

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Mr. Aberhart's Election Booklet.

We have received a copy of a booklet issued by Mr. Aberhart for propaganda use in Alberta. It is entitled *Social Credit Manual—Social Credit as applied to the Province of Alberta*. A line at the foot of the cover announces something that all electors love: "Puzzling Questions and Their Answers." In the "Preamble" Mr. Aberhart shows his recognition of this weakness of theirs by offering it further indulgence. He says: "Should we omit any real feature of distressing importance we trust that our readers will inform us so that it may be added in our next issue." More than half the text of the booklet is devoted to the reproduction (with answers) of sixty typical questions. The other half of the text gives an account of the "Foundation and Superstructure of Social Credit in Outline" and of "Social Credit as a Remedy." The text covers less than half the booklet, the rest carrying advertisements. The total number of pages in it is sixty-four. It bears no price, and was presumably distributed gratuitously. There is a potent injunction at the end of the "Preamble":—*Be sure to spread this booklet far and wide*; and whether it was the directness or rhythm of this simple slogan, the result of the election indicates that its prompting was thoroughly acted upon.

The lay-out of the booklet is so arranged that the text is on the right-hand page at every spread, the left-hand page carrying the advertisements. The latter average three or four to a page—most of them running five to a page. So numerous are they that some have had to be inserted on the right-hand page. And the range of products and services offered is remarkable, considering that most of the advertisers have their headquarters in the Province. Beauty treatments, carnival specialities, and diamonds (yes, there is a diamond specialist" in Calgary) vie with typewriters, oils, sheep-dips, gas-engines, motor-cars, milk, bread, clothes, paints, flowers, and a host of all else for the patronage of the reader. And

this, combined with the over-spilling of many advertisements into the text of the booklet, has the effect of conjuring up a picture of Mr. Aberhart being interrupted in his discourse and exposition concerning consumer-dividends by enterprising gate-crashers eager to book in advance the patronage of the heirs-apparent to the twenty-five dollars a month. Open the booklet anywhere, and you can say to yourself: "On my right, Mr. Aberhart inspiring would-be consumers with hope, and on my left, would-be producers reminding them of the number of things there are to be hoped for. Needless to say, the appearance of the pages would make the fastidious stylist in literature and lay-out foam at the mouth, but there is no doubt that this conjunction and intermixing of offers to sell with an exposition forecasting empowerment to buy, gives an added punch to the appeal of the booklet, and is calculated to give the most casual reader of it the idea that there is all-in practical business afoot from which he cannot afford to be left out. If Mr. Aberhart intended to produce this effect—and from collateral indications we should think he did—he shows himself a first-rate publicity-man.

Again, with regard to the answering of questions. The questions cited belong to as many frames of reference as do the advertisements exhibited side by side with them. They are arranged in a coherent sequence so far as possible compatibly with the problem of dealing with every typical question that has been asked. Questions raising the deeper technical issues do not receive elucidation which would be satisfactory to students of Social Credit, but the mere citing of them has the effect of inspiring the average reader with confidence in Mr. Aberhart's ability to answer them. Why should he, the reader would ask himself, draw attention to these doubts and implied criticisms—especially in an electioneering pamphlet—unless he knew how to resolve and answer them? Other types of question, especially those involving moral and legal considerations, are more satisfactorily answered. Taking all the answers together they are calculated to create a strong presumption in the minds of the electorate that Mr.

Aberhart "has thought of everything and on everything," and to put them in the mood to accept his readiness to answer as better proof of his fitness for Governmental responsibility than the content of the answers.

* * *

It should be noted here that the one thing which Mr. Aberhart did not do was to suggest to the electorate that it was not their business to go into the whys and wherefores of Social Credit policy. While it is true that the mass of the electorate are incompetent to adjudicate on technical principles and methods it is politically inexpedient to tell them so in an electoral campaign where one is in competition with proponents of rival policies, unless, of course, all the rival leaders agree to tell the electorate the same thing. Unsound policies are easier to explain in technical terms because those who advocate them are able to invoke plausible principles in phraseology familiar to the ear of the public and to formulate methods of applying them to which the public are accustomed. They can afford to pay the public the compliment of inviting judgment on means to ends, and to argue their case accordingly. For the same reason they will prompt the public to demand the same compliment from the Social-Credit electioneer, and to construe as arrogance or incompetence any attempt to evade technical explanations. Mr. Aberhart took the tactful course of treating the public as if they had the right to inquire into the question from those angles which long tradition had made them feel competent to attack it. And he could afford to take that course because he conjoined with his technical exposition as to means the most definite and concrete end that can be formulated—twenty-five dollars a month to everybody. "Be sure to spread this promise far and wide," said he in effect, "I will tell you why, how, and even when, I will fulfil it; but if my explanation does not satisfy you, don't let that stop you from demanding the dividend and putting into power the party which intends to get it for you."

