

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE, AND ART

No. 1711 NEW SERIES Vol. XXXVII. No. 8. THURSDAY, JUNE 25, 1925. [Registered at the G.P.O. as a Newspaper.] SIXPENCE

CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	85	MODERN RUSSIAN LITERATURE. By C. M. Grieve	92
Lord Darling's Committee on Moneylending—the fallacy in "percentage" arguments. The Pacific Phosphate Company and Ocean Island—£50,000,000 worth of guano for £300—Colonial Office's ignorance of market prices—alleged omissions from Hansard of questions and answers in the House. A contemplated European steel combine—the vertical and the horizontal form of trust—the first potentially independent of external finance, the second not—the internationalisation of trade unions a phase of horizontalism.		REVIEWS	
ENERGY AS A CREDIT BASIS	88	Movements in European History. A Dictionary of the Sacred Language of All Scriptures and Myths. The Spanish Farm. "6494." The Golden Keys. Workers' Education in England and the United States. Clio, and the Chateaux de Vaux le Vicompte.	92
THE ARTS IN UTOPIA. By Haydn Mackey	90	QUESTION TIME. Mr. Meulen's Letter on Free Banking, and Reply.	94
VERSE: Beyondward. By Iris Tree (89). Collaboration. By D. R. Guttery	90	LETTERS TO THE EDITOR	95
CHAOS OR CANOSA? By "Old and Crusted"	91	Feminism and Civilisation. By <i>Hilderic Cousens</i> . The Basis of International Exchange. By "A. Beginner." Economics and Ethics. By K. O. Glenn.	

NOTES OF THE WEEK.

Lord Darling's Committee on Moneylending is one among many instances of the tendency of governmental authorities to concentrate public attention on merely derivative problems. The consequence is that the public never see anything in its right perspective. As an instance, the man in the street is now being worked upon by headlines such as these: "Moneylenders Want 60 per Cent"—"Appeal to Parliament for Justice," while the reports of the proceedings are written in a sarcastic vein wherever they touch upon items in the moneylender's defence. Yet anyone who listens to the defence dispassionately must admit its soundness having regard to the principles and customs of commerce and trading as carried on under the present economic system. Mr. Charles H. James, representing the Moneylenders' Association, was responsible for the statement that "moneylending cannot possibly be carried on under 60 per cent. gross profit. (The words "gross profit," it will be observed, do not appear in the headline we have quoted: they would spoil the suggestion.) "Moneylenders lent money at a profit," proceeded Mr. James, "and on an average 30 per cent. of that profit went in bad debts and another 14 per cent. in expenses, while the interest the moneylender got on the capital employed in his business was on the average 15 per cent." But the whole battle of percentages is meaningless. You cannot prove or disprove a charge of extortion merely by calculating in percentages. We are no more admirers of the money-lending profession than any of our readers, but we must point out that the methods of attacking them which are now being adopted rest on the implied assumption that the accountancy of profit and loss in that profession ought not to be the same as is allowed in the case of other professions and of business organisations generally; that is to say that whereas as a general principle in all other businesses the consumer must pay *all costs*, in the moneylending profession he (the borrower) must only pay a moderate margin on the *direct cost* of the material (money) advanced to him. In a word, the money-

lender ought not to charge "overheads"! Well, we have no objection to this implication, but at least let it be applied all round. Take typewriters. We were told once by someone in the trade that a machine priced at, say, £21, cost £3, and as a matter of fact was actually sold at £5 to organisations who could buy some hundred or so at a time. So even the rich buyer, according to the "percentage" argument, paid about 66 per cent., while the poor buyer paid as much as 600 per cent. Once we saw a letter in a newspaper in which some ingenious mathematician reported that he had weighed a rd. pat of butter supplied by Lyons, and had arrived at the result that they were getting we don't know how many shillings a pound for the article, representing we forget what astronomic percentage of profit. Mr. James himself permitted a retort of the same kind during his evidence: "What about bankers?" he said. "By taking money on deposit at 2½ per cent. and lending it at 5 per cent. they made 100 per cent. profit: and even pawnbrokers, with the security of the pledge, were allowed 25 per cent. profit. This question of security, too, has to be taken into account in assessing the element of extortion in interest charges. The fact is that the clients of the moneylenders are people who have no security to offer, and it is precisely because the moneylender has no security that he can realise when the borrower defaults that he has to use the moral weapon of the threat of publicity in legal proceedings—whether before the Courts or the Official Receiver. The real issue is whether private moneylending is to be permitted or not. If it is it must be allowed to recover all its costs. But there, is it not just like our rulers to endorse a national financial policy which creates a general condition of monetary scarcity, and then move heaven and earth to suppress the small and unimportant exploiters of it?"

Let us talk about another Inquiry—one which is not taking place, although efforts have been made for the last twenty years or so to get it conceded. It concerns a matter which THE NEW AGE took up in 1920 at the instance of Mr. T. C. T. Potts, who informs us that within the last week he sent a long com-

munication to the Prime Minister about it. The facts are these. In the Pacific is an island called Ocean Island (Paanopa), one of the Gilbert group of islands. It is packed with guano (natural phosphates)—some 15 to 20 million tons of it. In 1900 a concern called the Pacific Islands Company (since the Pacific Phosphate Company) induced the ignorant natives of this island to grant them a ninety-nine years' lease (afterwards endorsed by the Colonial Office) giving them the exclusive right to remove the phosphate in return for a total annual payment of £50 for six years only. After 1905 this payment to the natives ceased, and was replaced by a payment to the British Exchequer of a royalty of 6d. a ton, fixed by arrangement between the Company and the Colonial office, which had come on the scene in the meantime. This low royalty was based upon the Company's representation that the value of the guano was 10s. a ton. In 1901 Ocean Island phosphate was fetching £3 17s. od. a ton in Australia. When Col. Seely was asked subsequently in the House of Commons whether any attempt had been made to check the Company's estimate of 10s., he replied: "The Department had no means of checking the value of the phosphate"! (Probably, like Mr. Balfour, it did not read the newspapers.) The initial capital of the Company was £50,000, and that was all the cash ever put into it. But since the war it has been bought out by the British, Australian, and New Zealand Governments for £3,500,000. Numerous questions about the lease were asked in the House, one of which was thus reported in the *Daily Chronicle* of December 13, 1906:—

"GUANO ISLAND MONOPOLY.

"Mr. Smeaton (L., Stirlingshire) asked the Under-Secretary of the Colonies whether in 1901 the Colonial Secretary granted a monopoly for ninety-nine years of the guano phosphate deposits in the Paanopa Island of the Western Pacific, estimated at 15,000,000 to 20,000,000 tons, to an English company at a rental of £50 per annum for five years, to be followed by a royalty of 6d. per ton; whether tenders for this monopoly were advertised for; whether the net declared profit of the company from June, 1902, to December, 1904, was £85,000, or nearly 700 times the rental; whether the chairman of the company is an ex-High Commissioner of the Western Pacific? He also asked whether complaints had reached the Colonial Office of forced labour and maltreatment of the natives in the Paanopa Island or in other islands of the Gilbert Group? Mr. Churchill said the Pacific Islands Company occupied the islands under a lease from the native inhabitants before it was British territory. The company's occupation was recognised by a licence from His Majesty's Government which was subsequently superseded by a licence upon the terms mentioned by the hon. member. The licence was now held by the Pacific Phosphate Company, Ltd. The question of calling for tenders was not considered, as the company were already in occupation and could not be equitably dispossessed. It was believed that the profits of the company from all sources had been approximately as mentioned. The chairman was Lord Stanmore, formerly High Commissioner of the Western Pacific."

Mr. Potts, in his present communication to the Prime Minister, quotes this report, and adds the following startling declaration:—

"So far as I am aware, the *Daily Chronicle* was the only newspaper to record this. I carefully searched for it in Hansard but without success, and the question is, by whose authority was it suppressed and kept out of that publication?"

If this is a fact it raises a grave question, far graver than that of the lease. We have previously heard it suggested that gallery reporters' accounts of the proceedings in the House were "edited" before being allowed to reach their respective newspapers each evening, but this at least seemed to leave open the possibility of the missing information becoming available when Hansard was published the next day. Now, it would appear that the editing extends to Hansard itself. It would be valuable to know if any similar omission to this can be adduced by

members of the House of Commons. Mr. Potts's document proceeds:—

However, the many questions asked by Members of Parliament, the notice taken of the subject by the Press, especially by *Truth*, *THE NEW AGE*, *Labour Leader*, *John Bull*, and other papers, including the *Fiji Times*, had gradually some slight effect on the financial situation.

1st. The company was evidently induced to make some trivial concessions, and it gave the 600 natives of Ocean Island in the year 1905-1908 respectively £438, £768, £951, and £1,148. In the last-mentioned year, 1908, the company's own balance-sheet showed a profit of over £300,000 made on 210,155 tons of phosphate exported. It was thus divided:—
 £307,205 8 5 went to the Pacific Phosphate Company in net profits.
 £5,351 11 0 to the British Imperial Exchequer (the 6d. per ton royalty).
 £1,148 0 0 to the natives, the real owners of the phosphate, in order, Colonel Seely said, to induce friendly relations with them.

£313,704 19 5

The Company thus made 614 per cent. profit that year on its real cash capital £50,000.

2nd. The British Imperial Treasury was asked by the Colonial Office, and agreed, to resign its right to the royalty. So from 1909 the money realised by this royalty of 6d. per ton was paid into the Gilbert Group Exchequer.

