

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

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CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	145	THE THEATRE. Mr Dean's "Dream." By H R Barbor	153
A + B AND THE BANKERS. By C. H. Douglas	148	REVIEWS: What is Socialism?: The Meaning of Dreams: Living Religions	153
SOCIAL CREDIT MONEY. By R. Shaw	149	PASTICHE: Beauty and the Beast. By "Old and Crusted." Horton (Michael Arlen). The Awakening of Arthur. By S. B. B.	154
THE OLD AND NEW ECONOMICS. By L. Wallace	149	LETTERS TO THE EDITOR: "The 'Social Credit' Library." By C. H. Douglas. The Military Pre-Eminence of Great Britain. By Arnold Eiloart. The Right Way. By E. B.	155
MUSIC. By Kaikhosru Sorabji	150		
VERSE: Epitaph. By D. R. Guttery	150		
THE THIRD FACTOR.—I. By C. M. Grieve	151		
HOLLAND, AND ART FOR A LIVING. By Joop W. F. Stoppelman	152		

NOTES OF THE WEEK.

According to Wall Street reports, New York has shipped more than £3,000,000 of gold to Britain, Germany, Holland, India, and (so it is suggested by the City Editor of the *Westminster Gazette*) Russia; and all within the period January 5 to 14. This follows a net export of £5,600,000 in December, which was the first occasion since the war. These are substantial figures, but are negligible in relation to the total holdings of America. The banks have close upon £600,000,000, and in addition the United States Treasury has £150,000,000—in all, not far from half the monetary stocks of gold in the world. During the years 1922 to 1924 gold has gone into America at the rate of £50 to £60 millions per annum. In the same period the member banks of the Federal Reserve System increased their reserves by £70,000,000, with the result (as the above-mentioned City Editor comments) that "this increase in the basis of credit resulted in the expansion of bank deposits during the year 1924 by some £560,000,000." The actual advance was from £3,200 to £3,760 millions (calculated at the rate of 4.8 dollars to the £). "Thus," he proceeds, "for every dollar of gold which entered the United States last year some seven dollars of bank deposits were created." So far so good. Bank deposits are very acceptable things. But the writer goes on to say: "The outcome has been a huge Stock Exchange boom and a rise in commodities. The latter is expected to go much further." All this confirms what we said last week, that the financial rulers of America have not thought it desirable to avail themselves of the New Economic device for making an expanded credit result in a lower price level, and, thus, in an increased scale of internal consumption. Because they have not done so, the receipt of gold has been an evil when it might have been a good. Moreover, they have full reason for depression when they see the trade situation logically tending towards forcing them to accept more, and not less, of this diabolical yellow metal. During 1924 the United States exported nearly £200,000,000 more goods than she imported—over two and a half times as much as her excess of exports in 1923. The City Editor, discussing this situation, says: "In addition, the United States was receiving debt payments from Britain. This favourable

balance of merchandise means that the United States has had to take some invisible import to balance, or else gold. She has partly taken invisible imports in the form of securities, i.e., loans to the rest of the world; but partly she has been forced to accept unwanted gold." His conclusion is: "The favourable balance has thus become a menace." It has indeed. But let our readers not give way to bewilderment; they have a fair knowledge of the New Economic theorem, and that should encourage them to persist in attempting to get an idea of the Old. If any should feel like giving up in despair let them reflect how foolish it is thus to confess that, while they are intellectually undismayed by expositions of a system which still waits to be inaugurated, their brains are not equal to understanding a system which is now working. Come, brothers, courage. If in the current scheme of finance there be "favourable menaces," shall not we, of all others, resolve the paradox, yea, even though we volatilize our earthly consciousness by the chanting of the ineffable primeval particle OM—the All-ness of Everything-ness—until our gnosis is resublimated into lenses within the rings of Saturn, and we can peer through a trillion magnifications upon the earthly metamorphic principle by which the chrysophilists of Wall Street are now become the world's chrysophobes. But for the moment it will be more convenient to listen to the National City Bank of New York. "The idea that a favourable trade balance is an evil to be abated is too violent a conception for the average American, accustomed, as we have been, to identify such balances with prosperity. And yet if favourable balances mean a continual influx of gold we certainly do not want them. We should not send the products of our labour abroad in exchange for something that will do us harm rather than good." The passages italicised here were italicised by the City Editor of the *Westminster Gazette*, who said of them "This is the pure cream of economic wisdom." May we conclude from this that the *Westminster Gazette* is going to support Mr. J. F. Darling's sensible proposal that Britain should continue to pay America in gold? And, for the rest, who would have thought that it was these same American banking experts who, so short a time ago, expressly stipulated that America's debtors should pay in gold? Among the many opinions expressed on the instability of the

dome of St. Paul's Cathedral we have not noticed any complaint of there being too stable a foundation for the whole structure. Obviously, if an erection is to remain erect it cannot be too bottom-heavy. At any rate one would have thought so. But apparently the gold basis of America's credit (whatever may be said of Britain's) is too solid to support the dome. So they are undermining the substructure in order to stabilise the superstructure. They call people like that "boobs" over there. Well, it will do—we have no amendment to move.

Mrs. Philip Snowden, speaking in Montreal on the subject of the first Labour Government, said "Undoubtedly we were the victims of the worst political leadership of modern times—our own leader, the man who took too much upon himself." Mr. MacDonald's errors she attributed to his having undertaken the dual rôle of Prime Minister and Foreign Secretary, thus setting himself a task which induced abnormal weariness and fatigue. Well, other Prime Ministers before Mr. MacDonald came through such tasks pretty comfortably, and even granting that the work was hard in the present instance, we do not think it would account for the bad leadership charged against him. We presume the "badness" consisted in his decision to appeal to the country rather than undo his Agreement with the Russian Government. If so, it was indiscreet of Mrs. Snowden to refer to it, for her speech recalls the circumstance that when Mr. MacDonald made the Agreement, Mr. Snowden took no care to conceal the fact that he was opposed to it. We commented on this matter in our "Notes" of August 28 last in connection with an article in the *Daily Mail*, which stated that the Chancellor of the Exchequer had made such a protest and that the banks and Treasury officials were associated with him in that protest. We said on that occasion that "if our readers were less sophisticated than they are they might well have gaped at the *Daily Mail's* idea of there being a sort of blasphemy in the Prime Minister's decision to over-rule the views of the Chancellor of the Exchequer; but knowing what they know, they recognise that it is a most natural idea." We then observed: "If political forms reflected economic realities, the Chancellor of the Exchequer would, *ipso facto*, always be the Prime Minister, and we cheerfully endorse the unspoken thought of the Rothermere organ that Mr. Snowden ought to be regarded by his colleagues as their *de facto* chief; it would save a great deal of misunderstanding." Mrs. Snowden's indiscretion lies in the fact that she is challenging the insinuation that "bad leadership" means nothing more than non-deference to her husband's views. We have heard it said that, during the hot fighting in Flanders, when night raids on the enemy were being prepared, the striking of matches in the trenches was looked upon with disfavour, for it induced, so it was suggested, a sort of nervous exhaustion in commanding officers, which arose from a terrible fear that the enemy might drop a shell—or, shall we suggest, a forged letter—just on the spot illuminated by the delinquent. The trouble with Mr. Snowden was that he would light matches, and it was worth while Mr. MacDonald's risking the slaughter of an open-daylight appeal to the country, if only on the chance that the Chancellor would stop an electoral bullet. "I don't know what the capitalists think of this Chancellor, but he terrifies me," might well have been the Premier's reflection towards the close of his term in office.

