

THE NEW AGE

INCORPORATING "CREDIT POWER"

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Following our comments of July 14 on the Arcos raid and the Oil situation, there now threatens to be an oil war between the Standard Oil Co., of New York, and the Vacuum Oil Co., on the one side, and the Royal Dutch group on the other. Sir Henri Deterding, K.B.E., of the Royal Dutch company, has published a blunt criticism of these American companies because of their decision to buy Russian oil. Their policy, he declares, runs "counter to the best interests of humanity and trade honesty." This pronouncement is taken to herald an invasion of those companies' markets by the Royal Dutch interests. In a wider sense this would involve a struggle between Britain and America. For the moment another large American company, the Standard Oil Co., of New Jersey, seems to be pursuing the opposite policy of boycotting Russia. However, behind these three American companies are the Rockefeller riches, and therefore it is likely that they would unite in the event of a price-war.

It will be remembered that Mr. Leslie Urquhart announced that Britain's determination of the Trade Agreement with Russia had restored to the original concessionaires of Russian oil properties their legal ownership, and that they would accordingly take proceedings against any concern which handled this "stolen" property. But it would require some cash and courage to invoke the law against a £120,000,000 Combine on its own territory; so one may presume that Mr. Urquhart has decided that it is cheaper and more effective to watch the Royal Dutch Company sacrifice profits in an economic reprisal on the Americans than for him to waste his clients' money on retaining fees and refreshers.

We suggested at the time of the Arcos raid that its object was to discover not so much what Soviet agents were doing in England as what American

finance was doing in Russia. The antecedent probability of this motive was very strong, and the present confirmatory evidence comes as no surprise. During the war Britain's most definite economic policy was to improve the oil resources of the Empire. In his "Outline of Economic Geography," Mr. J. F. Horrabin says:—

"Previously it [the Empire] had mainly relied on financial control of deposits in Mexico, Russia and Rumania, and on imports from the United States. In 1917 the Empire possessed actual territorial control of only 2 per cent. of the world's petroleum output. But the acquisition of the Persian-Mesopotamian field has to a great extent redressed the balance. That field is probably, after the Caribbean, the richest yet to be worked in the world. 'The Mesopotamian campaign,' writes Eckel, 'was the one sound commercial enterprise of the World War.' And, in addition, the Royal Dutch-Shell combine adds to the oil resources of the Empire the wells of the Dutch East Indies, as well as large holdings in the Caribbean field—Mexico, Venezuela and Trinidad (i.e., inside the American 'sphere')."

With aircraft attacking and defending London over our heads as we write, there is no need to elaborate argument on the vital importance of petrol. It might well prove to be the decisive material factor in another war. The sinking of oil wells is the digging of trenches. And the political policy of every small State where wells are situated must be made the equivalent of sand-bags and barbed-wire entanglements, by persuasion if possible; if not, by coercion. That explains the ruthlessness of "imperialism," generally, the most recent illustration of which was provided by the American Marines and airmen in the Caribbean State of Nicaragua.

In a leading article on the deadlock in the Anglo-American naval conversations, the *Daily News* says:—

"Our own statesmen have solemnly declared over and over again that war with America is out of the question, as, indeed, it is so far as human affairs are predictable at all. Why worry, then, if America chooses to build

more 10,000-ton cruisers than we require? Why worry if she chooses to be technically stronger in fighting power, if not in tonnage? It is all, of course, a matter of prestige, on her side and on ours. But what the British Admiralty has never explained . . . is why it is necessary for us to carry a cruiser fleet, with not a menace of any kind on the near or distant horizon, practically equal to the cruiser fleets of all the leading Naval Powers combined. That is parity with a vengeance; parity not with America but with the whole world."

The *Daily News* can resolve the puzzle if, instead of searching the near or far military horizon, it would pocket its telescope and glance at the economic ground under its feet. To realise the conditions moulding naval policy it must investigate those moulding trade policy. Every nation which needs a favourable balance of trade needs a favourable balance of military power. It sounds so very innocent and peaceable to say: "We only desire to export more values than we import"; but the ideal does not look the same if paraphrased: "We only want to put foreign industries and workpeople out of a job." The problem of maintaining peace between nations is at bottom the problem of maintaining the economic life of each nation's population without requiring it to sell a surplus of exports. If that is held to be impossible, then war is inevitable. But it is not impossible. From the physical point of view it is manifestly absurd, even to the non-technical mind, to think that a population can increase its collective consumption (which is what the maintenance of life means) by continually sending goods out of the country faster than it takes goods in. When the long-last word on Money has been said, nothing will alter the fundamental fact that livelihood is a matter of consuming *things*, and that the power to consume them depends on the quantity of things there are in the country to be consumed. The absurdity of the current international struggle to get rid of an excess of exports over imports can be graphically demonstrated by a few token figures. If one country, A, produces 100 articles, exports 50 to another country, B, and imports from B 20: A now has 70 articles. And if B's home production was also 100 articles, B now has 130 articles. This result is exactly the same as if A had made 130 articles and said to B: "Here, take these, and give me 100 in exchange." Every schoolboy will see the joke. But no schoolboy's father will.

The reason is that whereas the boy assumes that if he gain 30 articles on a swap he is 30 articles to the good, his father knows by experience that in terms of money he would be, say, £30 to the bad. The reason is that under the financial system a population's right and rate of consumption are governed by the *work* it does. All personal incomes—wages, salaries, and dividends—are measured out in accordance with the amount of *energy* expended in production, and therefore with the *size* of the production. What happens afterwards to the production is disregarded. Thus a population making 200 articles and sending abroad 100 of them without return is entitled to draw twice as much income as if it made 100 articles and kept them. The net balance of *real* wealth to be shared would be the same in both cases; but the monetary claims to it would flow twice as fast in the first case as in the second.

