

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK		THE "NEW AGE" DINNER. By Arthur Brenton	247
Sir Henry Strakosch's address to the British Engineers' Association—Killing two birds with one stone—confusing the engineers, and enlightening bankers' apologists on the strategic counter-move to the advance of the Social Credit Movement. Developments in Germany—observance of Easter—religious and political motivation.	241	TWO STRAWS. By Philip Carlyle	247
INTER-BANK COMPETITION. (Editorial)	244	Two recent episodes in Glasgow.	
THE HON. SIR CHARLES A. PARSONS. III. By James Golder	245	ESTONIAN LITERATURE. By Michael Wulckow	248
"REVOLUTION, 1933." By "Old and Crusted"	246	MONEY VERSUS MAN. By C. M. H.	248
<i>Revolution, 1933</i> (Brunnen-Verlag).		<i>Money Versus Man</i> (Professor Soddy).	
		REVIEWS	249
		<i>Aristocracy and the Meaning of Class Rule.</i>	
		<i>Armoured Doves. Crime as Destiny. Yofuku: Japan In Trousers. Bottles in the Smoke.</i>	
		CORRESPONDENCE	250
		R., W. T. Symons, Winifred E. Fish, J. Golder, Alfred Garber and R. Palmer.	

NOTES OF THE WEEK.

If any reader wants to get hold of the latest, most cunning, and probably most authoritative defence of high-financial policy he will find it in the *Times* of March 13 on page 16. It is the report of an address given by Sir Henry Strakosch at a luncheon of the British Engineers' Association at the Hotel Victoria on the previous day. It should be cut out and kept for reference, because there is both direct and collateral evidence that it embodies what may be described as the master-patent of financial strategy in the polemical field; and if we are not mistaken it constitutes a general instruction to every responsible apologist for bank-control of credit as to how he shall present his case to the public until further notice. Although Sir Henry Strakosch, as a member of the Financial Committee of the League of Nations, knows his subject thoroughly—and although, like most other Orientals, he possesses the faculty of superfluent extemporary speech—and although he had before him an unsophisticated and uncritical audience—Sir Henry took the course of reading his speech (or, rather, reading a speech) from a document previously prepared. This document was undoubtedly composed by the most experienced diplomats in the pay of the bankers' intelligence-service, and equally undoubtedly was intended to reach the eyes of financiers throughout the world rather than the ears of engineers at the Hotel Victoria. It is more than probable that the City interests took the initiative and procured this occasion for Sir Henry to deliver himself—after the same model of procedure as is followed by a political Administration when it arranges for some member of Parliament to ask a question bearing upon a subject on which one of its Ministers wishes to make an announcement. In imagination one might fancy Mr. William Reavell, the chairman at the luncheon, rising in his seat and asking if the Right Honourable gentleman, the Secretary of State for International Financial Affairs, could give the House any information on the subject of "Gold, in Relation to Industrial Prosperity"? —this being the title of the address which the "Rt. Hon." Sir Henry Strakosch had come prepared to deliver.

A mere glance through the report will be sufficient to show any student of the credit-question that Sir Henry was not appealing to the comprehension of the assembled engineers, but was using their prestige as a sounding-board for his announcement. If we had buttonholed the most proficient and alert engineer in the audience as he left the luncheon, and had asked him to write down a coherent account of what Sir Henry had said, and what it meant in terms of applied science, the result would have provided us with a funnier article than has yet been published in THE NEW AGE. This would have been inevitable, because Sir Henry was not attempting to expound the theory and practice of high-financial policy to the uninitiated, but to transmit authoritative hints to upholders of this policy as to how they could best cheat the exponents of the Social Credit case. He was, as it were, distributing to practitioners the most efficient anti-toxin yet discovered for immunising public opinion from the infection of Major Douglas's discoveries. This construction of ours will appear far-fetched to outsiders, but readers who consult the report will see the justification for it. Sir Henry's speech as reported was prefaced by some playful remarks (not in the report: we have this information from some one who was there) the tenor of which was something like this:—

"You gentlemen have been frequently indicted with having caused over-production and labour-displacement by the knowledge and skill you have brought to the improvement of productive processes. I have surveyed the evidences relevant to such a charge, and am happy to be able to tell you that I find you 'Not Guilty.'"

This suave sinuosity, of course, put the engineers in good humour with themselves. They naturally were unable to detect in this seemingly innocent piece of entertainment a deliberate distortion of the indictment to which he was alluding. For what responsible critics, whom he was affecting to answer, have held the engineers responsible for the misuse of their inventions and discoveries? Phrases are current, it is true, like, for example: "The machine has enslaved man"—and, of course, there have been innumerable examples shown of the displacement of labour by machines—but the purport of these phrases and facts has always been clear enough for comprehension by

any intelligent mind that has studied them. Sir Henry Strakosch is no fool; so when he insinuates that they imply an attack on engineers the least we can say is that he is guilty of calculated perversity. The effect produced by this distortion on the engineer is to prejudice him against any propaganda which concerns itself with the problem of machine-production. "Ah, yes," he will say, when something of this kind is brought to his notice, "you fellows are trying to make my profession the scapegoats for poverty." Iago was slick enough, but he had something to learn.

Sir Henry Strakosch, having dexterously ingratiated himself with the engineers, proceeded to identify himself with them. It was subtly done.

"Gold has thus become the measuring-rod of values over this wide area of the globe. To serve that purpose adequately it ought to be as constant and reliable an instrument as an engineer's foot-rule. This unhappily is not the case. A stable standard of measurement in monetary affairs is not a whit less important than in engineering."

This was equivalent to saying: "We financiers are also engineers, measuring values just as you do energy, employing an appropriate instrument of measurement just as you do, and always trying to perfect it as do you." Needless to say, Sir Henry stopped there. He did not condescend to explain the functional relation between what he would presumably call his "gold-meter," and, let us say, a volt-meter. And similarly, throughout his address, he kept manifesting his grasp of the art of compelling conviction, the method of which is to cut an explanation off just at the point where it verges on intelligibility. It is the art of making people believe you, not on the ground of what you have said, but on the ground of what they imagine you could have said. Beautiful. The art has always found its highest expression in fortune-telling, crystal-gazing, clairvoyance, and numberless other superstitious studies and practices, which attract people suffering from an over-development of the mental organ of "sublimity." The Strakosch gold-meter is not a meter at all: it would be exactly described as a gold-crystal, that is, a polished sphere of gold in which he and his fellow-seers pretend to read, or think they read, the measures and limits of economic activity. These fellows, one day, will get caught out at the game, and may think themselves lucky if they are fined for the offence and not hanged for it.

Some of our correspondents have at times expressed a little impatience with us because we have not thrown our hat in the air to commemorate the utterance, by some public personage or other, of a familiar Social-Credit moral or sentiment. Our reason has been that such utterances are devoid of all significance unless linked up with a technique. If these correspondents will read Sir Henry Strakosch's address they will find that he has applied Social-Credit morals to buttress up the old technique. Some of the very propositions on which we found our demand for a new system he adduced as reasons for upholding the present system. For example:

"Sir Henry Strakosch said that he belonged to the class which claimed that monetary causes had been pre-eminently responsible for the fall in commodity prices. This is clever. Notice, he does not 'admit' the monetary causation; he 'claims' it. Notice the effect of this. To the ordinary observer the fact that Sir Henry Strakosch, representing the banking interests, claims that money has been the cause of industrial depression, will appear to be proof that the banking interests were not responsible—that, somehow or other the money went and did it on its own account and the bankers couldn't stop it. For

why, such an observer will reflect, should Sir Henry make this claim if he and his associates were the authors of the evil, or even if they had power to prevent it and neglected to do so? Notice again: whenever a Social Credit propagandist remarks in future: "Finance is at the bottom of the trouble," or says something like it, everybody who has had an injection of the Strakosch serum will, on first hearing it, say: "Oh, you Social Credit people, you ought to back Strakosch; he says the same thing." And if the propagandist explains that he means, by "Finance," not money, but men—financiers of the Strakosch type—the reply will come pat: "What? And go out of his way in public to give the clue of 'monetary causes,' when he need not have said anything at all about it? No fear. When people have something to hide they keep their mouths shut."

Let us give another example.

"It is not human desires that set the limit to consumption, but purchasing-capacity. With a world system properly functioning this should, in toto, approximate to the world's productive capacity."

Another wily trick. The irresistible inference is that the Strakosch financiers approve this desirable end and have made it their objective; and that being so, and they being the best judges of the correct method of reaching that objective—why, well, there you are: you must let them alone and not fidget. "Leave it to Sir Henry."

In another place Sir Henry insinuated that the fall in prices had penalised manufacturers and traders (and shareholders) who lived on variable profits, and had correspondingly benefited holders of fixed-interest securities and recipients of wages and salaries. He calculated that the proportions of incomes for these three classes were 17, 26 and 50 per cent. respectively, and concluded that when prices fell the recipients of 76 per cent. of the national income benefited at the expense of the recipients of the 17 per cent. Seeing that prices had fallen 28 per cent. last year, he said, was it surprising that the profits and dividends of even the most prosperous firms had dwindled to nothing, and that the tide of unemployment was rising? The theme of the argument may be put as follows: "Neither we banking-engineers nor you industrial-engineers are responsible for the trade depression. Monetary causes operate outside our control." And the suggestion is subtly conveyed that the critics who make detrimental allegations against the banking-engineers are the same people (are there any?) who make them against the industrial-engineers. Thus the audience at the luncheon were infected with the vague idea that the duty and policy of the engineering profession is to stand by the banking profession—that these two branches of an honourable profession have a common interest, a common prestige, and a common mission.