3rd. After apparently some lengthy correspondence between the Colonial Office and the Pacific Phosphate Company, the royalty in or about the year 1913 was raised to 1s., this extra 6d. for the exclusive benefit of the Ocean Island inhabitants. It appears the company also agreed to pay some rent for phosphate land when within the area of actual mining operations.

Mr. Potts suggests that the jurisdiction of the British Government over Ocean Island (and others) was not encouraged until the lease had been fixed up. Before that time, "no officials visited these people (the natives), and when I asked the reason why, I was told it was no good to bother about them, they were too poor to pay any taxes" (our italics) "though at the time I asked the question it must have been known to a few interested persons, and kept secret, that this (Ocean Island) was the treasure island of the group, and Lord Stanmore and his fellow directors doubtlessly were well satisfied with the inaction of the Government. . . ." Two petitions, one in 1908, and one in 1912, have been presented to the Government to hold an impartial inquiry, but in each case Mr. Asquith left the matter to the Colonial Secretary, who declined to advise the King to grant the investigation. A particularly obnoxious aspect of the situation concerns the taxation of the Gilbert group of islands. As was to be expected, as soon as the Company, under pressure, contracted to make extra payments to the natives, a "Gilbert Island Treasury" was created to intercept and administer the funds on their behalf. The natives, now rich enough (in prospect) to pay some taxes, were deemed worthy to support a paternal administration. In the year before the war the Treasury received £5,500 as royalties from the Company (on £305,000 worth of phosphates exported), and £10,000 in the form of direct taxes on the natives. How did the natives pay it? The only thing of consequence that the poor sandy soil of the Gilberts can produce is coconuts, which are the principal food of the natives, and the dried kernels of which are exported as copra. In the year in question the value of the exported copra was £45,000. Thus, there was a net amount of £35,000 left among 30,000 natives after the £10,000 direct taxes had been paid. What the natives pay in direct taxation cannot be said with certainty, but Mr. Potts says that they pay exceedingly high prices for the goods they buy. Like all other administrations, that of the Gilbert Islands got an unbalanced budget after the war. For the year 1918-19 revenue was £24,500, and expenditure £31,000; and a levy of 10s. a ton export tax on the copra was suggested as a means of balancing the budget. But, as Mr.

Potts argues, "from this immense wealth of phosphate the whole revenue of the Gilbert Islands Administration could easily have been obtained . . . but the interests of the indigenous population were ignored . . . and it was on the coconuts, not the phosphates, that levies were made by the Administration, and this mode of raising revenue naturally helped to drive the natives to work for the Company."

There is, of course, nothing novel in the principle of the procedure here recounted. It is typical of what has been going on everywhere, only it happens to be a little more clear cut owing to the patience of those who have made it their public duty to collate and publish the particulars. In *Truth*, April 14, 1909, reference was made to this subject, and in the article emphasis was laid on the fact that Lord Stanmore, the chairman of the Pacific Phosphate Company, had been Governor of Fiji and High Commissioner of the Western Pacific. The writer quoted in this connection a comment in the *Fiji Times*, as follows:—

"It will come as a surprise to many to learn that Lord Stanmore's long and persistent objection to natives disposing of lands does not extend to Ocean Island—in fact, applies only to Fiji. Or is it that his experience in Ocean Island has confirmed his opinion of how necessary it is to protect the black man from the white?"
 "If the purpose is to keep the plums of the Pacific for the retired and retiring Government officials, Lord Stanmore's policy must be highly commended for efficiency."

If only the Gilbert Islanders wore pigtails, lived in Canton, and sent their sons to American colleges, it would not be long before there would be anti-foreign demonstrations with boycottings and burnings such as are alarming our rulers so much in the Far East. Nevertheless, while admiring Mr. Potts's persistency (he is sending copies of his document to ex-Prime Ministers, and any other political leaders whom he thinks might take the matter up), we do not suppose for a moment that he will succeed. An Inquiry when ignoble moneylenders want 60 per cent., if you like; but when noble phosphate-snatchers get 614 per cent. that lifts the whole thing above the region of Inquiry. Says Mr. Belloc in his latest novel,* which we recommend strongly to our readers:—

"There is among the many departments of our well-ordered State a department which would be known, if we were Chinese, as 'The Board of Things to be Known and Not to be Known.' Its seeming simple and deceptive name wild horses shall not tear from my sealed lips: and the reader must content herself with surmise."
 "Over this small but exceedingly important and admirably efficient cell of the Executive presides a man of good birth, education, and manners (for it is a permanent). He is elderly and a little jaded, but astonishingly on the spot."

Perhaps it is this gentleman who edits "Hansard." However, if, in these changed times of lively Labour curiosity, something or other gives way and Mr. Potts secures the inquiry he wants, we hope that the very first matter taken up will be the question of how the £50,000 capital of the (then) Pacific Islands Company was raised. If the guano was a secret there would not be a public prospectus; the money must have been put in privately. In the absence of evidence to the contrary we shall hold the belief that the whole lot was provided by bank credit created and advanced on the security of a piece of paper bearing the marks of a few untutored native chiefs. That means that the credit of the British Public was pledged (and its financial credit diluted) for the benefit of a few astute personages, who, after making huge profits over a series of years, transferred the monopoly to the Government, who, in its turn, again had recourse to the banks, who once more pledged and diluted our credit in order to buy

* "Mr. Petre." By Hilaire Belloc. With twenty-two pictures by G. K. Chesterton. (Arrowsmith. 7s. 6d. net.)

the shareholders out. It makes one dizzy—but we hope not too dizzy to be able to see in these poor natives one's brothers in adversity. They have got nothing out of it but taxes. Nor have we.

The following report appeared in the *Daily News* recently:—

"BERLIN, Tuesday.—The departure for London is announced of delegates of the Ruhr steel industry, to resume negotiations, begun and broken off last year, with the British steel industry for the formation of a European steel trust on pre-war lines.
 "The delegation takes with it a grandiose plan for dividing the world market between the various steel-producing countries and substituting organised shares for the present keen competition.
 "It is explained that the proposed European trust would do away with the double evil which handicaps the steel industry—namely, underselling and over-production.
 "It is hoped that the countries hitherto least inclined to join the projected trust—Great Britain and Belgium—may see the reasonableness of the German plans."

This should be interpreted in the light of what we wrote recently about the disintegration of the Stinnes Trust. We showed that the "vertical trust" was inherently dangerous to an external financial control, for the further it was developed the more safely it could create its own financial credit. In the above report we have an indication of reversion to the horizontal trust, i.e., the servile trust. A vertical trust could stand on its own feet, because, in time, it could include within itself all the economic activities engaged in producing the means of life. A horizontal trust can only lie down, because, however extended, it would control only one activity. In the present instance it is steel. And observe, however imposing may be the picture of a world combination of steel makers, every national component organisation will be at the mercy of a separate branch of the international Money Trust. To be quite specific, the international steel trust could not in any conceivable way finance itself by Social Credit methods as an independent entity; whereas a national (all-in) trust of perhaps not one-twentieth of its dimensions could. The foundation of financial credit, and the power of creating it, lies in the control of as wide a diversity of essential processes as possible. The horizontal trust controls one only. Now look at the third paragraph of the report. The steel trust is to abolish underselling and overproduction, i.e., to get better prices by restricting output. And so we go on. The next thing will be coal. And in the case of coal, our readers will see how well Mr. Frank Hodges, with his International Miners' Federation, will fit in with the horizontalists. Mr. Cook, with all his so-called sectionalism, is a force for good, because his insistence on an adequate wage here in Britain, and now, requires that something shall be done quickly with out national resources and not delayed because of some supposed magic attaching to internationalism. Pending the recognition of the true remedy for industrial problems the more Mr. Cooks we have, and the fewer Mr. Hodges, the better. For the more quickly Capitalist interests of every sort come together in this country (even if the only motive initially be a common fear of militant trade unionism) and the more quickly they pool their evidence that as a whole industry they are unable to pay Labour a living wage, the more certainly will the problem of money scarcity be revealed as the vital one. For one thing, if the issue were thus raised between industrial capitalism as a whole and trade unionism as a whole, the emphasis would be lifted off money as such and laid upon goods, where it properly belongs. It is goods, and goods all the time, that the worker demands, although he refers to them obliquely in terms of wage rates. The barristers on either side could then get down to realities. Granted that industry had no paper tokens to spare for wages, could it deliver the actual things that the