It will be seen now that the dangerous struggles of nations to expand exports and resist imports have no justification in physical reason, but occur as a result of financial policy. The remedy for war is therefore to reverse that policy so that it accords with physical facts. To bring about the change, the industrial leaders and population of each country must deal with their own bankers, who alone are

responsible for the old policy. Mr. Churchill's refusal to allow an enquiry into the financial system, as advocated by Mr. McKenna and other authorities, is a more potent *real* menace to international peace than twenty squabbles between naval experts. If the British experts tend to want all the cruisers in the world it is because British industrialists tend to want all the trade in the world. Now the Social Credit analysis has shown that the Government of any country, with the co-operation of its bankers, can remove the incentive to capture foreign markets by enlarging the home market. The process is merely one of using the credit-system to expand the purchasing power of home consumers; to finance home consumption; and to do so up to the limits of home industry's existing surplus capacity of output. The British manufacturer does not prefer to export. He is as willing to sell his goods to his fellow citizens as to anyone else so long as he gets back his costs plus a reasonable profit. It will be the business of the Government to see that the necessary money for the purpose is furnished to consumers. To those critics who say that this is absurd, we reply that the present practice is even more so. It consists in encouraging exports to foreigners and lending them the money to pay for them. Not only so, but lending the money in perpetuity—which is equivalent to *giving it to them*. The practical question emerges instantly: Why not substitute the people of Britain for the foreigner? Why not grant *them* a loan in perpetuity? Leaving aside such benefits as would accrue to the nation in contentment, enterprise, and morale, and looking at the question in a purely material way, why should Britain present foreign nations with the physical means of competing against her in trade and armaments, when by making goods suitable for her own population she could consolidate her own physical resources?

It is reported that if the present naval conversations fail, the United States Government proposes to commence a building programme of huge dimensions. This threat can be made good, it is assumed, because America has sufficient money to afford it while Britain has not. It is not assumed that, were both countries to go all out in naval shipbuilding regardless of cost, Britain would be outstripped, or that, if she were, it would be to anything approaching the same extent. Disparity in money is one thing, but disparity in productive capacity is quite another. A country which has any unused labour, plant, administrative and technical ability, can "afford" to use it, for she is somehow already supporting it in idleness. The limiting condition is the question of whether her banking authorities agree to provide the credit to set it at work. British banking authority resides ultimately in the Bank of England, and is embodied in the person of Mr. Montagu Norman. It is this gentleman who really decrees the size of the British navy. His opposite number in America is Mr. Benjamin Strong. So these two gentlemen together have the power to decree the *relative* sizes of the British and American navies. Now Mr. Norman has just returned from the last of a series of visits to Mr. Strong; and there is no doubt that the deadlock in Geneva is the outcome of their arrangements in New York. And this is typical of the world-situation generally; every international trade deadlock with its war-risk is the outcome of international banking policy. That policy, as we have seen, is to put a premium on dumping; and consequently the bankers have to deal with the insoluble problem created by the simultaneous responsive efforts of the chief nations to export more than they import. The only thing the bankers can do is to try to ration the

respective shares of such trade among those nations. The method of rationing shares of trade is to apportion shares of financial credit; for trade of any sort is impossible without it. The presidents of national central banks get together; and each, speaking on behalf of the country that he represents, pledges himself not to allow more than the agreed ratio of credit to be created there. While naval experts are sitting together to discuss a ratio of 5:5:3 in cruisers, the bankers have already established another of *a:b:c*, etc., in credit. And since under bankers' law credit is related to gold, America's allotment of shares must necessarily work out to substantial proportion of the total allowable to all her competitors together. The practical bearing of this on the present issue is clear. Naval building is included in general production, and general production is limited by credit. So once assume that Mr. Strong and Mr. Norman agree to a credit ratio, the naval ratio must sooner or later adjust itself thereto automatically. So America's threat comes to this: not "I have physical resources sufficient to outstrip yours in the matter of building warships," but: "I hold a banker's licence to use my resources more fully than you may." The lesson is plain. If the present conversations fail, and America puts her policy into operation; and if her doing so is considered a real menace to Britain's security, it will be vitally necessary for the principles of British banking policy to be thoroughly explored; and, more immediately important, for the doubt to be resolved definitely whether Wall Street owns the Bank of England.

The spirit of these comments seems highly provocative. But the real provocation lies in the facts we have analysed. That is the justification of our apparent militarism: "apparent," because fundamentally our whole argument is practical pacifism. The change in financial policy which we urge affords a common objective for the traditional pacifist and traditional militarist alike. While its adoption would, on the one hand, free our industries from all restraints on their capacity to build armaments, it would, on the other hand, remove the necessity for building them. It would endow populations with purchasing power sufficient to absorb the whole of their own industry's maximum output, and would remove all incentives to force it on foreigners. International trade would then become in fact what it is conceived to be in ideal theory—the willing exchange of goods, value for value, to the exclusive end of diversifying the character of internal consumption. No manufacturer would need to fear excessive imports, because such imports would be treated as an addition to real wealth, and made the "security" of a corresponding additional issue of financial credit. And so these imports would not, from a financial point of view, prejudice his opportunity to sell his own goods as well. Conversely an export which was not offset by an equal import would entail a corresponding withdrawal of financial credit. Present Commercial incentives would thus be reversed. International fears would subside, and these ideas is not to lose oneself in a vision. The Social Credit Proposals are not disconnected theories, they embody a practical technique for accomplishing this change, and the aim of its sponsors is to have them investigated by the most critical intellects among the nation's responsible leaders, and publicly pronounced upon, in exactly the same way as any other scientific thesis.

Mr. R. B. Kerr touches on another aspect of the existing economic disorganisation in a recent booklet entitled *Is Britain Over Populated?* This is part of the larger question: "Is the world over-populated?"

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lated?" to which Mr. Kerr must be assumed to answer "yes," since otherwise a remedy would be the redistribution of population, whereas he is advocating birth-control as the only effective remedy. The early part of his book contains information and statistics of extreme interest to readers of this journal, describing, as it does, the rapidly increasing powers of production in countries which once were dependent on imports from Britain. Generally, too, we must compliment him on the diversity, brevity, and relative pertinence of his evidence, and the lucidity of his necessarily concentrated exposition. He is a pattern to nine-tenths of the pamphleteers we have read. When we qualify his evidence as *relatively* pertinent, we mean that its pertinence depends on his evident assumption that the laws of finance and economics operating at present are not undergoing any change, nor are likely to. Grant him that assumption, and his case for conscious human interference with the birth rate is largely unanswerable within the scope of the evidence. On the biological aspect of the question he says very little. He chooses rather to discuss vital statistics against an economic background.

