

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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NOTES OF THE WEEK.

We quote the following from the *Daily News* of March 31:—

"In the Chancery Division, yesterday, Messrs. Waterlow and Sons, Ltd., sought an injunction to restrain Messrs. Thomas de la Rue and Co., Ltd., from delivering to the Bank of England rotary plate printing machines to be used in the printing of bank notes, which, it is understood, will succeed the present Treasury notes."

With the reasons for the application we are not concerned. The significance of this report lies in the fact that whereas, as we stated last week, legislation sanctioning the transfer from the Treasury to the Bank of the right to issue these notes is not due to be introduced in Parliament for twelve months, the Bank is already on the point of taking delivery of the necessary machines for printing them. No wonder people are chary of challenging the discretion of financiers whose knowledge of affairs is such an exact science that they are able to predict the results of next year's Division Lists. Government by consent is a cumbrous business, and it is lucky for the prestige of the Democratic principle that our rulers can carry out the wishes of the electorate in advance. Mussolini has a lot to learn.

The phenomenon of "High Wages" in America is being discussed widely in the English Press. Mr. Norman Angell in the *Daily Herald* of March 18 says that the greater part of the energy of Americans does not go into producing wealth, but into persuading people to consume it—that the greatest single cost in almost any product is the sales cost—that a high standard of consumption is indispensable to the maintenance of production. A good yarn is worth repeating—even after seven years—even to seventy times seven times. And Mr. Angell is so entertaining a raconteur that we almost get the feeling that we are hearing these "chestnuts" of ours for the first time. There is one point touched on in his article that will repay attention. Discussing the wide extension of instalment purchasing in the United States, and the high rate of consumption induced by it, he says that this development has its dangerous side, for if the consumption slackened and wages

fell, the payments by instalment would probably stop, and thousands of workers would be unemployed. Hence, he proceeds, for the first time (to any large extent) in the history of Capitalism, industrial employers are beginning to stand for higher wages generally as an indispensable element in the maintenance of the market. This, he observes, is something like a revolution in the employing mind.

We see here an instance of Social theory being propagated by economic stress. For reasons with which the New Economist is familiar, producers cannot sell all their output to consumers for ready money; so they deliver products to them without the money; but as they cannot carry on without money, they have to get it from somewhere else. Enter the finance corporation, which takes over the consumers' aggregate liability by paying money to the producers. For instance, a motor manufacturer will sell Mr. Jones a car for £500—£25 down, and the rest in deferred payments. As soon as Jones signs the contract and pays the £25, the manufacturer goes to the finance corporation and draws the £475 (less, of course, the corporation's deduction for discounting the claim). This eliminates the manufacturer from the account, and leaves clear the real general position—namely, that the finance corporation has made a loan of £475 to Jones. So, over the American continent, the aggregate outstanding instalments of the population are seen to be a huge consumer loan made by a group of powerful finance corporations. Observe that, high as the actual money wages of American workers actually are, they are still not high enough to keep pace with the prices of American output, and need supplementing by the above loan. This loan may be regarded from a point of view familiar to British workers; that is, it amounts, in principle, to a system of mass "subbing," i.e., the drawing of wages in advance of the service for which they will become due.

Now this will produce some interesting results. Hitherto, only one class of the community, i.e., the producer or trader, was allowed to spend money in advance of the service for which it was borrowed.

The theory, of course, was that if he borrowed, say, £1,000, he would distribute it in expenses, and it would get into consumers' pockets and be ready to buy his product when finished. Loan first; and repayment as and when he sold his goods. But the theory has not worked out in practice. So now we see the consumer brought into the charmed circle of borrowers. To him, too, loan first; and repayment as and when he sells his labour. Now hitherto, when debts owing to the financial system were debts of industrial capitalism only, the banks, regarded as private commercial enterprises, naturally had only one policy, to ally themselves with their borrowers in an attempt to impose low wages and high prices on the private individual. In that way they got their loans back in the shortest time—which is what they regarded as the dominant principle in loan policy. But to-day, in America, they are creating a dilemma for themselves. Since they are lending increasingly to consumers, they must ally themselves increasingly with the consumer policy of high wages and low prices if they want their loans back quickly; yet, at the same time, they must persist in the former—and diametrically opposed—policy protecting producer loans. Hard facts, then, are forcing them into the impossible position of requiring there to be high and low wages and high and low profits at one and the same time. They will not recover producer loans but by bankrupting the consumer, nor will they recover consumer loans but by bankrupting the producer. To sum up, they will not recover all their loans but by bankrupting the whole community.

* * *

Now notice the consequence in regard to the relations of capital and labour. Under the older loan regime, when finance issued and recovered loans to and from the industrial capitalist alone, the latter appeared as "the grinder of the faces of the poor"—which he was, but, *which he had to be* in the very nature of the situation. But henceforth, for the reasons we have noticed, the capitalist will not be obliged to administer a policy of monetary scarcity among his employees—in fact, Finance, in its own interests, will have to dissuade him even if his own desires lead him in that direction. And in America we are witnessing this enforced change of attitude already in operation. The *Daily Mail's* workmen's cordial relations between employer and worker here, there, and everywhere. Of course. For on this beneficent condition depends, in the last analysis, the cordiality of the relations between the banks as lenders to the master and the finance corporations as lenders to the man. Another point. "Human nature" has not changed a bit in America. There is no more innate affection between master and man now than there was when Pinkerton was in charge of labour. All that has happened has been a money transaction. The American people have had next week's wages in advance, and are buying this week's surplus output with them. The dollar is truly almighty when it can bring the New Jerusalem down from heaven adorned like a bride for her husband. Credit, once a just impediment to the marriage of buyer and seller, will yet prove to be the mystery which makes of them one flesh.

* * *

It may occasion some surprise to students of money problems that with all this large-scale lending of credit to American consumers there has not been a startling rise in the price level. The explanation is largely bound up with the question of insurance. The financial process accompanying insurance is an inversion of that accompanying instalment buying. In the first case you pay a cash premium now, and get nothing (immediately) for it; in the second you get something now and do not pay cash (immediately) for it. If you imagine the finance corporations we

have spoken of as lending American consumers, say, \$1,000,000 a week, and further imagine these corporations to be insurance corporations as well, collecting from the same people \$1,000,000 a week in premiums, the net effect on prices is seen to be *nil*—the loans tend to inflation but the premiums to deflation, and the two tendencies neutralise each other. Therefore, in computing what is going on, one would have to know at what respective rates the credits to instalment buyers are flowing out, and the credits from them (insurance premiums—and also investments and other savings of all kinds) are flowing in to the financial system as a whole. If, as seems reasonable to assume from the evidence, the total outward flow exceeds the inward flow, the tendency to inflation ought to be showing itself. Perhaps it will. The experiment has not proceeded very far yet. But there is at least this point to be considered. In the practical financing of instalment buying as we have described it, the corporation advances the balance of the money to the manufacturer only *after he has made the sale* at a definite price. This price has to be fixed by him in competition with other manufacturers, who together, remember, have a combined capacity for output potentially much larger than the whole continent can ever absorb. If the consumer could get the goods without paying a cash deposit, price; but he would pass over minor differences in price; since he has to pay a fixed proportion of the agreed price at once, he will be as keen on cheapness as though he were buying for cash outright. One must further assume that these manufacturers have been educating themselves in the last year or two, and have satisfied themselves that there is nothing for them at present in the old idea of combination, price protection, and restricted output. Other factors, too, enter into the case, but they need not be discussed now. These manufacturers are finding that they can best raise money on the basis of the *number of articles sold*. They can, for instance, raise more money by selling five cars at £500 each to five consumers, than one car at £2,500 to one consumer. The reason for this is that the finance corporation runs a lot less risk in having five citizens owe it money than in having one citizen owe a lot more. That is, the resources of a whole community are safer than one of the same amount on the particular resources of a section of the community. That is why a Government bond (secured by the right of the Government to tax everybody) is a gilt-edged investment, whereas a Vickers' Ordinary share (secured by the right of Messrs. Vickers to sell goods to anybody—if they can!) is not. So the finance corporation encourages not so much a high value of output as a wide distribution of output. And since say that the corporation's loans depend upon low prices. So far as this reasoning is correct, we see here a confused recognition of the principle underlying the Social Credit idea of the Just Price—with its contingent consumer credit. It suggests that manufacturing interests need only to understand this principle to co-operate in applying it.