Sir Henry ended with the declarations—

- (a) that "the purchasing power of gold as the standard of value throughout practically the whole of the civilised world, should, within reasonable limits, be maintained stable."
- (b) that this involved "co-operative action of an international character."
- (c) that "influential economic opinion" looked upon "co-operation between the principal central banks" as the best means of reaching that objective.
- (d) that there was enough gold to sustain a "considerably higher" price-level than at present, "provided only a reasonable amount of economy were exercised in its use for that purpose."

In his peroration he said that "when commodity

prices once showed signs of having reached bottom, confidence would return and production would be resumed"—and "savings" now "hoarded in the short money market would flow into the long-term investment market," and be employed in the "production of capital goods." We have italicised the nouns and verbs in this passage; and it will be observed that the indicated changes in the economic situation are all ascribed to reactions between inanimate substances and disembodied states of mind. No persons, or bodies of persons, appear in the picture as making any of these things happen; so far as their existence is suggested at all they are an impotent and inert mass of something or other to whom these things happen. Thus, prices make themselves drop, and when they reach bottom they bump on something called confidence, which causes them to bounce; and the sound of their bouncing awakens a lot of little sleeping hoardings, who get up and come out through the door of the short money-market to watch the show in the long-term investment market. The show apparently consists of bankers with gold-rules trying to stop the bouncing ball in order to measure it or to measure it in order to stop it bouncing. We do not know what the engineers made of all this at the luncheon, but it suggests something more like a spiritualist seance than anything else. We are told that in the United States the clairvoyance business is enjoying a record boom. Business men will pay down £20 for a few minutes' interview in search for advice what stocks to buy or to sell, and when to do it. The game is worked like this:—

ROBED SEER [with a far-away look in her eyes].—"What did you say you hold?"
 BUSINESS BOOB.—"Tin, and—"
 R.S.—"Ah, tin . . . ah yes, tin. Now, tin is—"
 B.B.—"And timber as well."
 R.S.—"Ah, timber—let me see . . . timber—tim— Oh, that is a pity. Tin and timber. Dear, dear—that is a most sinister conjunction."
 B.B.—"Then what—?"
 R.S.—"You must not hold both. That comes to me clearly." [Consults clock and indicates that the sitting is over.]
 B.B.—"Well, good afternoon. I will follow your advice." [Goes out. And when he has blinked himself awake he suddenly realises that she hasn't told him which stock to get rid of. Decides to have another £20 worth of divination the next day.]

And so, in American vernacular, this cute little jangle gets by with it; and relatively speaking she deserves to, for at least she takes the risk of being proved wrong. But not the Strakosch seers; there is nothing that can happen, from another world-war at one extreme to the inauguration of the Social Credit remedy at the other, which these wily birds will not claim to have predicted in their trance-messages. "You did this, and are pleased with the result? Well, did we not advise you to do it?" Or: "You did that, and don't like the result? Well, we warned you not to do it, yes?"

Since Australia is the region most badly attacked by the infection of Social Credit it was of course to be expected that the earliest batches of the Strakosch Anti-Douglas Serum would be despatched there. Accordingly, two days after we had written our above comments, we were not surprised to see Mr. Latham at work inoculating the House of Representatives with the new specific. A cable in *The Times* of March 20 quotes him as saying, in a speech against Mr. Theodore's currency-expansion Bill:

"The Australian banks had endeavoured to stop the process of deflation so far as it existed. For the Treasurer to contend that the banks were allowing the country to sink into the mire altogether was incorrect. . . ."

"He said that something might be done by the co-operation of central reserve banks or by international agreement towards the stabilisation of prices, but to argue that prices could be fixed at a pre-determined level, by manipulation of the currency was to chase a will-o'-the-wisp." (Our italics.)

Notice that these remarks not only embody Strakosch's doctrines but almost exactly reproduce Strakosch's phrasing. The House of Representatives might just as well have been listening to a wireless transmission of his address to the British Engineers' Association—which would have saved them waiting a week before they heard it relayed through Mr. Latham—who, for all we know about him, was as innocent of what he was sounding out as is an amplifier sold in a radio-shop.

The *Observer* of March 22 publishes an account from its Berlin correspondent of the severe measures taken in Berlin for the observance of Good Friday and Easter Saturday. Sports, dancing, and even sacred concerts and serious plays have been prohibited this year. Discussing the political aspect of this he refers to the growth of Catholic influence in the south of Germany, a growth which has been stimulated, he says, by the Hitler movement with its insistence on old-fashioned feminine ideals and its reprobation of the excess of "Jewish" freedom of thought in films and books. Catholics are forbidden, however, to become members of the Hitler Fascist Party, the reason being the violence displayed by so many Hitlerites. Social Democracy, he says, has become identified with agnosticism, and is therefore handicapped in gaining adherents among the middle classes. The new severity regarding Easter observance is intended to prevent the growth of Nazi feeling "in sympathy with the coming attack on the hated stronghold of 'Jewish Prussia,'" and is upheld in Protestant circles as a reply to the "Communist 'Godless' agitation." "It is argued," he concludes, "whether rightly or wrongly . . . that disappointed Hitlerites become Communists." In the same issue of the *Observer* is recorded the projected fiscal union of Germany and Austria, which, it is thought, may mark the beginning of the development of an economic United States of Europe.

"Mr. C. C. Lazzarini, a member of the Lang Debt Repudiation Group, declared in the House of Representatives [Australia] to-day that the group would support the second reading of the £18,000,000 Fiduciary Currency Bill, but that in Committee they would propose an amendment making illegal the writing of cheques or the possession of cheque forms under penalty of fourteen years' imprisonment. An amazed silence followed by laughter greeted this announcement. Mr. Lazzarini shouted 'Laugh, you fools! You make the counterfeiting of fiduciary notes illegal, but allow bankers to issue thousands of millions of cheques which are equally spurious currency.'"—*Daily Mail*, March 20.

"The Sydney executive of the Australian Labour Party is forming what is described as an Australian Labour army, because, it states, it believes that violence is contemplated by various organisations recently established in New South Wales to combat Labour's Federal and State financial proposals. The members of the 'army' will wear badges, a red star with a white background. The executive declares it is necessary to prepare to meet force by force. The movement will be launched at a monster demonstration on Sunday week. As members of the 'All for Australia' and allied leagues also wear badges the possibilities are threatening. The secretary of the 'All for Australia League' said to-day that the league embraced all sections of the community and aimed at creating unity of purpose for the common good."—*Daily Mail*, March 20.

GLASGOW SOCIAL CREDIT MOVEMENT.

The usual fortnightly public educational lecture of the Glasgow S.C.M. will be given in the Christian Institute, Bothwell Street, Glasgow, on Tuesday, March 31, at 7.45 p.m. Speaker: Wm. Finlay, S.C.M. Subject: "The Banks versus the People; Financial Poverty versus Abundance." Questions invited. Collection.

Inter-Bank Competition.

There is a limit, said Mr. McKenna in one of his speeches, to the amount of credit a bank can issue. He did not mean by this that there was a limit to the amount that a single monopolist banking-trust, operating in a closed credit-area, could permit itself to issue in that area. What he meant was that a member-bank of such a trust was obliged to keep within a certain limit. And the reason was that the loans issued by such a member-bank rendered it liable to meet claims upon it by other member-banks. That is to say, restriction was imposed on each member-bank by the fact of competition between all the member-banks.

Now, in this country the totality of banking business is shared by the Big Five banks. Let us examine the effect of their competition, taking some token figures to illustrate the examination.

It will be convenient to consider the five banks as sharing the total business equally. Let us assume that the total credits in circulation at a given time are £10,000 and that the total bank-cash is £1,000. Each bank, then, may be supposed to hold £200 of bank-cash and to have out on loan £2,000 of credit.

Suppose, now, that one of these banks lends an additional £100. Under the assumed conditions this £100, when spent by the borrower, will find its way into the accounts of depositors in the five banks to the amount of £20 in each bank. The lending bank will now have two kinds of liability to meet claims on its cash, namely, (a) in respect of the extra £20 deposited with itself, and (b) in respect of the extra £80 deposited among the other four. Assuming that, normally, the requirements of depositors for cash is 10 per cent. of their deposits, then the lending bank will have to meet claims for £2 under (a) and £80 under (b)—a total of £82. After meeting these claims its cash will be diminished from £200 to £118, while the cash of the other four will be expanded to the amount of £218 each (i.e., £220 less £2 drawn by depositors.) The lending bank's ratio of cash to deposits, which was formerly 200 : 2,000, or 1 : 10, will now be 118 : 2,020, or, approximately, 1 : 17. The new ratio in the case of each of the other four banks will be 218 : 2,020, or, approximately, 1 : 9.

But, now, supposing that instead of five banks, there had been only two. Each would have started with £5,000 credits and £500 cash. After the £100 loan and the ensuing settlements the lending bank would have expanded its own deposits to £5,050 and diminished its cash to £450 (neglecting for the sake of simplicity the 10 per cent. cash drawn by depositors), while the other bank would have deposits £5,050 and cash £550. The new ratios would be: lending bank, about 1 : 11; the other bank, about 1 : 9.