The population question for him is a question of providing people with food. At bottom this is a problem in physics. If sufficient food is to be provided there must be sufficient room to grow it, and there must be sufficient of the essential chemical constituents of food available somewhere or other on the globe for that purpose. Granted these, and the problem is assuming sun, air and water, and the problem is solved as a physical problem. So many tons of human flesh and bone will be sustained by so many tons of minerals, carbo-hydrates, water, and so on passing through the structure of leaves, fruit, and grain. The limiting factor is then one of *knowledge*—the knowledge how to combine non-assimilable constituents in assimilable products. The availability of human labour is taken for granted, for the hypothetical problem of "so many mouths to feed" implies so many hands to work.

Land, labour, material and knowledge are the four fundamental necessities. The location of them is a secondary consideration, because modern means of communication are to-day making faces at geography. If food for the world can be produced in the world, the distribution of food presents no physical difficulty.

Now, so far as Mr. Kerr himself refers to purely physical limitations, his only pertinent evidence is where he estimates (a) the world's land area and quality, and (b) its resources of plant-feeding constituents. But it is impossible to judge from his arguments whether he would assert that the world's available land plus the world's resources of plant-food would be an inadequate basis of food consumption if there were no non-physical impediment to their conjunction. He does not seem to have thought it worth while to consider the question from this point of view. The reason is, of course, that there *is* an impediment, and its name is *Cost*. Time and time again Mr. Kerr puts aside arguable physical possibilities of food-production on the express ground that they involve financial impossibilities. That is the main fault of his book from our point of view. We decline to regard the financial estimate of cost as a factor in a physical problem. Some of our reasons have been indicated in the foregoing Notes. Others can be adduced, but are not necessary to our present purpose.

We cannot gather from Mr. Kerr that there is any physical limitation on food-production, at any rate for a long time to come, but the world's supply of Phosphorus. Let us grant him that visible deposits

of this element are only present, in concentrated and easily-won form, in a limited quantity; and that when these deposits are exhausted there would be what he calls a "Phosphorus famine." Now, a few years ago he might have chosen Nitrogen as potentially more quickly exhaustible than Phosphorus. But to-day Nitrogen is obtainable from the air in inexhaustible quantities, and if Chili with her nitre deposits sank beneath the ocean to-morrow the agriculturists of the world would not have any cause to remember the fact after a few months. Now, it is true that Phosphorus is not obtainable from outside the earth. But, *per contra*, Phosphorus, unlike nitrogenous fertilisers, washes down through the ground exceedingly slowly. Apart from that, both elements run in cycles, and are to that extent susceptible of recovery and re-utilisation—the Nitrogen *via* animal excreta and the Phosphorus *via* animal bone. If ever the time comes, which it will not, when the world becomes anxious about Phosphorus, it can substitute cremation for burial and utilise the ash. This sounds almost as gruesome as the alleged German corpse-treatment for fat during the war—but, with the extinction of the race assumed to be in prospect, what would you? Again, what Phosphorus is lost through the ground is recoverable, *via* drainage, from the sea; or, *via* the sea, from fishes, birds, and even from sea-water itself. To recover it is all a question of labour plus the knowledge how. The knowledge we possess now. The available labour will be available in the nature of the case. The only obstacle is *Cost*, which we decline to admit is a real obstacle.

And of all the constituent elements necessary to food production the same reasoning applies. They do not sink into the centre of the earth and disappear; they are, in general, as available for working up again as is scrap-iron for making steel. And the more remotely one places the date of the population crisis (and no Malthusian puts it down within the lifetime of this or the next generation) the more time has Science to perfect its salvage mechanism.

The only obstacle to adequate food-production is financial policy. So long as a country administers its affairs on the principle that Consumption is not the proper objective of economic activity, but is rather an evil to be abated as much as possible, there is bound to arise the situation which the Malthusian interprets as "the pressure of the population on the means of subsistence." But the pressure is on an artificially restricted means of subsistence. Mr. Kerr himself proves this when, speaking of Great Britain, he shows that the countries which were once content to supply her with food in return for manufactures are now able to produce these manufactures for themselves, and will not trouble to grow food for her. He might have gone further and pointed out that these new countries are now trying to export such manufactures to Britain herself. We thus get a picture of a world of nations deliberately organising themselves on a minimum food-production in order to sling manufactures at each other. Whenever there is a bountiful harvest of grain in America, the bankers force growers to sow a smaller acreage for the following season. They also provide them with credit to enable them to hold part of the crop off the market, not, be it observed, because the next harvest may be small (they are deliberately making it small) but because the smaller the harvest the larger its aggregate price. Now this credit policy may be right or wrong from a financial point of view, but from a physical point of view it amounts to a deliberate planning of famine. To explain the consequences by imputing limitations to Nature is obviously wrong. If Nature is to be indicted at all, it is not because she can't put phosphorus into fields, but because she can't put brains into statesmen.

The Midland Bank and a Financial Inquiry.

By C. H. Douglas.

IV.

It will simplify the examination of these matters if I say at once that I believe in the existence of a definite attempt, in which publicity control plays an important part, to transfer the mechanism of Government from national politics to international finance. The first steps to this end consist in obtaining a mortgage on the principal assets, such as coal, power, and railways. Where a large foreign Debt exists, as in the case of Great Britain and the U.S., the "nationalisation" of these assets automatically achieves this result.

Simply considered as a mechanism of government, international finance in the abstract is a better mechanism, by which I mean a more effective mechanism, of government, than national politics. To say that leaves entirely unsettled the question as to whether we want a more effective mechanism of government, whether economic pressure is a justifiable instrument of government, or whether there is any reason to assume that such a government would be in the right direction or in the right hands.

Starting from this proposition, however, it is clear enough that the centralised control of credit would be an essential of such a Government: that is elementary. It is really equally elementary, though perhaps not so obvious, that a stabilised price level means centralised control of credit. This latter proposition disregards for the moment the fact that a stabilised price level is inherently impossible.