Mr. Cramp has sent out an S.O.S. to the N.U.R. branches on the subject of the Army Supplementary Reserve. The number authorised—just over 3,000—does not suggest that this Reserve will be very formidable as a strike-breaking weapon, besides which, the Army Order expressly stipulates that the

reservists will not be called out to aid the civil power. But Mr. Cramp points out that if the Army Reserve is called out by Proclamation, this Supplementary Reserve will become liable to be called out in aid of the civil power. He also fixes upon the arrangement which provides for the railway general managers to nominate the commanding officers, and also to select the men, who will be directed to go to the recruiting offices. An amusing circumstance about this arrangement is that Mr. Stephen Walsh, who was Minister for War in the Labour Government, which sanctioned the arrangement for the new Reserve, was (according to *The Times*) not cognisant of the decision that the railway units should be raised under the ægis of the railway companies, although it was taken and the announcement made while he was still at the War Office. The agitation on the main principle is unreal. If the Supplementary Reserve now contemplated can only be called out at the tail of the Army Reserve, that means that it will not be called out at all except in circumstances of a grave emergency, when, in fact, every citizen—recruit or no recruit—is liable to be summoned to render assistance. One thing at least may be taken for granted, and that is that with Mr. Cramp and Mr. Thomas at the head of N.U.R. affairs, the prospects of an authorised strike are not only remote, but even if the railwaymen were to be so roughly treated as to drive them to overcome their leaders' known repugnance to direct action except as a very last resort, the mere fact that the strike had been delayed "until the last" would mean that effective alternative civil measures would have been contrived to make its futility an assured thing without any Army manoeuvres. But, beyond all that, strikes—like any other commercial adventure—have to be carried on by means of bank loans. So do "union-smashing" programmes. So let there be no scares about the jeopardy either of the men's trusts or their masters'. The banks will lend to both, and will preserve both. They are too valuable as money-collecting mechanisms for either to be allowed to destroy the other. Let them fight, for then they borrow. Let them shake hands, for then they pay back. And the ordinary citizen brooks the inconvenience and foos the bill.

The onslaught of the Italian "democrats" on Mussolini is the same kind of posturing on another plane. When he began to use autocratic methods to suppress militant Communism there were plaudits all over the capitalist Press of Europe. As soon as he had succeeded in making Italy safe for autocracy naturally he claimed to be the autocrat. Equally, his political rivals—all of them soft-spoken gentlemen with a murderous eye—claim that there ought to be "turn and turn about" with this autocracy. They do not use that expression—at least, not publicly: what they say is "Democracy," a word which stands for the right of the people to choose whether they shall be kicked by right-footed or left-footed tyrants. We are not so unimaginative as not to be able to appreciate how much less a left-footed bruise hurts after you have sustained a certain sequence of right-footed marks of governmental solicitude. In such a case, the change is in itself a relief; and that is what gives to Democracy its undoubted psychological virtue. "All hurt in one place makes Jack a bad boy"—so let him vote for the fresh place. But never a word about not hurting him at all; and even if he heard that word, Jack would scoff and say it was giving him "something for nothing," and that he would not think himself worthy of living under a constitutional government if he were not made to smart for it. Newspaper scribes in London have got Mussolini's life written up, in daily expectation of the news that he has been assassinated. And what then? The condition of the people, even after the subsequent disorder is allayed, will remain what it was. The chief fault of Mussolini, in holding out for exclusive power, is

that he is apparently unaware what use to make of it. He cannot rely upon the results of his rule to justify his methods. A usurpation of power by force can only be consolidated if that force remains in the ascendant over opposing forces; and it can only remain in the ascendant in the long run if the demands of the people in terms of daily prosperity are realised. In addition to the demerits of any particular policy Mussolini tries to carry out, there is the fact that internally there will proceed a continuous conspiracy among his immediate rivals to render it abortive, while externally the international financiers will hammer the Italian exchange to the same end. Let Mussolini learn that there is only one way to become a super-man, and that is to gain the power to control the creation of financial credit, and the knowledge how to secure the willing assent of all classes to the manner of its distribution. Failing that, he must be content to take his turn with the soft-spoken gentlemen, who, he will find, will be quite content to "fall" after a reasonable period of power, in deference to the will of a free and independent people.

When the Soviet Government came into power the central Asian territories of the old Russian régime were converted, just as they were, into new republics. These were Turkestan, Bokhara, and Khivan. Since then a redistribution has taken place, and these names disappear from the map, giving place to new republics called the Turkoman and the Uzbeg (the latter with the autonomous Tajik Province), and, further eastwards, the Kirghiz republic. The last-named republic is extended eastwards by the addition of an autonomous province called Kara-Kirghiz, which lies along China's frontier. The importance of these changes lies in the fact that these republics stretch along from the Caspian Sea to the Chinese frontier, and their southern borders are contiguous with the northern borders of Persia, Afghanistan, Kashmir, and, as stated, China. The redistribution, so *The Times* reports, has taken place on a national principle, so that the population of each new republic or province shall be used to influence kindred ethnic elements just beyond the Asiatic frontiers of the Soviet Union. Thus, the Turkoman republic will exercise influence on the Turkoman tribes living in Persia. Uzbeg, so the Moscow Government hopes, will acquire influence over the composite population of northern Afghanistan. The Tajik province is of special interest, for the Tajiks are akin to some of the tribes on the Indian side of the Pamir salient and in Kashmir. This last name will recall our recent speculations upon the possible international intrigues behind the Robinson case—Sir Hari Singh being the heir to the Kashmir throne. The Pamirs, so *The Times* correspondent writes, are to become the base for a national action towards Kashmir and Chitral. He points out that the republics in question are "pawns in the complicated game of the Communist Political Bureau," which tends to produce a state of unrest across the borders "which might lead to trouble favourable to intervention by the Red Army." He observes that while this army is not strong enough to achieve absolute conquests, it is strong enough "to follow up any serious trouble on the other side of the Soviet border by a demonstration in force, and by providing the kernel for the creation of 'national' forces." These developments are worth considering in connection with the question of the recognition of Russia. They are sufficient, on one view, to explain why it is that America is now rumoured to be about to "recognise" the Soviet Government, while Britain still hesitates. On another view, it would explain Mr. MacDonald's anxiety to have some Agreement last year, especially if these Asiatic manoeuvres could have been suspended as the *quid pro quo* for a British loan. But there is the opposite possibility that the loan might

have been used all the same to hasten on with the establishment of the republics. They are, in effect, a "minority movement" such as the Communists are organising within the Trade Union Movement for a similar purpose—to create and exploit unrest among both the workers and the not-allowed-to-workers. Our readers may reflect on the immense power of coercion which America could bring to bear upon us if she chose to finance the Soviet Government as a matter of world policy. From Wall Street through Moscow, Tajik, and Kashmir, to India, the stream of gold, goods, and guns could be projected with very little trouble; and if the British Government shows signs of nerviness it is not to be wondered at, and if it arms against the contingency of such danger, who will take the responsibility of condemning the policy?

