

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The *Daily Mail* of July 29 discusses the decision of Mr. Snowden that the Civil Service shall suffer only one half the reduction in bonus due to take place in September under the cost-of-living agreement. This concession amounts to £1,000,000. Last September a similar decision by Mr. Snowden presented the Civil Service with £800,000. The *Daily Mail* asks, "Where's the money?" and proceeds to complain of high taxation, pointing out that further increases will dry up future sources of revenue, and drawing the moral that only a high protective tariff will afford any chance of getting more money. Mr. Snowden is "behaving like a reckless spendthrift," and is "converting Great Britain, once the world's workshop, into the world's greatest soup-kitchen and paradise for receivers of doles." With all its carelessness of statement in other directions, the *Daily Mail* refrains from saying that Mr. Snowden is a spendthrift, but only that he is behaving like one. The distinction is just: for there has never been a Chancellor of the Exchequer who has displayed such congenital hostility to spending as he. His decision to spare the Civil Service charges amounting to £1,800,000 during the past twelve months may be taken as having been forced upon him.

Readers will do well to memorise the opening sentence of *John Bull's* account (quoted last week) of why Mr. Lloyd George's and Sir Oswald Mosley's unemployment-loan schemes were rejected by the Government; namely:—"Powerful interests in the City have made it known to the Government's financial advisers" that such loans would be boycotted. This formula is equally applicable to the present case. Powerful interests in the City have made it known to the Government's financial advisers that the concession to the Civil Service is advisable on prudential grounds; these advisers have told Mr. Snowden so, and as a loyal "Bankers' Minister" he has acted accordingly. A year or two ago the Civil Service held a Demonstration at the Albert Hall, when one of their leaders (Mr. Brown we think) passed some broad hints as to the monetary losses the Govern-

ment would sustain if they did anything to abate the enthusiasm of the Service for its job. This would be especially true in the case of that vital branch of the Service which has to perform the distasteful task of hunting down, assessing, dunning, prosecuting and distraining on tax-payers. The Government really *must* feed up men who have to squeeze blood out of stones.

The conditions under which the gatherers of taxes have to do their work at the present time are so difficult that the fleeing tax-payer is discovering that if he simply drops a line to them on any query at all the chase is held up for anything between two to five weeks. As a guess we should say that the Inland Revenue Service could absorb as many officials again as are now employed, and even then find difficulty in keeping abreast of its work. As it is, the congestion is so bad that we have heard it suggested that a taxpayer will soon be able to rely on getting a month's respite every time he writes to the Inspector of Taxes to inquire how his grandmother is. We suppose, in that event, the reply of the Authorities would be to make it a criminal offence for a taxpayer to ask any questions at all. We have heard of one who says he finds that even after his fertility in devising queries is exhausted there is still scope for getting a further extension of credit. The method is really one of taking the credit. For instance: after, say, six months of haggling about what his liability is, the amount is agreed at, say, £10. As soon as the Demand Note arrives, he promptly sends a cheque for, say, £1 on account, mentioning that this is all he can possibly do at the moment. Quite a nice little time elapses before he gets a request for the balance; and upon receiving it he pays another instalment, adjusting its amount according to the time he has been left alone—adding a bonus, so to speak, if the Collector has shown patience, and withdrawing it if not. This is the principle. We do not say that we believe the yarn, but there is no doubt about the fact that the increasing pressure of taxation must increase the temptation to try out delaying ideas like this. After all, they are in the spirit of the time, for the Bank of England itself is financing instalment-selling, and there is no reason

why anybody who may pay for a perambulator bit by bit should not be assisted to pay his whack towards a battleship in a similar way.

The preservation of the morale of the Civil Service is well worth this £1,800,000 to the powerful interests in the City, and this decision to sanction the collection of the amount from the public is easily intelligible, and would be so even if the public could not pay, and the sum had to be covered by reducing Sinking Fund payments. The tradition of the Service, especially in its higher branches, is loyalty to the Government in office irrespective of its party-complexion. This principle is not impaired by Lord Hewart's evidence concerning government by Departmental Orders, because under the existing financial system administration of Parliamentary legislation would break down unless the Departments had powers to make laws within laws. It is not necessary to suppose that the motive of the official bureaucrat, as he is called, is wholly, or even predominantly, lust for power; for it is easy to show that the most unassuming official would be driven to resort to these powers by the very nature of the tasks he is expected to perform. An incompetent Parliament wills results which are impossible of achievement by permanent administrators unless they are protected from interference by the Courts of Law. Manifestly the juridical principle, "Each case must be decided on its own merits," is impossible of application to administrative processes when there is a time-limit for the accomplishment of the objective.

When we were discussing Lord Hewart's book, *The New Despotism*, we pointed out that in practically every instance that he adduced of the encroachment of the official on the prerogative of the Legislature it took place in connection with financial policy or in respect of the financial aspect of general policy. In other words, the more intimately the privileges and interests of the bankers are involved, the more numerous and flagrant are the examples of bureaucrats taking the law into their own hands. It is inevitable. For whenever finance comes into a policy a rigid time-table necessarily enters with it. The Budget is composed of figures representing an objective which must be reached in one year. To the Chancellor of the Exchequer time is the primary test of successful administration. On the other hand, to Lord Hewart, the "Rule of Law" ignores time altogether. So the bureaucrat has to improvise a system of time-saving jurisprudence. There is no alternative. The time-check on the work of the administrator is applied on even a daily wave-length by the bankers' "observers." The banks watch how the money is coming in, and if the results do not satisfy them they have the power to restrict or cut off their Ways and Means Advances, or to boycott the Government's Treasury Bill issues. That they do not exercise these powers is because the Departments keep up to their time-table. As things are at present, the strict application of the Rule of Law to issues arising between the Department and the citizen would knock the "Balanced-Budget" policy into smithereens.

We see, then, the Civil Service as essentially the instrument of the bankers, reflecting in its tradition the bankers' aloofness from party-politics, and in its practices the bankers' independence of legislative control. If you want to get rid of the Departmental Bureaucrat, you must get rid of his master, the Financial Autocrat. In this connection the spirit and training of the Civil Service are useful. Having been brought up to regard any Party as being as good (or as bad) as any other, it is ready to regard any alternative form of government as being as good (or as bad) as the present Democratic form. We might safely go further and say that permanent administrators, for

the very reason that they have been compelled to act as Departmental Dictators to achieve efficiency, may well regard the principle of dictatorship as superior to that of democracy. Again, they are instruments of a dictatorship already—a dictatorship of a private institution whose only power of commanding allegiance is its power to grant or withhold money. If another dictatorship were to appear, and could show that it had the power to replace the banks as the ultimate paymaster of the Civil Service (and of everybody else), there would be nothing to impede the enthusiastic co-operation of the Service with the new Government, and, in fact, a great deal to stimulate it. For one thing, every trained administrative official holds in hearty contempt the types of politicians thrown up by the present Democratic system; and, far from wanting to keep them in their places of privilege and incompetent authority, he would be the first to help kick them out. It is not fantastic even to imagine the initial impulse towards the establishment of a visible Dictatorship proceeding from the Civil Service itself.