Now Mr. Keynes is a genuine believer in a stabilised price level. He seems to think it axiomatic that such a thing is desirable, and that the only question is how to get it. He is also a disbeliever in the territorial readjustments which were the outcome of the Treaty of Versailles. His well-known book, "The Economic Consequences of the Peace," while admittedly a clever and readable, though not very sound or prophetic, book, was Press-agented, more particularly in the United States, to an extent which, at any rate to me, is quite sufficient proof that it had strong financial sympathy behind it, which is what one would expect in regard to a book which condemns political settlements, and by implication exalts financial settlements. There are more direct reasons to suspect strong foreign sympathy, but this is not the occasion for their expression. Mr. Keynes is lecturing at the Liberal Summer School at Cambridge in the near future, sandwiched in between Sir Herbert Samuel and, I think, Lord Reading, and there are strong rumours that he is advising the Midland Bank. His employment as adviser to Manchester textile interests seems to suggest a similar train of thought—that the Liberal Party is now the organ of New York Jewish finance.

The whole of the above may be mere surmise. I hope it is, because if it is correct, it suggests that the most likely avenue for an effective approach to the financial problem is already controlled by financial interests, and that they have manoeuvred a brilliant and sincere economist into a strong advisory position with regard to the first serious threat to their power. I can imagine that some reader will say on reading the preceding paragraph, "Why on earth, if Mr. Keynes is brilliant and sincere, shouldn't he advise the Midland, or preferably all of the banks?"

The answer to this is contained in the proposition that the science of economics is a particular and perhaps rather complex aspect of mathematics, that is to say, of logic. It is astonishing how many people seem to overlook the fact that mathematics and logic are purely tools or mechanism. The result

that you obtain from a mathematical or logical process depends entirely on the premises from which you start, and in the hands of a competent mathematician certain premises must produce what is essentially a pre-determined result.

Now Mr. Keynes is an orthodox economist and a competent mathematician. On one occasion he himself observed to me, "I am an orthodox economist. Frankly I do not believe in the possibility of the discovery of anything startlingly novel in the science of Economics." I hasten to add that the occasion was not in any sense a serious one, and that I should not myself expect Mr. Keynes to be bound by such an observation. But there is a sense, that indicated above, in which it is substantially correct, and it is therefore a matter of paramount importance to consider the premises from which the logical process of an economist takes its beginning.

In "Social Credit" and elsewhere I have suggested that there are two separate streams of thought active in the world which for convenience have been referred to as the Classical and the Modern. In my opinion the Classical system of thought, while it may contain the essence of things which have a general and permanent application, is in the main a transcendentalised slave system. Its code of morals, its incentives to action, and its system of rewards and punishments seem, as far as we can judge, to have been the most suitable framework for a society which could not progress except by the continuous employment, in arduous economic tasks, of a great quantity, in fact, of the majority, of the human beings which comprised it. I believe that "orthodox" economics is based on the premises provided by such a society, and the more perfect the "orthodoxy" and the economics, the stronger and the more tyrannous will be the logical results of its application. We are living at the beginning of a new dispensation which in no sense stultifies the fundamentals of the old dispensation, but so profoundly modifies their reaction upon humanity that a transformation of society is not merely desirable, but essential. It is no less true than it ever was that work must be done that men may eat, but that truism is profoundly modified by the further observation that the work can be done by machines operated by what is essentially solar energy. Moreover, while I do not myself think that the principle of hierarchy is any less fundamental now than it ever was, or that there is any more truth in saying that all men are equal, I am profoundly convinced that a mere hierarchy of wealth will not fit in with the proposition that there is in physical fact enough wealth for everyone.

Mr. Keynes' education, training and the avenues of his success seem to me to make it improbable that he could grasp, in the realistic way in which it is necessary that they should be grasped, the shifting of the premises with which his economics have to deal. There are indications contained in Mr. McKenna's suggestion that his inquiry should not be confined to financiers and business men, that he also is aware of this. Beyond any doubt, this is the point that matters, and it is of the most intense and vital interest to see that this matter is not disposed of or arbitrated upon by either persons, parties, or interests whose point of view, whether they know it or not, may be symbolised as that of the Old Testament.

(To be continued.)

"In a word, there should be financial demobilisation, just as there has long since been demobilisation of the army and the navy and of all the other activities of the nation. War powers are dangerous and a menace in peace times, more so when they concern the financial and banking mechanism of the country than when they involve anything else."—*The Commercial and Financial Chronicle*.

PRESS EXTRACTS.

"When allowance is made for the advance in prices, it is clear that the volume of production in the general engineering trades in 1924 showed little, if any, increase over that in 1907, and in certain special types of machinery, e.g., textile machinery and steam engines, the 1924 figures indicate a heavy decline. . . . The total capacity of engines at these works was 388,332 horse-power, of which about 30 per cent. was in reserve or idle during the year. The total horse-power of engines at engineering factories in Great Britain during the year 1907 was returned as 327,926. The capacity of electric generators at factories in 1924 and 1907 was 166,952 and 92,506 respectively. About 35 per cent. of the capacity of the generators recorded for 1924 was in reserve or idle during the year."—Preliminary report No. 16 of Third Census of Production, quoted in *Board of Trade Journal*, June 30, 1927.

"Owing to the use of different headings a satisfactory comparison between the output in these two years is not practicable, but from the information available it appears improbable that the volume of production in machine tools in 1924 showed any advances over that of 1907."—As above, *Board of Trade Journal*, June 30, 1927.

"What is a surplus? Some people may think that a surplus is merely an excess over consumption; but the last bushel of wheat produced may be burned as fuel, and thus consumed, and yet the wheat grower will assure us that there is a surplus. Others may think of a surplus as an excess over needs. That idea also has its difficulties. We live in the sophisticated days of price economy, when hunger alone does not buy bread, but only hunger duly accompanied by hard cash. . . . In trying to arrive at a satisfactory definition of the term 'surplus' we must keep the all-important fact constantly in mind that this is a money economy. A surplus definition therefore must needs be tied up with the price concept. A surplus then is essentially an excess of supply over demand sufficient to unduly depress the price."—*Barron's Weekly*, June 6, 1927.

"From time to time the charge is made that the bankers dominate the business of the country. Bankers of the United States know that they have no such power, and they do not desire to have it. They have enough to do in managing their own business, which is dealing in credits. Sometimes bankers are forced to become merchants or manufacturers when loans made are not paid, but they do as little of this as possible, and they do not make loans knowingly which will put them in a position where they have to do it. . . . To the extent that the banker has knowledge and wisdom and prestige he has great influence on business policy, but it is influence which he has and not power."—Benjamin M. Anderson, Jr., of Chase National Bank, quoted in the *Commercial and Financial Chronicle*, June 18, 1927.