Again, supposing only one bank to have been in existence, then it would start with £1,000 cash and £10,000 deposits and end with £1,000 cash and £10,100 deposits (again neglecting the depositors' £10 cash withdrawals), its ratio would only be imperceptibly wider than the original 1 : 10.

From these three rough examples it will be seen that the fewer the number of banks in competition the lighter the check on each one's ability to issue credit within the rules of the present system. In the case of the single bank, it has not to transfer any cash through the Clearing House in respect of its loans: it is its own clearing house, and the only claims on its cash are the depositors' claims. At the other extreme, imagining 1,000 banks dividing up the business equally, any bank that lent ahead of the rest would have to part with cash through the clearing house to practically the whole sum of the loan.

In view of the fact that an equal division of business among the banks has such a restrictive effect on the lending-policy of each bank, it is significant to note that in actual practice the British banks' terms for business with their customers tend to bring about and maintain such an equal division of business. Their interest-rates, discount-rates, loan-terms and security-conditions are practically indistinguishable; and the ordinary citizen has nothing

but his fancy to guide him in choosing which bank shall have his account. Moreover, the extraordinary post-war multiplication of branch bank-premises—still proceeding—suggests that there is a deliberate policy at work to parcel up the depositors in this country into five approximately equal groups, each to be enrolled in the ledgers of a different bank.

It is amusing, in this connexion, to recall the late Sir Edward Holden's reference to bank-premises in 1918, when he addressed the Associated Chambers of Commerce in defence of bank amalgamation. It is paraphrased in the following passage extracted from a little book by Mr. Arthur Kitson, called "Money Problems,"* published in 1920, reproducing articles contributed by him to the *Times Trade Supplement* during the latter part of the war period.

"Sir Edward Holden spoke of the necessity for increasing the strength of our banks. . . . in order to meet the economic rivalry which will be forced upon us when the war is over. . . . Bank amalgamations make for strength, for safety, for economy and efficiency, and these results would be attained to perfection if all the banks were consolidated under a single head. An enormous saving would be effected by consolidation. At least one half of the branch banks all over the country could be closed and their premises let or sold for other purposes. (Our italics.)

This is an enlightening example of the ignorance of even chairmen of the Big Five banks about the intentions of those interests which really control banking developments. The number of branches, which was about 6,200 in 1918 rose to 7,600 in 1921, and is probably now between 8,000 and 9,000; and the progression looks likely to go on until the tiniest village will possess its five banks as well as its pump.

Reverting to the illustration of bank competition, it may be argued that when the bank lent ahead of its competitors and had to transfer cash to them, these competitors were placed in a position, if they turned, to expand their own lending; and that, if they did so, the original lending bank would ultimately recover its right proportion of cash resources. But this argument also proves something else, namely, that if all five banks had originally lent an extra £100 simultaneously none of them would have had to transfer cash to any other. The £500 would have been split up into five equal inter-bank liabilities which would have cancelled each other out in the Clearing House records.

Since, however, in practice the banks do not take advantage of the latter method of expanding loans while avoiding the redistribution of cash resources between themselves, it must be presumed that the consideration which prevents them is that they must avoid widening the ratio between their respective holdings of cash and their respective deposit-liabilities. Taking our token figure of £1,000 cash resources, and considering this as a cross-section of the flow of cash in and out from and to depositors, the banks as a group must avoid lending any extra credit, or they would fail to meet the resultant increased demand for cash. They would default. This being so in the case of a single bank where, as the above calculation showed, its ratio suddenly widened to 1 : 17. The argument, that it could get back to the 1 : 10 ratio if certain things happened afterwards would be sound enough if they happened before the bank had to meet the extra cash-demand. But needless to say, there would be no time for this.

The check on any bank's loan-policy, and on the group's loan-policy is external: it consists in

* "Money Problems." By Arthur Kitson. Reprints of his articles in the "Times Trade Supplement," between May, 1918, and August, 1919. Price 1s. 3d. Some copies are for sale at Hendersons, 66, Charing Cross Road, W.

diately in the restricted amount of cash placed at their disposal. The control of that amount, once vested in the Crown, is now vested in the Bank of England, an institution acting as junior partner and agent of the Federal Reserve Board of the United States.

The Hon. Sir Charles A. Parsons.

By James Golder.

III.—THE ENGINEER.

There is probably no generic term in the language more abused and misunderstood than that of engineer. It covers a multitude of sinners, from the Sons of Martha, black and oily, with spanner in hand, beloved of Kipling, the polluters of streams and destroyers of hills and dales, detested by Ruskin, to the makers of dark, satanic mills cursed by Blake. Yet in the best sense, the engineer is the man who can do the best things in the best possible way. Of such was Sir Charles A. Parsons.

Having discovered the velocity energy of steam, his task was to demonstrate in concrete mechanism that the major portion of that energy could be harnessed for useful purposes in his invention. He had nothing to guide him but windmills and water-wheels. The value of this guidance can be estimated by the fact that the speed acquired by an ordinary hurricane is about eighty miles per hour. The calculated speed acquired by water released to atmosphere under a pressure of 150 lb. per sq. inch is 100 miles per hour; by steam under the same conditions the speed is 1,360 miles per hour, equal to the muzzle velocity of a rifle bullet. If released into a vacuum of high degree, this steam velocity is more than doubled!

When it is borne in mind that a steel sword blade can be broken over a jet of water travelling at 100 miles per hour, the nature of the physical problem attacked by Parsons may be imagined. It was impossible to copy the windmill engineer in Sweden, named De Laval managed with great skill and careful choice of materials to achieve considerable success by copying the water wheel. This type was, however, limited to small capacities, and Parsons dreamed that it would be in the region of higher capacities that his greatest successes would be achieved. History proved this to be true.

His first turbine, built in 1884, consisted of a shaft about 3 in. in diameter, arranged to rotate in a cylinder about 4 in. internal diameter and about 2 ft. long. The annular space represented by the difference between these two diameters was the path of the steam. Into this path Parsons introduced a series of parallel rings of blades attached to the shaft radiating towards the casing and nearly touching it. Between each of these rings there was another identical ring of guide blades attached to the inside of the casing, con-blades were fixed and angled to produce a rotary motion as the steam travelled to the outlet, and they were spaced to allow for the expansion of the steam as it fell in pressure while giving up its energy. The steam was introduced at the centre, where its flow was divided and passed out at two exhaust pipes, one at each end.

This machine developed about ten horse power at a speed of eighteen thousand revolutions per minute. It drove an electric dynamo direct coupled. Its steam consumption was deplorable in the extreme. Any ordinary man would have felt completely convinced of the uselessness of proceeding any further.

Two years later, however Parsons produced a much larger machine, having the moderate speed of four thousand eight hundred revolutions per minute, but this time giving a consumption per unit reduced to 25 per cent. of his first machine. Serious notice was taken of this, and Parsons partner into the business of manufacturing. He became a partner in an old established engineering factory on Tyne-side.

More and larger machines were produced, but progress was much slower, while the older school of engineers mocked an allusion to its extravagance in this respect. The mechanical hydraulic, and electrical difficulties encountered due to the novelty of the turbine, called for the constant exercise of inventive genius and mechanical skill. These qualities were always forthcoming, but in spite of everything there came a rift which broke the partnership; and Parsons was deprived of the use of his patents for a space of about four years.

During this period he was not inactive. In a factory of his own Parsons produced a makeshift or compromise de-

sign, which, whilst circumventing the patents he was prevented from using, enabled him to carry on pending litigation by which he got back control. In this design he changed the path of the steam from an axial flow parallel to the shaft to a flow radial from the shaft. It was a clever compromise, and it was with one of these makeshift designs, installed at Cambridge, tested by one of his old masters, that he startled the engineering world with a steam consumption equal to the best!

It was also with machines of this design that "Turbinia" was first equipped, but propeller and other difficulties compelled the installation of the master type prior to demonstrations at Spithead.

It should be observed that the new type of engine had meanwhile decided advantages which outweighed its extravagance; and Parsons was not slow to see this and profit by it. But he was always the engineer first. The commercial man came a very bad second. No man could have been less commercially minded, yet, being under the continuous necessity of working to a price, he faced this as only one of the many difficulties which nature had put in his way to test the mental and spiritual qualities of such as he.

Consequently, before the War Lords discovered this guileless genius, his path was strewn heavily with the artificial difficulties which discerning readers of this magazine know have turned many a pioneer's journey into a veritable *via dolorosa*.

Electric lighting was the first use to which the turbine could be put commercially. Its high speed accounted for its light weight and small space occupied. Ships passing through the Suez Canal travel slowly and require brilliant searchlights to aid navigation. Parsons' turbines filled this requirement perfectly, for, since the vessel is moving slowly, steam extravagance is of no importance, because practically all the boiler power on board the ship is at that time available. Indeed, it was on this service that the sobriquet "steam eater" was born. One engineer facetiously remarked, "Open the stop valve to a Parsons' turbine and you empty the boiler." Small wonder that prejudice was strong and deep-seated when the older engineering fraternity learned that the British Admiralty had gone mad and adopted turbines for capital ships.