paper tokens would buy, supposing they were available? The answer would undoubtedly be "Yes," for industry is on short time, and plant is laid idle, while there are a million men waiting to take their coats off. A very short argument would make it clear to everyone that the hold-up was a hold-up of paper tokens. The next question would be, can industry get some more, or can it (in theory at least) do without them: that is, can it (in theory again) dodge the present money control? We do not intend to discuss this in detail, but will say that the feasibility of the proposition would depend upon the height and depth to which certain of the industrial undertakings in this country (if not all) could engage in vertical co-operation. As an illustration, if we take the letters "a" to "z" to represent severally all the stages in production from natural deposits to finished consumable goods, then any federation of industries embracing activities "a" to "z" would (within the limits of its dimensions) be able to evolve a scheme for paying at least its own workers an increased wage through the medium of money of its own manufacture—its own Federal Notes, so to speak. It would not matter how narrow the organisation was so long as it was of full height. It might comprise only a single business organisation in each of the twenty-six categories, but that would not matter: it would be complete. Up to a certain quantitative level the member organisations could get materials from each other without using money at all, but simply delivery notes. They could cut out what is designated "B" expenditure in the A + B theorem up to the point beyond which they would have to buy outside. And even then, the difficulty about the outsider would only tend to reveal the nature of the remedy—which would be to develop the now complete vertical federation laterally—to rope more concerns into each of the twenty-six categories. Whether they would come in or not would depend upon the success, or the demonstrated potential success, of the initial experiment. We are not discouraged by the fact that finance is at present in a position to crab any attempt of this sort; on the contrary, if we can get the industrialist and the trade unionist to study whether such an attempt would be worth while if it could be started—and how much it would be worth while—we shall be only too pleased for them to learn that an exceedingly small particle of the community—the financial profession—disapproves. After all, when any commodity is in short supply, both the manufacturer and the consumer get along on a substitute. Why not in the case of bank credit? But let us come back to the main point. We have shown with horizontalism. Applying our alphabetical illustration, it means the policy of organising all the "a's" in the world in one trust, all the "b's" in another, and so on, until finally you have twenty-six international trusts, each of which, being engaged in making one line of goods only, would be entirely dependent on external credit for the purchase of everything it did not make itself. The twenty-six separate physical factors of real credit would be as dead as they would be huge—for each of them would be insulated from the rest by bankers' paper. And to this result, too, the internationalising of the trade union movement must obviously contribute. It is no doubt a very pleasant thought that men and women workers in similar industries all the world over go out for a walk together. But that is what the Babes in the Wood did.

In December last the largest hydro-electric unit in the world was officially put into operation at the Niagara Falls Power Company's plant. The unit will add 100,000 h.p. to the power generated from the Falls without diverting more water. ("Times Trade Supplement," March 1, 1924.)

Energy as a Credit Basis.

Perhaps the closest illustration of the principle of a perfect system of financing would be something like the following:—

You would take a given measure of energy, say, for instance, 240 horse-power. You would then attach a certain money value to a product which had necessitated the use of 240 horse-power (from first to last) in the making. Call that value £1—which would give you a '1d.-per-horse-power' measure of money value. Next, for every product of every sort (whether raw, intermediate, or final, whether intended for consumption or for improving the means of production) the maker of it should be authorised to write a label out bearing the value of the product calculated at one penny per horse-power. After verification that for every label so written there really existed a product answering to the value inscribed, the owners of the products should be authorised to use these labels as money. Next you would make rules for the tearing up of the labels after they had functioned as money. Obviously these rules should reverse the previous procedure. Seeing that for every 1-horse-power product brought into the market a 1d. label was written, so for every horse-power-product that was taken out of the market (consumed) a 1d. label should be destroyed. According to the same rule, of course, every product which happened to be wasted or destroyed before it reached the consumer would also necessitate the cancellation of its label-value. But no labels would be destroyed which represented products still existing within the industrial system. For instance, imagine that over a period the community applied 240 million horse-power to production and got as a result 120 million horse-power-products in the shape of food, clothes, and shelter, and 120 million horse-power-products in that of tools, plant, and factories. They would automatically possess between them £1,000,000 in label-values. Half of this they would apply to the purchase of the first-named products, and would then destroy the labels. At that point they would be left with their £500,000 worth of 'capital' products and £500,000 value in labels.

In such a case as this it is clear that there would be no such thing as an unsaleable surplus, provided of course that the products were useful to someone or other: there would be no lack of orders for existing goods on account of shortage of money.

It will be noted that no account is taken of how the money is divided up within the community. That is an important consideration, but not of primary importance in the present connection. The vital requirement in a system of financing production and trade is that, however much is made to be marketed, there should exist somewhere or other in the national market the equivalent money to buy it.

Now, our illustration is quite impracticable regarded as a scheme, but the soundness of the principle it embodies will not be challenged. So long as goods are made to be sold, sufficient money should exist to buy them. And the clearest proof of the soundness of this principle is the prevalence of the idea that our economic system works like that at the present time. That is to say, from every quarter one hears the assertion that if everybody works harder and produces more goods there will be more to share up. But the process of "sharing up" depends upon the use of money, which may here be regarded as representing titles to these shares. So the implication of the assertion just mentioned is really that the more goods that are made, the more titles to goods—the more money—will be distributed. The reasoning is doubtless intuitive, and runs something like this: that to suppose the contrary would be to suppose something so absurd that it must be rejected as an impossibility in these days of enlightenment and democratic government. Nevertheless, the reasoning is wrong. It takes no account of—for it knows practically nothing of—the working of the financial system. To-day production outstrips purchasing power.

In our illustration we imagined a sequence—production, then the creation of the equivalent money value by the community. But in present-day practice the sequence is—creation of credit by the banks, then production. In the first case the community made as

much as it could, and then wrote the labels and used them for the purpose of dividing up the whole product by inter-purchases. In the second case, the bankers write the labels beforehand, and production takes place in accordance with the label-values which the bankers choose to write. This would not matter so much if the community could instruct the bankers how many labels to write and in what directions they should hand them out. But it cannot—or, at any rate, makes no attempt to. In actual practice it is the banks who decide (1) what total volume of production shall take place, and (2) what its character shall be. In regard to (1), the mere circumstance that factories are on half- and quarter-time, and a million odd persons not working any time at all, is sufficient proof that the banks do not think it desirable that more than a fraction of our existing productive resources shall be employed. In regard to (2), we have only to take note of the declension in agricultural activities since the war, or to contrast the immense stimulation of the building of branch banks, factories, shops, and business premises with the niggardly provision of small dwellings, to infer that financial policy places chief emphasis on the manufacture of "non-consumable" products. We are not concerned for the moment about the bankers' reasons for their policy; we want simply to call attention to the fact that that is their policy.

Next, let us consider why they can impose it. It is because the community have got confused between two principles: (a) the sound principle of allowing an independent financial institution to "label" their products, and (b) the unsound principle of allowing it to claim the right of ownership in the labels. The consequence is that instead of labels being written and destroyed in the exact proportions in which products come into and go out of existence, as shown in our illustration, they are written and destroyed on an entirely different principle decided by the banks. Not only are they issued in quantity much short of that in which Industry can make use of them, but, much more vital, they are recalled and cancelled at the will of the banks quite irrespective of whether they have first been used for taking the final consumable products off the market. To revert to the figures of our illustration, where we saw the £1,000,000 of labels attached to the 240-million-horse-power production. Half was consumables and half was factories, etc. We saw that the consumables could be sold for £500,000, and the £500,000 then cancelled; that the factories remained together with the other £500,000. But supposing these labels had been written and lent by the banks, who now suddenly came and said to the producers: "We want 'our' labels back." So far as the £500,000 was concerned that had previously bought the consumables off the market, the banks' request would be reasonable, and the practical consequence of their withdrawing and cancelling that sum would be just the same as if the producers had torn up the labels themselves, as provided in the original illustration. But the matter of the other £500,000 is quite different. It represents products as yet unsold. If it is now withdrawn and cancelled, they can never be sold at all. "Oh, but," it will be objected, "does that matter?—the products in question are factories and equipment, and the general public do not require such things: they would not buy them even if they could." Quite true. But we must relate the situation to the practices of modern accountancy. In pricing goods to the consumer some portion of existing factory values has to be charged; so that, ultimately, the consumer is required to replace the cost of the factories, etc. Now, the money with which to replace that cost cannot be in two places at once. If it exists somewhere among the community ready to meet the charge, well and good. But if it is recalled by the banks the community no longer has it, and therefore cannot meet the charge; and the producer is left sky-high with his burden of overheads which he cannot collect from anyone.

This is the real cause of the phenomenon of "profiteering." Is it not inevitable that producers in these days, not knowing at what moment they will be called upon to repay loans, must strain every nerve to collect all their costs in current prices in the shortest possible time? They are virtually forced to fleece the consumer by offering a restricted output at a high price in order to shelter themselves from the banks' "air raids." But, again, however successful some of them are, they are only deferring an inevitable breakdown. For to the extent to which they defray bank loans out of super-profits, they are only throwing the loss of the consequent cancellation of this money on to the rest of the community. The temporary solvency of the one producer is reflected by the sudden bankruptcy of another; while, all the time, there is going on a reduction in the consumer's standard of living.

The problem of Industry is thus seen to be a problem of overheads. Can they be collected in the home market or can they not? If not, can they be collected in the "home market" of a foreign country? There is a voluble school of thought which thinks so. But we notice that they are a long time deciding to begin. The process of the premature cancellation of purchasing power is not peculiar to this country. It is going on everywhere. So the way out of the difficulty is obviously to bring Price and Purchasing Power into equilibrium here in our own market, and now. The main principle to follow is clear enough. The measure of applied horse-power can be taken as a measure of production; and if horse-power is also made the measure of created purchasing-power, production and purchasing-power will be equated, and the consequent diffusion of the product will happen as a natural consequence. The basis of credit must not be static, it must be dynamic. Not gold, not title-deeds—but Energy.

BEYONDWARD.

