the consequences of such awareness.

Extreme pessimism or even suicide is the usual result. Of course, an outlet can be found in a deliberate regression of man's consciousness back to animal indifference with regard to all higher problems of life. This is the safest, and also the most frequent, refuge. Another and less safe one is provided by those accepted creeds which profess to be infallible and demand a complete surrender of reason to certain dogmas: one obtains inner peace at the price of "abêtissement" (to use Pascal's expression). A third emergency-exit is that of Nietzsche, who bravely faced all the senselessness of existence, trying at the same time to impose upon it a sense and meaning by the tragic will of the heroic "superman." However, this, too, was a futile delusion. What meaning can the "superman" impose upon a world and mankind, which, having come casually into being, are doomed to perish in the same casual and senseless way—after ages of unspeakable toil and suffering?

The impasse is really not a logical but a "psychological" one. For even when our reason prompts us to accept such a world and enjoy it according to the good old maxim, *carpe diem*, our profoundest self nevertheless rejects it as an insult and mockery. Better no existence than one devoid of all higher meaning: an existence which is but a slow, gradual death and nothing more. Even the so-called pragmatism, with its respectable theory of useful illusions in the guise of "truths," is of little help to a consciousness which has reached that dead-line where there is but one alternative: either the world has an absolute meaning which must be found; or it is devoid of it, in which case the world must be rejected altogether. We can accept life itself only on condition that there is an absolute significance in it; otherwise an intense and uncompromising consciousness comes to complete nihilism, to utter negation of all values, to destruction and self-destruction.

The psychological treatment of this theme (and the most remarkable one in all literature) we find in Dostoevsky's novels; and its philosophic treatment—in Solovyov.

* * *

But where is the guarantee that there really exists such an absolute significance of world and life?

In his answer to this question Solovyov joins both the modern intuitivists and the old religious mystics. His philosophy of integral knowledge thus becomes also a philosophy of religious experience in the best sense of this word; and he is never tired of insisting that in genuine religious experience the truth of that which is experienced is immediately given. We are directly conscious that our phenomenal reality is but a symbol of a higher reality, and no abstract arguments can refute this actual experience of our consciousness. Following Plato on the one side, and Kant and Schopenhauer on the other, Solovyov refuses to consider the visible world as the ultimate reality. What we see and know of the world is conveyed to us by our senses. Such knowledge is only a sum of our illusory sense-data and not the awareness of the actual essence of reality, of the *Ding an sich*.

This essence, however, exists. It exists quite independently of us—as the transcendental basis of all phenomena. And in so far as the nature of this basis is concerned, Solovyov adheres to Plato's "world of Ideas" on the one hand, and to Liebnitz's conception of monads as the eternal living centres of inner forces on the other. In a way, he

even tries to identify—and rather ingenuously, too—Plato's "world of Ideas" with the world of monads.

It is clear that the ultimate transcendental basis of all phenomena cannot have less content than the phenomena themselves which are its product. Each separate phenomenon has its real root and substance in the "world of Ideas" where all plurality of being reaches its final unity, its focus, and its cause in the Absolute. And there must be only one absolute principle behind the external diversity of things (were there several principles they would condition and therefore limit each other). This One is the ineffable All-in-All, the Absolute God.

The actual reality of God is for Solovyov the very essence of all religious experience—to use his own words, the latter is more than a mere recognition of our dependence upon a power immeasurably greater than we. Religious consciousness in its pure form is a "joyous feeling" that there is a Being infinitely better than ourselves, and that our life and destiny, like everything that exists, are dependent upon it—not upon a blind, irrational fate, but upon the actual and perfect God, the One which embraces all. . . . If this immediate reality of the higher principle be taken away there would be nothing left of religious experience. It would no longer exist. But it *does* exist; consequently that which is given and experienced in it exists also. *God is in us, therefore He is.*

It is with this inner disposition, with this *Weltempfindung*, continuously wavering between theism and pantheism, that Solovyov frames his own philosophy. However, even if we accept such an attitude unconditionally, we can hardly avoid these important questions which are bound to present themselves. How is it, then, possible that the phenomenal world exists at all? Why should its existence be necessary to God? And why should it be necessary precisely in an aspect full of evil, full of suffering, crime, and nonsense?

While dealing with this problem, Solovyov constructed a mystical theory which often reminds one of neo-platonists, of gnostics, and partly, also, of Schelling.

(To be continued.)

The Collateral Problem.

Signor Croce says (not in these words) that feeling is only a provisional expression for something that has not yet defined itself; a gesture, as it were (the figure is my own), that we make when we cannot find the right word. It is nearly certain that the moralists have given cause for misunderstanding, by their insistence upon right feelings; for he who trusts them, and is conscious of lacking the right feelings, is ready to despair, as if he lacked the common human basis of the moral of life. This misunderstanding arises in our time from the Protestant tradition; which, as Keyserling explains, stresses the self-responsibility of the individual against the "rites and writ duties" of Catholicism. The value is placed upon sincerity and spontaneity; as with Tennyson's heart, which stood up and answered, "I have felt." But suppose the heart does not so readily spring to its feet? The Protestant doctrine is not a misunderstanding in itself: it is the basis of the idea of moral autonomy; but before it reached its true goal it achieved a dangerous half-way house in the naive transfer of emphasis from actions to feelings, which are just as phenomenal and irrelevant in themselves as the "actions" they replaced. It is dangerous to make "sincerity" self-conscious. We must move on. The next step is Nietzschean: to abandon the pose of sincerity and do the necessary thing (or assume the necessary feeling) in a light-hearted sceptical manner, with the foot on the soft pedal. "Intensity" is a hindrance.