The absence of reciprocating parts already alluded to gave the turbine another advantage in point of building vibration. Turbines ran steadily on very light foundations. The steam never contacted oil in its passage through the working parts; therefore, unlike its older rival, its exhaust was immediately convertible into pure hot water fit for a bath. It therefore found its way very early into hotels, institutions, and large country houses before it definitely began to invade the power stations, at that time rapidly increasing both in size and number, as well as planning a great future for the reciprocator. It is not generally known and appreciated that Parsons had the reciprocating engine beaten on land before he demonstrated at Spithead; that he also had it beaten at sea, the field of its highest efficiency.

About this time another event occurred almost equal in its dramatic quality to that of Spithead, though enacted behind the scenes. It happened in this wise.

A certain electrical power company with a station in the heart of London had an injunction of the High Court served against it for nuisance. Neighbours had complained of the vibration due to the reciprocating engines, and the order of the Court was that on an appointed day the nuisance must cease. This meant complete stoppage of the supply of electricity from that station, a very serious matter indeed. When the appointed day came the neighbours found that the nuisance complained of had most certainly ceased, but the supply of electricity was uninterrupted! Consumers switched in as usual, and got the goods as usual. What had happened. In the interval, Parsons had been busy, and, on light girder supports over the top of the existing engines he had arranged his turbine dynamos of equal capacity, so that the supply went merrily on minus the nuisance.

These turbines maintained the duty of that station until it became obsolescent and passed away.

"There is also an affirmative economic reason for this change in departmental rulings. American agriculture is over-produced. The fact that production runs ahead of consumption is responsible for most of the ills of agriculture. The Federal Farm Board, farm organisations, many of the state colleges, and this department are striving to re-establish the economic balance of agriculture. The control and limitation of acreage planted is one method of re-establishing that balance. Finding new uses and new outlets for crops is another method."—Secretary of Agriculture (U.S.A.), reported in the *American Bee Journal*, February, 1931.

"Revolution, 1933."

By Old and Crusted.

"And so it is throughout the revolutions of human affairs. The great changes are sudden in their manifestation, unexpected, unprophesied. When they are fully accomplished we pretend to discover their causes and to see them approaching before they appear indeed. Contemporaries never perceive such portents, and we to-day are preparing for, arming against, prophesying a future which will never be; and have looming over us some other Europe of which we know nothing."

(*Richelieu*. Hilaire Belloc.)

I have to thank Mr. Arthur Kitson for the loan of this book.* It was sent him by the author, whom Mr. Kitson met at an economic conference in Germany last year, when the money question constituted the sole topic of discussion. As the economic conditions in Germany evoked by the imposed return to the gold standard are not without their reflection in Great Britain, this story of a possible catastrophe foreshadowed by the anonymous author of "Revolution, 1933" may well be of interest to the readers of THE NEW AGE, who have long been familiar with the warnings and carefully-weighted predictions of Major Douglas.

The drama opens with a strike in the "Westag Works," somewhere in the Ruhr territory, brought about by the refusal of the steel magnates to be bound by an arbitration which awarded a 6 per cent. increase in wages, resulting in the closing down of the works and the paralysis of about one-third of the German steel industry. The action of the directors in flouting the decision of the Court and in finally refusing to pay compensation to the workmen ends in distraint on the property of the company and an apparent victory for labour. So far, so good, but it happens that the Westag Works "constitute the citadel of American steel-capital in Germany," and great is the consternation when the United States Ambassador informs the German Government that America insists on maintaining the inviolability of her subjects' property. Universal indignation is aroused, meetings of protest are held all over the country, and in a final outburst of resentment the offices of the Westag Works are wrecked—but all to no purpose. The foreign shareholders threaten to import cheap Polish labour, the strike collapses and the works are reopened on the old terms.

Similar disasters happen in the mining industry, in which Great Britain is represented as getting her own back on 1926 by investing five millions sterling in German mine shares at panic prices; but the arch conspirator is still Wall Street. We are introduced to a secret conference of American bankers, at which the chairman outlines the policy whereby they are "to begin to gather in the harvest of the great war-business." It is proposed to stop all credits for several months in order to "teach the Germans their limits, and when they have realised our power they will be compelled to accept our terms." These imply "the cessation of all State interference with wages and price regulation so that we may reap the full advantage of our investments in that country." All rather vague and unsupported by evidence, but perhaps not without a basis in fact.

Then the action moves into the country districts, where the peasants and small owners, driven desperate by crushing taxation, turn on their oppressors. At a forced auction of stock to recover taxes an exasperated farmer shoots the public official conducting the sale before he has time to put up the first lot. The story of his deed and the account of his protest in court that "no nation may live on borrowed money, but only by the product of its land and labour," runs like wildfire through the countryside, starting an agrarian revolt that adds to the industrial confusion.

As might be expected, a stock exchange crisis develops; industrial shares drop 50 and 60 per cent. and are bought up by American bankers to strengthen their stranglehold on German trade and commerce. A run on the banks follows, and finally the Reichsbank suspends gold payments.

Enter now Dr. Hartenstein, who in an impassioned address explains to the leader of the "land-bloc" that the gold standard is the supreme mischief-maker and that there is no improvement to be expected until the "worn-out, stale, dead-alive theories of the past century are swept out of existence." "I remind you," he adds, "of the Englishmen, Soddy and Kitson, who have long since pointed to these things, besides all the other names mentioned in my manuscript." One wonders who they are! Perhaps the anonymous author will give a supplementary list in a footnote to a new edition.

"But will foreign countries permit us," protests the

* "Revolution, 1933." von *.* Brunnen-Verlag. Karl Winckler, Berlin, S.W.48.

agrarian leader. "Is not a gold covering specially provided for in the Young Plan?" Dr. Hartenstein retorts that "Germany must become the champion of the nations who, without exception have fallen victims to Wall Street."—And that is about as far as they get. The bellicose Herr Doctor has still something to learn from the "Englishmen" before he can teach his fellow countrymen how "to prepare the way for a new and better world."

The remaining chapters of the book are filled with the horrors of a "red" rising and a fratricidal struggle between town and country. The "reds" appeal in vain for help from Moscow. The Soviet armies will not march. Finally, after endless confusion and bloodshed there is a truce of exhaustion—to call it peace would be to abuse a noble word—"high finance triumphs" and Wall Street returns to the development of its world-wide schemes with renewed vigour.

Germany, instead of leading the nations in a combined effort to throw off the "strangling grip of predatory international finance" succumbs to internecine squabbles and the efforts of her patriots are paralysed by the petty jealousies of sectional interests. There is no unity, no common inspiration. "Who in all the world," asks this pessimistic writer, "will lift a hand to help a disunited, unreliable Germany?" Nobody—and so the story peters out in gloom and despair.

How the German reader may be affected by this dreary forecast of his country's future, I do not know, but the impression left on at least one English reader is that the author of "Revolution 1933," like so many other writers on the economic problems of our industrialised civilisation and the chaotic condition of the world's affairs, forgets that besides the sinister power of high finance there is another force to be reckoned with in any prediction of future developments worthy of serious consideration. That force is the Catholic Faith, and in Germany, especially South Germany and the Rhine provinces, there are millions of professing Catholics. They probably amount to 40 per cent. of the population, and it is fair to assume that these faithful souls would respond to a call to action from a great religious leader, whether he hailed from the hierarchy or the priesthood, if he could show them the way out of their present bondage to a state of economic freedom.

Now there are in Europe two highly centralised powerful organisations, International Finance and the Curia. Whether these two are allies or enemies is perhaps the most important question a student of Machtpolitik can put to himself at the present juncture of international affairs. Unfortunately there is no answer—but to ignore the possibility that the Papacy may play a great part in the rehabilitation of Germany in particular, and of Europe in general, is to be blind to the teaching of history.

Let us suppose then that one of the surprises of the near future is the emergence of another Hildebrand or Innocent III. A cardinal or pope of that calibre might well bring about such a recrudescence of the temporal power (the first step has already been taken), combined with a great spiritual revival as would enable Rome to deal with high finance as the latter-day incorporation of the powers of evil. A new crusade, another "Golden Bull," and a Social Credit policy promulgated from the Curia may sound fantastic, but cannot be dismissed as impossible.

Now for the other extreme. May there not be somewhere in the heart of Bavaria in "Krahwinkel" or "Weissenichtwo" another Luther pondering on the problems of poverty, of peace and war, to whom may come, by chance, or would it not be more fitting to say by Divine inspiration, the message of Social Credit? Might he not be stirred to sling ink if not inkpots at the financial fiend, and taking his courage in both hands nail the Douglas thesis on the doors of the "International bank?" Anything may happen in "1933"—or before, once the Social Credit leaves Wall Street. The author of "Revolution" has left out of account those spiritual imponderabilia which decide the fate of nations. Where, how and when Wall Street will meet her Waterloo no man may say, but her hour has struck; the forces are already mustering for the final struggle. It may be that in the decisive battle which will be fought and won with the weapons of the spirit that the old allies will march to victory together in 1815 will join forces yet once more to save Europe from another and greater tyranny.

A great task—verging on the impossible. May be. But did not the greatest of Germans say:

"Nur allein der Mensch
Vermag das Unmögliche."

If "man alone can accomplish the impossible," if in His Name he can cast out devils—why not the money-changers out of the Temple?

"The New Age" Dinner.

By Arthur Brenton.