The world has conquered us,
The ages have bowed us with their proud rebuke;
Bones grow as grass grows to intended stature,
Breath knows not that which breathes;
The heart breathes in the soul,
From the conceiving darkness of those pulses
Light brings us forth with alchemy of tides.
Born, we accept, the spirit accepts flesh,
The heart in patience broods upon its seed.
We are fulfilled in deeds,
We are expressed in vanity,
We are compelled by elements
And time restrains us.
Struck down and raised by seasons,
In vain the soul prolongs her constant kiss
Upon the forehead of the immutable;
In vain the stars watch through us,
Our eyes sleep blind.
In vain our questions seek,
Answers come wearily where the feet rest,
Come wantonly where the hands grasp,
Come piteously as the lips let fall
That word which was the vow, which was the deed.
The secret, broken on a vanquished smile.
But through our littleness we apprehend
The immensity of space to fill with shape;
We are given hope
Because pain is not deep enough to reach death—
Because pain is too great for death to hold
We overflow,
And one fine vein bores through all stony graves
In flame of inextinguishable gold.
To overleap these limbs that they may follow,
With worship stretch them up as a seed's star
Draws the branches from the root, the leaves and flowers—
This we have dreamed of failing,
This prayer is, this is love.
Though earth is strong with elements and tides
And time measures us to the proportion of the brain—
I believe that the unalterable
Will hold us in all change
When we have fallen from the stern command,
And that eternity loves victory
Better than obedience.

The Arts in Utopia.

By Haydn Mackey.

V.

Reference has already been made to the impetus which will undoubtedly be given to the handicrafts when there is a cessation of financial sabotage—also to the results, finer than are now possible, which will be obtained from the machine when it is controlled by men with a single eye to the ultimate utility of its product and the satisfaction of the consumer, instead of—as now—the mere profit of the machines' financial controllers and owners. A third aspect can now be glanced at. Some deductions may be drawn from certain changes that are to be noted in men's minds and outlooks, and a guess at—an attempted finding of—that heavenly point, the age of Leisured Plenty, by the parallax of our converging lines of development as seen from our present time and circumstance. It may only be essayed if in accordance with some thesis which appears to be capable of gaining evidential support from the *growing ends* of the civilisation of our time; ends which seem capable of giving the essential angles necessary to finding the aesthetic involved in our demand for leisure with power-made plenty, when "Labore est orare" is replaced by "They also serve who only stand and wait!"

G. K. Chesterton has said, somewhere, something to the effect that one can only conceive of a future as narrow as oneself, but the past is already as broad as humanity in all its mighty diversity and genius: and I am fully conscious of the truth in such a statement. But speculation is often fruitful, and here it is merely attempted and hoped to throw out some feeble stimuli to speculations in a direction which might prove profitable in abler minds than mine.

This aspect of the changed mentality—the current expectation and demand for small labour and quick returns—may be noted in a vast number of various ways, from our preference for a two and a half hour play, to our grandfathers' five hour; or our hundred-thousand-word novel in place of his half-million-word: from such varied evidence as is to be deduced from the extraordinary appreciation of the "Mutts and Jeffs" and "Dots and Carries" of our newspapers; to the exceedingly clever and sophisticated posters by Mr. McKnight Kauffer on our hoardings; from the development towards primitive statement and unrestrained effect to be nowadays found in dance bands, which, in the days of the Viennese Strauss (and before the advent of the untuned, uncultivated drummer, surrounded by his rattles and childish squeakers, motor-horns, cymbals, whistles and numerous other gadgets, or the coming into prominence of the use of tearing-fabric effects on the trombone, or the staccato and disjointed plunk! plunk! of the banjo—or *banjolin!!!*—with its *labour saving origin!*—or the hooty wailings of the soprano saxophone)—had relied chiefly on the rich toned, smoothly singing sentimental violoncello.

Rightly or wrongly, much of such of our expression is regarded as due to a lack of thought or concentration on the part of the moderns—but that is not the only and inevitable explanation. There is also a possibility that a greater directness of expression is desired; a quicker resolution of the factors demanded; a greater insistence on what is to be expressed rather than on how it is expressed; of desires born of a swifter grasp of certain essentials or a more sprightly sense of the ultimate object to be achieved; and a clearer emphasis laid on effect, a changing round of the objects of restraint—and possibly this emphasis of effect is one of the clearest junctures with barbarism. For our present purposes, psychological change may be best interpreted in the developed directness and sensitiveness of techniques in some of our fine arts (in place of our recent poor and laborious rectitude of state-

ment) which, whilst claiming wordily through its vocal mouthpieces a conscious aim, a conscious art, is yet inevitably, in its most considerable manifestations, naive and unconscious as the Primitives. To point the contrast by comparatively recent examples, take a Victorian and a contemporary idol: think of the varied products of Sir Edward Burne-Jones and Mr. Augustus John! If we look for instruction at much of our modern expression, some queer questions present themselves to us. Such questions as: Are the main popular and romantic fallacies in art (such fallacies as informed and underlay much of the ridiculous letter which recently appeared in these columns over the signature of the cartoonist who uses the writer's name) due to the confusing and mixing of ideas proper to one art with another?—the expression attempted in abstract colour, line or form of worn-out literary symbols and notions? (As in Press cartoons or some of our latest War Memorials! Such ideas as have underlain the recent raucous shouting at Epstein's Hudson Memorial, which, though not half as expressive as some of us confidently expected of Epstein, could certainly not be as inept in conception, or execution, or anything else, as are most of its detractors' opinions!)

Can a return to primitive barbarism be really regarded as such a return to sources as made possible the achievements of the Gothic or Renaissance cultures? Is modern restraint, when attempted, a euphuism for emptiness? (How is explained, whether Press-made or not, the demand for the perpetuation of Sir Edwin Lutyen's temporary Cenotaph in Whitehall? If an artist of the Renaissance, say Michael Angelo—or even our own Victorian, Alfred Stevens, strolled down Whitehall, isn't it possible that, whilst he regarded it as a queer pedestal, he'd inquire as to what we intended to put on top of it as a memorial, as an adequate expression for the people, by their artist in monumental art?) Can lack of technical skill be regarded as of no importance in Art? Is it possible we have become, *since it has been compulsory for all of us to learn something of reading and writing*, the slaves of words and phrases? Are we obsessed with "rhythm," "vortex," "significant form," "mass and super-imposed mass," "third dimensional," etc., etc.? Does it seem feasible that Michael Angelo's "slave" presented itself to its creator consciously as a series of "super-imposed truncated cones"? Are we being led by logomachy rather than by deeds? Are readers and writers becoming the arbiters of the doings of the doer? Are, say, Mr. Roger Fry, Mr. Clive Bell, or Mr. Middleton Murry expressions of real "growing ends" of our time, or are they merely making a public, producing a hypnosis by words, words, words—merely supplanting the ubiquitous *genuine* Philistines by *insincere* but severe products of the Garden Cities' Culture circles?

All such questions and many more are really germane to our subject, but it will be necessary to narrow rather than enlarge our field of inquiry; and on a future occasion examine for our guessing purposes, some single branch of one of the "fine" arts in relation to some of its possible future characteristics when the labour-saving-tool-making animal has achieved a surplus of ease and leisure.

COLLABORATION.

By D. R. Guttery.

Jones and Smith, both versifiers,
To write a stage-play joined their lyres,
Then deafened all their friends with quarrels
As to who should wear the laurels.
Smith shouted: "I'm its true begetter,"
Jones yelled he'd written every letter.
But when the critics all bemoaned it,
Promptly both of them disowned it.

—After RACINE.

Chaos or Canosa.

By "Old and Crusted."

On the sixth day of Christmas, at St. Edmund's, died Samson, of pious memory, the venerable abbot of this place. Who, after he had for thirty years prosperously ruled the Abbey committed to him, and had freed it from a load of debt—had enriched it with privileges, liberties, possessions, and spacious buildings . . . rested in peace.

(*Annales Sancti Edmundi.*)

Jocelin's Boswellian narrative, suddenly shorn through by the scissors of Destiny, ends. Impenetrable Time-curtains rush down. Monks, Abbot, Hero-Worship, Government, Obedience, Cœur de Lion, and St. Edmund's shrine, vanish like Mirza's vision; and there is nothing left but a mutilated black ruin amid green, botanic expanses. (*The Ancient Monk. Past and Present.*)

Incidents upon a journey are recollected with peculiar pleasure; they are preserved in brisk spirits, and come up again in our minds, tinged with that gaiety, or, at least, that animation with which we first perceived them.

(*Dr. Boswell to Dr. Johnson.*)

In florid beauty groves and fields appear,
Man seems the only growth that dwindles here.

(*The Traveller.*)

Is there aught fairer on God's earth than England in June? Given anything like decent weather, a pair of sturdy legs, and just sufficient current coin of the realm to purchase bread and cheese, ale, and a night's lodging, and the man who can call time his own, has eyes to see, and ears to hear, with a touch of the poet in his complex, will attain as near perfect happiness as it is granted mortal man to reach, if he will shake the dust of cities from his feet and wander forth to lose himself amongst lanes and hedgerows for a fortnight or so. But how few do it! Wherein we might learn something from the German student if we were not so impervious to any suggestion from "a damned foreigner."

The first discovery the cheerful observant vagabond would make is that England is not over-populated. Once away from certain congested areas and there are vast green spaces where he can meander for hours without seeing a single human habitation; moreover, he will certainly note scores of lovely nooks where the home of his dreams could be built, without breaking up a single park or reducing the acreage of good arable land; for there is ample room in this wonderful island for the stately mansion with its broad terraces and sweeping lawns, for the homely cottage nestling in its orchard, yea—even for the smug but comfortable bungalow of the "bourgeois dilettante."