Years ago Major Douglas predicted that when a public demand for the Social Credit policy became strong enough to cause the bankers to take action their final device would be to offer something indistinguishable from Social Credit. And if the decision rested with the public the counterfeit would not doubtably be accepted. For there are probably not more than ten thousand minds in this country so constituted as to grasp the issue and insist on getting the proper remedy. Considered as a voting force this number is a negligible quantity. It would need to be multiplied ten times to be worth the bankers' attention as an electoral demand. So the very hypothesis of the bankers' yielding to public pressure presupposes a pressure exercised by a number of people practically all of whom would be ready to compromise. They would know why they had approved the Social Credit objective but not why they had acquiesced in the Social Credit technique; so that the bankers would only have to say to them: "Yes, we see now that this is what ought to have been done, and now must be done; and these are the steps we propose to take to bring it about," and the "public pressure" would be transmuted into public approval of critics who wanted to keep the pressure up. The sentiment: "Be reasonable and take something on account" would facilitate the deception, with the result that the public would cheerfully accept seven bad half-crowns on account of their claim for a genuine sovereign.

The moral is this: that while it is pleasant to hear the Press teaching the public the music of Social-Credit sentiments it is premature to rejoice before we hear it teaching the words of Social-Credit methods. To give point to this warning let us quote some more than usually sound sentiments from *The Times Trade and Engineering Supplement* of July 26.

In his address of welcome to the delegates to the British Commonwealth Labour Conference Mr. J. H. Thomas was reported to have said that the present economic position was brought about by the over-production of raw materials, which must inevitably be followed by under-consumption by the people. That is, of course, a generally accepted view of the position, but it is not an entirely satisfactory explanation. We imagine that Mr. Thomas would not deny that many millions of human beings are inadequately supplied with food, raiment, and shelter, and if that be the case it seems absurd to blame over-production when the real difficulty is clearly under-distribution. The point is not merely of a domestic interest; it is of practical importance. If the idea of over-production becomes an obsession, the tendency will be to seek a remedy in restriction of output, which as a policy is retrograde and futile. The proper approach to the problem is from the other side. If something could be done to enable these millions of very poor people to purchase all that they need, it would probably be

seen that over-production was non-existent. It follows that the proper remedy for the present deadlock is to increase the potential purchasing capacity of the poorer consumers. That can only be done permanently by increasing the prosperity of the countries in which they dwell, and that is the basic argument for a policy of Empire development which Mr. Thomas advocates. The present position is that workers in manufacturing industry and in sheltered occupations are relatively so much better paid than those engaged in primary production that the latter are unable by the sale of their products to make enough to buy manufactured articles. Hence the slack demand for raw materials of which they are made.

With one or two reservations this passage does put forward a correct survey of the necessities of the situation. But there is not a word in it to suggest what ought to be done to meet them. There is, on the other hand, a following suggestion as to what ought not to be done: it is this:

The want of relativity between the emoluments of the primary industries and those of the secondary industries is the real cause of the present stagnation of trade. When, therefore, measures are taken to maintain an arbitrarily high standard for a section of the workers, the inevitable result is to reduce the number of them that can be profitably employed on that scale and to perpetuate a state of affairs in which the primary producers are unable to obtain a full share of the world's wealth. Schemes that have been drawn up with the object of creating what is known as "consumer credit" are open to the fundamental objection that their sponsors do not take into account that money is only a medium of exchange and not real wealth. Consequently, while the exchange of real wealth is admittedly facilitated by the use of currency, it is impossible to provide a remedy for the stagnancy in exchange of commodities, by merely increasing the symbols of wealth. If the world's currency were doubled to-morrow, its real wealth would remain the same.

Taking both passages together they are teaching the public to approve a certain objective but to preserve an open mind on the question of how to reach it. They are educating the public into just that state of mind that we have described above where they will be ready to say "Let the bankers do it."

We were much more gratified at this writer's explanation of why the Social-Credit method is wrong than at his endorsement of the Social-Credit sentiment. It is at least something to hear the formula "creation of consumer credit" articulated in public without a stutter. It shows that the question of methods of handling credit cannot be entirely ignored, and that the financiers are finding it necessary to justify their present methods even if only by the discreet device of attacking other people's. The more that writers concentrate on attacking Social Credit as a mechanism of economic reconstruction as distinguished from an ideal, the more we shall enjoy ourselves. For, as Major Douglas has declared, "the core of the economic problem is cost"; that is to say, it is on the plane of method, not of sentiment. So even if writers misdescribe or misunderstand the technical aspect of Social Credit we prefer them to deal with it so rather than not deal with it at all.

Schemes, says this writer, for creating consumer credit are open to the "fundamental objection that wealth" is only a medium of exchange and not real wealth." Is that not extraordinary? We cannot think of a single credit-reform theory, whether it envisages the issue of consumer-credit or any other credit, which does not proceed from or incidentally accept this fundamental truth. So far as the Social Credit proposals are referred to, we do not hold the question of what credit is to be fundamental: the question is what credit does. The nature of credit we leave to the mystics: it is the function of credit which concerns the practical affairs of life. The writer observes that money is "only a medium of exchange." [Notice that he uses three different designations in one short paragraph—"credit,"

"money" and "currency," when referring to the same thing for the purpose of his argument.] But again, while it is true that credit is a medium of exchange, the fundamental import of the truth is that in practice credit is an indispensable medium of exchange, and its provision an indispensable condition of exchange. No credit, no production, no consumption. Wealth appears, because men and women work for credit, and they do so because credit will buy wealth. For all practical purposes credit is wealth and is rightly so regarded by everybody in his individual capacity.

Nevertheless there is one practical aspect from which the writer's dictum is fundamentally important. Credit is not wealth to the bankers as it is to the community. Mr. McKenna—not to speak of pre-war text-books on banking—has established the fact that credit is created by the banks by the process of entering loans in their ledgers, which loans are subsequently entered as deposits. Not only is credit costless, but the bankers cannot lose it; they can only destroy it—which they do by reversing the above procedure upon receiving repayments of loans. And even if they could lose it by any other act than their voluntary destruction of it the "loss" would be meaningless—they would have lost, as the writer himself describes them, only the "symbols of wealth," and would leave unimpaired what he describes as the "real wealth." It follows that whenever the banker pleads that he must do this or that to "protect himself" in respect of credit-policy the answer is that he needs no protection. If on the other hand he explains that he must do these things for the protection of the community against their blunders the answer is that the "must" depends upon whether the community wish to continue under his protection or prefer to take him under theirs for a change.