Finance has shifted its centre of gravity, and will henceforth oscillate until it comes to rest on its new centre—which is Social Credit. In America it lends money for consumption; in Britain it lends money in subsidies for supplementing wages—namely for consumption too. In America it is wondering what will happen if the wage level falls; in Britain it is wondering what will happen if the subsidy is withdrawn—the same thing. And the defective system of cost accounting which has necessitated in the past an ever increasing progression in the amount of producer loans, will now operate in the case of consumer loans, whether for instalment-purchases or for subsidies. Industrial nature abhors a financial vacuum.

On The Spanish Renaissance.

By Grant Madison Hervey.

I.—A NEW VIEW OF AMERICA.

Everything that persists really happens. And the Spanish Renaissance, which has persisted now for at least a century, may actually be noticed in Europe one of these days when somebody looks in a Latin direction other than that of Briand or Mussolini. They, indeed, stand for the submerged or sinking planes in the Latinoid civilisation; but Spain, if I may recast an idea for which I am substantially indebted to Jose Ortega y Gasset, Spain to-day is, as it were, a transfigured Escorial—a gigantic mass of flint that awaits the impact.

For the fact is that the Spanish Renaissance has occurred outside of Spain. Its scene is North America. And the whole mystery of modern Europe, of England's post-war Catastrophism, as observed but not explained by Philippe Mairet, lies in this vast mountain-mass of a spiritual Spanish upheaval; this shutting out of the world's vision by the slow upheaval of a Transatlantic Pyrenees.

There are two Escorials—that is the fact. The one, built by Philip II., and dedicated "to the name of blessed Saint Lorenzo, stands upon the continent of Europe. The other, built amid the philippics of the American successors to Columbus, and dedicated at heart to the name of blessed Christopher, stands upon American soil. Its name is White House. Do you think, indeed, that it is a fact entirely without significance that Washington—the city of Washington—rests upon the District of Columbia; and not Virginia, Massachusetts, or any other State? For I can tell you something worth thinking over. Just as surely as that "soft light" of Jose Ortega y Gasset's floods all central Castile, so does the blue, violet, and carmine light of the Spanish Renaissance at Washington flood and pervade the American Escorial. It is a Spanish city at heart and not an English.

Truly, in a view of the Transatlantic countryside and its Washington Escorial, the American monastery is merely the largest of many rocks. And when I say "American monastery" I mean the entire United States. There you have a greater firmness, a Spanish finish of line, towering above Mexico. View, if you are wise, Chili, Brazil, Argentina, Bolivia, and the rest of the South American Republics, as simply so many surrounding masses of stone. The plain fact is, that gigantic mass of flint at Washington—the blue, violet, and carmine-flooded New Escorial—has somehow got itself erected; and, presently, when the South Americans wake up—when they find out from Ibanez, or from somebody like him, what the Spanish Renaissance really means, each and every one of those silent masses of stone will leap to life: will fit itself into the fabric of a Third Escorial—world-staggering portent! Watch America!

What no Englishman guesses is this. When Philip II. dedicated the Spanish Escorial to blessed Saint Lorenzo, it was "in memory of the grace and victory that God has granted us on and since Saint Lorenzo's day." This particular grace of God was the victory of San Quentin. It—the Escorial—commemorates a battle. It is a battle, turned into stone. And astoundingly, in America to-day, the world-battle of 1914-18 is similarly turning into stone. Unconscious Philips are at work. Thousands of them! Rhythmically, after the syncretic methods of modern chemistry, the soul of America is precipitating itself upward—into stone. Jazz? Why, jazz in America is simply the song of the stone in motion. It is the cry of the rocks leaping upward. It is the psalm of the flint and the dance of the diorite. See how stonily these people look as they dance. Watch Chicago! Watch what happens, religiously, inside the very heart of that central America. Before the end of 1927 San Quentin and Columbus will come into their own.

Personally, I am taking no sides. I am neither a Catholic nor yet a Protestant to-day.

In the language of Jose Ortega y Gasset, the Spanish Escorial—"this enormous profession of faith"—weighs more heavily upon the earth, after St. Peter's at Rome, than any other stony credo in Europe. Naturally! For is not the Spanish Escorial, after all, a sort of Castilian tongue of carbon through which the Roman electric current passes? Whence, might I ask, did Carl Schurz dispatch his message to Lincoln, at the crisis of the American Civil War, urging—as a stroke of polity, and with the sole view to its effect on sentimental England—the liberation of the slaves? Why, Schurz then was American ambassador at Madrid. And where did Schurz get his idea? Who supplied it? I tell you, it came out of the Spanish Escorial. It did not suit Spain, nor the Power behind Spain, at all, to have America broken in twain by that Civil War. And so a spark flew. From the Escorial it leapt into the head of Carl Schurz. Thence, into the head of Lincoln. Thence, into the head of every Englishman—as well as every American—living. English hostility to the North abruptly ended. The South—the Catholic South—surrendered. Why not? The Vatican view: the Escorial view, is always—Surrender and win!

Object of the Escorial policy, via Carl Schurz?

Why, a consolidated rock-platform whence to engage England. A concrete battery-foundation, across the Atlantic, on which to plant to-morrow's guns. I don't blame them. I am not accusing. A Church that can wait, patiently, for sixty years, whilst the cement of the Spanish Renaissance sets in the soul of every living American—before it fires its first shot for the religious conquest of England—certainly impresses me. I look at it very carefully. Its passion for stone, and for stony methods, the world over, makes me think.

And about this craving for stone. Modern religion, unlike its Asiatic forbears, is not content with an abstract God. It hates a mere Idea. It must possess, instead, a concrete God—a mass that can be seen and felt. Jose Ortega y Gasset himself is quite explicit about it. In the American *Dial* of October, 1924, p. 324, he observes: "The rigour of Catholic dogmatism confines itself to exacting that the faithful shall admit the canonical definition of God. It leaves the individual free to imagine and feel his God as he chooses. . . . A girl, on being taught that God is in the heavens, exclaimed: 'In the heavens like a bird? Then He must have a beak!'"

Exactly. That is how the momentarily-liquid mind of the young Catholic is encouraged to flow. "Form your own idea, my son, and then—Petrify!" That is the idea. Certainly it is most shrewd. Consider, for instance, the Beak of the American Eagle. An idea of power!

It is the year 1560 to-day in America, not 1926 or 1925. At that earlier time in Europe Michael Angelo broke away from the general spirit of the European Renaissance. He instituted the grand, the colossal, the superlative, in opposition to the graceful, serene and measured, balanced manner. This is what Americans are frenzied about to-day. They, too, are frantically following in the footsteps of Michael Angelo—precipitating themselves into colossal stone. But the giant nozzle that directs that soul-stream of petrificient energy is in whose Hand?

It is a big subject. I have merely struck its general outline here. The Spanish Renaissance in America is the supreme event of the world. It looms, like a 1,000-storeyed skyscraper, over the coming years. Englishmen, if they wish to survive as Englishmen, will have to take hold of the 3,000,000 square miles of Australia and invent a counter-America of their own.

A Vagabond in Denmark.

By Leopold Spero.

IV.—BACON-FAT AND RUMBLE-DUM.

Do you understand Danish?
A little, but I cannot speak it.
Don't speak so loud.
Am I making so much noise?
Did I not tell you that . . . ?

Hill's Dano-Norwegian English Vest Pocket Dictionary and Self-instructor. (Questions and Answers.)

I have often wondered what are the proper qualities of a linguist, and I have come to the conclusion that courage is the chief among them. Danish dogs, which are of various shapes and sizes, but all alike in their love for the national canine sport of chasing railway trains, will always stop doing that or anything else if spoken to with sufficient firmness and decision in the tongue which I recommend travellers in Denmark to acquire. This is a mixture of extremely bad Swedish and midway guesses between English and German founded on a sound classical training and unexceptionable etymological instinct. The human population of Denmark is not as amenable, but only through prejudice. For while it is true that the three Scandinavian nationalities like to flaunt their unity and solidarity in the face of degenerate Europe, at home they are very much like other neighbours and relations. In fact, one of the few things that you can get a Swede to agree on with a Dane is their mutual and identical opinion with regard to the Norwegian. Consequently, it is no recommendation to foist upon the attentive Jutlander a sort of Anglo-Swedish conversational shag. The country-folk, being simple and patient-minded, will do their best to make what they can of it. The towns-people put obstacles in the way.