Having given vent to these unimpeachable archaic sentiments and paid due homage to my Tory prejudices it is only decent to confess that I have just recently been whizzed from the North Midlands to Land's End in a day and a half—and thoroughly enjoyed it—as Dr. Johnson did in his day.

"If," said he, "I had no duties, and no reference to futurity, I would spend my life in driving briskly in a post-chaise with a pretty woman." Substitute motor-car for post-chaise and the rest is a literally accurate description of my late experience, and only goes to prove how wise and consistent we old Tories are.

Of the "incidents upon this journey" two "are recollected with peculiar pleasure." Firstly, thanks to taking Worcestershire village adorned with a church well known to lovers of medieval England, and spent an all-too-brief time in admiration of the building and two priceless art treasures housed therein, which the parish clerk was pardonably proud to exhibit—the most perfect example extant of a 15th-century embroidered altar-frontal and a 13th-century cope, the only one of its kind preserved in a parish church. Secondly, the discovery of a church full of carved oak pews in a remote corner of Cornwall. Every pew a joy to the discerning eye, and no two alike; all miraculously saved from destruction by some pious incumbent who rescued them out of a heap of rubbish where they had been cast, prior to installing nice new pitch-pine horrors of the detestable gamboge tint familiar to those who are safely brought to the beginning of the day about eleven o'clock on a Sunday morning in our suburban places of worship. The sight of these relics of a bygone age makes one pause and wonder what Merrie England was like before the days of the great spoliation. It is as if the smoke-grimed curtain that separates industrial from medieval England were drawn aside for a moment and a fleeting glimpse vouchsafed into a treasure-house of things beautiful. Being ever addicted to vain and foolish ruminations, the thought will intrude: What would Western Europe be like to-day if the Mitred Abbots and Priors of old had main-

tained their succession until now, and exercised a jurisdiction as powerful and beneficent as that of Abbot Samson at St. Edmundsbury in the last years of the twelfth century? What use would they have made of the mechanical inventions of the last 150 years? An idle speculation? Certainly. We all know that without the Reformation and the stimulus Calvinism gave to money-making there would have been no "progress." The predatory exploitations, commonly called "enterprise," of that bungling piece of sanctimoniousness, Dr. Smiles' "self-help" hero, were essential factors in the economic development of the race. Perhaps. All the same, applied science, dedicated "ad majorem Dei gloriam," might have created a cleaner, more habitable world than the "laissez-faire" ramp of the latter-day saints—so bent on making the best of both worlds. Not that Abbot Samson and his contemporaries had it all their own way or were free from money worries. They also had their troubles with the forerunners of high finance, for, as Jocelin of Brakelond tells us in his Chronicle:

I myself saw a security passed to William Fitz Isabel for one thousand and forty pounds, but I never could learn the consideration or the cause. I also saw another security passed to Isaac, the son of Rabbi Joce, for four hundred pounds, but I know not wherefore. I also saw a third security passed to Benedict, the Jew of Norwich, for eight hundred and eighty pounds.

Quite in the best modern style. No accommodation without security; piety was not a negotiable instrument even in the ages of faith.

The cellarer of the Abbey also borrowed money from the Jew, which, it is to be hoped, he expended on the "right Bordeaux," wherewith to maintain the good repute of the guest-house, although, alas, he was without Master Dennis appointed in his stead—but not without protest—for had he not entertained by the Abbot's order "according to the rule of the Abbey"? A rule which should apply to all guest-houses, monastic and other—the office of cellarer being shamefully neglected these days.

Then the curtain drops. We are left with the "mutilated black ruin amid green botanic expanses," and, still worse—with black townships, befouling the air with the wasted smoke of their superfluous chimneys.

Between the days of Abbot Samson and Martin Luther there were three hundred years of ceaseless activity, that, in spite of wars and internecine squabbles, adorned Western Europe with beautiful buildings, filled with exquisite works of art. Then something went wrong. What it was is not made clear to us in the countless "histories with a bias" or in those magniloquent Whig pamphlets compiled to glorify Protestantism and Profiteering. I have it in my mind that the real history of the Reformation and its tardy bairn, the industrial revolution, remains to be written. Perhaps we shall know more when Mr. Belloc reaches this period in his new history. It is just possible he may make the discovery that finance in its protean forms ever been the disturbing element in the human story. The very scant references to it in standard works afford ample proof that no serious attempt has been made to trace the rise and growth of this subtle enemy of mankind—may be the tracks have been too cleverly hidden. At most we get a bald, inadequate account of the great money-mongers, such as the Fuggers of Augsburg, for example, and the assistance given to Charles V., with but little appreciation of what might have happened had that timely help been transferred to François Ier. The very brief glimpse of Abbot Samson's difficulties with the financiers of the twelfth century,

those ravaging flights of Jew and Christian creditors, pouncing on him like obscene harpies (nice way of referring to one's own bankers), are significant enough, but what were those predecessors of the "big five" doing between the twelfth and sixteenth centuries? It is a clue worth following up. It might explain why Puritan severity, which had a certain dignity of its own, degenerated into downright ugliness in every department of life, and why the architectural splendour that was the glory of Catholicism petered out in the baroque, and meaningless rococo prettiness.

As for the future, there is little to expect from the spiritual descendants of Knox and Calvin, but is it vain to hope that the successors of Abbot Samson, who retain something of his brave spirit and in whose public worship traces of beauty still linger, may help in the peaceful revolution even now knocking at the door? The possibilities are infinite.

The Catholic Church preaching Social Credit would mean the Banks going to Canosa!

Modern Russian Literature.*

By C. M. Grieve.

The latest addition to the excellent "World's Manuals" series, published by the Oxford University Press at 2s. 6d. each, is an introduction to "Modern Russian Literature," by Prince D. S. Mirsky, the lecturer in Russian literature at King's College, University of London. The little volume (120 pp.) is furnished with portraits of Pushkin, Gogol, Aksakov, Turgenev, Leskov, Dostoevsky, Tolstoy, Ostrovsky, Nekrasov, Chekhov, Gorky, and Blok; and with a very useful bibliography of English translations of Russian literature, which is, however, by no means complete. A very good verse translation of Lermontov's "Demon," for example, is not mentioned, nor are the excellent translations from Minsky and others in Sir Donald MacAlister's "Echoes."

Allowing for the scale of the book—which permits of no more than a sentence or two being given to all but the most important writers—it is disappointing to have no more said of Constantine Sluchevsky (1837-1904) than that he was "a poet of great possibilities, who seemed capable of creating a truly modern poetry. It would have given expression to a vast and original pluralistic conception of the universe, but he failed because he had no tongue to speak with." This is gravely misleading and inadequate. Before his death in 1904 Sluchevsky had well earned the recognition accorded to him as the "King of Contemporary Poetry"; and it is regrettable that his claim to representation should have been ignored in the anthology of "Modern Russian Poetry," by Babette Deutsch and Avraham Yarmolinsky, recently published by Mr. John Lane. Brückner's "Literary History of Russia" gives the following quotation from his appreciation of Russia in "Songs from a Corner," which may serve as a sample of his art:

"A land bereft of living beauty: you find it but hints and strokes. Everything in it is not bright but full of shadows, beginning with the men: if they weep, their grief is shallow; if they love, they love but lightly; always confused, they look uneasily, all of them, as if they concealed something. This pallor of their humanity is the outcome of the nature of their land—chains more crooked, hills smaller, inhospitable deeps of forest, rivers that pour their waters as if in sleep; an ever grey and damp horizon, the fierce cold of the harsh winter, the days not strong enough to emerge from the mist, silent smoothness of boundless plains. A series of unfinished pictures; someone thought of them and outlined them, then threw the pencil away and went to sleep!"

But there are graver faults in the book than even this scurvy dismissal of Sluchevsky. There is no mention at all of Alexey Koltzov, of Minsky, Baltrusbaitis, Voloshin, Chulkov, Gorodetzky, Severyanin, Yessenin. . . . the list might be almost indefinitely extended. So far as the poets are concerned he has done to Russia, and particularly to contemporary Russia, pretty much as would have been done to England by one who mentioned none save the contributors to "Georgian Poetry." Then, as to the Drama—what can be said of a book which does not so much as name Nikolai Evreinov, of whose harlequinade "The Merry Death" Storm Jameson has well said that it is "a technical masterpiece and a fine drama," and "takes rank with the great Russian comedies"? Fortunately, we do not need to depend upon Prince Mirsky for information as to the modern Russian drama. At least, three of Evreinov's plays are available in English translations, and, in addition, those interested should procure Alexander Baksky's "The Path of the Russian Stage" (Boston, 1918), and Olive M. Saylor's "The Russian Theatre Under the Revolution" (Boston, 1920). In the region of Religion and Philosophy, too, the comments on

* "Modern Russian Literature." By Prince Mirsky. (Oxford University Press. "The World's Manuals." 2s. 6d.)

Rozanov and Shestov, and even on Boldyrev, are so inadequate as to make not worth while the little that is said, while, in any account of Modern Russian literature one is surely entitled to expect that we shall be taken a little further than Prince Mirsky takes us with his single sentence on Father Paul Florensky: "His *Pillar and Foundation of Truth* is one of the profoundest and subtlest books ever written on questions of Religion, but is very difficult reading, and will greatly perplex an unprepared reader." Without some indication of Florensky's *direction*, the sentence was not worth inserting.