"It is impossible to provide a remedy for the stagnancy in exchange of commodities by merely increasing the symbols of wealth." Blow the froth off this statement and its meaning is that you cannot get a move on with production and consumption by merely issuing more credit. "If the world's credit were doubled to-morrow its real wealth would remain the same." The futility of this sort of argument is apparent directly you realise that this real wealth would remain the same if the world's credit were halved to-morrow, or even wholly withdrawn. Applying the writer's argument to the war period we must take him to mean that the enormous productivity of our industries was not brought about merely by increasing our symbols of wealth. But if he means that increased credits did not contribute anything to this quickening of industrial effort, the bankers must have been aware of the fact and could have shown the Government how to get the results without increasing its borrowing. In that case the banks could now blame the Government for inflation by showing that it ignored their scheme for running the war without inflation. Such a thing is antecedently incredible—besides which we have the public testimony of the late Sir Edward Holden, the Chairman of the Midland Bank, who said of Mr. Lloyd George, the Chancellor of the Exchequer in 1914, "he did everything we asked him to."

If however the writer adopts the alternative meaning, and says that the expansion of credit was essential to the industrial activity of 1914-8 he cannot say that it is not essential to similar activity in 1930 without explaining why. His use of the word "merely" in his confident affirmations would give his readers the impression that he was aware of some other factor which was essential to ensure that increased production followed upon increased

of the people's leaders. Yet every one of them waits for some bigger public figure to demand the correlation of production and distribution. Not one has courage to stand by this evident fact, and insist that it shall be made the focus of action and legislation for the purpose of solving not unemployment, which ought to be a boon and a blessing to men, but simply lack of power to demand at market the abundance of goods. That failure is vastly more serious than the acceptance of a gratuity for helping some possibly desirable private Bill through a maze littered with obstructions to real procedure of any kind. It is expected of a Member of Parliament that he should be of high character, though what constitutes high character might be arguable. Yet it is important at this crisis in England's affairs that he should have something else as well. He should be accessible to ideas; he should be anxious to see the problems he is elected to solve from a would-be solver's point of view, not from that of tradition. He should not subscribe in action to useless theories for his job's sake. It is beyond question that the Labour Government does so, precisely as other Governments have done so, with the result that they are indistinguishable. What a tea-cup storm by comparison the gratuity question is!

In the F.B.I. review, a jam in the capital-market is blamed for growing unemployment and inactive production, which exist side by side with cheap money and heavy borrowing by industrial companies. It is explained that industrial borrowers of cheap money are not using it for new plant and buildings, but merely to liquidate previous charges. The new money, in short, merely pays off old and more expensive debts. Thus there is apparent over-production in industry, it is alleged, alongside under-investment in finance. It is estimated that seventy per cent. of pre-war savings went into new productive enterprises and thirty into charges on past investment. The reverse, it is estimated, is the proportion at present. This explanation is illuminating and true up to a point. To say that a high proportion of present savings goes into past debt charges, and not even into capitalisation is, however, a statement with wide implications. It implies, for example, that the diversion of consumer-purchasing power to capitalisation is by no means the only loss of purchasing power in the consumer-market; and that, for example, Messrs. Foster and Catching's analysis is totally inadequate. To acknowledge that savings, spent neither in consumption nor in further capitalisation, can be lost to the consumer-market is also a statement that the much-disputed and incredulously received "A + B" theorem is correct, and that much of the purchasing power distributed and calculated in cost is never available for the purchase of the goods produced in the consumer-market. Between the fact as perceived by the F.B.I. review writer and the same fact as perceived by the social creditor there is a difference only in the two descriptions, one leading to deadlock, the other to solution, the latter of which the F.B.I. would do well to investigate on its own account, without waiting for the Government Committee's report on finance.

The first part of the foregoing summary is also of interest—that is, the existence of unemployment and cheap money side by side, along with large industrial borrowing. It indicates that for present ills cheap money is no solution. However cheap it may be, money cannot flow as far as the consumer's pocket, except by way of the producer's costs. That way is blocked up, and only a pull from the consumer's end can move the brakes and clear the road. Until consumer credit removes the goods already produced and allows shopkeepers and wholesalers to give orders cheap money cannot re-start

production. While the writer of the article perceives this fact, he has only, up to the present, looked for potential consumers in the direction given him by politicians, whose eyes are on the ends of the earth; that is, overseas. Loans to foreign consumers, he suggests, should be offered on "speci-ally attractive terms." As every student of credit knows, the cost of floating such loans is simply the cost of administering them. Since it is not necessary to dip into any pocket to create a bank-credit, dipping into a pocket is merely the condition on which the public may share as lender with the banks. Since we do not want the loans repaid, why not offer all the world loans in return for the cost of keeping the account? Why not go a step farther, and allow common sense, like charity, to begin at home, and allow a loan to every man, woman, and child of three hundred pounds per annum, the cost of administration to be deducted? One other condition only might be suggested: that the recipients forfeit any portion of their income not spent in the consumer-market by the due date of the next quarterly payment.

BEN WILSON.

"A Mad World, My Masters!"

Addressing the American Club in Paris on July 17, M. Paul Reynaud, French Minister of Finance, declared that "the hour has struck for a rationalisation of production throughout the world." He maintained that the present crisis was due to over-production, that the raising of tariffs was illusory as a remedy for the situation, and that the only hope "lay in international solidarity and international co-operation for the prevention of over-production and for the development of new markets among the underconsuming millions of Asia."

We note, by the way, that underconsumption is considered to take place only among the millions of Asia, no account being taken of the low standard of living among European workers. Yet it is only against the strenuous opposition of European employers that Henry Ford has persuaded the International Labour Office at Geneva to make a comparative study of real wages between Europe and the United States, to enable him to ensure to all Ford workers the same standards of living and comfort as in Detroit.

"Unmanageable surpluses" lend colour to the Minister's diagnosis of over-production as the cause of the present crisis. Turning over the following papers on my desk I gather at random the following examples of "surpluses"—wheat, tin, rayon, coffee, and peaches. The American Government is sending a spokesman round the wheat-growing States to urge a reduction of acreage. He tells the farmers that the Farm Board purchased 60,000,000 bushels of wheat because the carryover last year was larger than ever before, and it is costing \$1,000,000 a month of the taxpayers' money to hold this wheat. In tin, I read that Eastern producers are invited to suspend all production of tin concentrates during July, August, and September, and thereafter to curtail production by 20 per cent. of the average monthly production for the year 1929, subject to quarterly control.