For example, it so happens that the Swedish words for "boy" and "girl," which are "pojke" and "flicka," are entirely different from the Danish "Dreng" and "Pige." But no one will persuade me that when you are asking a Dane the way to a Boy Scouts' camp, he really does not know what you mean if you mumble something about "pojke-spylager." We shall return to this later on, and also to the question of whether a Danish waitress need take offence and sulk when you call her "flicka." It is perfectly true that the word "flicka" does not look like anything human, any more than the word "girl" does, for that matter. One suggests a cheap film or defective electric-light bulb, the other an inferior object out of a tool-box. But compared with "flicka" and "girl," "Pige" is simply animal. And if I were asked to buy a magazine called "Dansk Pigerne," I should make it clear that I was not interested in the bacon trade.

And if such endless differences arise in simple boy-and-girl affairs, what is one to say when one discovers the utter illogicality of Danish numbering? Anyone can understand the French numbers, and guess the German. The Swedish are fairly easy if you remember that "seven" is "sju," and "twenty" is "tuge," pronounced "choovgoo"—why, nobody knows. But in Danish, while the numbers begin all right, and go on in a fairly respectable manner up to forty-nine, you are suddenly confronted, as a rule in a shop where you have been making extensive purchases on the strength of what you imagine the prices to be, with the news that "fifty" is "halvtres." Now, "halvtres" ought to mean fifteen. The reason why it means fifty is that it goes half-way to the last twenty in "tres," which is sixty, or three twenties. The result of basing an entire monetary system on the first word which happens to mean "twenty," is that the word for "seventy" is "halvfjerd," the word for

"eighty" is "firs," the word for "ninety" "halvfems," and nobody gets any peace until you reach a hundred, which is "hundrede." One is glad to discover that the Swedes suffer just as much from this Pleiocene ciphering as we do, and that their efforts to get the advantage of the exchange by a half-day trip from Malmoe to Copenhagen are neutralised by the fact that they end up by buying all manner of unwanted articles at twice the price they thought they were.

This may account for a good deal of the unneighbourly feeling which exists between the two nations. Or then, again, it may be due to the fact that throughout the last thousand years each has spent a large section of its history in seizing land belonging to the other, on the ground that it would make things safer for democracy. At all events, here is why what promised to be a cheap lunch in the hotel at Varde, turned out to be nothing but an ill-administered extravagance, as full of pitfalls as a Gruyère cheese.

Varde is a friendly little place, into which one bumps suddenly over a railway bridge, and a pleasant stream, leaving the neat, red-tiled cottages of the countryside behind. The general impression about the town, obtained from the first wandering up its long and winding main street, is that half the population is engaged in installing the other half with electricity. But the installation is evidently not practised upon the Danish waiter. He is true to his name, and spends a great deal of his time waiting. So do you.

Once inside the hotel, the scene changes, and it is clear that most of this part of Jutland is passionately devoted to the task of selling ready-made clothes by pattern to the remainder. Denmark is inordinately proud of the fact that she has been making her own ready-made clothes lately instead of importing them from the north of England. The results are startling. The Danish name for tailor is "skraeder," and you can well believe it by the time he has finished with you. If you wish to be finished off after your visit to him, you go to what is called a herrekvipering, which deals in what our American friends call "gent's furnishings." The herrekvipering, if that is his name, will fit you out with the most remarkable double standard collar and bow tie, a shirt with projecting steel cuffs, zodiacal and corrugated socks, and a general air of stiffness, which only the experience of a Danish Sunday can sufficiently vindicate. This may explain why, as your Dane grows middle-aged and inclined to *embonpoint*, he has his clothes made to measure and wears soft collars from Manchester. Nobody could possibly go through life for any length of time on the lines of the ready-made *skraeder* and herrekvipering, though these gentlemen give a solid appearance to the youth of Denmark that has its advantages.

Here, in the common dining-room, with its resurrected Victorian sideboards and mirrors, its yellow woods and yellower gilt frames round frozen pictures, there is an arotic atmosphere even in summer-time. The closest attention to what the people are saying at the next table only reveals the fact that their words are like broken, solid chunks of ice. No Danish sentence ever gives the impression of being really connected, and the effect is heightened by the violence of the interjection "vad?" (which is quite polite really, and only means "I beg your pardon," and by the word "onskild," which means "excuse me," but surely does not look or sound like anything but a poor, meaningless noun that has lost its way.

And there you sit, waiting for your lunch. You call the waiter "waiter"; you call him "Kellner," you even rise to the height of "maitre d'hotel," which would fetch a waiter scurrying to you in any other country. No answer. Finally, you beckon to him, and then he comes, but leaves you at once on hearing someone calling him "Opvarter," which is a nasty

thing to call anybody. The only thing to do is to swallow your own scruples, and call him "Opvarter" as well. Upon which, he hurries up to you and presents you with a tiny bowl of brown soup and a ladle, wherewith you fish diligently for ends of asparagus, pieces of mushroom, and little soft fragments of dumpling. These you consume with such relish that when you come to the end of them, and still find the tureen at your side, you are tempted to a second experiment, after which the tureen vanishes, implying that you now have reached the limits of polite repletion so far as soup is concerned, and must proceed to the next dish.

There it is on the menu. But there are not enough vowels in it. It is full of indigestible consonants. You shout "Opvarter," and the clean, soldierly young man is at your side. "What is good to-day?" you ask him, with an American freedom of gesture, which ought to explain the position adequately.

He tells you. At least, you can see he is trying to be helpful. But by the time he has finished you know no more save that he has taken sides against you on behalf of the management.

"I want some meat," you say. And then, by way of helping it out, add the words "Fleisch" and "flesh." Whereupon he brings you two rashers of bacon. Hardly the thing at lunch time, particularly in Denmark, where the only bacon anybody gets is what they don't need in England. You send it away, and are not comforted by the discovery that the word "Flaesk" in Danish means "bacon." However, you think you will take a chance. Fish comes next to soup, so you ask for "cod" and he brings you a plate of roast veal with pickled cucumber.

"Kod" is the Danish word for "meat." But isn't it silly?

H. G. Wells.

By E. Zamyatin.

(Translated by S. K.)

I.

The glory of a feudal aristocrat consists in being a link in a chain of ancestors—the longer the chain the finer. The glory of an aristocrat of the spirit is in having no ancestors, or as few as possible. If the artist be his own ancestor, if he possesses successors only, he enters history as a genius. If he possesses few ancestors, or his kinship with them is a remote one, then he enters history as a man of talent. In his autobiography Wells says: "Writing is one of the present-day forms of adventure. Adventurers of the past would now become writers." The history of literature, no less than the history of the fine arts and the sciences, is the history of discoveries and inventions, the history of the Columbuses and Vasco de Gamas, of the Guttenbergs and Stephensons. Geniuses, discoverers of hitherto unknown or forgotten countries, are reputed by history to be few. But men of talent, who perfect or considerably modify literary forms, are more numerous. And to their number H. G. Wells belongs.

But which Wells? There are two Wellses. One, the inhabitant of our world of three dimensions, the author of realistic novels; the other, the inhabitant of the world of four dimensions, the traveller in time, the author of scientific-fantastic and social-fantastic books.

The first Wells has certainly a great talent. But that Wells did not discover new countries; he has many famous relations. But the second Wells has very few and remote family connections, and he alone has created the new literary genre. And if there were not the second Wells, the first one, in the astronomical chart of literature, would not count as one of the brightest stars.

There seems to me to be two basic lines in English literature. I would call them the Home-Line and

the World-Line. The former represents the Englishman who stays at home, in his own islands; the latter represents the indefatigable navigator, the seeker of new lands, the dreamer and adventurer (for an adventurer is also a dreamer). And in Wells, in the realist and in the fantast, these two basic lines are reflected.

The one, the Home-Line, has achieved in Dickens heights as yet unsurpassed. And the first Wells, the sober realist, the sceptic, now good naturedly, now maliciously laughing, definitely derives his line from Dickens. Here is the direct blood relationship on which I dwelt in a previous chapter. And here Wells is only one of the branches of the mighty tree of Dickens; there are other branches of this tree, Gissing, for instance, and Bennett, and Galsworthy.

Wells, the author of social-fantastic and scientific-fantastic works, is connected with the second line, with the World-Line, by a very complicated and subtle, and by a very much remoter kinship. Here he rather begins, than finishes; here he has no direct ancestors, but is bound to have many descendants.

Wells's social-fantastic novels! The first literary catch-phrase which occurs to us, one we have heard so often, is: "Utopia, Wells's social utopias!" And then, naturally, there would stand behind Wells's back a long row of shadows, beginning with Sir Thomas More's "Utopia," through Campanella's "City of the Sun," and Cabbet's "Icaria," right up to William Morris's "News from Nowhere." But this genealogy would not be the true one, for Wells's social-fantastic novels assuredly are *not utopias*.