When the spirit is properly synthesised (but when is it?) these errors of emphasis disappear. We no longer mistake either "actions" or "feelings" for the self: they are just nature, manipulable phenomena. We reconcile them in the simplest possible manner by withdrawing the life from them. Until then they are in perpetual antagonism. When we are young we separate the ideal from the material in which it can operate, and colour it with a hue too rosy or too severe. We love knowledge, but it is a knowledge of a strange kind, a system of concepts raised above the earth, a knowledge that does not dirty the hands like the political utopia that has no connection with the turmoil of the groundlings. We take the ego, and try to give it a distinctive, "original" pose and dress; an ironical proceeding that only renders it more indubitably one of the mass.

Perhaps I have not well succeeded with these remarks in drawing near imperceptibly to what I have called The Collateral Problem. It is the problem which attends intel-

lectual discussion like a shadow. Like a shadow, it is invisible at the moment when the intellectual light is poured on the object from above. This is not the fault of those who write upon the destiny of the world, who, just because they are writers, free themselves in the act of writing from the preoccupations of externality. But as soon as we take the clear solution of all the problems from under the lamp-light and carry it into the street the shadow appears. It is no longer a question of the idea, sole and self-contained, in a sphere where everything is rational and coherent. It is a question of the idea in the actual world where everything is chaotic and intractable. It is a question of us ourselves, and our fellows, who are the stone from which the building must be hewn, who are, like stone, resistant and inert and subject to the impress of external forces. A temple cannot be built of stones that are rolling downhill. Are men not, perhaps, in this situation? As breadwinners and creatures of the daylight, are they not impelled by forces that permit no deviation from the track laid down? We have at all cost, for we must live, to create the thoughts and feelings necessary for the day's work. At times it seems that the energy devoted to reflection is directly subtracted from the energy available for life. To satisfy the claims of actuality we are forced to drive the mind in harness. What if the prescribed direction is contrary to the movement of significant thought? What if the thinker and the "practical" man are always two and not one?

It will certainly not do to minimise the tremendous *vis educatrix* of the world as it runs. For the future it is encouraging to observe that to some extent the established channels of energy are being broken. But the immediate question is: Can men live and yet remain free? And if they can, is not the synthesis of life and freedom thereby rendered impossible? Are we not left with the twin dilemmas upon our hands: the ideal divorced from reality, and reality divorced from the ideal? I wish to put the dilemma in a synthesis which is nothing but the equilibrium of the Philistine; or we "hold off" from actuality, and are apparently condemned to impotence and self-division.

If an observation made above, concerning the "sceptical" manipulation of nature, be recalled, it will possibly provide a solution here. The "less is more" principle will apply to our engagement with the actual world. We may "hold off" from the world of appearances, without being condemned to sterility. Particularly now, as the phenomenal world ceases more and more to be the vehicle of the idea, we shall manipulate it more efficiently by the withdrawal of all intense pre-occupation. This is true, if true at all, both of "facts" and "feelings." Both the outer and the inner *maya* must be accepted and negated at the same time. By this means (I would like to say, by the employment of this technique) the vital force will be driven where alone appearances into the region of true being where alone reality can be created. Appearance must neither be neglected nor mistaken for reality.

The progressive mechanisation of the world must not therefore be regarded as a fountain of despair. Stop it by all means, if you can, but observe at the same time that it is rapidly crystallising into a new "nature," ripe for a new manipulation by the spirit of man. The more mechanical the world becomes the more a mechanical attention will suffice. When the spiritual forces reach their due concentration the whole of the external "western" technique will become as a tool which we pick up and lay down at pleasure, precisely as a plough is a depository of past and bygone spirit, now dead in itself, incapable of exercising compulsion, and only possessing effective reality when life decides for its own purposes, to take hold of it.

It is significant that the only passionate ideology of our time is to be found among those who work with their hands. In them the struggle between the "inner" and the "outer" worlds develops its greatest tension. It is easy to explain their contempt for the professional *bourgeoisie*, whom the closer contact between the work and the self tempts almost inevitably to the cheaper "Philistine" synthesis. In freeing the spirit from the domination of facts and driving it down into the deeper levels, is it necessary, we may ask (thinking of Russia) to smash by physical violence the material emblems of the discarded philosophy? Theoretically, it is not. Their existence and their non-existence are equally irrelevant. The true *yoga*, as was said, is to affirm and negate them at the same time. But if they acquire such prestige that the act of negation becomes almost necessary to effect by pure mental discipline, it may become necessary on the deliverance by a *symbol*, that is, by destruction on the physical plane. We may yet repeat the unpleasant experience of Russia. In this connection the state of education in Europe gives cause for the gravest concern.