Another paper talks of the drastic steps taken by the leading manufacturers to curtail production of rayon so as to avoid creating inventories that would necessitate further price cutting, and it is added that the small number of important producers has made unity of action possible. The industry is now operating at 40 to 45 per cent. of capacity, and this has to be cut down.

The crop of peaches this year would be sufficient to pack 18,000,000 to 20,000,000 cases. But this quantity is impossible to market, so canners and growers have signed a curtailment agreement to make it possible to reduce to not more than

13,000,000 cases, "and thus prevent a catastrophe to the industry." It does not transpire what will happen to the "surplus," but a fund is being contributed by canners' and growers' organisations for the purpose of purchasing it.

Concerning coffee, the Press is more frank, and openly states that "Brazilian interests are seriously considering the question of destroying about 4,500,000 bags of coffee in order to reduce an unmanageable surplus." It is realised that "the situation is a ridiculous one," and that "wealth does not lie in producing commodities and then destroying them," but intelligent comment goes no further.

These instances are only collected from one day's batch of papers. They merely serve as indications of the fearful extent of sabotage going on in the name of the present price system. Owen D. Young recently said, "What shall we do with our surplus of wheat or cotton? We must get rid of it. There are only two ways. Either we must burn it at home or sell it abroad. If America starts to burn surplus wheat when people are hungry elsewhere in the world, that fire will start a conflagration which we cannot stop." Financiers and statesmen are embarrassed by the riches a bountiful Nature pours out. You can sympathise with their dilemma. They cannot sell it abroad, seeing that their fellows in each country are keeping the inhabitants short of purchasing power, and if they destroy it, they must do it "sub rosa," lest the hungry populace get wind of it and burn them, too!

The French Minister looks to the "underconsuming millions of Asia" to take such surpluses as are left after the process of rationalisation has been gone through. His optimism is ill-founded. Following close upon the report of the Kemmerer Commission in March, steps are being taken to put China on the gold standard. The two principal reasons why the Commission deemed the gold standard advisable for China are: "(1) China's foreign trade is almost entirely with gold standard countries; (2) China's public debt is largely a gold standard debt, and is likely to be increasingly so for many years to come." So it would appear that China is to be crucified on the cross of gold in the interests of foreign traders and foreign bondholders! In the face of our own experiences under the gold standard and still more when confronted with what Japan is experiencing, no one can pretend to claim that it is in the best interests of the Chinese themselves that their currency is removed from a silver basis. In fact, it is only by the "potential seigniorage rights that these 'necessary monetary changes can be effected without excessive trouble.' Does this mean that the Chinese Government is being bribed to put this change in operation?

Japan is now in the throes of deflation and rationalisation. She affords a woeful object lesson to thoughtful Chinese of the ordeal to which they must submit. With almost every business index pointing downward, "authorities have decreed that there shall be no let-down in the programme of deflation and rationalisation." The number of unemployed, together with those who have returned to be additional burdens upon the farm, has been estimated at 3,500,000. There is curtailment of output in the silk industry, cement, sugar, wheat, coal and steel, paper and fertilisers. But the Finance Minister Inouye remains firm. There is to be no compromise. The national Government is going to do nothing to hinder the course of deflation.

Does it seem likely that the "underconsuming millions of Asia" will be allowed sufficient purchasing power to relieve the congestion of good things in the West? I fear M. Reynaud is cherishing an illusion.

FRANCIS TAYLOR.

Good News For God.

By Old and Crusted.

When it is perceived how much evil is produced, and how much good is impeded by embarrassment and distress, and how little room the expedients of poverty leave for the exercise of virtue, it grows manifest that the boundless importance of the next life enforces some attention to the interests of this.—(Dr. Johnson to James Boswell, Esq., London, Sept. 7, 1782).

Behold, I will do a new thing; now shall it spring forth; shall ye not know it? I will even make a way in the wilderness and rivers in the desert . . . to give drink to my people . . . that they might set forth my praise.—(Isaiah 43.)

Had this course of mission addresses * been delivered by a parish priest and preserved by him in book form as a memento of his Lenten efforts, one would have nothing to express but approval, and add the hope that the author might be spared for many years to carry on his good work; but when the Bishop of the diocese takes the place of the incumbent in the pulpit it is not unreasonable to hope that his Lordship will display a more comprehensive view of his subject than is to be expected from an over-worked rector or vicar—and this is just what the Bishop of London failed to accomplish.

It goes without saying that the Right Rev. preacher carried out his self-appointed task of imparting * "Good News from God" to the parishes of North London with all the skill and fervour of one who has devoted his life to the purpose of spreading the Gospel amongst the people under his charge. Doubtless Hendon and Harrow-on-the-Hill were delighted to welcome their beloved Bishop, were edified by his translucent sincerity, and charmed by his attractive personality, but, somehow or other, he leaves on at least one reader of the written word the impression of having watched the head of a great business absorbed in packing parcels whilst the all-important problems of policy and administration lie neglected on the office table.

Now a Bishop is a man exceptionally well placed for getting things done. He occupies a commanding strategical position. From the attitude of his sacred office he can behold the working of both the spiritual and material forces of the world's economy. He is persona grata with the magnates of industry, his personal connections bring him in intimate relationship with bankers and financiers, he is a welcome guest in aristocratic mansions, and his early home was most likely one of those happy country houses which enshrine and still perpetuate all that is best in the traditional culture of England.

It would be as well to make it quite clear to all whom it may concern that these comments on the Bishop of London's sermons are based on the sincere conviction that the "Catholic Faith" and "Social Credit" are interchangeable terms. That no Bishop is an outspoken adherent of Social Credit does not prove that Social Credit is anti-christian, but that the Bishops are incomplete Catholics—with one notable exception; Dr. Gore, whose little book, "Jesus of Nazareth," should find a place in every Social Credit library, and from which the following significant words are taken:—

"There is a whole series of Christian doctrines and facts which embody the principle that the material creation is good and capable of an endless development, and so far as it has been made the instrument of evil, is capable of redemption and destined for redemption."

That is the note which is lacking in the Bishop's sermons. He is most eloquent in pleading for a change of heart, but fails to give due value to the fact that the "heart" is encased in a body whose health is influenced by its environment, and, if the

* "Good News From God." By the Right Rev. Arthur F. Winnington-Ingram, D.D., Lord Bishop of London. (Longmans, Green and Co., Ltd., 3s. 6d. net.)