There are two specific and invariable signs of a utopia. One lies in the contents, for authors of utopias construct an ideal community; or to translate it into mathematical language, their utopias have the sign +. The other sign, organically bound with the contents, lies in the form: utopias are always static, always descriptive, lacking the dynamics of subject and plot.

In Wells's social-fantastic novels we find almost no such signs. First of all his social fantasies, for the most part, are defined by the sign -, not by +. He makes use of his social-fantastic novels only in order to reveal the defects of the existing social order, and not to create a picture of some future paradise. His colours are not the roseate and gold reflections of paradise—they are rather the sombre colours of a Goya.

As a rule, these novels of Wells's differ from utopias as much as +A from -A. They are not utopias. Mostly they are social pamphlets, embodied in the artistic form of a fantastic novel. Therefore the roots of Wells's genealogical tree could be looked for only in such literary sources as Swift's "Gulliver's Travels," Holberg's "Niel Klim's Travel to the Centre of the Earth," Bulwer Lytton's "The Coming Race." But with these authors Wells is only connected by the similarity of approach to the subject. The subject, the plot, the literary method, are all his own. And, if we sometimes find subjects in Wells's works which have already been treated by others before him (as, for instance, the travel to the moon, treated by Cyrano de Bergerac, E. A. Poe, Jules Verne; or the awakening of the sleeper, borrowed from folk tales and treated by Louis Mercier at the end of the eighteenth century in his book "The Year 2440")—still, Wells's approach is totally his own. All this forces us to the conclusion that with his social-fantastic novels Wells has created a new, original genre in literature.

There are two elements which give to Wells's fantastics quite an original and individual character. The first is the element of social satire; the second, the element of scientific fantasy.

(To be continued.)

The Fundamental Ideas of Gnosis.

By Eugen Heinrich Schmitt.

1. Gnosis is not a doctrine which demands blind faith, but its source is the inner vision, self-knowledge. We ourselves are its mystery; for only when the heavenly processes which Gnosis, knowledge, represents, are in a certain form ourselves, can we unveil, unmask them within ourselves; only so test what is maintained for every man who acts with a pure motive, and make it clear to his own light of reason. Only so does the Pistis, the metaphorical belief of the multitude, become Gnosis. So alone does Christ fulfil what Socrates strove and prayed for, so alone is fulfilled the saying of the sun-god: "Know thyself."

2. Accordingly the processes of the heavenly coming into being in the world of light and the radiation of its forms from the original source of light, are in the first place experiences of our own interior, the mystery of our own spirit life. These heights soaring above the Universe, and the light-world of Gnosis, are not phantoms of the Beyond, but in the first place, and essentially, they are ourselves. The "romances" of the Aeons and Syzygies, which being translated means the forms of eternity and heavenly nuptials of Gnosis, this shining forth of the heavenly vision of the Universe, of the Logos out of the depth of the primeval light and of its system of heavenly wisdom, its splendour of beauty, this fall of the Sophia [heavenly wisdom] into the depths of matter, of chaos, and of night, this fearful struggle with the powers of darkness and of death, and this longing and struggle for the primeval source of light, this soaring aloft into the indescribable supercosmic splendour, is the tragedy of the human spirit, its tragedy and its apotheosis (deification).

3. But all this not in the banal sense of merely subjective processes, of a merely illusory game, which has for hypotheses the bad metaphysics that really we are merely a finite corporeal thing, and its function, or it may be a finite spectre, and its function, which is presupposed by a false and inadequate self-knowledge, brutally opposed to the fundamental facts of self-consciousness. The world of the Pleroma, the light-world of the spirit and its phenomena are not empty bubbles which float about in the dense fog of spiritualism, or which rise from the liquid manure of materialism. It is precisely this bad metaphysics and all the basic hypotheses of its delusion that the positive living spiritual vision of Gnosis is bringing to an end.

4. For Gnosis is the revealing of the universal nature of the human spirit, soaring above all natural dimensions, the super-cosmic, the divine. And with this highest mystery it illumines all the fundamental questions of the connection of nature and thought, of universal life and spiritual individuality, of spirit and organism, questions insoluble even for our age, rich as it is in the accumulation of external knowledge. Gnosis alone, as this "Light of the world," builds the foundations of the one uniform science which embraces the knowledge of all great objects and bridges the gulf between the two worlds, the world of the spirit and the world of the senses.

5. We have then certainly in these holy conceptions of the Gnosis realities of the highest dignity and of a magnitude and importance completely incomparable with all natural dimensions. But not things in the ordinary sense but forms of activity, functions, modes of radiation, emanations of the same One, which on the one hand we ourselves are, but which, on the other hand, infinitely exceeds the

limits of even the most complete spiritual individuality, yet without being outside it and without ceasing to irradiate it and so to become apparent in its own interior. Inwardness in the sense of the Gnosis in every single human being has not at all the meaning of a closed in, bounded interior to which an exterior corresponds. This spiritual mode of activity is on the one hand figuratively called inward, in opposition to the outward, to the finite appearance and view of the senses, which always pre-supposes another outside itself, and so is external in itself apart from this opposition. But so again is the spiritual view internal in its fundamental character, since as the originally unbounded, infinite of the conception of reason and of the life of reason, it can have nothing outside itself, not even the abundance of the primeval light.

6. As it is the peculiarity of the light of reason and law of reason to rise above all limits of space and time, so also the living knowledge of this same light of the spirit is enthroned above these. The aeons of Gnosis therefore signify also a super-spatial and super-temporal process and functioning. And as the super-spatial law throws light upon the finite spatial structure, so is this living light of the Gnosis and its rule the key to the law of development of the nature and spirit-world and at the same time the shining goal to which for ever strives everything that happens in time: the creative principle, the deepest and most blessed secret at once of the human soul, of the individual and the creative power of the striving of the age.

7. There are then two opposite orders of activity of function, which are related as the infinite to the finite, the realm of the spirit-light and the realm of the material-sense-world of phenomena, which are thus separated by an infinite gulf, or rather whose contact is thinkable only in a differential point, *viz.*, where the function of the heavy substance of the sense-world of phenomena has sublimated to the utmost fineness, and the raw mechanical massive activity has changed into the softest motion and mobility, into a sort of labile equilibrium. The formative power of the universal self-activity, fine which itself represents a movable series, and this fineness can gradually increase, transforming the material in its own higher form of motion into organic evolution, and then into the evolution of the organic spirit-life in history. Gnosis expresses this tenet, here explained after the fashion of modern natural science, thus: that the spirit-light penetrates the darkness, the world of sense, and is at first obscured by it, but that finally the power of the heavenly ray is victorious over the darkness, this material, the sensuous, the flesh. Finally, this material becomes so obedient to the higher formative power, the cruder activity becomes to such a degree transformed to such a degree sublimed, refined, that the corporeal opposes practically no further resistance to the higher activity. As a transformed parent body behaves to the etheric spirit-function, materiality behaves to the light pass unhindered. Finally the rays of that light through a fine transparent medium, so that the spirit light that is enthroned above all worlds becomes visible even to him still journeying in the flesh, in its glory of greatness and splendour, above all the abundance of stars in its all-uniting inexhaustible wealth. This is the sinking of the Pleroma, of the abundance of the light-world, of its light of reason and its all-combining love, into the world of the sensuous-corporeal, and the gradual absorption, solution of the coarsely material in this light, which is truth and bliss: It is the end of the animal man, the disappearance of his culture, the goal of the individual spirit, the goal of natural development and of history.

An Editor's Progress.*

By A. R. Orage.

PART II.—THE DOUGLAS REVELATION.

II.

At the outset, and after inspiring my confidence in his ability to give me more than he took away, Major Douglas set himself, as it were, to dispose of three of the enormous fallacies under which I and my colleagues (and, let me add, the vast majority of social reformers of every school) had been labouring. The first concerned the limitations of production. Hand on your hearts, do you not take it as a matter of course that the predominant practical problem of civilisation is production, and how to keep it increasing step by step with the increasing demands of civilisation? Be sincere; is not every proposal, Socialist, Labour, or Progressive, for better distribution haunted by the spectre of a limped and possibly diminishing production? It is perfectly certain that such is the case, and the fiasco of the Labour Government in England, as well as of every attempt to equalise distribution, is sufficient evidence of the power of the spectre of limited production.