NOTICES.

We direct attention to the announcement elsewhere by the Committee responsible for the postponed Conference of the Social Credit Movement, which will probably take place next March. On our part we desire to add that the "Open Conference," which will take place on February 1, will be quite informal, and will not be restricted to members of the Movement. There will be no business and no voting. Perhaps the old Methodist term, "Love Feast," would fit the character of the function more closely.

Answers to further queries under "Question Time" are held over until next week.

Mr. Hughes's Resignation.

President Coolidge, no longer a Vice-President promoted, but a President elected by the people of the United States, has decided that he is not going to be overshadowed by any of the leading and dominant personalities brought into the Government by the late President Harding. This is the real meaning of the resignation of Mr. Charles Hughes, the Secretary of State, which will become effective on March 4; the promotion of Mr. Frank Kellogg, the American Ambassador in London to Mr. Hughes's post; the attempt to transfer Mr. Herbert Hoover from the Department of Commerce to the Department of Agriculture which Mr. Hoover has refused to accept, and the return of Mr. Slep, Mr. Coolidge's private secretary to the practice of the law. Mr. Hughes will probably rank in history as one of the most distinguished and able Secretaries of State that America has produced. His success as Chairman of the Washington Conference alone entitled him to distinction, but his light has burned so brightly it has often thrown that of President Coolidge into the shade. So "Silent Cal," as the President is known in the United States, has pursued his aim with true New England tenacity and purpose, and determined that he and not Mr. Hughes shall dictate American foreign policy in the future. To ensure this Mr. Kellogg will go back to Washington after a very brief stay in London, where he never had an opportunity to earn all the fulsome eulogies which London newspapers have poured upon him. He will carry out the orders of President Coolidge with perfect resignation as befits a man who was first a poultry farmer and then a lawyer and only finally an Ambassador. He will stand as a barrier between the terrible Senator Borah, who pursues the State Department with such vigour as the Chairman of the Foreign Relations Committee of the Senate, and President Coolidge, but Senator Borah will still have a dominating influence on American foreign policy. He wants Russia to be recognised, he wants England to curb the activities of rum runners who sail under her flag, and he wants an active foreign policy. Meanwhile, Mr. Hughes, with a truly sardonic gesture, will resign on March 4, exactly four years after he took office. Four years is the Presidential period, and Mr. Hughes, it is easy to see, has selected this period for the purpose of saying "Good-Bye" to his office in the manner of a departing President.

President Coolidge will find in Mr. Herbert Hoover, however, a man who casts a long shadow that might envelop the President. There is much talk in Washington of Mr. Hoover resigning, and this may become a fact if President Coolidge pursues his policy to the bitter end. For he is determined to eradicate the policy of the late President Harding, who cared nothing for foreign affairs, and presided more like a benevolent father over his Cabinet than the Chief Executive of the United States. President Coolidge has played his cards with a grim skill that may yet earn for him a new nick-name, "Callous Cal."

A + B and the Bankers.

By C. H. Douglas.

It is common knowledge that the distinctive characteristic of the modern production system is the sub-division of labour and process. This sub-division results, without any reasonable doubt, in making it possible to utilise mechanical power, machine tools, and specialised factories, all of which are financially represented by what is called overhead charges.

Consider the production of an article which has ten processes, and imagine that the physical material on which these processes are carried out remains in each of ten separate costless factories for one month. Imagine also that the moment that this material enters a factory, a loan is obtained from a bank to finance the cost of the operations which are performed on it.

Now imagine, what of course is never the case, that the workmen employed in the first factory bought the product of the first process with the wages and salaries, i.e., £10, which were distributed to them. They would have the product of the first factory, and would have no money, their money being repaid to the bank through their employers. We will suppose that they sell at cost the product of the first factory to the second factory, which borrows the £10 from the bank. They have no goods, but have again £10. The goods, however, exist. They are in the second factory, and have a ticket attached to them which says that they are worth £10 more than when they went into the first factory. The bank now lends a further bank credit of £10 to the second factory, which pays it out in wages and salaries. The second factory owes the bank £20. The workmen again spend the whole of their wages and salaries in purchasing the product. We will suppose that they are the original men of No. 1 factory who moved on to the second factory with the product. Therefore they will be able to again buy the product for £20. The bank would be repaid out of the purchase money of the workmen.

At every stage of the process there exist three "assets." A debt owing to the bank, a purchasing-power distributed in wages and salaries, and a product with a price value upon it.

Now notice particularly that the purchasing-power will either liquidate the bank debt, or it will transfer the goods. It clearly will not do both. It is impossible for the repayment of a loan to a bank to take place other than through the purchase of goods (deflation) without dislocating the financial system.

Consider the nature of each of these assets. The bank debt, which is shown in the bank's accounts as an asset, has one attribute which distinguishes it from the other two. The initiative of a liquidation of it probably rests with the bank and not with anyone else, because it is a "loan." The goods produced, which may be regarded as the second "asset," require the consent of a purchaser before they can be transferred. The third asset, the purchasing-power distributed, will either transfer goods or liquidate the bank debt.

Assets number one and three cancel each other on cross-transfer. Asset number two does not so cancel.

Now suppose that at any stage of the proceedings asset number three is used to buy or cancel asset number one; then clearly there is a disparity between the figure value of asset number two, which is not affected by this transaction, and the figure value of the other two assets, i.e., the bank debt and the purchasing-power.

This is exactly what happens when any portion of the loans concerned in any stage of the production of an article is repaid to a bank before the articles, into the cost of which they enter, has finally and irrevocably been sold to its ultimate consumer. In order either to re-sell it (in addition to normal trade in new

articles), or to use it in such a way that it forms a cost in production, a fresh loan has to be granted upon it.

Proceeding with our hypothetical example we finally arrive at the end of stage number ten, when the following condition exists: the bank has lent to the factory representatives £100, i.e., £90 to buy the product of the preceding factories, and £10 to pay the wages of the final stage. The employees have £90 saved as a result of their work in the preceding nine factories. They get £10 for their final month's work, which gives them £100, and the product has £100 cost price value upon it. Reams of ingenious mathematics have been evolved to prove this point; but it will, I think, be agreed that they are largely unnecessary.

We will suppose that these workmen again buy the final product with the £100, which the factory representatives then use to repay the bank, and therefore the £100 and the bank credit cancel each other; and there is nothing left to show for the transaction *except an article which has £100 cost price value attached to it, and there is nothing anywhere to form a contra account to this.* If it is a "consumable" product, it disappears; if "capital goods," it does not.