"Clearly there is a difference between the banker and the man who offers you £1,000 on your note of hand alone. The man who offers you £1,000, in a sense, the same trade. Yet they ply, in a sense, for the one performs an essential service to society, and the other is the most purely parasitic of all those who make their living out of the folly or necessity of others. But although the distinction is plain enough it does not seem to be of the kind which the Legislature can firmly grasp."—*Manchester Guardian*.

"The joint-stock banks, that is, the commercial banks proper, never borrow from or rediscount bills with the Bank of England, though they maintain large balances there. Consequently they are not the direct medium through which the Bank's monetary policy makes itself immediately felt. That role is filled by the money market, consisting of the bill brokers and the discount houses, who borrow from the joint-stock banks when possible and from the central institution only when obliged. It is primarily through this agency that restrictive and expansive measures adopted by the Bank of England exert their influence. Through its direct dealings with the money market, coupled with its open market sales and purchases of bills and securities, the Bank of England achieves the control over the volume of money which is secured to central banks in other countries by direct re-discounting and lending relations with the commercial banks, coupled with open-market transactions."—Gilbert C. Layton in *Barron's Weekly*.

"It is believed that Sir Otto Niemeyer's post in the Bank of England will be primarily concerned with the foreign activities of the Bank, which have in recent years assumed such importance, and have made our central institution so powerful though unassuming a factor in Europe's recovery from the nightmare of the inflation years. It is thought he will be elected to the Court of Directors, and it requires no great perspicacity to see in him a potential Governor of the Bank."—*The Statist*, May 28, 1927.

Ideas of Immortality.

By Philippe Mairet.

Discussions of immortality generally ignore the human retrospect. If man is not certainly deathless, he would seem to be birthless, from purely physical considerations. His body buds out of previous bodies; the life of his physical organism would seem to be as ancient as the world's own life. It may well be older: it may have originated in the sun, which still maintains it.

Reincarnationists are too little impressed by the fact that our life springs out of life, world without beginning. The body is immortal as regards the past, mortal in the future. When we discuss immortality we are usually thinking not of the body, but of the soul. We think that our personal complex of emotions and ideas might survive the body's disappearance. But this also is an idea which presents serious difficulties upon examination. The life of a man's soul is by no means one consistent, independent whole.

If anyone cares to notice the course of his inner life for even a few hours he will soon see how very much it is conditioned by the influences which play upon it from every part of the surrounding world; how little it is self-contained. If the sum of those thoughts and feelings were a man's real self, and he had lived before, then the whole of his world would have to have existed before, the same evolution, the same history, and the same people. Indeed, the whole universe must exist again and again, just the same down to every insignificant detail, for any single soul to repeat its existence.

That would be reincarnation with a vengeance. But I cannot find that anyone ever believed in it, except the Greek philosopher Zeno, and, in later times, Nietzsche. Nietzsche's doctrine was called "Eternal Recurrence," and he deduced from it a very noble ethical ideal, which was: "Act always with the knowledge that whatever you do is repeated again and again throughout Eternity."

That is a marvellous conception of moral responsibility. But those who believe in pre-existence or immortality are not really thinking of the soul any more than of the body. They are seeking some permanent being in themselves which can be conceived as independent of birth and death. That permanent being cannot be the soul, which consists so largely of transitory emotions and unstable thoughts. Nor can it be the body, which, for all its pre-existence, is dissolved into mineral and chemical substances after death.

It is that which the word "I" really stands for, the Ego itself—whose immortality is desired and believed in. That is what is so precious to us that we cannot endure the thought of its being limited to the few years between birth and death. We are not satisfied with so short a look-in upon life. We want to find some assurance that, even as we now are, so we were in the beginning and ever shall be.

That deepest reality, apart from the changing body and soul, yet firmly wedded to them both, is the Ego—our innermost being—which really eludes all definition. We know it only as the *Sense of Being Present* at whatever may be happening either within or outside of us. It is purely subjective. Pure reflector of whatever is. It is nothing in itself; but it is what makes everything possible. It is that in which we live and move and have our being. It is much nearer than hands and feet, because we are It. It is the precious gift of Consciousness, of being aware, so precious that all our theories of pre-existence, after-life and reincarnation are attempts to rid ourselves of the dread that we may lose It.

But this pure Sense of Being Present, as I have called it, is no one's peculiar property. It is mine

and yours, but it is also everyone else's. It is so fundamentally and immediately human that it is identically the same in enemies as in friends; we share it with Chinese as much as with Europeans, and even with criminals. That, I am afraid, is what we don't like.

We are partial to our own ideas about ourselves, and do not like to think that our own greatest Reality is shared equally by our inferiors—or those who are inferior from our point of view. Those of us who believe in pre-existence prefer to think of having lived before as characters who appeal to present imagination—such as Plato or Rameses. Ladies are often clairvoyant enough to remember when they were Cleopatra, but they do not remember having been anything low—as, for instance, an Assyrian servant girl who poisoned her mistress.

Attachment to our own personalities blinds us to the fact that the most precious essence of our being is common to all humanity. By nature we are spiritual snobs.

Not quite all snobs, however. There are exceptions. There are souls so simple and sincere that they never forget that the most valuable thing in existence is also as common as light, and free to all. They do not wish that their private selves should be extended into infinity, but rather that the surrounding life should enter into them. That makes them more brightly awake than others, and they seem to know other human beings from the inside. Such, for instance, are those whom we call geniuses.

Whether they are re-born or not, geniuses live on after death. Plato, Dante, Newton, and the rest are still very much alive in the brains and hearts of all men who can rise to the height of their spirits. Is not that the kind of re-birth they would have desired? Millions of forgotten workers live in us no less, since the good work they did sustains the very life of our souls.

And, seriously, which would one choose—to live on in a work which increases the value of human existence ever after; or to come back and live again on one's own account? If a soul were base enough to choose the latter, would it not be moving towards extinction?