Major Douglas did nothing to theorise the spectre away; he simply confronted it with facts; and the facts did the rest. For instance, he pointed to what was obvious to everybody in the actual statistics of war production. With millions of the best workmen absent in the Army, with an incredible consumption of supplies, not only everybody in England during the war was better off than ever before, but the surplus stocks of perfectly good materials remaining after the war were a mountain of menace to the restoration of the pre-war industrial system. It was calculated, in fact, that with all the handicaps of the war, production in England increased many hundreds per cent. Lest it be imagined that this was due to imported goods, procured on credit, it may be said that England's exports and re-exports during this period were vastly in excess of its imports. In other words, the net output of England at war exceeded its peace output by several times. But the war was a special occasion, it may be said; and I did not fail to make the objection to Major Douglas; whereupon he directed attention to the normal facts of peaceful industry. So far from production being limited by nature or by invention, there appears to be an unconscious but active conspiracy on the part of the industrial system artificially to restrict it. At any given moment only a percentage of our resources is being employed. Fields, factories, and workshops, all competent to produce, stand idle at the very same time that the labour and invention to utilise them are idle too.

The world habitually produces only a tithe of what we have actually in hand the means to produce; and the world's powers of production are increasing simultaneously with the reduction of the world's actual output. Sabotage, limitation of production, and all the other devices for restricting output go along side by side with the old complaint that production is our chief difficulty. Not production, as every business man or economist will admit, is truly our practical difficulty—but how to limit it to a diminishing demand without falling out of the frying-pan into the fire. How the deuce are we to safeguard industries, established upon a certain price-basis, against discoveries and inventions calculated to increase supply and reduce prices? That, not the fear of a limit to productivity, is the actuality of the ghost in question. In other words, the popular ghost of a natural limitation upon production is only a superstition to conceal the real spectre of a naturally unlimited production. It would be fatal to the exist-

* Reprinted from the "Commonweal" (U.S.A.) by the courtesy of Mr. Orage and the Editor.

ing system to have it realised that in actual fact there is enough and to spare for a world of millionaires—such is the proven abundance of nature and the proven invention of man.

This realisation, which I owed to Major Douglas, threw a devastating light on many of my previous working hypotheses. Most of them, in fact, would not work any longer; and my attitude toward economics and politics began to change rapidly. The guild idea, based upon the paramount necessity of increased production, lost one of its limbs; and another was doomed to disappear with Major Douglas's demonstration that individual work is not a just prior condition of individual income; in short, that every member of the community, as such, is justly entitled to a social dividend, work or no work.

What a rumpus THE NEW AGE created in the Socialist and Labour camps when first this defence of dividends for everybody, irrespective of work, made its appearance. Mr. and Mrs. Sidney Webb were touched to their puritanic quick. Never, they said, would they countenance a proposal to give every citizen his birthright of an annual share of the communal production. Such a distribution would make future social reforms unnecessary; and where would the Fabians be then, poor things?

Mr. George Bernard Shaw, with his workhouse scheme of a universal dividend in return for a universal industrial service, was silently contemptuous of Douglas. As a matter of fact, perhaps, he had long ceased to feel in any possible need of a new idea; and his juggling with his old ideas was sufficiently skilful to continue to deceive his public that he was still learning.

But the most bitter objection came, of course, from the Labour officials and the class-Socialists whose bread of life depended upon diatribes against "unearned incomes." Our simple little proposal to put everybody upon an "unearned income," threatened to take the bread out of their mouths; and tart and many were the comments we drew from them.

Nevertheless, the idea when considered without an axe to grind is obvious enough. The community is not only the ultimately legitimate owner, partly by inheritance and partly by current labour, of its whole productive mechanism; but, though it may be true that every individual must be ready to work if called upon, it is absurd to require, as a condition of receiving his share of his own, that every individual shall work, even in the absence of any demand for his services. What! Is industry to be compelled by society to employ men who are unfit, only because society refuses an income to its members unless they are employed? Not to exaggerate, it is probable that a greater output—that is, more for everybody—could be obtained to-day by restricting the right to "work" to the fit half of those now employed, retiring the rest on a liberal annual dividend to join the army of the so-called privileged classes. At any rate, that is what I came clearly to see under the influence of Major Douglas's ideas; and such is my conviction to-day.

These blows to my previous opinions, however, were only preliminary to the blow that shattered the faith upon which, it appears to me, the whole of the Socialist, the whole of the Labour, and the whole of the Progressive case rests—namely, the belief that economically there is any magic in ownership. The poor old world has been misled by personal associations and by phrases into the fatal error of mistaking ownership for control. Only the extremely able few who own nothing and control everything know better. In this respect, I confess that when beginning the formulation of National Guilds we took the current misconception for granted. The wage-earners were slaves because they had no property in their employers' industry; and having no proprietary interest in the business

they were, on that account alone, excluded from both its management and its control.

The extension of ownership to management and control was logical; and our only originality lay in thinking that we could acquire a share in practical ownership by demanding at the outset a share in practical control and management. Here, again, Major Douglas depended for his case upon no counter-theory; but upon accessible, intelligible, and, indeed, obvious facts. If ownership spells control, then why do not owners of fields, factories, and workshops control at least their own production? Having the equipment, the materials, and the labour, why do their factories ever stand idle, their fields go out of cultivation, and their workshops rust for want of use? Or, again, why, with so many offers open to them of complete ownership, have the trade unions steadily refused (and more wisely than they knew) to exercise its alleged privileges and powers? The answer is, of course, to be found in the fact that ownership of a means of production gives control to the degree that the product is in economic demand; and this, in turn, obviously depends upon price. Since neither any single manufacturer nor any combination of manufacturers, as such, can or does control prices, their ownership of the means of production has only a contingent value. Real control of the market, and hence of the means of production, lies elsewhere.

I must defer to a final occasion even a brief outline of the Douglas case for the reference of control to the financial system. At present it is enough to say that with my Socialist king-pin of faith in the sovereignty of ownership knocked out, my whole elaborate structure of National Guilds fell all to pieces. A fragment, perhaps, escaped the catastrophe with its life; there is an idea in guilds that will probably always seek incarnation.

But all the rest of the social invention appeared both theoretically and practically worthless. Not only would the wage earners never obtain ownership of the communal means of production, but it would not do them the slightest good if they did. No more than the present owners could they control demand; no more than the present owners could they control prices; and no more, in consequence, than the present owners could they guarantee either production or work or wages. Farewell the dream of a Socialist state erected, even with all modern improvements, upon the pathetic fallacy of Marx! Every serious attempt to realise it must end in a Bolshevik nightmare.

PRESS EXTRACTS.

(Selected by the Economic Research Council.)

"Prosperous as Wilkinson and Riddell has been for many years, no one outside the management knows the full extent of that prosperity, because the directors have power to create hidden reserves before declaring net profits. That it must be very substantial the shareholders every now and then get an agreeable reminder. There is such a reminder this year. In 1923 the Ordinary shareholders were returned £1 per share, which left their £5 shares with a corresponding liability; now it is proposed to extinguish this liability by paying up the shares in full again out of the secret reserves, an operation which will call for £60,000. In addition, the shareholders will receive £1 in cash. Blessed are the secret reserves! Besides the secret reserves, there are special and general reserves totalling £235,000."—*Financial Times*, January 22.

"The German financial position wears that brilliant hectic flush which, as we know from our own experience, can cloak an almost desperate industrial situation. By the combined influence of foreign loans and a decline in the internal demand for credit she can, in the face of an apparently adverse trade balance, increase her gold holding by £5,000,000, in three months, be a heavy buyer of sterling bills, and maintain a thoroughly healthy currency position, a high exchange—and an unemployment roll of two millions!"—*Manchester Guardian*, February 23.

The Passing of Bounderby.

By "Old and Crusted."

The person of next consideration is Sir Andrew Freeport, a merchant of great eminence in the City of London: a person of indefatigable industry, strong reason, and great experience. . . . He is acquainted with commerce in all its parts, and will tell you that it is a stupid and barbarous way to extend dominion by arms; for true power is to be got by arts and industry. . . . He abounds in several frugal maxims, amongst which the greatest favourite is, "A penny saved is a penny got."

—*Spectator*, No. 2, Friday, March 2, 1710-11.

The fineness and capacity of a man's spirit are shown by his enjoyments; your middle class has an enjoyment in its business, we admit, and gets on well in business, and makes money; but beyond that?

—*Friendship's Garland*.

—yet are there men who compose books, and toss them out into the world like fritters.

—*Don Quixote*.