"heart" is encased in a body whose health is influenced by its environment, and, if the "heart" of man be evil, it is in a great measure due to the conditions under which it is constrained to beat—a fact which the great Dr. Johnson grasped early in life and maintained until the end. Thirty-two years before he wrote the letter quoted above he said, in "The Rambler," No. 53:—

In the prospect of poverty there is nothing but gloom and melancholy; the mind and body suffer together; its miseries bring no alleviation; it is a state in which every virtue is obscured, and in which no conduct can avoid reproach.

In one of these Lent addresses the Bishop of London tells us "we must put first things first," take a large view, and "pray as Christ prayed." He then puts this utterly futile question:—

"What would you rather have, a London with no slums and with no prostitution and with no poverty, or would you rather have a thousand a year for yourself while these evils still remain? You have got to choose.

With all due respect to his Lordship—and I am as loath to contradict a Bishop as Dr. Johnson himself—I protest the choice is not with us, and there is no connection between the income and the evil—neither will prayer alone clear the slums and banish prostitution. We must "co-operate with God" by giving the poor prostitute the economic security His bounty has made possible and rebuild darkest London by a right use of our limitless credit—which is also a form of faith.

Therefore, if Bishops must conduct missions, dare it be suggested that they leave suburban sinners to their local shepherds and go into quarters not readily penetrable by priests and deacons—into the bank parlours and secluded offices of Lombard Street and the adjacent byways where dwell the men who could, an' they would, make it possible for the rulers of broad dioceses to "get things done." When they have turned the heart of Dives from the folly of "sound finance" to the wisdom of the just price, and persuaded him to pay out to Lazarus the dividend on his cultural heritage, so long and so wickedly withheld from him—when the poor man is properly fed, warmly clad and decently housed, then, and only then, may he with some chance of lasting benefit to his soul be adjured to repent him of his sins (which will no longer beset him), and to lead thenceforth a godly, righteous and sober life.

Probably no man knows better than the Bishop of London what an important factor environment is in the construction of character, and he would also justly resent any imputation of indifference to the wretched conditions prevailing in many parts of his diocese, but it is nevertheless true that both he and the rest of the Episcopate utterly fail to realise that it is within their power to "implement" this "Good News from God" by a careful study of the mechanism whereby His infinite bounty may be made more accessible to His children.

In all reverence and humility might it not also be said that it would be "Good News" for God to know that the ground was being well prepared for the sowing of the seed.

Now Wordsworth is, or should be, a name to conjure with amongst Bishops, so let the last word rest with him:—

"True is it, where oppression worse than death
Salutes the being at his birth, where grace
Of culture hath been utterly unknown,
And poverty and labour in excess
From day to day pre-occupy the ground
Of the affections, and to Nature's self
Oppose a deeper nature; there, indeed,
Love cannot be; nor does it thrive with ease
Among the close and overcrowded haunts
Of cities, where the human heart is sick,
And the eye feeds it not, and cannot feed."

Verse.

By Andrew Bonella.

Mr. Jack Lindsay's "Hereward" (Fanfrolico Press, 9s.) hammers home the last nail in the coffin of the blank-verse drama. In a wordy preface, full of such phrases as "Imagic colour," "rhythmic tempo," "gesture-symbolism," "social-problem," and so on, he admits the difficulties and hopes that they can be overcome by means of "a free contemporaneous pattern, with immediate affinities to the cinema, and at the same time to intensify by the lyrical bridges—creating simultaneously a new link between spectator and actor, and spectator and poet: merging the three in a series of crisscrossing relations which express both the subjective intricacies of our einsteinian perceptions and the ritual basis of dionysian participation." His play is written in thirty-five scenes (for the purpose of comparison, King Lear is printed (Oxford edition) in twenty-six), linked together by "lyrical commentaries" spoken in darkness (darkness is essential) with musical accompaniment.

This lyrical business is altogether too arty and self-conscious, the solemn speaking of verse to music has the peculiar effect of making decent people want to be sick. In any case, the bearing of Mr. Lindsay's lyrics on the action is not always apparent, even to the reader, who can stop to think about it, and the verse itself is poor; for instance:—

Let us be truthful and laugh.
A kiss can never be false,
although the one that embraces
break compacts as wide as a life.
a kiss can never be false,
then here is a half of the truth—
better gay fugitive faces
than constant drudgery of strife.

The break in the last line, whether or not it is an attempt to let sound echo sense, from triple rhythm to duple, is extremely clumsy.

The blank verse of the dialogue is not bad; it has free movement, which is something; but the big speeches have little dramatic or rhetorical shape. There is plenty of hearty lust, but not much living character. Here, for instance, is a dramatic twist in the exposition of the hero's character: Hereward is with Alfruda, his mistress, when his wife, Torfrida, sends for him. Alfruda, in the best tradition, twits him with his uxoriousness. He replies:—

Alfruda, stop.
I'm going, not because Torfrida calls me,
but that I may inspect the fortifications—
I've just remembered something I must test—
which is so banal as to be almost offensive. The
end, too, is both obvious and ill-advised.
[Alfruda stands looking at Hereward's body for a while,
then she turn away, deep in thought. After a space she
begins unconsciously to tidy her hair.]

That old unconscious tidying of the hair is a point too easily scored, and that clever, cynical note is ill-tuned to the ending of a heroic tragedy. I imagined that "Hereward" was one of those first efforts that should never have been printed, until I discovered in the preface that it is the fruit of several years' meditation and long experiment. In this case Mr. Lindsay had better leave the theatre to Mr. Sean O'Casey, in whose "Silver Tassie" we had the first practical and at all successful attempt at poetic drama for a good many years. It is time Mr. Lindsay, in whose work I have several times pointed out considerable talent, settled down to doing one thing really well. What a pity he did not spend the time he wasted on "Hereward" in polishing his good but imperfect translation of Catullus! I am so sick of tearing bad work to pieces that I propose to write a few words on Mr. Roy Campbell's "Adamastor," although I have not had the book

The Economic Outlook of South Africa.

[A speech by Mr. H. S. Lyons, the retiring chairman of the Transvaal Landowners' Association, at the annual meeting of the Association on June 13, 1930, in Johannesburg. It appeared in the "Johannesburg Star" of July 14.]

It has been the practice of occupants of this chair, on the occasion of our annual meetings, to review the position and prospects of agriculture and land in the Transvaal. They have, too, shown fully what are the duties and functions of land companies. To-day, with your forbearance, I propose to go a little out of the beaten track and give expression to some reflections on the economic aspects of our particular problem. On the duties and functions of land companies I shall have little to say. The ancient charge that the companies are "locking up" land for speculative purposes is seldom heard to-day. Not only is it the case that many private owners control more acres than some of the companies, but it is also mathematically certain, on the grounds of what the matriculation class calls "present value," that with the commercial bank rate at 8 per cent., a farm for which £100 would certainly be received 100 years hence would not at the present moment be worth the dam that is commonly associated with water rather than, theologically, with the more sinister element.