There is no demonstrable certainty of a future life. But it is possible to live and work so that the present and future of the race may be richer in experience and clearer in consciousness. Man can save others, himself he cannot save: save his people from squalor, but not his own life from death.

Yet that tragic fate is a possibility of glory. Led by his love to work for the common good, man kills his own instinctive mechanical selfishness. A new being is born in him, working for something beyond self-gratification. The new man lets the life of others flow freely into his own mind and heart; he grows rich in the knowledge of humanity. At last, in a flash, he gets a glimpse of the very essence of humanity—the deepest reality of his own and every other being. That is the death of Self and the birth of the Higher Ego. That is Resurrection!

That is enough to give a man's life, however obscure, the same quality as genius. His work thereafter will maintain the fabric of the world. And what will he know concerning other lives?

Perhaps, by an ineffable intuition, he may know that all human egos are really contained in One Supreme Ego, which knows them while they know It not!

Which would mean that John James of Pimlico is not only a reincarnation of several past lives—as perhaps he thinks—but also of Nero, John Knox, Crippen, and the flower-girl at the corner—of the entire race, past, present, and future; only he does not know it. At present he doesn't want to know it.

Getting On.

My father lived poverty and sacrifice that his children might get a start in life. For his goodness to me I have ever felt that I owed it to him to succeed. His encouragement, and that of my teachers, which latter grew with each instance of the education my father died early for, confirmed my determination. It was, indeed, prophesied with wise looks behind my back—the prophecies always reaching me by some channel—that I should go far in the world. By this, lest anyone misunderstand, it was meant that, Fate not unwilling, and Fortune inexplicably becoming infatuated with me, I should, at fifty or thereabouts, have approaching £500 a year, and at sixty, perhaps, join the envied sect of retired gentlemen of moderate means who play chess in the cafés of less popular, and therefore cheaper, seaside towns.

My head clear of cobwebs, its machinery burnished white and in perfect running order, my judgment clear and prompt to act—this is not an advertisement, but a bare report of things overheard—I began to sweep the world before me in an office. After all, it was time I earned something, and here was an opportunity, to be taken at the flood. No mill, factory, farm, mine, or mechanic's shop for me; my dad had given that sort of thing a fair trial.

But promotion called at that office rarely—when some father of six or so who couldn't stand the pace there and at home went to Pluto for a rest. Advancement, it is true, might have been faster could we have killed the old ones off, but that was forbidden by the rules—at least, to us. (The qualification is made sadly but responsibly, in deference to memories of occasional bitter remarks dropped by those old fellows; regretted at once, no doubt, but from other motives than consciousness of untruth.)

Ambition having bitten me, I began to look about for a better post. At first I gained several, as I thought, but they turned out much the same as those I had left. Still, I was learning what to avoid. But time was flying, and I felt it urgent to work in greater earnest. My pocket-money liquefied in newspapers, stationery, and stamps, and my leisure evaporated reading advertisements and writing replies. I have often wondered whether they were delivered. If I could recover what the Post Office—for all I know—may have received under false pretences, I could depend, if not on success, at least on a good time for a week or two. At that time, waiting for the postman in the morning was like waiting for the three-thirty edition when one's hopes and money are on a horse in the three o'clock race. I've wished mine had been.

Desperate with the rate of progress, I permitted my eyes to stray from the "Wanted" to the advertisements proper. Suddenly, departing Hope turned and waved to me. In a flash I decided to invest my reserve (patiently scraped together for a week of counterfeiting the rich at Bournemouth) in a course. Anyone who reads the papers knows what a course is, or, at any rate, what it is said to be. It is not so much the royal road to success as the footpath across the fields. Its efficacy is so unquestionable, its triumph, when most doubted, so near, so sure, so inevitable—read the testimony of those who have proved it—that one must reproach one's self for not having really tried, if one hasn't tried a course. Now I was doing something again, and I felt better. I grew cheerful. Why, success so often chooses, from all the houses like it in the town, to break by force into the house of some person who has just enclosed fees for the full course that it cannot be coincidence. I worked; I danced. I sang. It was better to have decided on a course than to have been born lucky.

I learned little that was new. I had read it all before, in books borrowed from the free library, or the reference library—books that made my acquaintances set me down a trifle strange for reading, especially those with good posts. But having taken the course I could say so, whereas before I could only offer to show what I could do. So when I returned to my correspondence it was in faith that after not too many days I should get my several guineas back a hundredfold. And invariably I wrote, clearly and emphatically, legibly as if it had been printed, that I had taken the full course.

Suddenly my chance came. It shot my way like—I almost said a thunderbolt—like a football, and I caught it before it bounced, heel pressed down. My uncle having met—in some public-house, I think, but I forget exactly—an old schoolfellow who had got on, praised me unto him. He was sorry that he had nothing to offer, but he understood that the firm of Schlössel, McDonald, Isaacs, Jeffreys, & Smith, would shortly require a grade-one clerk; applicants must, of course, be nominated; he knew one of the principals, and would see what could be done. He had some shares in the concern himself. In the meantime I had better apply in the ordinary way.

The firm of S., M., I., J., & S., was well known. It was indeed almost famous for its perfect conditions; thoroughly up to date, it made use of the latest office appliances and methods, had an immense trade, and was as safe as the Bank. "Pensions, too, I believe; a job for life; wonderfully comfortable offices; promotion entirely by merit." These, and I remember not what besides, were the congratulatory and somewhat envious epithets of my colleagues.

How I thanked Heaven for making me industrious. Clear as a vision I saw the shaping of our ends for good. A grade one clerk at Schlössels, etc., must, I learned, possess fluent conversational and commercial French, Spanish, German, Italian, and Russian; thorough book-keeping, accountancy, costing, shorthand and typewriting, have a general knowledge of science with proficiency in chemistry; and have mastered banking, auditing, and company law. He must have experience of office routine and organization, card-indexing, commercial and trading methods, Continental Customs regulations, the rules governing export and shipping, and, above all, he must possess that supreme virtue of punctuality. By reason of my whole-hearted obedience to the divine voice within, I had fortunately so well used my evenings, Saturdays, holidays, and Sabbaths, that I not merely merited interview, but could present documents exempting me from the firm's qualifying entrance examination.