Time there was when the hero of the business world was a man of humble origin, who fought his way to wealth and civic fame by his own grit and character—or the lack of it. This discomfortable person generally started on his predatory career by sedulously picking up pins, or breaking his finger-nails and damaging his front teeth in a futile struggle with impossible knots in lengths of useless string; all deliberately done under the eye of his employer, who, patted dog, instead of sacking the sycophantic little waster, and him on the head, awarded him a half-crown rise, and eventually placed him in charge of the petty cash, whereby he was enabled to lay the foundations of that bloated fortune which ended on the aldermanic bench. Those days are passing away. A new type is making its appearance.

A certain Mr. Alfred G. Barralet, in a "fritter" of a booklet, "The Machinery of Business,"* introduces us to two young men of the "perfectly splendid" variety, Mr. Frank Melow and Mr. Charles Orpeshaw, who, "having passed through Rugby, go on to Oxford" (whether the school or the railway junction is not stated), and after "a tour of the chief ports of Northern Europe," decide to make a name for themselves in commerce. In this plausible scheme they are aided and abetted by their fathers, who are prepared to find £10,000 to start them on their way. A suitable opening is eventually found in the firm of J. H. B. Floxton and Co., of which "our boys" are made directors, after spending six months in the offices, and so becoming fully qualified to deal with the complicated details of a general merchant's operations. Their experiences in various departments, secretarial, accountancy, advertising, shipping, etc., are narrated with a fair amount of shrewd comment, and are supposed to provide a true account of "The Machinery of Business." The result is neatly bound, retailed at 3s. 6d., which is not an excessive sum to pay for a "little Arthur's" guide to commercial prosperity.

It is comforting to reflect that, between the successful "string-biter" and the country gentleman turned profiteer, there is a sturdy body of good fellows doing as well as the banks will let them, bravely keeping their end up until the day dawns when money will be their servant and not their master—and that brings me to the fatal flaw in this New indigestible tabloid primer, "as this latest volume of the Era Library might be described. The exiguous section dealing with money is bald and unconvincing. The failure to explain—perhaps it is a deliberate omission—that all this elaborate machinery of business is so much useless scrap iron without an adequate, continuous supply of motive power, "money," is characteristic of this class of work.

The ignorance on matters financial displayed by the two charming young gentlemen of this narrative, does suggest a possible solution of the present hopeless tangle. It is perhaps a sign of better days to come that youths of liberal education should seek a career in the city, even as their ancestors before them, in the days of Queen Bess. Was not Sir Thomas Gresham, the founder of the Royal Exchange, the scion of an old Norfolk family, from whom he inherited much shrewd common sense and far-sighted vision, and whose memory will live as long as London is a city? Is he not also credited with the authorship of "Gresham's law," that "bad money drives out good," and may not some cadet of a county family who brings an open mind and a fearless temper to the consideration of business problems, discover that "bad finance drives out good business"?

It is also not unlikely that this infusion of new blood into the city may revive some of the old dignity and charm

* "The Machinery of Business." By Alfred G. Barralet. (George Philip and Son, Ltd. Limp cloth, 2s. 6d.; cloth boards, gilt, 3s. 6d.)

Art.

THE GROWTH OF CHRISTIAN ART.

Mr. O. M. Dalton, of the British Museum, has provided, in his "East Christian Art—A Survey of the Monuments" (Clarendon Press: Oxford: 5 guineas net), an indispensable text-book. Here are noted those varied elements (from Asia and Africa) which, largely concentrating in, and flowing out from, such centres as Rome and Byzantium, at different times and in many directions spread through Europe and, with the elements they encountered, eventually combine to produce that Western Christian art so often considered without regard to its eastern parent stem.

Mr. Dalton examines and sets out his material from the historical side and admits that, as far as possible, he has abstained from expressing opinions on artistic values, although recognising the results of recent research and the claims of modern art criticism. The sections given to Architecture, Sculpture, and Ornament stand out, I think, by reason of the skilled statement of fascinating problems, and the illustrations give admirable support. In the section devoted to Painting, larger scale illustration of this craft by which, as it were, the Word was written in fire upon the interior of buildings.

I come from the study of such a book with the conviction of the supreme importance of S. Sophia, of which there are eight illustrations. There Justinian enshrined the Christian faith, in a building whose mass is set firmly on the earth; in a building the dome of which suggests the vault of heaven; the whole so shaped that it could control the splendour of line and colour within.

It is, of course, only possible to guess at the full mosaic enrichment of S. Sophia; but there is the glory and the force of such compositions as those two, of which Justinian and Theodora are the centre respectively, at S. Vitale, and Ravenna, and that of Demetrius with two founders, at the Basilica of S. Demetrius at Salonika, to show what Byzantine art of the early centuries could do. In such work the handmaid painting was raised by the master architect to a position she has hardly ever held since, a position in which she could give vibrant voice to the authority of holy wisdom, while to sculpture was accorded a lowlier service. How well that service was carried out is understood before the symbolic reliefs, of peacocks, vines, and stood before the symbolic reliefs, of peacocks, vines, and such like forms, at S. Apollinare Nuovo, Ravenna, and similar decoration of the fifth, sixth, and seventh centuries elsewhere on wall and sarcophagus. Pure beauty rises from the ease and restraint of such craftsmanship, content to serve, but capable, it can hardly be doubted, of more individual expression had the authority of the church permitted its extended use. There is, for instance, the almost Indian sensuousness of such a Coptic stone carving as the "Nereids and Triton-boy" at Trieste Museum, and the luxuriant patterning of figure and ornament on such ivory carving as that of the chair of Maximianus at Ravenna.

When, in the West, that sturdy growth which is known as Romanesque emerged from the intricate conflict between the priestly dictation of the church, the survivals of primitive cultures, and the gradually insistent voice of the people, sculpture asserted once more its independence; but as this developed, from the tenth to the thirteenth century, architecture gradually lost its power of efficiently controlling the crafts associated with it. Thus, although there is such a hint of ideal combination between architecture and sculpture as the Adam doorway of Bamberg Cathedral, a broad view discovers a great gulf, in Christian art, between the achievement of architecture in the East and the achievement of sculpture in the West.

Mr. Dalton's book incidentally draws attention to Southern Slav support to a tradition of authoritative architecture and, therefore, the building a few years ago at Cavtat near Dubrovnik (Ragusa) in Dalmatia of the Racic Memorial Chapel is of great importance, for in it Ivan Mestrovic, as architect and sculptor, has achieved a fusion of constructive and plastic form which not only prompts a reassessment of eastern and western Christian church art of the past, but inspires hope for the mutual development of the two growths in the future.

ERNEST COLLINGS.

440 Years—and Still Running!

"Of the Council of Clergymen which met in Salamanca in 1486 to examine and test the views of Christopher Columbus, a considerable portion held it to be grossly heterodox to believe that by sailing westwards the eastern parts of the world could be reached."—Hugh Miller: *Testimony of Rocks*.

that vanished in the smoke and grime of the industrial revolution. We have had enough of the Gradgrinds and Bounderbys and their latter-day successors, the semi-educated offspring of the profiteer. What a world of difference there is between Sir Andrew Freeport and Josiah Bounderby!

When Sir Andrew had his little controversy at the club with Sir Roger on the respective virtues of the merchant and the gentleman, which arose out of a discussion on Carthaginian bad faith, it is certain Sir Andrew had the best of it.

"I am in very little pain," said he, "for the Roman proverb upon the Carthaginian traders; the Romans were their professed enemies; I am only sorry no Carthaginian histories have come to our hands; we might have been taught perhaps by them some proverbs against the Roman generosity, in fighting for, and bestowing, other people's goods."

And if "the fineness and capacity of a man's spirit is shown by his enjoyments," Sir Andrew will stand the test. When all the members of the famous club had passed away, except the city merchant and "Mr. Square-face," the old "Carthaginian" decided to retire to the country life he had always loved, and with which he had never lost touch all through his busy life, as is indicated in his last letter to "good Mr. Spectator":

"In fine, as I have my share in the surface of this island, I am resolved to make it as beautiful a spot as any in her majesty's dominions; at least there is not an inch of it which shall not be cultivated to the best advantage, and do its utmost for its owner."

Well, if the "machinery of business" can turn out men of that stamp, there is something to be said for it after all.

Economics.

INFLATION.