In view of the significant happenings in the financial and economic world during the past twelve months, it was to be foreseen that the company who assembled for this year's Dinner would meet in a buoyant and expectant spirit. This turned out to be the case; and the speeches made during the evening amply reflected and justified the optimism which animated the audience. In past years such optimism has rested largely on the principle that "the truth must prevail," but this year it rested largely on manifest evidences that the truth has forced breaches in the financiers' defences—evidences provided not only by the nature of the events reviewed by the speakers, but by the sympathetic attitude of people whose influence in social and political circles may count for a great deal in the counsels of the State—people who, though they may not yet be convinced of the technical soundness of the Social Credit proposals, do at least recognise the serious importance of the issues raised, and the spirit of responsibility and reasonableness in which the Movement is dealing with them. There is an element of humour in the reflection that ill-wishers of the Movement are doing a good deal to help it along this line, for, as was told to me some week or so ago, there are two tales going around about the Movement, the one that it is being financed by Soviet Russia as an instrument for ruining British industry, and the other that it is being financed by the bankers as an instrument for breaking up the Socialist movement. Major Douglas told the audience of a version that he had heard independently, a version which was slightly different in form but came to the same thing. My version came from Manchester; Major Douglas's, I understand, was communicated to him in London. He rightly emphasised the fact that the Movement has always been self-financing, and pointed out how difficult it appeared to be to certain types of mind to understand why Social Credit teaching should have made such progress as it has unless there was big money behind it. It is interesting in this connection to reflect that Mr. Hannen Swaffer's incorrect statement that Charlie Chaplin had been a patron of the Movement might have been used to prejudice the Movement in the eyes of the Hitlerites; for Chaplin is a Jew, and the Hitlerites are anti-Jew—and during Chaplin's visit to Germany recently he was attacked as such in a Nazi newspaper.

Space and shortness of time compel me to reserve any further reference to the proceedings for a future occasion, except that I should like to congratulate Mr. G. F. Powell on his excellent speech as proposer of the toast to Major Douglas. My doing so will, I know, not be regarded as drawing invidious distinctions, because the other speakers have been heard before, whereas this was the first time that Mr. Powell has spoken on such an occasion. His was a well-balanced speech, entertaining in style and yet responsible in content; and it set exactly the right note on which Major Douglas could proceed to make his important response.

A successful meeting of the Ruislip and District National Council of Women was held a few weeks ago at Dunholme Lodge, by the kind invitation of Mr. Keyworth. Miss F. Rich, M.A., F.L.S., was in the chair, and an interesting address was given by Mr. James Tuke on "Unemployment." He said that greater changes had taken place in human life during the last 150 years than ever before, in that, as a result of the work of scientists and mechanics, the work of the world was being done by machinery, which meant that only the minimum of humans were needed to attend those machines. Hence the increase in unemployment, but because of unemployment, there was less purchasing power in the country which was one of the causes of the depression. Mr. Tuke pointed out that in the last ten years, 5 per cent. less workers were required, whereas at the same time, production had increased by 58 per cent. He then read Lord Tavistock's letter to the Press of January 20, which advocated a system of national dividends, as a means of increasing the distribution of the wealth of the country, and consequently, the purchasing power. The lecturer's interesting facts revealed, and original suggestions offered, were listened to with much appreciation, and gave rise to a keen discussion afterwards, in which many members took part. Votes of thanks were passed to the hostess, Mrs. Keyworth, and to Mr. Tuke.

"We need more chips in our national game, and those chips are money."—Arthur Brisbane, in the *San Francisco Examiner*, February 3, 1931.

Two Straws.

STRAW I.

Recently the "business men" of Glasgow signed a round-robin demanding a 10 per cent. cut in the salaries of the school-teachers. The Moderates (chiefly) in the Council took up the cry, and the cut was carried, but not before some of its opponents had to be almost literally carried out of the Council Chamber, so violent were the discussions.

This week a young lady went into a well-known warehouse in Sauchiehall Street, and asked for an article of clothing. The article shown to her suited quite well, and she decided to have it. "What is the price?" "35s., madam."

CUSTOMER: "Of course, that will be subject to 10 per cent. off."

SHOPMAN (wrapping up parcel): "Oh, no! madam. You see, all our prices are net cash."

CUSTOMER: "But I am quite sure the manager would allow me a 10 per cent. reduction."

SHOPMAN (anxious to please): "I rather doubt it, madam; but I will see." (Consults manager, who returns with him.)

MANAGER (approaching): "I am sorry, madam. I should be very pleased, but our prices are fixed, and it can't be done."

CUSTOMER: "I am sorry to give you so much trouble, but I am quite certain Mr. D., Junr., would give me 10 per cent. off if I could see him. Please could I see Mr. D.?"

Manager goes off to ask Mr. D., Junr., what about it. Mr. D., JUNR. (comes back with the manager): "Good morning, madam. I am sorry to have to refuse your request, but our prices are very keenly cut, and a 10 per cent. reduction is quite impossible, I assure you."

CUSTOMER: "But of course! I should not worry you this way, only I happen to know that Mr. D., Senr., is quite in favour of a 10 per cent. cut, and I am sure he would agree—if I could see him, please." (Mr. D., Senr., is fetched.)

MR. D., SENR.: "My son has just explained your request for a discount, madam, but I regret we cannot give a 10 per cent. reduction on prices to anyone; nor, indeed, any discount."

CUSTOMER: "Now that is rather strange! You see, Mr. D., I am a teacher under the Glasgow Authority, and my salary is to be cut to 10 per cent.—at your request, I believe, among others—and I can't afford now to spend as much as before (turning away with a sigh, but without parcel). Ah, well! I am so sorry to have given you all this trouble, but I find I must just make my old clothes do me a bit longer now. Thank you so much. Good morning."

MR. D., SENR.: "Well I'm —. Here, ring up the Town Clerk and tell him to take our name off that d— round-robin." (*Exeunt omnes.*)

STRAW II.

Scene: a sorely-stricken industrial town on the Clyde. An official of the Town Council is passing the "Burroo" on his way to the office. A long queue of workless men stretches along the edge of the pavement. There is an inch or two of snow on the ground, and the despondent men are stamping their feet (in badly worn shoes) and flapping their arms to keep warm.

Two men come out after signing the book: one of them hails the official. "Morning, Mr. McD—!"

OFFICIAL: Good morning. Are you idle now?"

IDLE MAN: "Aye, Ah'm in the 'big shop,' tae. Of coorse ye've got tae be in the fashion."

OFFICIAL (a NEW AGE man): "Well now, John! What do you make of all this idleness and poverty in the town? Eh? Do you think it is all absolutely necessary and unavoidable?"

IDLE MAN: "Naw! Ah doan't think it's necessary at a'. In fac', it's naething bit a blinking ramp among thae b— financiers; an' Major Douglas tellt us that thae ago. There'll be a hell o' a blow up yin o' thae days. Aye! Good mornin', sir! . . ."

Both these episodes are authentic

PHILIP CARLYLE.

"A new variety of sugar-cane that yields an extra ton of sugar to the acre has been bred by Federal scientists at Canal Point, Florida.—*American Bee Journal*, January, 1931.

"Now we learn that a process has been worked out by the Bureau of Chemistry for the making of syrup from sweet potatoes. With so many new sugars and syrups, the world is hard put to know what to do with them all."—*American Bee Journal*, February, 1931.

Estonian Literature.

By Michael Wulckow.

Estonia, which for seven centuries had lain under the yoke of aliens, first Germans, then Russians, secured her independence in 1918 following the break-up of the Western Marches of the Russian Empire, and for the first time the Estonian language, which for so long had been despised as the uncouth utterance of a subject people, reached adult stature. As a result Estonian literature, itself a comparatively recent growth, received an enormous encouragement, and this is reflected in the fact that since its independence 9,200 books have been published, compared with 15,000 during the preceding four centuries.

At present this literature, owing to an almost universal lack of knowledge of Estonian in Western Europe, is significant only to Estonia, but there is little doubt that in the future, as it gathers strength and competent translations appear in Western Countries, it will provide a new and invigorating branch to European culture.

For Estonia possesses a rich and prolific folk-lore, deeply rooted in the soil.

From the time when the German knights, proselytising Christianity, enslaved the Estonian people to the time when the liberation of the serfs (which in Estonia took place from 1816 to 1819) enabled an educated class of Estonians to arise the language was the speech of an unlettered peasantry, whose only means of expression was in songs, legends, and stories passed by word of mouth from generation to generation.

It is true that from the early sixteenth century a certain number of books in Estonian were published, but these were religious and instructive manuals prepared by the master-class and in no way reflecting the mind of the native Estonians.

Even after the liberation of the serfs the flow of natives from the countryside to the towns was very gradual and the new intelligentsia had an uphill struggle against the existing town-culture, which was exclusively German and Russian. Severe social and official pressure was exerted against the use of Estonian in public, and those who were anxious to write in this language produced their literature for their own personal gratification rather than for practical purposes.

By 1850 scarcely a thousand books had been published in Estonian, but the latter half of the nineteenth century saw a phenomenal growth of native talent, and by the close of the century the number of published books had risen to 9,000. This period is conspicuous for the work of August Kitzberg and Eduard Wilde (whose plays even now are in demand) and Juhan Liiv.

The twentieth century, however, marked the beginning of a new spirit in Estonia. The power of the Baltic barons, the land-owning class, was waning fast owing to the economic changes of the previous century, and in Russia the crust of officialdom, which had kept the Empire stagnant for centuries, was crumbling under the impetus of revolutionary forces.