I was proud of the envy of my colleagues when the telegram summoned me before the advisory board of the recruitment section consulting with the directors at Commerce House, London. My best suit had been in press in hope of this. I brought it forth and donned it with gentle fingers lest I disturb its pattern-book perfection. I opened my purse, nay, I tore the strings off. I bought myself a new collar, tie, shoes, socks, and hat; and on the way had my hair trimmed, singed, shampooed, oiled, and parted, with such success that I dare scarcely touch my hat.

Taking no chances, I had another shave in the same street as Commerce House half-an-hour before the interview, and had my shoes polished almost on the steps of the house itself. At very long last, hat in hand, hope and fear in heart, and trembling at every joint, I stood in the ante-room to pass the final minutes before the judgment, praying that the board might be well pleased. To pass away the time I rehearsed or re-phrased the answers I had been instructed to give, making them more courteous here, more respectful there, and more deferential everywhere. There were five of us on the

of place. That the play, in fact, belongs to an age not long enough past to be historically interesting, is a disturbing impression throughout. It is difficult to imagine even of suburbia that there lives one solitary daughter of twenty-four years as domestic serf without a latchkey; and more difficult still to hear her tell her sister, after reviewing their sordid family connections, that they had better marry some ordinary man, take a pride in being called missus, and have a lot of kids. The mother actually opened her daughters' letters! In this day to put a trait like that in a mother is throwing the tar-bucket at the devil. That the author, however, needed such reinforcement for her views is evident in that she made the daughter's affair with her employer as justifiable as possible by putting his wife in an asylum as a hopeless case of self-induced lunacy.

In real life Edward Simmons would be, perhaps, the most difficult problem, since, while one would be able to avoid the others, one would be roused to abuse him for his spiritlessness at the same time as attracted by his understanding and common-sense. C. V. France had a very pleasant job in filling up the outline of this character. Pollie Emery as Miss Ostin, the elderly spinster neighbour, put a lot of clever acting into a part that, having no appearance in the second act, was not essential to the play. The maid servant, apparently one of those defective-minded children that lower-middle-class people are allowed by some freakishness of authority to make into their submissive drudges, was played to the life by Kathleen Harrison; and it made me almost pray for the return of kings, emperors, and soldiers; or for the use of characters of that kind, such as Shaw might make.

PAUL BANKS.

Verse.

By Wilfrid Thorley.

EPITAPH.

(After Voltaire.)

Here lieth one beneath this stone
Who lived unto himself alone,
Beware lest, when beyond recall,
Of you men say, "Here lieth one
Who never should have lived at all."

BALLADE.

(From the Original attributed to François Villon.)

Now let the dagger-blade dive through
His dastard spine! Now, slowly bled,
Set on his chest a leech or two
To feed for ever. Let the lead
From some loud culverin be shed
Upon his mouth to choke it. Aye!
Starve him in jail until he's dead
That damns another with his lie.

Let him go naked to the dew,
The open road his only bed;
Let the sharp hedgehog stab him through
His flimsy cloth of open thread,
The wind his curtain overhead.
Let scorpions bite as he goes by.
Starve him in jail until he's dead
That damns another with his lie.

Now chop his flesh and then bestrew
The air like grain that's ground for bread.
Beat him with bull-thongs; naked, too,
Let him have brambles for a bed.
And that his life be sooner sped,
Let poison fowl his blood say I.
Starve him in jail until he's dead
That damns another with his lie.

Prince! to the rack let him be led
Ten times a day, the felon. Fie!
Starve him in jail until he's dead
That damns another with his lie.

Suggestions for a Film Scenario

to be entitled

ROMANCE,

or "THE PROFESSOR'S LOVE-STORY."

By Owen Barfield.

MUSIC.

FILM.

I.

NO MUSIC.

Winter's night. Professor (age about 55) in his library writing. A bright fire burning. Through the window snow is seen covering the ground outside. The Professor takes up one of the books lying on his writing-table, as though about to refer to it.

Close Up.—A book, with the title *Geschichte der Romantischen Tendenz in der Deutschen Dichtkunst.*

He lays it down and takes up another.

Close Up.—A book with the title: *Il Romanticismo in Italia e l'influsso dei Sturm und Drang nel secolo XIX.*

He lays it down and takes up another.

Close Up.—A book with the title: *An analysis of Literary Tendencies preceding the Romantic Movement in England.*

After reading in it for a few moments, The Professor closes it, lays it down, and seems to ponder. Then he bends to the table and writes for a little while.

A VOLUPTUOUS BALLROOM WALTZ, PLAYED PP. FOR A VERY FEW MOMENTS.

Close Up.—Part of a written sheet of foolscap showing the following passage:—"Or who ever expressed with more exquisite economy than the illiterate Scotsman that singleness of emotion, that concentration of all the affections—nay, of all the faculties—upon one object, and one alone, which is in truth of the very essence of Romanticism?"

Yestreen, when to the trembling string
The dance gaed thro' the lighted ha',
To thee my fancy took its wing,
I sat, but neither heard nor saw:
Tho' this was fair, and that was braw,
And yon the toast of a' the town,
I sigh'd and said, amang them a',
'Ye arena Mary Morison.'

"There is in these lines a burning intensity. . ."

NO MUSIC.

The Professor writes a few more words and then leans back, as though searching for a word. An expression of great pain crosses his face.

II.

SCHUBERT AND SCHUMANN.

A faint nimbus of light begins to come into view around the Professor's head. It spreads and brightens, while the Professor and the whole library scene gradually fade away, till they have vanished and we are in new surroundings.

A garden in bright sunlight. Late spring or early summer. Lilac and laburnum. Enter young and beautiful maiden in white dress, who plucks flowers and flits lightly and archly to and fro. Enter a hobbledehoy schoolboy with a countenance such as the Professor's own would obviously have been in his younger days. He raises his straw hat with extreme bashfulness and awkwardness and passes on and out, looking back (this last episode only to occupy a brief space of time).

Dance of the maiden in the garden. As she dances she appears to grow more and more ethereal and angelic, the light shining through her hair and through the leaves of the trees, till finally, in chasing a butterfly, she actually flies in the air.

III.

WAGNER.

At the same moment a change in the music, announced by discords, heralds a rapid change in the character of the scene, which darkens, while the dance grows swiftly wilder and more contortionate. The face of the maiden is no longer visible, only her female form. For one moment, just before total darkness closes in, it is seen that this form is now sensually disarrayed and is making gestures of obscene allurements.