On the whole, however, a very fair account is given of the major figures, and these are they with whom the generality of the public to whom this series will appeal will be concerned—though Prince Mirsky cannot go far in the way of positive statement—in either direction—without overdoing matters, as when he remarks of Tolstoy's "confession": "Its nearest relation in literature is Ecclesiastes, but I venture to think that the Russian book is even superior to the Jewish." And it is a sad declension from the style in which such a manual as this should be written to say, *tout court*, "Belinsky (1811-1848), whom some still believe to be 'a great critic.'" In confusing his readers with oblique hints of his own undivulged opinions or with unexplicated fragments of big controversies, Prince Mirsky reduces materially the serviceability of his otherwise respectable, but in no wise brilliant, outline. Happily, it is seldom that he gives way to such a *gaffe* as his statement, with reference to Chekhov: "To imitate his dramatic system or even to learn from him is obviously impossible." The opposite is the case. There are few dramatists of any consequence in Europe to-day who are not directly indebted to him. One has only to think of Benavente to see how penetrating his influence has been. And Prince Mirsky's next remark—"Russian dramatic literature after Chekhov's death is one unrelieved desert"—deserves a "Silly Season" Prize.

In conclusion, regret must be expressed that Prince Mirsky gives us so few pointers as to the future—so few suggestions as to "the coming men." We should have liked a line about Ivan Chmelov and one or two others. No mention is made of the changed conditions and prospects of literature under the Soviet Government; and it would have been a decided convenience to the type of British reader likely to find such a manual of service if the bibliography had contained particulars of books available in French, where not in English, translations.

Reviews.

Movements in European History. By D. H. Lawrence. (Oxford University Press. 4s. 6d. net.)

This is an illustrated edition of a book first published in 1921 as "Movements in European History" by Lawrence H. Davison. The pictures are decidedly more interesting and less hackneyed than usual in school books; the maps would be useful if the book is read without access to an historical atlas, but look as if they will fall out of the book if it is much used. The book is meant for "adolescents who have had almost enough of stories and anecdotes and personalities, but have not reached the stage of intellectual pride in abstraction." We certainly prefer it as a political history to most of the books covering the ground for the same class of users. The mass of names and details are handled with considerable skill, and in the hands of school-teachers and utilise Mr. Lawrence's generalisations as a basis for critical discussion, it should prove valuable and stimulating. It is a serious blot to start with Rome and not Greece, and unsatisfactory to have no section devoted to England's relations with Europe; Ireland and the Turkish Empire require more than the scanty mention bestowed on them; Mr. Lawrence is weak on ethnology and archaeology; and possibly he deliberately decided that herrings, wool, and gold need not be mentioned as operative factors or causes. His last paragraph would furnish the texts for several discussions. "Mankind lives by a twofold motive—peace

and increase, and contest and martial triumph." Their alternation "seems a law of life." "Therefore a great united Europe of productive working-people, all materially equal, will never be able to continue and remain firm unless it unites also round one great chosen figure, some hero who can lead a great war, as well as administer a wide peace. . . . He must be chosen, but at the same time responsible to God alone. Here is a problem of which a stormy future will have to evolve the solution." Many people look up to Mr. Lawrence as a prophet, but whether this is inspired, or meant to be deduced from European history, it is nonsense. Some reflections on economics and cultural anthropology might persuade Mr. Lawrence that the habits and reactions of mankind are not to be generalised from twenty centuries of Western Europe; even if these are correctly appraised.

"A Dictionary of the Sacred Language of all Scriptures and Myths. By G. A. Gaskell. (Allen and Unwin. 42s.)

By Scriptures the author means all those ancient writings which use words according to the meanings given, and the meanings given are those derived from a study of the Scriptures: definitions which run in a circle, though this the author does not seem to perceive. At any rate, he makes no attempt to escape from the circle. Nor does he explain why he limits the term "Scriptures" to ancient writings; perhaps it is because he takes survival as a criterion of fitness. In his preface he maintains that there is one metaphorical language common to all sacred Scriptures, so that in sacred writings collected from all parts of the ancient world the same word has always the same meaning or meanings. Such proof of this identity as the book offers is presumptive rather than conclusive. A strict procedure would require that a scripture should be examined independently by a number of students who should set down every occurrence of the word to be interpreted, together with the various meanings it could bear in each passage. Other students should similarly follow the word through other Scriptures. As the author frankly acknowledges, he has undertaken a task which really requires the work of many hands. Scriptures, Mr. Gaskell maintains, are extensions of myths, and myths arise through trance-speeches and automatic writings. That a myth could be the product of a human intellect the author strenuously denies. "We know that men and women speak and write in order to be understood by others, and they never attempt to uselessly conceal their ideas in forms of expression which have a nonsensical appearance." Has the author never observed that there are men and women called poets who delight to hide their thoughts in enigmas? Why did Shelley apostrophise the Skylark if he meant the Tennyson devised for the Lady of Shalott—that her tapestry should tear and her mirror break if she looked at a distant town! Why did he not say plainly that if an artist suffers his gaze to be diverted from the realities within to the shows of this world, his inspiration is lost? In a second edition there should be an index of authors quoted (and these should include Todd Ferrier, whose work seems to have been entirely overlooked). There should also be references to the myths of Ireland and of America, especially of Peru and Mexico, which have been almost entirely ignored. The price of the book is out of all proportion to its size.

The Spanish Farm. By Ralph Hale Mottram. (Chatto. 7s. 6d.)

"The Spanish Farm" won the Hawthornden prize for 1924. Mr. Galsworthy contributes a preface in which he asserts that "it exhibits a new form—not precisely a novel and not altogether a chronicle," but this is hardly new. Mr. Mottram, however, knows what he writes about, knows what to say about it, and says it well. Madeleine Vanderlynden, who at twenty ran her father's farm at Hazebrouck and managed the British troops billeted on them, is the centre of both books. She was the typical hard-working Flamand, but handsome, her only weakness an infatuation for her lover, son of the local Baron, Georges, the "type" of the New France, perverse and "sporting." His indifference during the war at last made her leave the farm for office work at Amiens in hopes of meeting him, but, worn out by disappointment, she found relief in the arms of Geoffrey Skene, a sympathetic Englishman. Representative of their countries, they had nothing in common but the war, and they parted satisfied and without too much regret. Then Georges was found. He infected her with V.D., and Madeleine returned to the farm, which just escaped the German advance, and, having done well financially out of the war, now seeks to make peace pay for her sufferings, demanding reparation for minor damages in excess of

the whole pre-war value of the property: "La Galette—the cake which one could eat and have again." "6494" gives the war experience of Skene the architect. In the preface Mr. Mottram disclaims any "futile, impertinent pen-photograph of anyone," but Skene seems more autobiography than any composite. This book should be read before "The Spanish Farm," otherwise Madeleine antagonises one by her occupation with the wretched Georges. There is nothing here like parts of "Three Soldiers" or the description of Army vocabulary in "Sylvia and Michael"; perhaps the best thing of that kind is when the Canadian Clearance Officer misdirected the Deputy-Asst.-Provo-Marshal in search of an offender:—

"You've been misleading Corps Staff, Uncle!"

"Well, I gave him the road straight to the trenches.

He'd never been there, and I thought it might do him good."

And so say all of us.

The Golden Keys. By Vernon Lee. (The Bodley Head. 6s.)

"The Genius Loci is no stage property of mine," says the authoress. Nevertheless, she seems to have a sensitive understanding of this elusive spirit, and a gift for invoking him, in divers places. And what glorious places they are! "Many-towered Bologna," the Paduan Hills, a Roman Road in Gloucester, the Côte d'Or, Avignon, the Tyrol, Capri. . . . Vernon Lee has realised their charm and reveals it to us in that delicate, wistful prose, which has lost none of its grace with the passing of time. For instance, speaking of a Thuringian castle:—

"There are four longish French windows with white bars and nothing but the green branches outside, except for a strip of straight cornfield against the sky, and the room is filled with greenish light. Indeed, I am by no means sure that the delicate light, made visible by filtering through leaves, is not the Genius Loci himself, closed into that viewless room, and turning his prison into his sanctuary, hanging in the air like the fine dust of centuries and the subtle scent of old, old woodwork."

Only on rare occasions does her style tend to become somewhat turgid:—

" . . . those shallow waters of Venice, wherein the brooding sirocco vapours and the stormy sunsets put shifting iridescences and sanguine splendours and scales of unclutchable gold; all the dead greatness and the happiness that has never really been, and the crumble of endless neglect and the creepy life of obscure baseness, seem all to be in their ooze, never thoroughly rinsed by the storms and the tides, and sending up faint miasmas in which the soul fevers and dissolves, as it rocks to and fro, vaguely uneasy with the faint lurch of the gondola and its inhumanly slow progress."

A splendid parody of Ruskin. The author can be caustic when the occasion requires it, as instanced by her comments on the vulgarities at Capri, where, on ringing a bell, you can be admitted to the cliff over which Tiberias was wont to cast unruly slaves, drop pebbles over to count the seconds, and then "partake of tea, coffee, or chocolate at moderate prices." It is, however, something of a shock to learn that her delight in a Tyrolean mountainside was "enriched" by the recollection of a tent, "crammed with sweltering sight-seers, at the Austrian Exhibition at Earl's Court." The Genius Loci must have been a little worried about this.

Workers' Education in England and the United States. By Margaret T. Hodgen. (Kegan Paul. 12s. 6d. net.)