Politicians, newspapers, and the majority of economists are in a *de facto* alliance to persuade us that a country has to choose among three policies only in its financial quantum: to meet State obligations and every device to turn to advantage the control exercised by finance over economic activities, *must*, so they argue, as though by natural law or the principles of logic, aim at or result in either Inflation or Stabilisation or Deflation. In discussing these matters we must keep constantly and clearly in mind that Inflation means that the volume of money is increasing, accompanied by a rise in prices, or in so many prices that the general level of prices is rising. Opponents of any scheme whatever for increasing the money in circulation, no matter what is the intention behind or the method of applying the increase, employ a usual trick of propaganda in suggesting that increased prices is the necessary consequence of increasing money, and branding all proposals involving the latter with this hated title. Two instances will suffice; they seek to prejudice the doctrines of Social Credit in the way, though the increase in money contemplated is for the specific purpose of bringing about lower prices; and they discuss proposals for issuing credit freely to producers of goods for immediate consumption by calling to witness the same spectre.

The tragic, ludicrous, spectacular results of Inflation in Germany, Austria, Russia, Roumania, and several other countries since the war, make this appeal uncomfortably effective. Whole populations have been stricken with misery and disease. Only those persons flourished who were at the control points of the process or possessed that aptitude for financial manipulation which brought fortunes to themselves and damage to everybody else. But because things reached the pitch where the price of a meal doubled itself between the first and second courses and workmen found that the wages they took home on Friday night had lost half their buying power when their wives went to the shops on Saturday morning, even Inflation is not to be dismissed so cavalierly. In past times the "depreciation of the value of money" assisted the peasants of Western Europe to buy themselves free of serfdom. It facilitated the development of North-Western Europe in the sixteenth and seventeenth centuries. And whereas Deflation, an increasing difficulty in getting the money to carry on business, has ere now largely helped to kill civilisations, Inflation on something short of a monstrous scale has helped mightily to build them up. Del Mar went so far as to say that the printing press and the more recent forms of money had definitely forestalled the possibility of any such general stagnation and decay as diminishing stocks of bullion had several times inflicted on Europe. Imperfect as it is, Inflation has some claims to respect.

HILDERIC COUSENS.

Reviews.

My Life's Battles. By Will Thorne, M.P. (George Newnes, Ltd. 3s. 6d. net.)

The story of a brave man's struggle with poverty and adverse circumstances, told in simple, homely language; also the record of many victories won in the struggle for shorter hours and better working conditions; a human document of enthralling interest, and a solid contribution to the history of the labour movement. Published at 3s. 6d. it is much better value and a far more entertaining companion than the average book-stall attraction at the same price. As Mr. Clynes says in his foreword:—

"The life incidents described in this book show that truth is quite as strange as fiction when truth covers the uninterrupted activities of a robust and fearless 'agitator,' impelled to his task by the highest and most unselfish motives."

And that sums up the whole matter.

Sunlight in New Granada. By William McFee. (W. Heinemann, Ltd. 10s. 6d. net.)

By far the most interesting part of this book is the dedicatory essay in which "The Author Explains to his Mother." In fact it is so very charming that the chapters which follow are in the nature of an anti-climax. The genesis of the book, we are told, was the author's longing to see Bogota—and it arose after this fashion. Thirty years ago, when a boy of twelve, it was his favourite pastime

"to occupy the big cane chair by the fire, with a history book of the Conquest of Mexico or of Peru on his knee and an atlas at hand, when he would set off on his long journeys through 'the realms of gold' . . . and 'of all the places on that map of many colours, he wanted to go to Bogota.'"

How he finally gets there, and what he saw and encountered on the way, is set forth in a series of very pleasant pen sketches, diversified with much shrewd, humorous comment on men and manners. It is pleasant to meet an American citizen who will admit that

"the resistance of the Latin-American peoples to what we call progress is not backwardness so much as an instinctive shrinking from the less lovely aspects of our civilisation."

Which is very well said and fills us full of hope for the future of South America.

Bench and Bar. By William Durran. (George Allen and Unwin, Ltd. 6s.)

If there is one thing more certain than another about Juvenal, it is that he never weakened his case by mixing his metaphors. Nor did the Preacher, nor Rabelais, nor Cervantes, nor Dean Swift. Even Mr. Frankau, if not careful what he says, is at least careful how he says it. Now, so far from quarrelling with the purpose of Mr. Durran's admirable tirade, we could add substance to it ourselves from the inside knowledge which comes of membership of the profession, for which he rightly has so little use.

But a man who sets out to write nearly 200 vigorous and well-indexed pages of much-needed polemics ought not to say that "the British Empire was trembling on the razor edge of war's arbitrament." Still less should he speak of the "discrepancy between the hosannahs of his lawyer land and the sordid facts." The English language and well-indexed pages of much-needed polemics ought not to say that "the British Empire was trembling on the razor edge of war's arbitrament." Still less should he speak of the "discrepancy between the hosannahs of his lawyer land and the sordid facts." The English language

standing that it should be used with a proper regard for its intrinsic value, and not be hung about in meaningless pro-dowager. What kinship has "discrepancy" with "sordid"? How can you "parade a piece of lip service" or speak of "futile cynicism"? There are no holes in a dog's sneer. For the sake of our mutual campaign, Mr. Durran, do not play into the hands of the Megaphone of his Inns (there's a mixture for you!), who at least knows macaroni of what ought to be a powerful and lucid argument. For the rest, Mr. Durran has a pretty good case, if anyone will listen to it. Not that we are convinced that the institution of code law would solve his problem, or that he has the slightest idea how tyrannous and villainous a "poor person" can become once a solicitor—not the reporting solicitor, who does nothing but sit in Bedford-row and pass on the trouble to someone else—has been induced to take up his case. Nor has Mr. Durran had the reviewer's experience of being widely condemned as of no professional account for consistently giving his clients the best advice in the world—namely, never to go to law. But, generally

speaking, Mr. Durran is right. At civic banquets, and on every other possible occasion, Chancellors and Lord Chief Justices bellow and boast and lie, and there is nobody to protest. The art of making a bad case seem a good one, the receipt of hire for defeating the ends of justice, are means by which, in this country, many a noisome advocate has crept into the seat of Justice (save the mark!). Yet his very methods of grabbing a living make the advocate the last person in the world who should ever be made a judge. And since John Bull will stand for so much, it is no wonder that he pays for the gamble of a legal decision, which may depend on a single man's imbecility or indigestion, ten times what the German or Dutch lawyer does for clarity and certainty. We are not so keen as Mr. Durran in our admiration for French legal practice. The *Code Napoléon* may be all right, but its administration is often futile—there, Mr. Durran, is the word with its proper meaning. Furthermore, when all is said and done, there is no Court in the world as cheap and efficient as that of the English stipendiary magistrate, no country in the world where the Justices of the Peace do so much excellent work for no reward, save a little social "swank," and no criminal law which is actually administered, save for the scandalous anomalies of "long firm" prosecution, with such deadly speed and finish.

A Short View of Russia. By John Maynard Keynes. (Hogarth Press. 2s.)

Mr. Keynes visited Russia last September, and this pamphlet is a reprint of the three articles he contributed to the *Nation*, with a preface in which he explains what he meant by applying the epithet religious to the Communists. Leninism is a combination of two activities, he thinks, which Europeans for several centuries have kept in different compartments—religion and business.

"We are shocked because the religion is new, and contemptuous because the business, being subordinated to the religion instead of the other way round, is highly inefficient. . . . It tries to construct a society in which pecuniary motives as influencing action shall have a changed relative importance, in which social approbations shall be differently distributed, and where behaviour, which previously was normal and respectable, ceases to be either the one or the other."

It was perhaps natural from human needs and inconsistency that those who proclaimed the materialist conception of history should prove themselves doctrinaire idealists, while the professional idealogues are often unprincipled snouters for the two conflicting principles of self-interest and Christian altruism are neither of them practicable in entire purity, and what either denies in theory it makes up for in practice.

"The moral problem of our age is concerned with the love of money . . . the universal striving after individual economic security as the prime object of endeavour, with the social approbation of money as the measure of constructive success, and with the appeal to the hoarding instinct as the foundation for the necessary provision for the family and for the future. The decaying religions around us have lost their moral significance—just because—unlike some of these essential matters, do not touch in the least degree on these essential matters. A revolution in our ways of thinking and feeling about money may become the growing purpose of contemporary embodiments of the ideal. Perhaps, therefore, Russian Communism does represent the first confused stirrings of a great religion."

There is the possibility indeed; while Europe declines economically and America spiritually under Democracy and the gold standard, something might be accomplished by a clear thinking and unselfish Aristocracy. Like the Capitalist Oligarchies it denounces, the Soviet Government rests upon the exploitation of the peasant. The former achieve it by accumulating production which is supported but not enjoyed by the agriculturist, the latter by a similar but more obvious process:—

"They buy his wheat from him much below the world price, and they sell him textile and other manufactured goods appreciably above it, the difference financing their high overhead costs and the general inefficiency of manufacture and distribution."