Would-be Farmers

To lock up land would be as profitable a proceeding as hoarding gold. The Government is ready to assist would-be farmers—and every man in South Africa is a would-be farmer—to acquire suitable land, advancing four-fifths of the purchase price and allowing the tenant to occupy it on lease with option of outright purchase by easy payments over a great number of years. They do that because they want the people to settle on the land and develop it and pay taxes. The companies, too, grant great facilities to would-be farmers, assisting them in many ways with purchase price and other aids, as has often enough been set out from this chair. Further, the companies pay taxes of various kinds in respect of the land they hold, so that it might be fairly argued that they do better for the country in merely holding it—if that was all they did—than by presenting it to the State. State-owned or otherwise, its ultimate destiny is to be acquired by a private citizen. The policy of the companies is identical with that of the State in that respect. They have sold 93,080 acres during 1929 and a total of 4,675,000 since 1918. In fact, the companies do more than the State. They are a land settlement agency, holding and making the land ready for suitable men. And if suitable men want to come to settle here the companies are practically an immigration department.

The State's efforts in this direction appear to have been confined to the reimportation, by a round-about route, of a derelict and ragged tribe of self-expatriated Boers from Portuguese East Africa. This exhausting achievement has been accomplished at a cost to the taxpayer, before even the importees have reached Union soil, of many hundreds of thousands of pounds.

Cheerful Optimism and Great Despair.

With your permission I shall say something later about the necessity of increasing our white population. For the present I may repeat that the rent paid by temporary native occupants, where there are such, is necessarily a negligible quantity, and they are not improvers of land values. It may surprise those who regard land companies as merely extortionate landlords of native tenants to learn that from reliable statistics compiled by this association, the net average annual rate per morgen received from the six most densely populated native districts in the Transvaal is 2.9d. per morgen, less than a penny halfpenny per acre.

My predecessors in this chair have dwelt on these matters in great detail, and they have been uniformly optimistic. The "optimist," we have often been reminded, is "always right." But optimism, in common with all other commodities, except gold, has been, and is, undergoing a process of deflation—assisted by Prime Ministers and Parliaments. To-day most of us who give serious thought to the world conditions which prevail are at the best only conditional optimists. We have in this country justification for being very cheerful optimists, or for viewing the future, the near future and succeeding years, with very great despair.

I propose with your kind forbearance to justify this statement and to deal with the question as a problem of economics, which is not seldom the truest patriotism. But if I should seem to begin with an economic analysis which is perfectly general, its application to South Africa, and to

for review, and although Mr. Campbell has already had generous, if indiscriminating, praise from some of the better-known critics. Mr. Campbell is a South African poet who has been goaded by the inanities of his countrymen into a state of magnificent indignation. Without being in any derogatory sense imitative, his work reads very much like Byron brought up to date. There is the same splendid egoism, the same swinging vigour, the same harking back to the methods of Pope and Dryden, and the same preponderance of rhetoric over pure poetry. To elaborate the last statement: rhetoric is the art of persuasion, but pure poetry does not trouble to persuade, it compels; "for it is not," says Longinus, "to persuasion but to ecstasy that passages of extraordinary genius carry the hearer." Rhetorical verse, of which Byron's is the most obvious example, often has tremendous movement and steady flow, the thought and expression being in solution whereas in pure poetry they are crystallised. There is, of course, no hard line between the two; Shakespeare combined them, and even Byron wrote some fully-crystallised lyrics, such as "So we'll go no more a'roving."

To describe Mr. Campbell's verse as rhetorical is therefore to deny him the highest flights, but to couple his name with that of Byron is to place his work in the very forefront of its own class. Here are a couple of epigrams of which the first is a bludgeon and the second a rapier:—

On a poet who offered his heart for a handful of South African soil.

The bargain is fair and the bard is no robber,
A handful of dirt for a heartfelt slobber.
On Some South African Novelists.

Far from the vulgar haunts of men
Each sits in her "successful room,"
Housekeeping with her fountain pen
And writing novels with her broom

Here is a fine stanza from a poem to his sister:—

Sweet sister, through all earthly treasons true,
My life has been the enemy of slumber:
Bleak are the waves that lash it, but for you
And your clear faith, I am a locked lagoon
That circles with its jagged reef of thunder
The calm blue mirror of the stars and moon.

It will be interesting to see whether, for the world, too, Mr. Campbell will become a "locked lagoon." The following verses suggest that he may be passing through the stage of rhetorical thunder to the "calm blue mirror" of pure poetry:—

MASS AT DAWN.

I dropped my sail and dried my dripping seines
Where the white quay is chequered by cool planes
In whose great branches, always out of sight,
The nightingales are singing day and night.
Though all was grey beneath the moon's grey beam,
My boat in her new paint shone like a bride,
And silver in my baskets shone the bream:
My arms were tired and I was heavy-eyed,
But when with food and drink, at morning-light,
The children ment me at the water-side,
Never was wine so red or bread so white.

WINDSOR CASTLE.

Early to-day, I rose, and saw the land
Wrapped in the splendour of the rising sun,
The birds sang merrily on either hand,
And labour in the fields had just begun.
There, in the distance, Windsor Castle lay,
Fairer for faintness, and a leafy blur,
Her walls and turrets gleaming silver-grey,
The stately relics of the days that were.
Spellbound, I gazed upon her loveliness,
Wondering what memories lurked within her walls,
Of deeds of blood, and prisoners in distress,
Of kings and queens, and royal festivals.
It seemed as though the wind stopped suddenly still,
To see that castle dreaming on the hill.

HERBERT BLUEN.

that which is our real concern, agriculture and the land, will, I hope, be made clear and convincing and helpful.

Our Finance Minister and others have excused themselves from all contributory blame in the matter of this depression in South Africa by declaring that the cause of depression is world wide, and that our country is better off than most others. But they have not ventured to say what is this world-wide cause from which South Africa also suffers. Some obscure idiot evolved the theory that bad trade runs in cycles; it is necessary and works itself out—"Alles zal recht kom." This otiose fatuity has, I believe, been repeated in Parliament to the great comfort of hon. members.

Disgrace to Scientific Age.

But such a statement is a disgrace to a scientific age. If it were true we should seek the cause and find if it were not preventable, and not submerge ourselves in fatalist inaction. You might say the same thing of plague. If it were true that things go wrong of themselves in predestined cycles and come right in the same mercifully providential way, it might explain the attitude towards the woman's vote, but at the same time it would demonstrate that human government is futile and an unnecessary cost, because confessedly powerless against blind and unintelligible fate. But we are all convinced that good management is better than bad or no management. Any human business goes to ruin if neglected. In these days the business of mankind requires a greater measure of intelligence than at any other time in history because the processes of industry, production, and exchange have become highly complex; and rapid fluctuations of values, as stated in prices, make the outlook hard to estimate, and men grow diffident of enterprise.