The author deals learnedly and sympathetically with the history, organisation, and policies of the considerable number of societies which have tried to advance the well-being of wage-earners, and especially of manual-workers, during the last hundred years, by giving them a cultural education over and above what they could have got when at school. She draws several conclusions of interest. These efforts, typified nowadays in England by the Workers' Educational Association, the rival Labour Colleges, and the Co-operative Movement's classes, have usually been redoubled after an industrial crisis. They usually succeed according as they meet the demands of the students. They tend to have an undue proportion of clerical wage-earners on their membership rolls. Their aims vary from time to time, but the present tendency is to look on the educational activities as being useful in the task of getting a new social order, whether they follow the "spiritual" inclinations of Mr. Tawney or the brusquer but equally "idealist" temper of the Plebs League. Economics and political science are consequently insignificant, and numbers of students are comparatively insignificant, and though their influence is out of all proportion to their num-

bers, yet neither in England and the United States is it of very great importance. Actually, I believe, in nearly all these associations, the policy is determined and the pace is set by people who are not wage-earners. This is, of course, the basis of the Independent Working Class Movement's attack on the Workers' Educational Association, but it is true to some extent of the Labour Colleges as well. However, in much the same way as the various Christian churches have always made a great fuss over the numerically insignificant Rationalist Press Association, so those capitalists who believe or profess to believe that civilisation and more particularly their personal status is menaced by the study of Marx and St. Thomas Aquinas are setting up societies and even colleges for the inculcation of "sound economics." Whether Workers' Education is returning to its clients any of the dividends which our author so earnestly desires in her concluding chapter, we leave to the history of the Labour Movement since the war to reveal.

Clio and the Château de Vaux le Vicomte. By Anatole France. (John Lane. 2s. 6d.)

Of the first five studies, Komm, of the Atrebat, is by far the most remarkable. At first the ally of Julius Cæsar, the chieftain of the Somme was treacherously wounded by the wily Labienus, and swore eternal feud against Rome. At last he surrendered to the Quaestor on condition

"that he should be spared the disgrace of ever appearing before a Roman. Marcus Antonius was magnanimous: 'I understand,' said he, 'that Commius may be somewhat disgusted by his interviews with our generals. I excuse him from ever appearing before any of us.' . . . What happened afterward to Komm of the Atrebat is unknown. The rest of his life cannot be traced."

Vaux is also history, but documented. Nicolas Fouquet became Superintendent of Finance in 1652. Much of his speculations went to Mazarin, and following whose example he became a tax-farmer under a false name, lent the State's money to the State itself, and was repaid with heavy interest. In 1657 he commenced building a mansion at Vaux, which drew invidious attention to his wealth—at one time there were 18,000 workmen employed—and when Mazarin died Louis asked the Superintendent to be open; Fouquet did not take this seriously, but Colbert was checking his accounts, and the King determined to remove him; he was persuaded for 1,400,000 livres to sell his office of Attorney-General, thereby losing the right to be tried only by Parliament, where he had many partisans. In August, 1661, Louis accepted his invitation to be entertained at Vaux, and the display—the supper alone cost 120,000 livres—incensed the monarch by its extravagance; but Fouquet had fortified Belle Isle, and Louis had to be cautious; he suppressed the *ordonnances de comptant* which provided the Secret Service expenditure of the Superintendents, and at Fouquet's suggestion he went to Nantes to persuade the Provincial Assembly to pay for it. An underground passage ran from Fouquet's house to the Loire, where there was a boat ready to take him to Belle Isle, but he was arrested on his departure from the Council chamber early in September, and after three months' preparation was brought before a Special Chamber. During the trial, which lasted three years, public opinion turned in Fouquet's favour, the poets whom he had patronised, among them Corneille and La Fontaine, wrote verses in his defence, and a majority of the judges pronounced for banishment and against death. Louis, however, fourteen years, his rigorous treatment was alleviated, the unfortunate financier died of his privations. They have to keep to the rules now.

Question Time.

FREE BANKING.

Sir,—The main point at issue between you and those of us who believe in free banking concerns prices. We advocate freedom of note issue and the abolition of the gold standard; and think that prices may be left to the action of supply and demand. You think price regulation necessary. Will you permit me to state our case?

Let us suppose that on a certain date, in a small community, with all the available purchasing power absorbed, prices stand at 100. An issue of £1,000 credit is now made. The existing goods immediately absorb this purchasing power, and we will suppose that prices rise to 102, although, for reasons to be stated later, I do not regard this rise as inevitable. Now, since this fresh purchasing power is entirely absorbed, the original borrower can now sell his goods only by reducing their price below the market level. This already tends to reduce general prices, and when he

repays his loan, the available purchasing power will be reduced again by perhaps £1,050. Since there are now more goods on the market than before the issue of his loan (presuming a portion of the new goods to consist of articles of slow consumability, such as machinery, etc.), this would tend to depress prices below the 100 level if fresh issues of credit were not made to keep prices stable.

But, it will be urged, the rise in the price level to 102 will induce other manufacturers to borrow, and set up fresh production to supply the demand. In the first place, I do not regard this as inevitable. It must be remembered that in our present system there exists constantly a glut of goods, and existing machinery can easily supply a volume of goods five or six times greater than the current output. It is hardly likely that there will be any great rush either to raise prices or to lay down fresh machinery whilst this state of affairs persists.

Even if considerable numbers of people are actually tempted by rising prices to apply for credit advances, it will simply mean that a bigger and bigger volume of goods and loan repayments will eventually be applied to the reduction of prices.

If the community fears price fluctuation, it has merely to insert a clause in long-date debt contracts to divide the amount of the fluctuation equally between borrower and lender, according to the method proposed by my old friend, J. C. Smith. Wages could be adjusted similarly. We have, of course, seen South Sea Bubbles in the past; but they are rare. Rising prices are feared by orthodox economists rather because inflation causes a drain of gold out of the country. The manufacturers in the staple industries have generally had considerable experience in adapting their output to the demand, and are hardly likely to regard one swallow as sufficient indication of summer. We think that the protection of our banks' gold reserves by the abolition of the gold standard will enable us to regard price fluctuation with comparative equanimity.

Finally, these fluctuations of prices are likely to occur only so long (1) as machinery is still capable of turning out more goods than are demanded by available purchasing power, and (2) as there exists a margin of unemployed labour. So soon as the monetary demand for goods approaches the limits of the capacity of the community to supply such goods, the demand for fresh credit will automatically slacken. In other words, whereas it is to-day difficult to sell, it will then be difficult to buy, and, with so strong a demand for labour, and such facilities for obtaining credit, manufacturers will be fearful of stopping their sales by raising prices unduly. Any such rise would quickly result in their competitors attracting the profiteers' work-people from them to supply the increased demand that would come to those whose prices remained low.

There would thus seem to exist no grounds for the cumbersome and complicated price-fixing system required by the Douglas scheme; and we can spare ourselves the tremendous extension of bureaucracy involved in the examination of balance-sheets, sales and purchase ledgers, etc., under any system of legal price fixing.—I am, Sir, faithfully yours,

HENRY MEULEN.

Imagine four producers A, B, C, D, to borrow £100 each from the bank. They each make and sell goods to that value (ignore interest and profits), and repay the bank with the proceeds, which then lends them the same sums for another cycle of production. A total of £400 is therefore normally circulating. Now, along comes a fifth producer, E, to the bank and borrows £100. He spends it, and so raises the total money in the market to £500. Assume that the first four producers raise prices so as to collect the whole £500 for their normal output of goods (E has none to sell yet). After repaying the bank they are £100 to the good. Assume that they decide to use this £100 in their business, and to borrow £300 for the next cycle. At the end of this cycle we will suppose E is ready to sell goods. What is the position? Let us attribute to each producer an equal output of goods, say 10 tons. There will now be 50 tons of goods ready for sale priced at £500. But there will be only £400 in the market, so that the maximum average price that they can collect is £8 per ton. (Before E came along there used to be 40 tons which fetched £400, i.e., £10 a ton.) The price-level, then, goes down from £10 to £8. But how about E? If he sells at £8 he gets £80, which leaves him £20 short of what he owes to the bank. Again, even if he were satisfied with only £80, the others would get only £320, which, although it permits them to repay the bank in full and have £20 left, nevertheless involves them in the loss of £80. Again, if E were able somehow to get back the whole £100 for his goods, the others would lose the whole of their re-invested capital of

£100. In any case, what is clear is that with total costs £500 and total money £400 the producers must lose £100 between them. In other words, the depression of the price-level happens at the expense of one or more of the five producers. The only thing that would have saved the situation would have been if another producer F had come along at the right moment, borrowed £100 and spent it with the other five, who could then have just got their costs back. But, clearly, this would only postpone the trouble, which would manifest itself as soon as F had anything to sell.