As the peasantry comprise 85 per cent. of the population, a depreciation in the purchasing power of the currency has ensued, but here the usual consequence has been averted:—

"The monopoly of import and export trade, by permitting a divorce between the internal and external price-levels, can be operated in such a way as to maintain the

parity of foreign exchange in spite of a fall in the real value of the rouble."

Elsewhere in Europe this process has been reversed; writing upon the franc in the *Nation* last month Mr. Keynes showed that though the cost of living index is only four times that of 1914, and that of world gold prices is 160, the gold value of the franc is a fifth of par: $1.6 \times 5 = 8$, so French prices are about half world prices, and actually below their pre-war value in terms of gold. Owing to

- i. the slow movement of internal prices,
- ii. the hoarding of bank notes,
- iii. excessive foreign investment owing to lack of confidence,

"the inflation of the currency has produced its full effect on the exchanges, and consequently on the prices of imported food, but has largely failed to do so on the prices of home products."

The exchange of Fr. 120 to the £ is artificial and due to speculation; the real rate is about 60, but so far from the actual condition correcting the financial one, the almost inevitable result will be that internal prices will be forced up. This will reduce the burden of the national debt to a more reasonable proportion, but failing an active policy on the part of the finance minister will not be of much benefit on the whole.

LETTERS TO THE EDITOR.
PROPAGANDA.

Sir,—I read with interest that you are now re-appealing to the mass of the people to bring pressure to bear on their elected representatives to demand the financial self-determination of Britain. There is a tiresome alternation of points of view in the Social Credit exposition which dogs the steps of the propagandist. At one time we are urged to go out into the world and preach the Social Credit remedy for the immediate abolition of poverty. No sooner do we mount the orange box, however, than we are pulled back by the coat tails with the advice that poverty is only the ultimate manifestation of hidden international finance, and it is a waste of time appealing to ciphers. Two or three experiences of this kind and we forsake—well at any rate the orange box.

Now poverty is undoubtedly a product of the financial system, which is possibly consciously controlled to produce this result, but it is equally demonstrable that there is no counter-approach to this control other than urging Jack and Tom, etc., to join in a movement to force the hand of the intermediary elected representative. Calculations of economic deliverance based upon breakdown of the financiers' purpose are to my mind worse than idle. For one thing, there is just as much ingenuity behind that purpose as there is seeking to frustrate it. The cunning which has produced this situation is at least equal to maintaining it; and a keen judgment could readily sketch out the lines of "stability." Then again the automatic breakdown theory presupposes that the results of financial policy will engender a popular revolt against the working of the policy. The last five years of economic endurance borne by people on the strength of their faith in the permanent hypothesis of "sound" finance is sufficient to discountenance that idea. Social theory is not propagated by social distress. More-over, international finance will always leave some "high spots" on the earth's surface which can be reached with all the eclat and new hope of emigration.

Social Credit propaganda is best confined and directed to the home problem. In any case all that we know of the real government is that it is hidden, and only an optimist would accept that as a useful factual weapon in doing the job. We are still in need of an organised movement to keep things going and defend the orange box. One learns by chance and in unexpected quarters of good work being done by isolated centres of energy. Why does not THE NEW AGE now publish reports of these efforts for general encouragement in generating that pressure on elected representatives? F. H. A.

[If we have given the idea that we are directly appealing to the "mass of the people" to demand anything, we have not expressed ourselves clearly. We are not in contact with the masses, nor is the Social Credit Movement. They can only be reached through the leaders to whom they are accustomed to look for guidance. If we grant your case that financial control can only be challenged by uniting "Jack, Tom, etc.," we only come to another problem—how are they to be united? If at all, we say, it can only be through uniting their leaders. But that is not all. These leaders themselves have leaders of their own from whom they derive ideas and stimulus for action. The problem, then, is to decide how far up or down the scale of leadership the impact of the essential Social Credit outlook

should be visited. The decision depends ultimately upon the financial resources of the Social Credit Movement. The lower you strike the more it will cost. To influence the masses directly you would want to plan expenditure in millions of pounds. And even then your efforts at popular education could be over-trumped by the financiers' policy of mis-education at any moment they thought advisable. This rules out the Social Credit Movement as a direct promoter of popular agitation.

Moreover, money apart, to promote an agitation strong enough to break financial control, the issue posed must be wide, simple and attractive. Now the essence of Social Credit is its technique. It is a *means*. The public have no interest in means but in ends. They are not equipped to appraise technique, but only the possibilities attainable through it. A reference to Dr. Rice's letter of last week supports us here. Social Credit advocates in Sheffield, believing in popular propaganda, quite correctly saw that they must do it in alliance with non-Social Credit schools of thought, and not in open competition with them—for in the latter alternative the public would only be confused. So at the Hope Conference a popular issue was formulated on which "all shades of thought could unite and work together." Dr. Rice states it. It rightly excludes the Douglas technique, and limits itself to the clear and simple proposition that economic evils are the outcome of the private control of finance. That was wisely done. It is about as far as the uneducated "Jack, Tom, etc.," can be expected to follow a lead on the subject of finance. Since no effort of any sort can fail to do good we hesitatingly endorse Dr. Rice's appeal to readers of THE NEW AGE who feel drawn towards co-operating in the work of the Economic Freedom League.

With regard to the "automatic break-down theory," "F. H. A." must not let his enthusiasm blind him to facts. What constitutes the break-down of the present system? Well, the earliest symptom is to be seen in the suspension of its governing rules. Two of such rules are (1) that bank overdrafts should be promptly repaid on demand; (2) that all businesses should pay their current expenses out of current revenue. Now both of these have been suspended. The banks are "carry-ing" thousands of businesses which by rule ought to be closed down; the coal industry is being subsidised to enable it to meet its expenses. Notice, there was no popular political agitation for infractions of these rules. There was sectional economic pressure. And what is to be said of the "ingenuity" behind the financiers' purpose when it amounts to a frustration of that purpose? Let them get back all their overdrafts and collect the coal subsidy from the taxpayer, and then we will begin to talk of their ability to "maintain" the situation.

We agree that social theory is not propagated by social distress. But economic revolt is—and the social theory comes afterwards to justify it. "Social Credit propaganda is best confined and directed to the home problem." That is a wise policy in regard to popular propaganda, for the man in the street wants to know about the money in his pocket and the prices in the shops. But in propaganda among the ruling classes all aspects of the world problem must be taken into account. THE NEW AGE must cover the whole ground. With regard to publishing results of propagandist efforts, we sympathise with this demand. Our great difficulty is that, in the very nature of the case, the more specific the evidence the less may be said about it in a public journal. In general we are only too pleased to get evidence of progress which can be broadcast for the encouragement of our readers.—ED.]

FAMILY ALLOWANCES.

Dear Sir,—"What's in a name?" Yet it is a fact that the question of the equitable distribution of wages in reference to the needs of the community is being obscured by the name. If provision for the levelling up of incomes above name. If provision for the desperate struggle to make "ends meet" as the children are added to the family. The poverty of the family in just the years when children most need nourishment is a social crime. It is not met by a higher wage for the father. He is not compelled to hand it to the mother.

It is all very well to talk of the young man "weaving a nest for his mate and fledglings." That he would be doing, if he was compulsorily contributing beforehand, but usually he is treating his girl, and she is dressing fine to secure him as her mate. Hence many quarrels in the married life, as the shoe begins to pinch.

Insure for marriage is a sensible cry! If the insurance were in proportion to earnings, it would tend to even up inequalities. The girl should insure as well as the boy. One insurance for all the risks of life—including marriage!

MARY HIGGS.

[Insurance is not the way to level up incomes, unless the insurance is non-contributory—in which case there would be benefits without premiums—"something for nothing." If you intend this, the Social Credit principle will cover it. Otherwise there remains the insurmountable difficulty (a) of making the poor pay for their risks, or (b) making the richer classes pay for them. "Weaving the nest."—Our argument did not depend upon what the single man did with his money. It depended on the fact that he has hitherto had the same as the married man.—ED.]

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The Social Credit Movement.

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

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

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

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

- "Through Consumption to Prosperity," by Arthur Brenton, 2d.
- "The Community's Credit," by C. Marshall Hattersley, 5s.
- "Social Credit," by C. H. Douglas, 7s. 6d.
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The undermentioned are willing to correspond with persons interested:—

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