Most emphatically the cause of our losses and depression does not lie in an objective world or nature or providence. Human intelligence in the laboratory and machine factory has opened up for us boundless sources of wealth and means of production by the application of solar energy, while the chemists and other men of science have enormously increased our ability to increase crops and improve stock. But while they so splendidly enlarge our power over environment, the lack of intelligence in the direction of our affairs is actually destroying our ability to exchange and enjoy (or consume) the good things we do produce, and hinders us from producing the vastly greater store of goods we know how to produce if we were not hindered.

"Over-Production."

A revolution has happened and the news of it has not reached Parliament. A hundred and thirty years ago the Rev. Mr. Malthus scared the world by showing (and so great a savant as Professor Crookes supported him in the last decade) that "population is outrunning the means of subsistence." To-day the very reverse has happened, and our economic floundering arises from the too little recognised truth that means of subsistence have far outrun the population. There has been what is called "over-production," and over-production is threatened of every desirable commodity. Coal and mineral ores, oil, wheat, maize, coffee, fruit, eggs, sugar, and what not have glutted the storage sites and warehouses, and have often been destroyed on a large scale or left to rot. The so-called "laws of economy" have proved untrue and inapplicable to our days. For instance, prices are not fixed by the relation of supply and demand, but by restriction of supply, by cartels and other trade agreements. About the close of the Great War it was reliably stated that immense quantities of sugar and other foodstuffs were allowed to rot on quays and elsewhere in the interest of price making. The other day fishermen on our coast destroyed their catch because it was too plentiful, while mountains of tomatoes and potatoes have been left rotting in the markets, and tobacco lay unsaleable in the sheds. In America, we learn on the authority of some of their greatest efficiency engineers, machines are deliberately run by their owners at about 5 per cent. of their efficiency. It is no exaggeration to say that if existing machinery were run to the best of our ability, and if land and sea were harvested up to our known capacity of production, the white man's world would, under the present economic system, go forthwith bankrupt.

In our unorganised industry of agriculture, for instance, people have been sending tomatoes and potatoes to market and have not received back the price of the boxes as fire-wood, or of their bags for underclothing. Our excellent agricultural experts tell us we must grow more to the acre and anticipate the seasons; but while that might avail the most successful in competition, if the advice were generally followed, all that would happen would be that seasons would be advanced and larger crops grown—and remain unsold. Farmers can bring produce to the market place, but they cannot enable people to purchase.

In the Middle Ages humanity would have stood aghast at this destruction of foodstuffs, and the holding back of crops in the midst of a hungry world. Severe laws prevented it, but our trouble is that we see no means of delivering the produce to the real demand, i.e., to people who want but can't buy.

Human Administration at Fault.

It is clear that it is not the defects of earth and the heavens that fill the world with unemployment. The fault must lie somewhere in human administration. Now, while optimism is justified by the achievements of science and the revelation of the boundless resources at our command, is there any justification for hoping for a more intelligent administration? It is here that I become a deflated optimist. It is true that there is great discontent among members of all political parties, but that discontent is not manifested in any attempt to face or understand the reason why our energies are brought to a deadlock. Only we hear of a vague desire to join any other political party provided it is not already in existence.

The difficulty, or impossibility, of marketing goods is clearly not confined to South Africa. It is world-wide. But what is the cause? Why have in the richest countries in the world, like the United States of America, Great Britain and Germany—and Japan since she installed the machines and entered world competition—the greatest amount of unemployment? Why are the industrial classes of England living on what is called the "dole"?

If one were to ask the "plain man" why people do not buy food, clothes, houses and decent luxuries which they most ardently desire, he would doubtless reply: Because they haven't got the money, or, if he had been warned by the tricks that money values have played on us, he might say: Because they haven't the "means" to purchase.

But text books and politicians reject this apparent truth with scorn. The professors and text books tell us "goods are bought with goods," and it would seem to follow that increased production of goods should mean increased purchasing power. Yet everyone is unhappily agreed that the enormously increased production of the world since the Great War has been accompanied by an enormously decreased purchasing power relative to the goods produced. The cruel facts contradict the theory. "Alles" will not "recht kom" if we just work hard. The lazy farmer is often better off than the hard worker who at the season's end receives nothing but a bill of charges from his market agent and the railway with which to balance his wages bill.

Purchasing Power.

But if we go further, and ask where the economists got the idea that creation of desirable goods is the creation of purchasing power, I think it will be found that the economists have followed Adam Smith, who wrote about the end of the eighteenth century and was describing truly a phenomenon of times before him which were more like our natural conditions in South Africa. In the Middle Ages it was true. If a man made a desirable article he found little difficulty in exchanging it for the received value both of his labour and the raw material. Thorold Rogers confirms this and the late Lord Leverhulme's book on industrial labour confirms the much greater purchasing power of England. Those the past centuries when England was Merrie England. Those were the days when everyone knew the "just price," which is to-day an enigma for all. We cannot fix a just price according to any standard. A fair day's wage is a figment of the imagination.

I think, however, you will agree that the newer school of economists have been working in the right direction in showing that, under our modern system, the difficulty arose not through the lack of credit—credits have been enormous—but, perhaps, through a misdirection of capital plant not has happened is that huge aggregations of capital plant not only are, as we have seen, necessarily unable to create purchasing power equivalent to the "cost price" of their products, but they have, largely through bank credits, absorbed immense quantities of the purchasing power of the world which always grew quickly in times of peace in old days when a good harvest and safe roads enabled them to reap and scatter swiftly from devastating wars and droughts.

Strangling by "South Africa First."

If you have borne with me so far you will see the tragic importance of this for South Africa. Is it wise for us to repeat the mistakes of Europe and America and Japan? The world will assuredly not go back to the handloom and scrap machinery in favour of handicraft. It seems reasonable to leave the burden of work on the back of machines. But until they have discovered how to prevent the plant absorbing, and increasingly absorbing, the purchasing power, it would seem desirable for us to import these pro-

ducts from abroad and specialise in our primary industries. They resemble the products of the Middle Ages and so create purchasing power. At present we are strangling the primary industries under the slogan "South Africa First." Is this reasonable? While our population is small we must export our growing primary outputs. What are we to receive in return? Gold? We are exporters of gold, not importers. We can't plough with gold shares. The factory system of Europe leads to "dumping," that is exporting goods at less than cost price. Would it not be better to accept these things which rain upon this country of primary industries such as ours. The outside world wants our foodstuffs, our gold and many of our minerals. These industries, the natural "South Africa First" industries, will have no difficulty in marketing abroad, or in our Commonwealth of Nations, if it is treated as an economic unit. But further, such imports balance our exports in the most important factor. Our exporting agricultural industry must find something to fill the ships and trucks returning to us. We cannot stand a double freightage.