BEETHOVEN.

IV.

After the screen has been pitch dark for two or three minutes, while the music dies down and alters in character, vague form again begins to emerge upon it. All that is at first seen is a restless movement of some sort near the bottom of the screen. Then it is realised that this is water. Out of the dark gradually grows a stormy sea beating about the base of a tall rock. As the light brightens still more, the upper part of the rock takes a more definite shape. It is seen to be the upper part of a colossal statue of a female human figure—that of the Aphrodite of Cnidus. The white marble glows pink in an increasing light as of sunrise, and it soon becomes apparent that the sun is shining on the rock, or statue, from the direction of the auditorium. As the invisible source of light gets higher and brighter the marble no longer glows pink, but glitters hard and white—more and more so, until—the sun being now obviously overhead—the marble nipples look like points of steel. The projecting parts of the figure all cast dark shadows beneath them, the face in particular having now the appearance of wearing a heavy, almost ferocious, frown.

All this time the storm has been increasing in fury, the waves thundering about the rock as though trying to overturn the figure and suck it under. Yet, save for a few flecks of foam, the head and breasts have remained untouched.

The sun has now risen so high that its rim actually comes into the top of the picture. A few moments after this has been perceived, a fragment is emitted from it, a star of light, which drops down and hangs suspended in space above the head of the figure. The features begin to stir as though they had life in them and were about to speak. Darkness closes in, and the music dies away.

BACH.

V.

The screen clears again, disclosing the same scene bathed in calm evening light. The sea is rippling gently round the base of the rock, upon which sits a living woman (her features still faintly suggestive of the Aphrodite) nursing a child. The film is now coloured, and there is a strong suggestion about the whole scene of a Renaissance Italian painting. As in some of these, the child is the source of a beam of light, which shines upward on the tender face of the mother.

THE SAME ("Jesu, Joy of Man's Desiring.")

Darkness is again closing; the outlines of the picture grow dimmer and dimmer till all vanishes except the shaft of light itself, which remains, streaking the dark screen.

CHOPIN AND BRAHMS.

VI.

At the far end of the beam forms begin to appear, which, at first indiscernible, soon resolve themselves into a row of books. The light grows brighter and more diffused, until there is just enough of it to show us that we are back in the Professor's library. The source of the shaft of light is now the Professor himself. It appears to issue from the region of his midriff. The titles on the backs of the row of books which it is lighting up become discernible: Coleridge, Wordsworth, Shelley, Keats, etc. For a short time a part of the bookshelf disappears and we see through it, vignettted in a circular aperture as in a kind of camera obscura, a glimpse of bright, sunlit English landscape, with woods and hedges and gleaming river. But this soon disappears, and it is again the books at which we are gazing.

The light in the rest of the room increases at the expense of the beam of light flowing from the Professor, which gradually becomes invisible. The scene is now exactly as at the opening of the film, except that the Professor is reclining in his writing-chair, with his eyes closed and his pen poised in his hand. He gives a long sigh, stirs, stretches himself, bends to the table, picks up his MS., and scans it.

NO MUSIC.

Close Up.—A line of handwriting (the bottom line in the last "close up"):
"There is in these lines a burning intensity. . . ." A nib appears on the paper, strikes out the word "burning," and writes in above it the words "almost intolerable."
The Professor places his pen between his teeth and blots his MS. with a great air of satisfaction. He settles down to write again.

LETTER TO THE EDITOR.

TWO CRITICS.

Dear Sir,—In your issue of July 7 I reviewed Mr. Humbert Wolfe's "Requiem." Mr. J. Middleton Murry reviews it in the "Scots Observer" of July 23. The editor of the latter observes that Mr. Murry "dissents from the chorus of favourable opinions." This, however, is not the only respect in which his article resembles mine. Curiously enough, he deals with the poem from the very same angle (i.e., "Poetry and Judgment"); he seizes upon the very same points that I seized upon; and he makes the same comparisons. The extraordinary closeness of the parallelism could only be adequately illustrated by reproducing the better part of both articles side by side; but, in view of your restricted space, the following illustrations will suffice:—

I. I compare Edwin Muir's choice of characters in his "Chorus of the Newly Dead" with Wolfe's, and say of the latter: "How petty Wolfe's list is in comparison with Muir's—how suburban its distinctions and divisions." Mr. Murry also details Wolfe's list and comments: "One observes that that is, on the face of it, a rather cheap romantic division," etc.

II. I draw attention to Wolfe's reference to his own poem as "the high song," and ask, "Is he so jealous of poetry that he has called even the most absurd of his eulogists to account?" Mr. Murry cites the same line, and, referring to one absurd eulogy, says that if Wolfe was the potential Austin Dobson his earlier work suggested, "the blatancy of that outburst will have made him uncomfortable, but perhaps he is not so modest as he might be supposed to be, and, to be frank, 'Requiem' has made one dubious."

III. He refers as I did to the extraordinary reviewing and publishers' puffery "Requiem" received. I say, "What cues to his reviewers"; he says, "The reviewers seem to have responded ardently to the hint."

IV. I seize upon Wolfe's statement in his dedicatory poem that "I only know this poem is not mine!" So does Mr. Murry.

V. I compare Wolfe and Dante with reference to Power of Judgment in Poetry. So does Mr. Murry.

VI. Mr. Murry objects to "the fundamental levity" of Wolfe's poem. I quoted in this connection:—

"For how severely with themselves proceed
The men who write such verse as we can read."

The men who write such verse as we can read."
VII. I say, comparing him with Dante, "Nobody need be afraid of Humbert Wolfe as judge." Mr. Murry, instituting the same comparison, concludes, "But Mr. Humbert Wolfe is a different affair."

Altogether it is a very curious instance of two critics not only coming to the same conclusions, but taking the same angle of approach, seizing the self-same points, and making identical comparisons. The only thing lacking to make it perfect is simultaneity. Unfortunately, the two articles did not appear on the same date.

HUGH M'DIARMID.

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Except in special circumstances articles should not run on to three columns. Normally a writer should be able to explain his thesis adequately in one or in two columns. If not he should divide it with the above measurements in view.

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