Let us call the product of the whole of this series of operations B, and let us suppose that the workmen of the original transaction decide to set up in business for themselves, B forming the plant of their business. Again there are ten operations in their processes of production, each of them taking a month, and each of them requiring £10 for wages and salaries. They finance themselves from a bank in exactly the same way as before, but we will call the £10 that they pay in wages, to a new set of workmen, A. It will at once be seen that a new factor has entered into the process. The workmen of factory Number One get £10 in wages, but they cannot buy the product of their month's work, even if they wish so to do, because the factory contains a portion of plant B on which interest, depreciation, and obsolescence has to be charged. These we may call the overhead charges of the factory, and we will imagine them to be 20 per cent., which is an insignificant figure for overhead charges, but it means that the workmen, instead of being able to buy the product of their month's work for £10, would have to pay £12, and there is not £12 in existence under the conditions we have laid down. There is plant B which has a price value on it, but that price value has no available purchasing-power in a negotiable form set over against it anywhere, and the only place from which it can be obtained is by the creation of something which functions as money. If we follow this process through to the end, imagining that the workmen of the second series of factory operations save all their money and each factory adds 20 per cent. overhead charges, we arrive at the position that there is an ultimate product for sale with a price value of £120 upon it, a purchasing-power in the hands of the workmen of £100, and a debt for financing the second series of processes to the bank of £100.

Note particularly that the question of profit has not entered into any of these transactions at all. In every case the factory representatives have merely endeavoured to re-coup themselves in money for charges which at some time or other have been incurred. But the vital fact is that this money does not exist. Only the price value exists; the money has been re-cancelled by the repayment of bank loans.

The matter may be stated thus: When a factory adds, as it always does add, certain "costs" to its "prices," for the use of its buildings, tools, and intangible assets it creates a price value, but does not create any purchasing power. The only new purchasing power which is distributed is that which did not exist before, i.e., the bank loan. Therefore we

The Old and New Economics.

By L. Wallace.

We often take insufficient notice of a fundamental difference between the old and new Economics, to which attention has been drawn by various writers. It describes the situation so clearly that it will bear repeating again and again. Avoiding all details, which readers can fill in for themselves, and leaving out of consideration foreign sales, which do not affect the argument, we may say that the essential facts of the Production-Consumption cycle are that, as goods are produced, money is paid out for services (i.e., wages, salaries, profits, interest, etc.). These payments constitute Costs, and they (or other similar payments) are, in fact, the purchasing power "destined" to buy the goods against the production of which they were issued; and if any of them are otherwise employed the goods which they represent will remain unsold.

So far as the great majority of the ordinary recipients of such payments is concerned, they do so employ them, except the small fraction which they "save." But as regards interest on bank loans the statement must be reversed, for only a small fraction of this will appear as buying power in the market (via distribution as dividend to bank shareholders), and the greater part will be again invested on capital account.

With regard to "investments," a similar distinction must be made. When a private individual "invests" savings in, say, a company, he gives them to the company on condition that he shares in the increased prosperity which is to result from their use. He is never going to be repaid (and even if the company is wound up he will only receive a certain fraction of the surplus assets which may be worth more or less than what he gave). It can be shown that repayment in money is impossible without sales abroad, and the only way in which he could be repaid would be in goods. He might, as it were, arrange that his subscription should not be a gift entitling him to a perpetual share in the future results, good or bad, but a prepayment for a definite quantity of goods, just as many a small manufacturer has been helped over a difficult time by a customer who appreciates his stuff giving him a large order accompanied by a payment on account.

When, however, a bank makes a loan for purposes of production it expects to be repaid, and repaid in money, for it cannot accept goods in repayment. In other words the bank loan, after having performed the duty for which it was issued (viz. aiding and stimulating production) fails to help in the completion of the Production-Consumption cycle by removing the produce from the market, and hence makes the sale of such produce impossible within the credit area.

The bank follows the old economic system which grew up in days when foreign markets were so insatiable that this difficulty did not exist. The present failure of the system is mainly due to the fact that foreign markets are no longer insatiable and probably never will be so again.

The New Economics proposes in effect that money found for the stimulation of production shall be repayable in goods. Obviously a bank cannot accept goods in repayment of a credit, but the community would be very willing to do so. And for an issue of Social Credit by the Community-as-Purseholder repayment would be accepted in goods by the Community-as-Consumer.

In fact, the Production-Consumption cycle of the community at the present moment is comparable to that of a business concern which has got its working cash tied up in stock. It can be relieved from its difficulties either by selling this stock or by getting and convincing as one of Euclid's demonstrations.

can say "The rate of flow of purchasing power is the rate of flow of money or credit being distributed through wages and salaries (A), but the rate of flow of prices is money distributed in direct costs, plus charges created in respect of money which does not exist. Consequently, A will not purchase A + B (vide "Credit-Power and Democracy," p. 22).

Notice that this theorem has nothing whatever to do with gold standards, inflation, deflation, or even bank policy. It depends fundamentally on the problem of the beneficial ownership of credit, and it would, for instance, be wholly unaffected by the Nationalisation of Banks.

It is, I believe, the vital theorem on which turns the immediate future of civilisation. Before dealing with this aspect, however, it is necessary to consider the complications introduced by the fact that the public does not buy intermediate products; and the related problems of inflation and deflation.

(To be continued.)

Social-Credit Money.

By R. Shaw.

Social Credit is a force which is generated by the community as a whole—by its presence, its inheritance from the past, and its will to live and develop in the future.

Social credit being a force—like electricity—cannot be utilised without a material vehicle or conductor of some kind. It does not matter in the least what kind of material the vehicle is made of, so long as it efficiently serves its purpose of storing and carrying its indicated load of credit.

A Treasury note is a vehicle or vessel which, according to the printed guarantee on it, carries one conventional unit of social or national credit; and this unit of credit is symbolised by "£1." As the cost of the paper and print is negligible, and is defrayed by the general taxpayer, it follows that the Treasury note is pure social-credit money. It is pure credit, because it is in no way complicated with any valuable commodity, such as gold. The credit is the money; the slip of paper is the purse you carry it in. The money, i.e., the credit, is stuck to the purse in such a manner that it is impossible to separate them; so the slip of paper goes with the pound of credit, as the paper wrapper goes with a pound of tea. There is this further analogy between the paper wrapper and the paper note: the printing on the wrapper guarantees that it contains a pound of tea, and the printing on the note guarantees that it contains a pound of national credit. That guarantee is absolutely necessary; and to inspire universal confidence it must be given by one only authority representing the whole people, namely, by the national Treasury. The guaranteeing and issuing of these notes is the prerogative of the Sovereign People acting through its Treasury. In truth it is pre-eminently the prerogative of sovereignty. It cannot be otherwise, for it is the power to make the money of the realm that makes the sovereign.