The revolution of 1905 sent a breath of fresh air throughout the subject lands of the Empire, and in Estonia a group of young intellectuals, who called themselves Noor Eesti (Young Estonia), set themselves the task of spreading radical Western ideas and knowledge of Western literature through the medium of Estonian. They preached the doctrine "Be Estonian, but be also European," and by the publication of translations of English, French, German, and Scandinavian masterpieces they enriched the Estonian language and laid the foundations for a national literature. To this epoch belong Gustav Suits, now Professor of Comparative Literature in the University of Tartu (Dorpat), Villem Ridala, Johannes Aavick, Friedebert Tuglas, and Johannes Semper. Their work is carried on by the present-day Estonian Literary Society, which has developed a scheme for the publication of standard works of foreign authors, translated with artistic skill. Shakespeare, Scott, Shaw, Wells, Wilde, Kipling, and Dickens have been translated under these auspices, side by side with works of Æschylus, Dante, Victor Hugo, Moliere, Schiller, Goethe, Strindberg, and a host of other classics.

Meanwhile there had been a steady growth of original Estonian work. Suits, Ridala, and Semper were poets of no mean skill, and with them can be named Ernst Enno, Marie Under, Johannes Barbarus, August Alle, Jaan Käerner and Arthur Adson.

Among prose writers A. H. Tammsaare, Mait Metsanurk, Oskar Luts, Richard Roht, August Jakobson, Reed Morn, August Mäik, Jaan Oks, Aleksander Tassa, Karl Rumor, August, Gailit, Albert Kivikas, Peet Vallak, and Mihkel Jürna are among the most notable, while Luts, Adson, and

Metsanurk with Hugo Raudsepp have produced successful plays.

The intellectual life of the country centres round Tartu, once a bulwark of German influence and the "Little Heidelberg" of the Baltic barons, and in this town are produced the three principal Estonian literary periodicals, "Looming" (Creation), "Eesti Kirjandus" (Estonian Literature), and "Olion," while the publishing firm "Loodus" in the same town vies with the firm "Elu" of Tallinn in the publication of cheap periodical series of foreign fiction in pamphlet form. From the point of numbers, Tallinn, the capital, produces most books, but as books of all descriptions are included in the enumeration it may with safety be assumed that Tartu is the centre of literary book production.

Estonia is a "transit State" and from a political point of view her future is inextricably involved with the Russian hinterland, but it is this fact which is responsible for the vigour of her national literature. Mental stagnation in an atmosphere of conflicting cultures is almost an impossibility, and while the "Balkanisation" of the Baltic is regretted by some as a retrogressive step, there is little doubt that in the case of Estonia the development of native talent will prove a potent factor in the Westernisation of her people.

It is necessary, however, that the fruit of Estonian culture should be accessible to the Western world, and there is great need for competent translations of the works of Estonian writers. Madame Aino Kallas, wife of the Estonian Minister in London, has already, through her writings, done much to bring the spirit of Estonia before British readers, but her example must be multiplied a hundredfold if the barrier of language between Britain and Estonia is to be surmounted.

Money versus Man.

If all the volumes that Messrs. Elkin Mathews and Marrot publish in their Library of New Ideas are as attractive as the treatise by Professor Soddy, included in that series, under the title of *Money versus Man*,* they are to be congratulated.

It is fitting that at least one volume should be devoted to new ideas concerning money. One is, however, tempted to wonder why Professor Soddy should have been chosen to contribute it. Professor Soddy is admittedly one of the most eminent of the New Economists, but he represents by no means the greater part of new economic thought.

However, his case is well put. The first chapter in the account of the essential contradictions inherent in the economic system of to-day. In Chapter II. the fundamental opposition of wealth and debt, and the foundation of our present money system on the latter rather than the former, is demonstrated. This is the best chapter in the book, and for it alone the book was well worth while.

But there is one statement which challenges criticism. After stating, we think correctly, that the greater part of our money has no tangible existence, but merely "represents a debt of goods owed to the individuals who own it, by the nation," Professor Soddy continues with the assertion that "during inflation hundreds of millions of pounds are uttered at the direct expense of other owners of money." Elsewhere Professor Soddy uses the term "inflation" as synonymous with monetary expansion. But an increase in the total amount of money in circulation can only be at the direct expense of the other owners of money if the purchasing-power of the money previously in existence were to decrease to an extent equal to the purchasing-power of the new money put into circulation. And this is not necessarily the case.

Professor Soddy asserts (pages 37-38) that an increase in the amount of money in circulation causes a rise in prices in the ratio borne by the new total of money to the previous total: and this without any qualification. In this connection we may perhaps be permitted to refer Professor Soddy to the figures given by the Rt. Hon. Reginald McKenna in January, 1927, showing how a 25 per cent. expansion of money in the United States between 1922 and 1926 was accompanied by a simultaneous rise in prices of only 5 per cent.

Another chapter provides the clue to Professor Soddy's philosophy of money. Professor Soddy has conceived an interesting notional entity to which he has given the name "Virtual Wealth," and which he describes as "the aggregate of goods in general which all the money in a country will buy at the price-level prevailing." And, just as each person's outlook on life is coloured by Professor Soddy's idiosyncrasy, so it would seem that Professor Soddy's approach to monetary questions is dominated by this conception. One is irresistibly reminded of Mr. Dick and King

* Elkin Mathews, 3s. 6d. net.

Reviews.

Bottles in the Smoke. By Clement Hankey. (Longmans. 8s. 6d.)

I had thought sheiks were out of fashion. They had their little hour a few years ago, when film directors and fictioneers vied with each other to fill vast Arabia's desert sands with luscious white maidens who gasped to be gobbled up by burning black-browed sons of Allah. Mr. Hankey, surely, is a little late? If not late, certainly too long; his tale is double the usual length. However, I won't be captious, for I have had some fun reading this novel. The hero is a young Englishman who has turned Arab for the excellent reason that he has played the fool as a European. Having sown his wild oats as a white, he gets on wonderfully well in the desert; and I hope no reader will complain when the author soon turns young Horace Stone into one of the most influential sheiks that ever rode a camel. Oh, he is a great man in the sight of the tribes of Allah, is our Horace! A sort of compound of "Lawrence of Arabia" and a Dell-Glynn hero. And he has a fine time with the damsels. By page 13 he has married a young widow. By page 19, a beautiful young lady (also Arab) is sobbing in his arms and he is trying, not with great success, "to ignore the thrill of her soft young body clasped to his," and on page 25, as a privileged guest of her guardian, he is watching her dance "innocent of clothing"—a spectacle to which he "abandons himself luxuriously." On page 33, Sheikh Horace's son by the widow is following in father's footsteps and is watching an under-dressed damsel dance so—er—luxuriously that, to use Mr. Hankey's words, "his boyhood passed from him and the chapter of manhood was opened. . . . With her hands on her heaving breasts the girl looked at him as youth looks at youth, every curve of her demanding tribute of admiration." Skipping a little, we find Horace busy again on page 141. As Mr. Hankey puts it: "By Allah, he was in love, and it was no time for hesitation. Had not this strong, noble, masterful love of his twice saved her from an awful fate? Must it not, if only to complete her deliverance, be pressed to consummation through every obstacle? . . . How they dallied—what an endless succession of caressing whispers, while he stood in the shadow ready and eager for his bride. What ages it seemed before he heard the voice of Miranna say: 'Thy nest is feathered, O monarch of the air, and thy mate awaits thee!'" I guess there is no doubt that our Horace is a sheik; yet, as it says so delightfully on the jacket of this novel, "amid all the savagery of the East, the Sheikh Horaysh is still Horace Stone who was educated at Cambridge." As anything I can say after that could only be an anticlimax, I will leave Mr. Hankey's tale to his readers. Doubtless he will have many, for are not Messrs. Longmans a most successful firm of publishers? J. S.

Crime as Destiny. A Study of Criminal Twins. By Professor Dr. J. Lange. Translated by Charlotte Haldane. Foreword by J. B. S. Haldane. (George Allen and Unwin, Ltd. 6s. net.)

Twins are classed as "similar," those that are almost alike in appearance and personality, and that are thought to be formed from the same "ovum"; and as "dissimilar," where they are no more alike than normal brothers and sisters, and where they are reckoned to be the product of distinct ova. Professor Lange examined all cases of criminal twins in Germany. He found that among the former class, criminality usually occurs in both members of the pair; in the latter, it usually appears in only one of them. (The proportions are ten out of thirteen and two out of seven respectively.) Hence he deduces that hereditary make-up is more potent than surroundings or than the influence of one's family in determining one's criminality. All this seems distressingly fatalistic, for obviously we can do nothing at present to alter the heredity one happens to be born with; and any attempt on the lines suggested by Lombroso to discover the unlucky victims of a "curse in bone and kin" so as to segregate or sterilise them would only lead to a persecution as cruel and ineffectual as a mediaeval heresy-hunt. However, as Professor Lange states, "about half his criminals . . . would probably have grown up into decent or at least harmless citizens if placed in suitable environments." Environment is, happily, a matter which, unlike inborn character, is one for human control; so that much of this criminality will disappear when we have a sane economic system. I. O. E.

Yofuku: Japan In Trousers. By Sherard Vines. (Wishart. 7s. 6d.)