Industries merely created and sustained by protective tariffs borne by the rest of the country and specially by primary producers must justify their claim. Can they do better in this country than the factories of Europe and America do in their countries? Then why should they be allowed to tax out of life the great producing interests of mining and farming? If mining is freed from uneconomic burdens it cannot fail to enlarge the most profitable of all markets, the market in our own borders and nearest to us.

Cost and Selling Price.

If you consider the operations of a factory it is plain that, if it is to be run at a profit, or not at a loss, the price put on the commodity it produces must not only cover the wages, salaries and any profits distributed among the owners or workers, but must also cover the costs of the raw, or partially-manufactured, material used and also the cost of material and depreciation of the plant and works—the "capital" in fact. But the boot factory or the tool maker does not deliver to the purchaser any parts of the plant-capital, which is necessarily included in the price of the goods or tools he buys. In practice the purchasing power the factory creates is represented solely by the wages paid and the profits distributed. But these wages and profits must always be less than the selling price of the goods, because that selling price includes not only the wages and profits, but also the raw or semi-raw material and interest and redemption of the capital plant—which is generally, it may be added, financed on credit.

This remains true whether the profit be small or large—the amount of the "profit" does not affect the issue. It follows that every factory in the world by its production actually decreases the existing purchasing power of the world relative to the quantity of marketable goods and because every factory must, under our present system, put out goods whose price must always be greater than the purchasing power created by factory wages and profits. Now, unless the difficulty is faced at this point, that process must go on till general paralysis ensues, the greater our production the more absurd it becomes our capacity to consume or enjoy. However absurd this may seem, it is made only too apparent by the facts we are familiar with.

That, then, is the basic cause of our economic confusion—the deficiency of purchasing power—the erroneous basis of accepted economists that manufactured goods create purchasing power equivalent to their price.

Political Proposals.

We are not politicians here, but we are not debarred from political economy, and I venture to suggest that the greatest political economy will have been effected when the primary producers join forces. When the Africander on the crop land co-operates with the Africander on the Witwatersrand and all the other mineralised areas, we shall have an intelligible and successful interpretation of the good cry "South Africa First." In any definition of South Africa, the land is surely first. If the land is penalised for the factory, as it is most heavily to-day in spite of the superficial story of rail tariffs, the political cry of "South Africa First" will mean an economical verdict "South Africa Last"—killed by pals.

These are the reasons why a full measure of optimism is justified by nature. The country must decide whether it will be justified by our own good sense. Now what do our South African politicians propose? We have heard a lot of secession and the establishment of a republic. But if this country were to become a republic tomorrow it would not alter the problem in any way for the better. President Hertzog or President Smuts could do nothing more as presidents than they can do now as prime ministers. It may be there is some foreign dictation or influence in this country which affects the problem. But,

if it is so, it is here because of the deliberate choice of our governments.

If, as seems very likely, the question of purchasing power is closely bound up with the issue of credit, then we should naturally examine our banking system in this connection. The Reserve Bank has imposed, through powers derived from Parliament, the severe rate of 6 per cent. on its best customers—the commercial banks which are subordinated to it. Now, this country is certainly not less solvent from any point of view than Great Britain is. But our official bank rate is double, or more than double, the rate imposed on British trade by the Bank of England rate. Why? Mr. Clegg's explanations and reassurances do not bring much comfort.

(To be continued.)

Reviews.

The Wooden Woman. By Alexander Townshend. Heinemann. 7s. 6d.

The title of this new novel refers to a ship's figure-head. Mr. Townshend's tale is a fantastic romance of the sea, and the basis of his tale is such a long series of coincidences that only politeness saves it from being described as a farcical romance of the sea. Certain events having occurred previous to the launching of the good ship "Heaven Belle," and those events concluding in various unpleasant consequences during the maiden voyage, it is the author's purpose to show those same events and unpleasant consequences happening again on the same ship, but in the persons of the next generation. The son of the captain is the captain, the son of the mate the mate, and so on down the list of dramatis personae. The only alteration in the concatenation of events is at the end, when "Love triumphs" in the persons of two, who in the last generation's tragedy were unjustly killed, and death takes the next amid the violent disturbances of a tempest.

J. S.

Empire Stocktaking. By L. St. Clare Grondona. (Simpkin, Marshall, Ltd. 10s. 6d.)

In the midst of the hubbub of politicians and journalists chattering about Empire Free Trade, Imperial Preference, Empire Marketing Boards, and other important-sounding methods for curing unemployment and empty purses, Mr. Grondona has at least done something sensible by going into the kitchen to count the goods in the larder. He seems to have done his complicated job very thoroughly. He has sorted out and tabulated from official sources, clearly and concisely, all the important ingoings and outgoings of foodstuffs and raw materials between Britain and the units of the British Empire, between Britain and foreign countries, and between foreign countries and the units of the Empire. He is careful to italicise the statement that his work "contains no propaganda." Propaganda by whom and in favour of what? Obviously, the book is designed to facilitate and improve inter-trading within the Empire at the expense of foreign countries. Why not? In any case, as the author admits, if his work is confined to the statement of facts, "those facts, while being incontrovertible of themselves, inevitably lead to the drawing of deductions that are controversial." There is no doubt about that. This volume of statistics is to be published annually, according to a note on the title page; so it seems that Mr. Grondona is already assured of a profitable circulation.

J. S.

Economies in railway workshop production were revealed by Mr. J. H. Lemon, the L.M.S. wagon superintendent at the annual conference of the Institute of Transport, which opened at Glasgow yesterday. One result of the amalgamation of the railways, he said, was that a carriage which used to take six weeks to erect at Derby could now be put together in one hour.—*Daily Herald*, July 9.

What I am curious to discover is how Dean Inge imagines he is going to get moral regeneration without social reform? He is surely not in the stage when one believes that mere moral preaching will effect social reform? Greek philosophy saw what apparently Dean Inge does not yet see, namely, that ethics proper is a branch of sociology, and that the good man as a general social feature can only exist in a good society. Christianity took the opposite view because its ideal good man was not a member of society—save accidentally so—at all. He was one who gained the character of a good man because he kept himself unspotted from the world, bent upon one thing and one thing only, the salvation of his own soul.—Chapman Cohen. *Freethinker*, July 27.

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

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

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