On the one hand, then, the nation as a whole makes the essential part of money, namely, credit; and the Treasury acting for the whole people issues the slips of paper, each bearing a specific guarantee that it contains so much of the national credit. That constitutes each of these Treasury slips of paper a piece or unit of perfect money. So the making of a really scientific money, i.e., a pure social-credit money (as distinguished from private-credit money, such as cheques, etc.), is not such a mystical business as most people are inclined to think it is. If people could only swing themselves clear of preconceived notions about the nature and origin of social credit, the problems of finance would become as clear-cut and convincing as one of Euclid's demonstrations.

a further order accompanied by a payment on account. It is merely a matter of personal preference which of these methods seems the truer analogy.

We may look on the present excess of goods (partly potential) over money as the stock which has to be sold to liberate the working cash, or we may consider all the materials destroyed in the war as "stock" which cannot be sold (because it has been burned) and the issue of a 'social' credit may therefore be regarded either as a payment on account against which goods are to be made and delivered in the future, or as a settlement by the community for goods made and destroyed on behalf of the community during the war. At present this production has been charged to, and is being paid for by, *individuals* (via taxation) out of current incomes, and to that extent the purchasing power of individuals is being reduced. But the war was not an undertaking of individuals, but of the community, and its costs should be met by additional communal credit and not by subtractions from individual incomes.

A somewhat parallel case would be that of, say, a mining company which having had difficulties in development has depleted its cash. A call has been made on the shareholders. It is then discovered that there is really a large hidden reserve, known only to the directors. Clearly some of this reserve should be realised and the call returned to the individual shareholders. It may seem of no great importance which course is followed, but this is only because in the case of the mine the shareholders are not the only potential purchasers of the output. In the case of the community, on the other hand, they are the only potential purchasers, and hence there can be no doubt as to which is the better course to take.

Music.

Madame Blanche Marchesi gave one of her most regrettably rare recitals on the 7th. She is one of a great trio of marvellously accomplished and beautiful singers, the other two being Calvé and Melba, who have not merely not been equalled but not approached by any of a later generation. They are all three of them the products of a teacher of genius—the great Mathilda Marchesi—for whose peer it would perhaps be necessary to go back to Manuel Garcia, and before him to Porpora, the maestro of the incredible marvels, Farinelli, Senesino, and Caffarelli, among others, to find anyone who occupied an analogous position as a teacher. In the case of Blanche Marchesi we have a supreme example of the heights to which a phenomenal artistic intelligence, a clairvoyantly recreative power of interpretation, and a technique of virtuoso power can carry one not gifted with what is commonly known as a beautiful voice. Mme. Marchesi, on the occasion of which I speak, was hampered by an attack of catarrh which would have put anyone else but her out of the lists altogether. But with all this, again and again one was ravished by interpretations so consummate, so subtle and delicately coloured, so finely and sensitively nuanced, that one is safe in saying that no other singer could approach them. Whether modern French songs, such as Ernest Moret or Debussy, Lieder of Brahms or Schumann or the poignant weary bitterness of John Ireland's "I was not sorrowful," an unforgettable piece of singing, the incomparable artistry of this astonishing singer is never at a loss, all is "juste au point." And behind all a vivid and swift imagination that evokes instantaneously the mood of everything she sings without any reliance on theatricality or that exaggerated "dramatization" which used so to enrage Debussy. The young violinist

Francescatti, who, I understand, is a discovery of Mme. Marchesi's, is a remarkable *trouvaille*. His technique is brilliant, accurate, and assured, his intonation faultless, his tone pure, strong and virile, with a pleasant occasional subacid quality—entirely free, however, from harshness, roughness, or coarseness, for he has the good sense never to force it to such a point—that is a pleasant relief from the saccharine glucosity which is the worst tendency of violinists and one to which they most frequently yield. His phrasing and style are also excellent. But his choice of such an unspeakable tedious, tiresome work as the Mendelssohn Concerto in E. cannot be equally praised, and his selection of music as a whole was quite out of place in a programme of such distinction as that of Madame Marchesi.

In the discussion that has been going on in various quarters over the Galli-Curci the usual nonsense has been gibbered at us—and, as might be expected, the singing masters have not been behind in the race for the booby prize. One of them who poses as an authority on "bel canto" (as which of them does not?) besides persisting in the imbecile misuse of the word *coloratura* when *fiortura* is meant, has been informing us that one should not expect beautiful lyric singing from what he miscalls a "coloratura" singer, ignoring the fact that in the great age of singing every kind of voice was called upon to do both lyric and florid singing, as the most cursory examination of the operas of Handel and his contemporaries will show, and that it is only comparatively recently that a divorce has come about between the two things, a divorce as unnecessary as it is deplorable, for complete competence in both should be as much a sine qua non of a singer's as of a violinist's, flautist's or clarinetist's technique. The word "coloratura," which is misused by English-speaking peoples, and also I believe by the Germans and French, has nothing whatever to do with the thing to which it is generally applied—the correct term for which is *fiortura*, and which is used by Italians, who marvel at the absurd misapplication of the word *coloratura* which means coloration, and as applied to the voice tone-colour, in which the average florid singer, of whom the Galli-Curci is a fair specimen, is conspicuously and glaringly deficient. In passing, I may observe how glad I am to see Mr. Percy Colson in the new art monthly "Apollo," also drawing attention to the fact that this singer "is not in the same street with such singers as Melba and Tetrizzini, while her musical intelligence is even more limited than theirs." Lovers of great singing will shortly have, or will have had an opportunity of hearing Calvé, and such of them as have ears that are something more than the receptacle of sounds, and also a capacity for intelligent listening, will perhaps be able to realise what it is that this great artist, another of the three I mentioned at the beginning of my article, has of a perfection of phrasing, a beauty and fineness of style, and an accomplishment of technique and control that places all three in a class by themselves, unapproached and unapproachable by any of the younger singers, to whom one can hardly bear to listen after hearing any of them.

KAIKHOSRU SORABJI.

EPITAPH.

By D. R. Guttery.

OF A FRIEND.

There lies below a friend who was until he died
The tend'rest, truest, noblest friend that e'er could be,
Who, when I lost my all, clung closer to my side—
The pearl of men he was—ah, no! a dog was he.

[After EDMOND DALLIER, 18—.]

The Third Factor.

By C. M. Grieve.

I.