A. E. WATTS.

will commence to draw incomes again, whereas the authors of the proposals are relying on the saving of these people's incomes to reduce prices to the rest of the population. The pamphlet, it is true, talks of "mobilising" our "latent productivity" so as to achieve a large increase in real wealth. A sound ideal. But it will never be reached by any loan policy hitched on to the present cost-accounting system. In his criticisms of the current system the author says a good many useful things—all of which will be familiar to readers of THE NEW AGE—and his answer to the objection that the Birmingham Proposals would cause a fall in the exchange is perhaps the soundest section of the pamphlet—once granted, of course, that he gets his cheapened and extended output in the home market.

Drawings. By Barbara Reddie Mallet. (Watts and Co. 2s. 6d.)

In the introduction to his daughter's work Mr. Reddie Mallet, the author of *Dry Feeding*, etc., asks "Why no one was wise enough to preserve the earliest works of Hogarth or Reynolds, Morland or Turner for the profit of posterity. I take it to be my duty to present this volume as a token of the discovery of genius." Such extravagance cannot be inductive to modesty or discipline, and is enough to spoil any child, but to anyone familiar with the standard of work produced by children under competent tuition it is evident that most of the drawings are what might be expected from a slightly talented child of nine; occasionally, as in the wedding group and in a few sketches where the pose of head and shoulders is well caught, the standard is that of ten years; at this age every year counts enormously. It is to be feared that what to the inexperienced eye passes for spontaneity and verve is mere bravado, and that any interest which the drawings may possess lies in a feeling for flowing line. Though possessing facility they are lacking in depth, and are distressingly careless and slipshod. It is to be hoped that Barbara will not long remain "untaught," for contact with the work of other children might show her the true value of her own.

The Sayings of Confucius. Translated by Leonard A. Lyall. (Longmans. 7s. 6d. net.)

Confucius gave China the pure milk of common sense. He was courteous, he was subtle, he was candid, he was a gentleman. All bumpkins and rogues should be made to study his words assiduously for twenty years; for civility and straightness of character were never carried further. "The Master said: 'The whole end of speech is to be understood.'" "The Master said: 'In vain have I spent in thought whole days without food, whole nights without sleep! Learning is better.'" Chi Wen thought thrice before acting. On hearing this, the Master said: "Twice, that is enough." True, they are maxims of sweetness more than of fire. And if anyone should imagine that Confucius was the founder of a religion, he should read him and be disabused. The translation of Mr. Leonard A. Lyall is very literal, very simple, and very good.

FORTHCOMING MEETINGS.

October 29, Thursday.—Address by Mr. A. Brenton on "The Social Credit Scheme" at the headquarters of the Ethical Union, 14, Great George Street, S.W.1. Time, 7.30. Tickets 1s.

November 5, Thursday. Address by Mr. D. Mitrinovic to the Hampstead Social Credit Group, Holly Hill Shop, 1 Holly-hill, Hampstead (close to Hampstead Tube Station), on "Psycho-analysis and Credit." Time, 8.15. Open meeting.

November 12, Thursday. Address by Major Douglas to the London Commercial Club, at the Trocadero Restaurant (Luncheon meeting).

December 3, Thursday. Address by Mr. Frederick Thoresby, to the Hampstead Social Credit Group, Holly Hill Shop, 1 Holly-hill, Hampstead (close to Hampstead Tube Station), on "The Bank of England—a National Menace." Time, 8.15. Open meeting.

December 11 to 14, Friday to Monday.—Lecture School on "The Economic Causes of Antagonisms To-day" at High Leigh, Hoddesdon, under the auspices of the Friends' Peace Committee. Study Outlines from Bertram Picard. Applications for enrolment (fee 2s. 6d.) from Mary E. Thorne: both at 136, Bishopsgate, E.C.2. Further particulars later.

NOTICE.

A lady wishes to be put into touch with students of the New Economics living in or near Shrewsbury. Will any such communicate with THE NEW AGE office.

The Social Credit Movement

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

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

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

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

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

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

The undermentioned are willing to correspond with persons interested:—

- Bournemouth: W. V. Cornish, 77, Maxwell Road.
- Dublin: T. Kennedy, 43, Dawson Street.
- London: H. Cousens, 1 Holly Hill, Hampstead, N.W.3; Major C. H. Douglas, 8, Fig Tree Court, Temple, E.C.4; E. A. Dowson, 23, Effra Road, S.W.2; D. Wemyss Lewis, 176, Camden Road, N.W.1; E. Wright, 38, Bromar Road, S.E.5.
- Manchester: F. Gardner, 24, Mansfield Avenue, near Blackley.
- Middlesbrough: Mrs. E. M. Dunn, Linden Grove, Linthorpe.
- Newcastle-on-Tyne: W. H. Wakinshaw, 12, Lovaine Crescent.
- Rotherham: R. J. Dalkin, Wickersley.
- Hon. Secretary, W. A. Willox, 70, High Holborn, London, W.C.1.

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