This is a guide book. It is not the guide book that would be written by a gentleman subsidised by rail and steamship

Charles' Head. Professor Soddy seems instinctively to feel that the conception of virtual wealth underlies any proper understanding of monetary science. But before this conception can be made to serve any useful purpose, it is necessary to know something of its properties, and the principal property of virtual wealth is assumed to be its relative constancy. "The aggregate goods value of all the money in the country is far from being a capriciously varying quantity. It is, by its nature, a very conservative quantity, changing only gradually and regularly." (page 50). Such an assumption without proof is, however, valueless. In Great Britain, in 1921, there was scarcely any variation in the total quantity of money, but prices fell about 30 per cent. The constancy in the nation's virtual wealth must have been put to a severe test!

When dealing with the problem of increasing the real wealth of a nation, Professor Soddy lays special emphasis on the need for abstaining from consumption as a necessary preliminary. But later he declares that "it is transparently absurd to expect to reap a harvest before sowing the seed, and it is absurd to issue new money in order to increase production." If a community has, through past abstention, built up a considerable store of productive capacity and real wealth, without increasing consumption to anything like the same extent (with the result that the productive capacity is unutilised for want of monetary demand), is not that community already in the state in which, according to Professor Soddy, the amount of money in circulation should immediately be increased? If so, it is submitted that on Professor Soddy's own showing, the time is now ripe for a new issue of money to enable past accumulations of real wealth to be distributed and utilised.

It is curious to find in Professor Soddy's next chapter a brief reference to Major Douglas, unaccompanied by any adequate explanation of his thesis, and an almost contemptuous dismissal of his theories as having "no basis in fact or reality." It is curious, because the essential practical difference between the two schools of thought is only in their conceptions of the best way of increasing the purchasing power of consumers.

Professor Soddy's chapter on International Economics is chiefly notable for his well-founded insistence on the fact that a readjustment of a nation's internal money mechanism is a matter for that nation alone, and that to await international action is merely to postpone indefinitely any proper solution of the money problem.

The practical measures put forward by Professor Soddy have certainly much to recommend them. They are designed to increase the purchasing-power of consumers commensurately with increasing productive capacity, and by a method that does not entail the piling up of new costs before the money reaches the potential customers. But the weakness of Professor Soddy's solution is one inherent in all which accept as axiomatic the desirability of price-stabilisation. It is impossible to put into the hands of consumers a sufficiency of purchasing-power to bridge the gap between our present effective demand for goods and our existing capacity to meet demand, if the method of so doing depends on the issue and recall of money according to the fall or rise in the price-level, prices themselves being left to the "law of supply and demand." Professor Soddy's suggestion can only be regarded as a possible first step towards an adequate solution.

In the concluding chapter, on Democracy, we find the essential philosophy of the New Economics, centring around the fact that true democracy can only obtain in a state of economic freedom, when the vital problem of the wise consumption of wealth has been solved.

On the whole, Professor Soddy is to be congratulated on his work, and is particularly to be thanked for having reminded us once more of those remarkable words of John Ruskin: "As consumption is the end and aim of production, so life is the end and aim of consumption. There is no wealth but life." C. M. H.

I feel sure most beekeepers are losing an opportunity these hard times, when money is scarce, by not trading honey retail for a great variety of products they use. It can easily be done when we can get to the proprietor and don't deal with employes. Usually it introduces honey to people who would not otherwise use it. I find other businesses are just as anxious to exchange their surpluses for products they can use as the beekeeper. We readily trade honey at a good price for wearing apparel, photographs, gas, oil, garage work, magazine subscriptions, potatoes, printing, auto parts, optical products, books, lettering, music lessons, paper hanging, and a hundred other things. In this way we have many things we would have to do without.—Mr. M. N. Dillon, Michigan, U.S.A., in the *American Bee Journal*, February, 1931.

companies and tourist agencies. In fact, to anyone who would like to go to the land of cherry-blossoms and geisha girls for a holiday, and has been browsing on holiday "literature," Mr. Vines's "Yofuku" will make an excellent antidote of a kind not likely to be wholeheartedly approved by the Japanese or by the aforementioned companies and agencies, who, according to Mr. Vines, have elevated their window-dressing to an exact science and bewildered the tourist with a carefully planned pageant which not even the astute can easily penetrate during a short visit. The picture of Tokyo and Yokohama, cities of Manchester-Pittsburg size and aspect, but without the conveniences of English and American drainage and sewage systems, is not alluring. Filthy streets; tramcars and trains full of "the cleanest and most polite people in the world," who nevertheless smell very evilly, spit more frequently than a low-class Yankee, and clean their ears and noses in public; canals dirtier than the Birmingham and Navigation Canal, and filled with the multi-coloured, various-smelling by-products of factories; enormous dumps of rubbish which the rats eat and the wind blows about the streets; horrible slums; mock Europe-style houses and ten-storey imitations of American skyscrapers; traffic as noisy and smelly, but less carefully driven than our own; foreign-style hotels where the experiences of the new visitor "if he be not robust will induce an attack of nervous prostration." Moreover, Mr. Vines reports that the climate of Japan is "villainously relaxing for nine months in the year," and the air is saturated with moisture; the death-rate is high, and the Japanese support the climate worse, if anything, than the foreigner. The author does not feel surprised that the Japanese are famous for the nonchalance with which they commit suicide. Pulmonary complaints are rife, he says, and consumption accounts for a large number of deaths, aided by an occasional epidemic of typhoid and amoebic dysentery, and by the seasonal eating of oysters and mussels from Tokyo Bay, which is composed "of diluted sewage." Mr. Vines is a wit, and his book gives probably as exaggerated an impression of the ugly side of Japan as the tourist posters give of the other side. I judge of his tendency to dramatise from what he says of Bethnal Green. I don't know Japan, but I know London. And when the author says that a stranger in the poorer quarters of Japanese cities will be mobbed by the children "just as he would be in Bethnal Green if he wore any other than artisan clothes," I know that I must take his descriptions with caution. He is too clever to be quite accurate.

J. S.

Aristocracy and the Meaning of Class Rule. By Philippe Mairet. (C. W. Daniel Co. Pp. 102. 5s. net.)

This is a speculative forecast of the possible development of society. Aristocracy is discussed as a principle, not as a system; and no picture is shown of what the new aristocratic principle will be, or how it can be recognised, or what types of people will embody it. And, so far as the "meaning" of Class Rule is dealt with, Mr. Mairet's explanation is unlikely to be comprehensible to others than students of psychology. It certainly will not afford enlightenment to political students or men of affairs. This is no criticism of the book, for Mr. Mairet would probably reply that he did not write for that particular audience, but intended his work to be judged as a monograph addressed to psycho-analysts. In that case the criticism would lie against his title, which would better have been "Axiocracy, or the Adlerian Concept of the Aristocratic Principle"—"axiocracy" being a term which Mr. Mairet uses in his text to establish a differentiation in significance from the term "aristocracy" as ordinarily understood. We bring Dr. Adler into the question because Mr. Mairet has published a book on his theories, and also because at several points along his present discourse we get a sort of suspicion that the good Doctor, like Chevy Chase, Esq., is "waiting round the corner." If we may paraphrase the Adlerian principle, it is something equivalent to what the Salvationist preacher means when he exhorts his listeners to "get their hearts right with God"—namely, that the individual requires to get his "psyche" right with society—to attune it to the social psyche. The obstacle consists of "neuroses," which must be "given up" much in the same way as a penitent is exhorted and helped by the evangelist to give up his "sins." Thus comes regeneration—which will serve to describe either of the above parallel processes. And when Mr. Mairet comes to describe, or rather to hint at, the nature of the neo-aristocrat, or "axiocrat," he seems to have in his mind a person who has undergone psychological regeneration. This suggestion is strengthened by his statement that the aristocrats of the future may emerge from every class or section of society. For instance, he conceives of "axiocratic groups of workers" who have "overcome the spirit of slavishness and cowardice" and

are "able to reorganise industry and finance in their own interest." The services of psycho-analysts are presumably conceived as having been employed to regenerate these workers—and in one place Mr. Mairet enters a plea for the raising of psychology to the status of a science. On these and other grounds it would appear that he sees in psycho-analytical research one of the main avenues to the achievement of the new order of aristocracy. It is not necessary for us to debate such a proposition here, but we think that Mr. Mairet, if that is his belief, should have propounded it, and have brought his analysis and argument into clear, supporting relationship with it. This would have given a point and purpose to his thesis which it now lacks. His policy reminds us of occasions when people who have written matter for publication have come and said: "This book does not mention Social Credit; but it is *there*." It wasn't. A. B.

Armoured Doves. By Bernard Newman. (Jarrolds. 7s. 6d. net.)

Bernard Newman will be remembered as the author of "The Cavalry Went Through," reviewed a year ago at some length in our columns. His new book discusses the probable scientific wars of the future, and narrates how peace is brought by the "direct action" of the world's scientists. Their leader, himself a "war-baby" of the 1914 conflict, is awakened to the horrors of war during the Russo-Polish struggle of 1942, and by the attempts for France and Germany to exploit his own inventions for military purposes. Under his guidance, the scientists of all nations "pool" their inventions, and use them, in the form of a copper-destroying ray to prevent the Turko-Italian war of 1954. The nations still go on arming, however, and more drastic action is called for. When war breaks out between France and Germany in 1961, the League "immobilises" the armies and towns of both countries, by means of another ray, this time a "magnetic" one. The leaders on each side are kidnapped, tried on an artificial island in the Atlantic for conspiracy against the peace of the world, and electrocuted. Among them are the hero's father and his wife's—this, as well as his highly gymnosophist courtship in the Pyrenees and the conception and birth of his "sunshine child" giving the necessary "human interest" to a plot otherwise too abstract for the average novel-reader. Mr. Newman certainly knows his technique. . . . The most obvious criticism of this book is its almost complete neglect of financial questions—except for the 1942 conflict which is due to the intrigues of Polish finance in Lithuania, the wars are due to national jealousy and sheer cussedness. Nevertheless, it may give to its reader the idea of effective political action brought about not democratically but through the devotion of an efficient and public-spirited minority. I. O. E.