"F. H. A." in his most interesting series of articles entitled "Toward Leisure" in these columns recently, has been dealing with the social and economic problems and potentialities of scientific labour-saving discoveries. "The general dubiety with which scientific advance is regarded, is evidenced by the frequency," he commented, "with which one hears the remark that it has constructed a Frankenstein"; and with a splendid selection of apt instances and quotations he demonstrated the danger to human life if the "machine-wrecking" instinct cannot now be extirpated, Science and Labour reconciled, and humanistic control regained. "Science," he declared, "is unquestionably driving us willy-nilly away from the Work State to the Leisure State, and we are rightful inheritors of the wider individual freedom which comes from the increased ease with which human life can be won from Nature." But I need not recapitulate his conclusions: they—and the arguments with which he supported them—will be fresh in the minds of all readers of THE NEW AGE: my purpose is to deal with the effects and potential effects of current scientific discoveries on Arts and Letters and Human Culture generally; to discuss the extent to which our artists, philosophers, and teachers are, in their several ways, reacting to the tendencies of the age which "F. H. A." analysed with reference to the reactions of business men, scientists, and politicians, and to envisage "The Soul of Man in the Leisure State." And in so doing I may be enabled, perhaps, to reveal some of those "significant simultaneities" with which the emergence of the New Economics is associated, for it cannot be a solitary unrelated phenomenon, but must have all manner of affiliations and correspondences in every department of human activity. If the New Economics is to prevail, so also, in their different departments, will those emerging tendencies which are complementary to and corroborative of it; and it will therefore be profitable to endeavour to recognise now if we possibly can those inter-relationships which will be so clearly discernible in retrospect. "Ideas are known by the company they keep." What is the company kept by the New Economics in Arts and Letters, and Human Culture generally; what ideas and tendencies are in concert with it?

I have alluded in these columns before to Mr. Gorham B. Munson, as by far the ablest and most profound of the younger American literary critics, and I cannot introduce this series of articles more effectively than by quoting in extenso from his brilliant analytical study of the work (as novelist, short story writer and critic) of Waldo Frank. In a most searching and suggestive discussion of the fundamental concepts in Waldo Frank's well-known critical study, "Our America" (the signal importance of which was quite unrecognised by Mr. C. E. Bechhofer in his "Literary Renaissance in America"), Mr. Munson says:—

"Hitherto, there have been two factors in culture; man and nature. The great cultures have attempted to adjust man's spiritual life to the great rhythmical scheme of nature. They have persuaded man, not to pray for direct favours, but to look within himself for the means to work in harmony with nature. And the resultant poise achieved has been expressed in great, profound, and lofty works of art. The art of the Amerindian, the Chinese, and the Greek is one of adjustment. But from the time of Rousseau onward we have had an art of maladjustment. Literature has expressed protest, revolt, despair, impotent lamentations, wild romance. Serenity and simple good health have been, in general, lacking. Culture has been desperate and shifting. It is apparent that something has upset our old equilibrium, that an alien factor is disrupting man and nature. And that factor, it is now clear, is Machinery. Stop for a moment and consider how mechanised modern lives are from the moment the

alarm clock wakes us in the morning and we hear the steam sizzling from the radiator cap until the elevator lifts us to our apartment at night. In between are factory-made cereals, trolley cars, dictaphones, steam whistles, stock exchange tickers, typewriters, motor-boats, radios, the impacts of a thousand contrivances. We have had our clothes steam-pressed, we have heard the riveters drilling for new shelters, we have extracted food from a slot machine, we have given love messages over the telephone. We have responded with more awareness to a flood of electric light than to the sun, to moving pictures than to flowers, to the drone of an airplane than to a gurgling brook, to electric bells than to social greetings, to the latest mechanical toy on the pavement than to the laughter of little children. A man stands on an 'L' platform above a motor parkway. He does not look up at the night-sky nor does he immerse his vision in the swelling leafage beneath. He is intent upon the moving double line of glossy motor-cars. The stars become poor satellites to the lights of a great city! Go further and make a list of the exclusively modern sensations we feel, sensations of which the ancient had absolutely no knowledge, sensations of speed and vibration such as those attendant upon an airplane flight; sensations which lie undigested in our spiritual anatomy like pebbles. Make a list and then speculate how far the inner texture and quality of human life has been altered in the last two hundred years. Is the Machine any more than nature an appendage of the human body?"

Discussing *Les Campagnes hallucinées* (1893), *Les Villes tentaculaires* (1895), and *Les Aubes* (1896), Jethro Bithell, in the introduction to his "Contemporary Belgian Poetry," said that

"poets (except Walt Whitman, whom Verhaeren continues) have turned their eyes away from the present to the past, and sung of rural quiet rather than of urban roar. When Henley's poem on the motor-car appeared there was a cry of derision; but the only thing that was wrong with the poem was that it was not poetry. Verhaeren, however, has smitten poetry out of workshops, anvils, locomotives, girders, braziers, pavements, gin-shops, brothels, the Stock Exchange—out of all that is monstrous and ugly to those who look at material things, as Ruskin did, with the eyes of the past. The accepted ideal of beauty is Grecian; but to Verhaeren the beauty of a thing is not in its outward form, but in the idea that moves it. In Greece the athlete was beautiful, but strength to-day is in the nerves; to-day we see more beauty in a face moulded by mind than in the thews of a discus-thrower. Smoke is beautiful in the pictures of Whistler and Monet; the toil of grimy workmen is sublime in the sculpture of Constantin Meunier."

And he quotes the following passage from Hefan Zweig's book on Verhaeren:

"For Verhaeren a thing is the more beautiful the more finality, will, power, energy, it contains. The whole universe at the present moment is overheated; it is straining in the throes of endeavour; our great towns are nothing but centres of multiplied energy; their machines are the expression of forces tamed and organised; their innumerable crowds are joined together in harmonious action. He thus to Verhaeren all things appear full of beauty. He loves our epoch, because it does not disperse effort but condenses it, because it is not scattered but concentrated for action. All that has will, and an aim in view, man, machine, crowd, town, capital; all that vibrates, works, hammers, travels; all that bears in itself fire, impulse, electricity, and feeling—all this rings in his verse. Everything lives its minute; in this multiple gear there is no dust, no useless ornamentation; but everywhere is creation; the feeling of the future directs all action."

Discussing how Verhaeren wrestled with disease in London, and overcame his "pathological period," Bithell says that one of the lessons he has to teach is that *new conditions of existence*, the din and dust of great cities, the never-resting activity of modern brains, *will create a new man* whose nervous system will be able to bear the strain imposed upon it. What evidences have we that this adjustment is being made, what signs of it are there in Arts and Letters, and what short-sighted forces and vested interests are opposing it? Let us revert to Mr. Munson's analysis.

(To be Continued.)

the dream takes is adequate, but when he thinks that the preponderance of the instinct of fear in the dreams of shell-shock patients disposes of Freud and Jung, he does not seem to realise that in fighting and promiscuous sexual indulgence those primitive instincts suppressed in peace time by civilised adults had free play, while that of self-preservation had to be controlled. Most of the dreams related to analysts are of the silliest variety, and the explanations suit the dreams. Mr. Graves' example of the reformed drunkard calling his friend who invites him to drink a "cad and a villain" and dreaming of Mr. Cadville (Cadbury-Bournville) treating him to cocoa is a nauseating instance of associative punning. And why should sexual passion be considered "nasty"?

Living Religions. By Victor Branford. (Leplay House Press.)

All those who long to build Jerusalem in England's green and pleasant land, as well as in Palestine, will share the aspirations of Mr. Branford, even if they have some difficulty in following him on his way to the City Beautiful. Neither will they quarrel with his definitions of Modernism in Religion and Science, i.e. :—

"To renew, in the light of current knowledge, yet also of contemporary aspiration, the eternal verities enshrined in ancient faiths,"

and, "To unify, spiritualise, and thus consecrate, our sciences at present too isolated, and often profaned by their outcome in practice."