If this illustration be accepted as roughly representing the arithmetic of costing and pricing it should be clear that Mr. Meulen's optimism is misplaced. Even if it be granted that this selling of 50 tons of goods for £400 was a good thing for the consumer, on what grounds does he suppose that the five producers will repeat the benefaction? Will not their impulse (if they go on with the business at all) be to restrict production the next time in the hope of getting better prices and somehow recovering their costs? The question is not whether it is *within the manufacturer's ability* to make a larger quantity of goods, but whether it *pays him better* to do so. Mr. Meulen seems to think that if a reduction of prices is brought about it does not matter much how it is done. For instance, after expressing his doubt whether a rise in prices would cause fresh people to borrow credit and lay it out in machinery, he says that, after all, if they did, it would mean so much extra production, and therefore cheaper prices. So it might—just that once—at the cost of a few bankruptcies. But surely it is of no use to rely on this unfortunate episode repeating itself. There is a proverb, "Once bit twice shy." Go back to the initial cycle in the illustration. It is easy to imagine A's doing better by reducing his price, because out of the total possible revenue of £400 there is a margin of £300 which is going to B, C, and D. If he undercut his competitors he might (in theory) take away this £300 worth of business from B, C, and D. But this possibility of making more money by price reduction disappears as soon as you imagine all four of them trying it.

As a general criticism of Mr. Meulen's case we would point out that it is falsified by experience. His policy of the abolition of restrictions on the issue of credit was followed during the war, but it meant the abolition of restrictions on costs and therefore on prices. Then there is the classic case of Germany since the war—also of Russia. Further, in every case where increased production has begun to cause a reduction of price, have not the producers begun at once to restrict production? (e.g., the Rubber industry).

With regard to his criticism of price regulation as being "cumbersome" and involving "bureaucracy," that depends entirely on what the general circumstances would be. As we envisage them, we say that however "cumbersome" the regulation might be, there would be willing co-operation between all the parties to production to carry it out, for the reason that there would be an unprecedented material inducement to everyone to do so. As to "bureaucracy"—that is a wrong word; for whatever might be said against the officials in the "bureau" would not dictate policy, but would simply carry out a policy pre-determined by the community. Again, in a case where every individual in the country stood to gain, say, 100 or 200 per cent. in terms of the standard of living, what would it matter even if the whole population joined the "bureau"? It is a question of profit and loss—would the bureau be worth while or would it not? As a matter of fact there is no need to as is now engaged in hunting down penurious tax-payers and floating foreign loans. For one thing, almost the earliest job done under a Douglas régime could be to abolish the "cumbersome" collection of life-insurance premiums and State taxes directly from individuals. (Last year, for instance, we ourselves received no less than four applications from different income-tax offices for our income return!!!) Through the Central Credit Authority everybody could be automatically insured against death, accident, and disease—at least in respect of an adequate basic minimum sum, and the door-to-door collection of two-pence a week would be a thing of the past. A slight adjustment in the price-regulation factor would automatically provide all the taxes and premiums. In fact, it appears likely that the Douglas Scheme would "free" several times the number of "officials" that would possibly be required for carrying it out. Its fault, if any, would probably be that it got rid of bureaucrats too fast! Happily we should be in a position to pay them a life pension of, say, £1,000 a year each if necessary to compensate them for disturbance—and yet leave ourselves with a handsome profit on the deal.

LETTERS TO THE EDITOR.

FEMINISM AND CIVILISATION.

Sir,—Though my interest in Feminism is not great, I am moved to protest against Mr. C. C. Polhill's generalisations on the virtues of "ancient Greek masculinity," and the rise in the status of women as a sign of Imperial decay. The Athenians were not models of political wisdom at any time, and suffered from fits of childishness which might have been less baneful if their mothers and their educators in early years had not been the secluded dolts social conventions made them. But the Greek gentlemen (*kalokagathoi*) frequented intelligent feminine society, which the hetairai supplied, and the position of Aspasia, the companion of Pericles, pre-eminent statesman of Athens at the height of its political glory and in the view of many at the height of Athenian culture in general, should give him pause. The Spartan military aristocracy, which managed in the course of many centuries to produce but three men who rose above mediocrity, treated both men and women as cogs in a machine for achieving the two-fold policy of repressing rebellion at home and conducting forays abroad.

Turning to Rome, we note that its Empire and civilisation were at their height in the first and second centuries A.D. The women of the upper sections of society then enjoyed a status and independence superior to that held by them in this country till at least as late as the Married Women's Property Act. It is, of course, open to your contributor to say that the Huns, the Tartars, and the Vandals, not to say the Europeans in the Middle Ages or the Muscovites in the Elizabethan Age had a culture vastly superior, but I fancy he would be alone in his preference. Nor is he justified in claiming, if he should claim, that if Rome had been "masculine," etc., it would have survived the attacks of the Barline, for, let alone the other causes at work, it is to be noted that the establishment of Christianity was certainly not accompanied by a rise in the status of women apart from the monastic profession, and that the barbarians themselves scarcely gained one victory over civilisation ere they suffered defeat from some fellow barbarians.

He is, too, I think, unfortunate in mentioning Byzantium. For to whom should Europe be obliged, the predatory and masculine Crusaders who weakened Byzantine power in the Fourth and other Crusades, or Byzantium which held out so long against the Eastern barbarians? While anyone may lament over the decay of the British Empire, Mr. Polhill might consider the misfortunes that afflict the "saner, juster, and truer to nature" Empires. Germany has recently lost its imperial power; the Russian Empire has been reduced to wreckage, and is now replaced by a regime under which women in theory and to a considerable extent in practice play a role comparable to that of the men. What is more, the evidence seems to show that this new régime will easily surpass the old one in most of the things which characterise a flourishing Empire. China, where anti-feminism is ingrained, has for a century and more been the prey of a country which, according to Mr. Polhill, has been taking the wrong turning all the time. This country is subject to feminism, for good or evil, than any other place. In the second fiddle to the United States, which is more subject to feminism, for good or evil, than any other place. In the past, I think I am correct in saying that the Moorish civilisation in Spain, certainly better than anything that has succeeded it there, went in for women's rights and the blue-stocking.

Women in politics have not, in fact, done so badly. England probably owes her national existence to Queen Elizabeth, and France her's to Anne of Beaujeu. On the other hand, women kept out of politics officially have often produced disaster unofficially, as for example in the reign of Charles II. I think it is actually of small importance in the fortunes of this country whether women have or have not seats in Parliament. The proportion of fools seems much about the same in both sexes. But let us have no men endeavouring to fob off blunder and folly as the consequence of "feminine" civilisation. HILDERIC COUSENS.

THE BASIS OF INTERNATIONAL EXCHANGE.

Sir,—In your review of Professor Bertil Olin's article in the *Baltic Scandinavian Trade Review* (see *New Age*, June 4, 1925), you mention that he postulates "that the exchanges are ultimately governed by the relative price-levels of the countries concerned." You do not say whether this is correct or not. To me it looks like one of those false assumptions which established finance loves to impose on a careless public.

If the exchanges dealt in real ready money it might be true, but as they deal only in promises of money it seems clear that exchange is ultimately governed by the probability or otherwise that the debtors will be able to pay without delay when the time for paying comes. The country that is heavily

in debt will therefore naturally have a disadvantageous exchange. For even if the prices in an exporting country go down so as to induce another country to take a greater volume of the exporter's goods, the exporting country is no nearer paying its debts unless the attraction of its low prices is so great as to induce the buying country to take a volume so much greater that (at the reduced price) the value is also greater. It looks as if the exchange, so far from being governed by price levels, actually succeeds to a considerable degree in governing those price levels, in the interests, of course, of the professional manipulators of "barter-paper," the professional in each country wishing to have his barter-paper dear and the goods of his own country cheap. If the professionals of each country are equally astute the disadvantage must lie with those whose country owes the most, since people will have less faith in their ability to pay up to time. I should be glad if you would tell me if this reasoning is correct. It seems to be borne out by what Mr. Marshall Hattersley says on pages 138, 139 of "The Community's Credit."

A BEGINNER.

[That exchange rates are ultimately governed by price-levels is axiomatic. Imagine England and Germany both using sterling as their currencies, and imagine that bread was the only article they made. If the price of bread in both countries was 6d. a loaf, the home purchasing power of the English pound would be equal to that of the German pound. The exchange would be at par. But if the price of the German loaf went up to a shilling, the home purchasing power of the German pound would be only one-half of that of the English pound. The exchange value of the German pound would be depreciated to that extent below par. If not, a German importer could buy forty loaves from England, and in payment could give the English exporter one German pound. Now, as German pounds could only be spent in Germany (no currency functions in any country outside that of its origin), the English exporter would be in the position of having parted with forty loaves in return for a German pound, which would buy only twenty loaves. Clearly he would demand, not one, but two German pounds for his forty loaves. That is the principle. Its operation is obscured in practice by trade impediments like tariffs and prohibitions, by the intrigues of exchange operators who deal in currencies, and by the fact that every tendency deflecting an exchange rate in one direction evokes forces which stimulate an opposite tendency—but it remains nevertheless the fundamental basis of exchange.—ED.]

ECONOMICS AND ETHICS.

Sir,—I do not seek to deny the need of such ethical change as is inseparable from the discovery of the physical ways and means of effecting an economic improvement, but my point is that, to make the latter dependent upon the former is hopeless futility.

I am not concerned with this or that ethical code, but with the workability of any ethical code. Considered as a piece of machinery for the regulating of social living, any ethical code which is devised without proper cognisance of the conditions under which it is expected to work must inevitably fail. Either the ethics, to be successful, must fit the conditions, or, if improvement towards an ethical ideal is sought, then the fact of the physical conditions which make the practice of the ethical ideal possible, must first be brought about.

Life will live. "How" does not initially matter.

K. O. GLENN.

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Published by the Proprietor (ARTHUR BRENTON), 70 High Holborn, London, W.C.1, and printed for him by THE ARGUS PRESS, LIMITED, Temple-avenue and Tudor-street, London E.C.4.