LETTERS TO THE EDITOR.

INFLATION.

Sir,—Mr. G. W. Hayman, writing in your issue of March 12, agrees that I have raised an interesting issue in seeking to differentiate between credit for production and credit for speculation—but he is disappointed that I have omitted to define speculation. It is a just complaint, but my modesty does not permit me to rush into print with a ready-made definition. It was a prominent banker (Mr. J. F. Darling, C.B.E.) who first raised this issue, but while he refrained from defining speculation himself, he stated that it "should not be beyond the wit of man to do so." He added: "This division of credit (into two classes, one for production, the other for speculation) could not be carried out effectively without a Banking Act. That Act would define speculation in a general way; leaving a Credit Board, which the Act would create, to interpret its meaning as described in cases arose, or as special circumstances required." I imagine that transaction in Futures as described by Mr. Hayman is a perfectly legitimate productive expenditure, and under a time-limit of, say, twelve months, could not be regarded as speculative in the ordinary sense. The producer is buying goods for productive purposes with the purpose of taking possession of such goods. He is not merely dealing in paper claims to capital or ultimate goods to get something in the way of profit for nothing except a risk. It is this dealing in paper which is so characteristic of Stock Exchange transactions. The mere dealer in paper has stepped over the white line of investment, and he must be rigidly excluded from access to the National Credit for purposes of this kind. But he can get as much Financial Credit as he likes. At the present time, unfortunately, the speculator receives preferential treatment from the banker, who has cornered the National Credit and

muddled it up with his Financial credit (based on gold). So the genuine producer has to go short of credit in order that the speculator may be obliged—and the producer has to pay a rate of interest sufficient to cover the risky speculator's losses. The excuse made is that the total pool of credit is limited. So it is, as long as the pretence is maintained that all credit is confined to a gold basis. Credit should be limited for the speculator. But there need be no limit for the genuine producer.

To understand that speculation raises prices we have only to consider the history of the Lancashire cotton industry during recent years. Our other basic industries have gone the same road to ruin. The result is that our prices are so high that our foreign trade is vanishing to zero, while our home market is at the mercy of foreign cheap goods.

Mr. Hayman will find the subject discussed at some length in "The Next Budget," by Junius Junior, published by Cecil Palmer, 2s. 6d. I have myself learned a good deal from this little book. R.

MARXISM AND SOCIAL CREDIT.

Sir,—Major McGlashan writes a pertinent comment on my article, "Precursors of Social Credit," but I think the answer to his question is that in this world spirit can only work through body. We have, I believe, in Social Credit the perfect idea, but the world cannot directly implement an idea. The idea must pass through feeling. The obverse is equally true. The scientific socialists criticised from that standpoint the Socialist idealism of this country. For lack of an exact idea it just gets pushed back and back until it is now almost an extinguished flame. It was feeling with-

One cannot expect a clear idea from the mass of human beings who are beginning to refuse to work the capitalist form of society, and the scientific Socialists are trying to lead what is an already moving force. They are genuinely seeking, as we are, to overthrow not persons but the System, and they have, as we have not, direct contact with the common feeling which moves to that end.

They are mobilising the necessary matrix of feeling in which our Idea can operate. Our job is not theirs. The danger is that for lack of our clear idea the "old fellow," whose picture of capitalism belongs to yesterday, may impregnate that matrix instead of the "young fellow," whose idea can save the world to-day. Our job is to see that the conception is immaculate.—Yours, etc., W. T. SYMONS.

Sir,—Major McGlashan has missed the significance of Mr. Symons' assertion that the Marxian work and thought has "immensely strengthened" the Social Credit movement.

Out of all the political and economic thinking of the last fifty years, Marx and Engels alone analysed capitalism and saw the inevitable development of the system, in the direction with which we are familiar from Major Douglas' analysis.

The Communist effort in Russia is based on their analysis, and it is surely of great importance to recognise the fact, under the tide of revolutionary feeling in this country rises the stimulus of increasing suffering.

The situation in Russia—where capitalism was only half developed, and scarcity is still a terrible reality—is so very different from our own. But the ideas in the Russian form of revolution are far more familiar to the sufferers from poverty. And despair inclines to violence.

In the event of a revolution here—and we cannot dismiss the possibility—would it not be our salvation to have convinced the executive minds that Social Credit is based upon the same analysis as their own, and that its application can alone solve the technical problem of distribution in the capitalism of abundance reached by our own fully developed capitalism?

I think Mr. Symons' point was that we cannot afford to remain any longer suspended in the air. The Social Credit theory must come down to earth and find its historical connections. Are we not faced, otherwise, with the alternatives of the perpetuation of the present financial system or its overthrow by a form of revolution which would fail to achieve its human purposes. WINIFRID E. FISH.

GOD UPSETS EDINBURGH.

Dear Sir,—The closing sentence of Mr. Shand's pleasant review of "Father Malachy's Miracle" recalls those capacity minds which strain at the beautiful gnats of the immaculate conception, and the resurrection of the body, but who yet find it easy to swallow the financial camel, complete with its two humps; viz., the immaculate conception of money at the Bank of England, and the eternal resurrection of debts.

The only answer to the question, "How can these things be?" would seem to indicate that belief as a mental act, is

a matter of congenital capacity, a species of blindness, a matter for pity rather than criticism.

The difficulty with Nichodemus in the Palestine Drama was to get that representative of the ruler type to believe ordinary earthly things could illustrate the heavenly. In the Drama now proceeding this difficulty seems to be reversed, for the physical philosopher's problem is to get his rulers to believe in the extreme naturalness of the supernatural, and the supreme simplicity of the miraculous.

It is the time factor that makes the difficulty.

Time is the measure of the interval between events in terms of the earth's revolutions. To be short of time; not to be able to "afford the time," is therefore to be short of earth's revolutions! This time factor is the essence of every money contract. It is not a factor in a moral contract at all. Yet our people and our Statesmen are short of money in the name of National and International moral obligations, which, when clearly seen and better known, are but blind contractual obligations. They would, therefore, be "more honourable in the breach than in the fulfilment" and repudiations, instead of being vicious would be virtuous, for it would be a repudiation of the original error or deception contained in the debt settlement.

National and International forgiveness of debts would not put a heavy strain upon the heart of a god, natural or supernatural, whilst the miracle itself would be easier and simpler than forgiving ordinary sin; but it would upset more than Edinburgh. Aberdeen would be furious, and the Old Lady of Threadneedle-street would surely faint on the nearest man! J. GOLDER (M.I.Mech.E.).

RELIGION AND SOCIAL CREDIT.

Sir,—Major Douglas's criticism and attitude towards organised religion seems to have evoked the antagonism of some devoted church adherents. This is perhaps natural, since he has touched the seat of emotions; religion affords an outlet for our (defeated) emotions; a means of escape from the sordid economic realities that confront us. The church is an organ of propaganda, an important instrument in the shaping of public opinion, and in view of this, its public pronouncement such as the "conventional superfluities" mentioned by Mr. Reckitt are important.

It is common knowledge that a good deal of the opposition that Social Credit meets in the minds of many people is due to the acceptance of principles that were framed to meet economic conditions two thousand years ago.

Perhaps what Major Douglas was aiming at was more the centralised authority of the Church than organised religion in the wider sense. The power of small groups of persons to determine the thoughts and feelings of the masses as well as their physical mode of life, is perhaps the greatest obstacle to real progress that confronts us to-day.

It is seemingly suggested that Major Douglas ought to keep his technical nose out of Church business. While comparisons are odious, I should like to point out that He of Bethlehem was also a mere layman—a Carpenter, forsooth! ALFRED GARBER.

Montreal, Canada, March 5.

INVESTING INSURANCE PREMIUMS.

Sir,—With reference to the letter in your issue of March 10 regarding "Investment of Insurance Premiums," may I suggest that it would be of great interest if Mr. Raymond G. H. Dyer were asked to explain the method by which you can earn 5 per cent. tax free on insurance premiums? It appears to me to be "too good to be true." R. PALMER.

"Barter is the simple exchange of goods for goods without the use of any medium of exchange. Nowadays, of course, the civilised world conducts its business on a money basis. The use of currency has from primitive times developed and extended because of the intolerable inconveniences and imperfections of such a clumsy system as private barter, which, in modern conditions, would be quite unworkable. But now suddenly the nations are starting to do what individuals long ago ceased to do. . . . What will happen if the practice spreads? The proposal of the Russians to exchange anthracite coal for Canadian agricultural machinery aroused alarm in South Wales, where anthracite is raised and from which district over 600,000 tons per annum is exported to Canada each season. If carried out that scheme would be a vital blow to the Welsh anthracite trade, which is none too good now. Why, it is asked in South Wales, should we not take wheat from Canada in exchange for our coal?"—From an article by "C. O." in the Daily Mail of March 20.

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