We can also sympathise with his appreciation of Hindu culture. The description of the Masque of Earth and Man performed at Santiniketan in Bengal is far and away the most interesting chapter in the book, although the account of the festival of Lamps in the city and state of Indore is also notable as an example of that "modernist re-adaptation" from which the author hopes so much. To what extent orthodox Christianity will lend itself to this modernising process it is impossible to predict, but acquiescence in this spirit of renewal is, according to Mr. Branford, the essential characteristic of all "Living Religions." We agree with him that:

"We want fuller and more convincing evidence that occidental science and oriental religion are moving to interaction."

The same might be said of Catholicism and Hinduism, and we also

"Would fain anticipate a spiritual co-partnership between East and West . . . in a coming civilisation well fitted to complete and crown the evolution of humanity."

Pastiche.

BEAUTY AND THE BEAST.

By Old and Crusted.

"A man's expression is his sacrament; it is the outward and visible sign of his inward and spiritual grace, want of grace; and as I looked at the majority of these men I could not help feeling that there must be something in their lives which had stunted their natural development."

"I told them about Hogarth's idle and industrious apprentices, but they did not seem to think that the industrious apprentice was a very nice person." (EREWHON.)

Being condemned, or privileged—put it which way you like—to live a secluded life in a not too attractive country village, where fresh faces are rare, and crowds unknown, it is not surprising that occasional contact with large courses of men and women is rather more stimulating to them than to folk whose daily occupations take them into busy centres of industry, where other things are grubbed for besides "taters" and "tonnops." An experience last summer at a great cricket match left a particularly vivid impression, which the passing months have not effaced. The great mass of men assembled in the members' pavilion were fairly representative types of the city and county, and I must confess that, with few exceptions, they were not remarkable for their personal attractions. Some say the race is deteriorating. I don't believe it. There never were so many well set-up young men and pretty girls about as there are to-day; that is, if I am justified in the assertion by the specimens that have come within my purview. It was the middle aged and elderly who made me feel uncomfortable, especially those who are accounted amongst the successful in the great money scramble. It is not the

honest plainness of homely, rugged features, or the lines drawn by time and trouble which, oftener than not, lend pathos and dignity to otherwise unattractive faces that offend, but a something repulsive and ugly about the eyes and mouth of these magnates of mart and mill, which makes one ponder and wonder whether they have not paid too long a price for their front-page advertisement. Verily the modern gospel of "get on or get out" treats its disciples scurvily as regards looks.

Now the rather contemptible hero of the adventures in Erewhon owed his safety to his excellent bodily health, his blue eyes, and fresh complexion; it being accounted a crime in that logical land to be either sickly, ugly, or unduly hard up. A state of affairs which should fill us with envy and dissatisfaction, for, in this age of boundless potential wealth it is obviously absurd that men should be anything but their own best selves, raised to the nth degree of self-expression. We who believe in the healing powers of Social Credit might do worse than call attention to the deleterious effects of that predatory prosperity which is merely an unwholesome by-product of orthodox economics, and lay stress on the aesthetic developments which would follow the recognition of the fact that the instruments of wealth are a cultural heritage, and that a man may accept his share of the product just as naturally as the heir to a great estate enters into the enjoyment of his property on coming of age.

Not only did the Erewhonians consider ill-health a crime, but they also treated breaches of the moral and civil law as diseases, and adopted remedial measures under the supervision of "straighteners," whose treatment, though occasionally drastic, was generally successful. We might take a leaf out of their book and institute an "order of straighteners" to deal with these poor rich-men and so get the ugly lines out of their faces and the hardness out of those dreary tired eyes—yes, above all, the eyes. There lingers somewhere or other an old tradition that eyes never die. If it were so, it would be horrible to contemplate the possibility of those ghastly orbs existing to all eternity. Perhaps Walt Whitman had something of the sort in his mind when he wrote,

"Out from behind this bending rough-cut mask,
These lights and shades, this drama of the whole,
This common curtain of the face contain'd in
me for me, in you for you, in each for each,
(Tragedies, sorrows, laughter, tears—O heaven!
The passionate teeming plays this curtain hid!)"

"These burin'd eyes, flashing to you to pass to future time,
To launch and spin through space revolving sideling,
from these to emanate,
To you who'er you are—a look."

In Kipling's story "At the End of the Passage," Chuma, the personal servant, says of his Master's mysterious death:

"Heaven-born, in my poor opinion, this that was my master has descended into the Dark Places, and there has been caught because he was not able to escape with sufficient speed."

Who knows into what Dark Places some of these our milliardaires have descended—they have escaped, 'tis true—but the horror thereof is in their eyes.

HORTON.

Gerald appeared suddenly in the winter of 1915, at the office of Horton's *New Voice*. Now that Horton has left England on his adventure in un-individualism one does not hear much of *The New Voice*, but at that time and for long before *The New Voice* was, of course, a power, and Horton was a Power. Quite apart from Horton's personal quality you knew he was a Power because several of the greatest of the intelligent writers of our time kept on bitterly pointing out to their million readers what a futile man Horton was. Quite a number had begun by writing for Horton's paper; but they had always gotten on his nerves by the time they had become the greatest of the intelligent writers of our time, and since Horton was an honest man he told them so, and he told them why, and he told them off, and they were furious. But the most inspired revenged themselves by republishing their *New Voice* stuff in book form and omitting to mention *The New Voice* as the first medium of publication. That was discourteous of them.

We were correcting proofs when Gerald appeared. It was a Monday afternoon.

"Hello!" said Horton. "Hello!"

"Er," he stammered, "I've been told that you people . . ."

"He's heard about us," said Home.

"Well?" smiled Horton. Always courteous was Horton, in manner.

"Heard," muttered Gerald, "that you didn't care what you published. . . ."

"Oh!" said Horton. "Well, we don't care how good it is, if that's what you mean."

. . . Horton preferred bad-tempered men.

MICHAEL ARLEN.
In *The Green Hat*.

THE AWAKENING OF ARTHUR.

SCENE.—A Private Office in a large business house. Arthur is dressed in a black frock coat. He looks sanctimonious, intense, and severe. He is the proprietor of a large store. Dick has not seen him for ten years. The office boy knocks at the door.

ARTHUR: Come in.
Boy: Gentleman wishes to speak to you, sir. (Boy remains in the room.)

ARTHUR (not noticing, continues to dictate a letter to his typist): The Social Credit Movement has my deepest sympathy. I enclose a cheque for one hundred pounds, to be used in any manner that the Lady President (to TYPIST)—underline Lady President—thinks proper.
TYPIST (repeating aloud the letter): To whom shall I address it?

ARTHUR: To the—
DICK (rushes into the office in an impetuous manner): Arthur! (Grasping him with both hands with much effusion.) Don Juan! After all these years! I am delighted to see you again.

ARTHUR (in a superior tone of voice and not responding readily): How do you do, Dick? (To TYPIST and Boy.) You may go.

DICK: What does it all mean? Ten long years and not a sight of you, not a letter. Why—?

ARTHUR: Conversion.
DICK: What!
ARTHUR: Ceased worshipping the little and despising the great.

DICK (looking at the ceiling and singing in a sarcastic manner): Where are you going to, my pretty maid?

ARTHUR (continuing seriously): I have been able to make my dead past a stepping stone to a glorious future. In Biblical phraseology, I have been born again.

DICK (giving a low whistle): Don't, please don't. What is it—Salvation Army, Primitive Methodist, or Christian Science?

ARTHUR: Commerce.
DICK: Commerce? Water the vinegar, sand the sugar. No, no, Arthur, not unto these depths, surely.

ARTHUR: Yes, Dick. Shopkeeping, huckstering, higgling, call it what you will.

DICK: Don't be angry. (Goes up to ARTHUR and laughs.) Was it the journey to Ephesus or Damascus? (Laughing.)

ARTHUR: That's enough, Dick.
DICK (continuing): And Gene, dear little Gene! You remember the little circus girl? Have you forgotten our last evening together?

ARTHUR (solemnly): I shall never forget that night, Dick. My last lapse. When I slammed your front door, little did I think that it was barred and bolted for ever. The origin of moral emotions had been revealed to me and some of the results. Gene (putting his hand to his head). Gene, Gene.

DICK (speaking more kindly): It was crushing.
ARTHUR: But nothing to what happened later.
DICK: Do tell me, Arthur. The old story?

ARTHUR (leading DICK to a chair): The old story. (With poetic fervour.) After leaving your house, ten years ago, I was seized with an intense sympathy for myself. I cannot account for what happened. Call it a phantasy. I wandered, stumbling, spiritually hungry and thirsty. A mountain blocked my way. In fear, I called to the Gods for help. A voice whispered, "Look, Arthur." There before me was a garden filled with blooms. Violets, daffodils, hyacinths, and red carnations. The scents suffocated me with bitter memories of the past. Men in evening dress were gathered fondling the flowers, some old, some young. Many were red carnations were watered with tears and then dried with caresses. Standing in the garden was a decrepit old man plucking petals and crooning, "She loves me, she loves me not." A little girl came to me and, taking my hand in hers, gently led me away. I asked her what the men were doing.

DICK: She said?

ARTHUR: Caressing the blooms they have murdered of old. At last I arrived.

DICK (sarcastically): Outside the Fairy Palace.
ARTHUR (sorrowfully): Outside the Fairy Palace. Gene's milk shop. I looked through the window. Gene was sitting

in the shop. In the window was a poster of the "Blue Bird," and by Gene's side a—

DICK: Yes!
ARTHUR: A wee baby girl, blue-eyed, and oh, so fair. I could not enter, my eyes swam, the milk cans vanished, and Gene came to me like a vision through the glass.

DICK (looking frightened): Yes?
ARTHUR: Threw her arms around my neck crying hysterically, "Arthur, Arthur, quick, lend me a quid, it's early closing day."

S. B. B.

LETTERS TO THE EDITOR.

"THE 'SOCIAL CREDIT' LIBRARY."

Sir,—It is a curious and interesting problem for the psychologist that two things seem to go together in reviews of books on the "New Economics." An exasperated, ill-tempered style, amounting to bad manners, is commonly joined to a misapprehension or a mis-statement of a specific economic doctrine.

The authors of "The Deadlock in Finance" and "A Solution of Unemployment," are no doubt quite capable of taking care of themselves in regard to the first of these characteristics exhibited by your reviewer, but as the instance, included in the review, of the second of these is of some general interest, I would point out that the remark that "Credit flows into prices but not into the consumers' pockets, remaining within the factory system," is only true of a period of deflation when credits are not renewed," is a mis-statement of the most vital importance.

Every time a sum of money which has appeared in costs is "saved", and devoted to induce further production, either by investment in new companies; by being placed to reserves (a most important feature now-a-days), or in the form of bank deposits being reloaned by banks, even without increase in the total amount of loans, there is an additional discrepancy between available purchasing-power and collective prices. If your reviewer does not believe this, let him try the simple experiment of taking half a dozen counters, putting them in a sugar basin, taking all of them out, to represent payments in wages and salaries, i.e., costs, writing down these costs on a piece of paper to represent cost price of production and putting them back again to represent re-investments, reserves, or bank deposits. It is irrelevant that only a portion of them is normally so used. If he can tell me how, without getting some fresh counters from somewhere else, not distributed as wages and salaries, he can buy something which has the costs he has thus produced attached to it I will apologise to him.

I have picked out the preceding instance because it further begets the vital theorem on which the whole of the present financial system will break up, if it will break up at all. It appears to be difficult to make this clear to anyone who does not see it at once by any one of a dozen explanations; but however this may be, the failure to comprehend the simple proposition enunciated is a complete disqualification for useful criticism of the subjects treated by the "New Economics."

While it is quite possible that the books in question, together with others, may have serious literary flaws, I cannot help feeling that to criticise the diction of men who are wrestling even ineffectively with the most serious problem that has ever confronted civilisation, reflects much more strongly on the critic than on the criticised.

C. H. DOUGLAS.

THE MILITARY PRE-EMINENCE OF GREAT BRITAIN. A CORRECTION.

Sir,—In my letter which appeared on the 8th inst., my pacifist is made to say: "The war revolts, and I will have nothing to do with it." But the pacifist is expressing his strong, individual feeling, knowing full well that he stands alone against a crowd. Accordingly I wrote: "Me war revolts," etc.

Thus the alteration of a single letter destroyed at once the individualism of my C.O. and the individuality of my sentence.

However, it is a pleasure to recognise, among many recent improvements in THE NEW AGE, that mishaps of this sort are becoming more and more rare. ARNOLD EILOART.

"THE RIGHT WAY."

Sir,—Granting that A. G. Cramer is right in his views, it is, after all, only a half truth. In their anxiety to avoid the casting of pearls before swine our would-be supermen are apt to forget that the common people, the herd, are each and all the precious pearls of God, too often trampled down by the swinish selfishness of the active "wise" minority. A good deal depends on the point of view. E. B.

THE NEW AGE.

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has promised to be present, and to deliver an Address on

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SOCIAL CREDIT MOVEMENT. ANNUAL CONFERENCE.

As a number of members of the Movement appear to think that the Conference of the Movement, which was to have been held at Swanwick on January 30th—February 2nd, has been abandoned in favour of THE NEW AGE Dinner and Conference now arranged for the same week-end, the Conference Committee desire to announce that they hope to arrange the Conference of the Social Credit Movement to be held in March.

CENTRAL LONDON GROUP.

The usual Fortnightly Meeting of Members and Friends will be held on Thursday, 22nd January, at 70, High Holborn, W.C.1, at 7 o'clock.
Questions.
Discussion.

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An INFORMATION BUREAU has been formed for the purpose of collecting and supplying information on current Finance, Industry and Politics, from the point of view of financial reform. Enquiries may be addressed to the SECRETARY:

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