* * *

Further, Mr. Aberhart's astuteness is even more definitely established by his device of printing in his booklet what purports to be a facsimile of the certificate whereby drawers of the promised dividend will transfer it as and when they make purchases with it. It reads shortly and simply:

STATE CREDIT HOUSE BRANCH.

(Address.)

This is to certify that I am in debt to
for the sum of dollars for
Please credit him and charge to my account.

(Signed)

In principle this is a cheque-form usable against dividend-deposits. Mr. Aberhart describes it as a non-negotiable certificate. He thus describes it to distinguish it from money. It is, he maintains, "an undertaking for the payment of" money, and if delivered by the maker to his immediate creditor, will not circulate as money or as a substitute for money, and therefore will not be contrary to the Bank Act. He states that the Bank Act permits the use of (a) cheques and (b) promissory notes, bills of exchange, these being undertakings for the payment of money which do not circulate as money. These statements are made in reply to a question concerning the legality of the certificate, so they need not be discussed in the present context. The point here is the psychological effect of printing the

form. It comes as near as is feasible or legal to distributing a sample of the dividend—as something equivalent to letting the electors have a peep at the wheels of the mechanism which they are to operate when its operation is legally sanctioned. It deepens the impression in the elector's mind that Mr. Aberhart is well away with his preparations, and therefore helps to confirm his belief that Mr. Aberhart knows what he wants to do and expects to be allowed to do it. The certificate fills a page. On the opposite page five traders are offering to supply, respectively, sweets, radio and refrigerator installations, beauty treatments, farm implements, and milk. The last-named splashes the slogan: *Use More Milk*. There are one or two wags in our circle of acquaintance who, if they had been in Alberta recently, would have filled up the certificate, detached it from the booklet, and offered to exchange it for milk—or a beauty treatment. Let us hope that somebody did so, anyhow. A little levity introduced into controversies or counsels on the money question is a badly needed ingredient—there is too much solemnity about the whole affair, where the bankers see ruin in credit reform, and credit reformers see bankers behind every bush, and calamity behind any divergence from strict uniformity of action.

* * *

We print elsewhere for the information of readers who care to study them certain extracts from official documents issued by the Alberta Legislature. They are some months old, but our policy of delaying publication until after the election is justified by the fact that what has happened in Alberta has lifted them out of the academic on to the practical plane of politics. It will be seen that Major Douglas refrained from criticising Mr. Aberhart's (reported) broadcast speech in the same way as if it had been a considered detailed statement of policy by an established Government. The issue to-day turns on whether certain views which Mr. Aberhart expressed during the electoral campaign are matters of principle or expediency with him. If the latter, the way is open for modifications in the popularised outline of the scheme which will make it workable legally and technically in the shortest space of time.

* * *

The *Observer* alludes to Major Douglas's forthcoming visit to Alberta under a headline reading: "Douglas to the Rescue," and meant to be taken ironically. The writer of the paragraph is having a bet with himself that Alberta's "escapade," as he calls it, will cause a boom in the stock of orthodox financial theory and policy. That may be so immediately. There cannot be action without reaction; and during the short time left before the Dominion elections take place it will be impossible to prevent the notion spreading among the affluent classes that it would be they who would pay for the dividends in Alberta. The Alberta vote is a gesture of financial secession, and will encounter a parallel form of resistance to that which Western Australia's demand for political secession evoked. But resistance is precisely what the Social Credit party wants. Nothing is worse than indifference. If Mr. Aberhart had done nothing else he has made it impossible for Social-Credit ideas and demands to be stifled or laughed away. Whether he repeats his success in other farming provinces is of much less importance than the fact that the bankers must oppose a frontal resistance to his progress. In doing so they cannot help but bring the fundamental challenge of Social Credit into sharp focus. Whichever

side wins the public will, for once, get a clear idea what has been won or lost. And because of this, the coming election, instead of closing the issue, will make it more lively, no matter what the figures of the poll may be. During election campaigns the people stop thinking. And, it must be confessed, they have in the past not resumed thinking afterwards. But from now onwards they will have inducements to resume which have hitherto been absent: there will be something concrete to think about, and, if Social Credit campaigners know their business, there will be plenty of ways in which elected members of the Legislature can be reminded that the winning of seats is not the end, but the commencement, of their troubles.

* * *

When people are "right up against it," as the saying is, they act on the principle: Each for himself and devil take the hindmost. Everyone who acts for himself and for the sake of himself is *pro tanto* an auxiliary in the Social Credit forces. The famous M. Marang did a great stroke of work for the Social Credit campaign when he introduced illicit bank-notes into Portugal. He and his associates were like bandits descending on the flanks of the bankers' forces. So were Mr. Clarence Hatry and his associates. And the same with a whole list of other names made familiar to readers of this journal. These illicit acts were all forms of direct action against the usurpers of the prerogative of law-making. They did more to expose the anomalies and abuses consequential on the existing principles of finance than any amount of Social-Credit exposition.

* * *

If anyone will reflect on the signs appearing everywhere of the disposition of people to flout the law or test the law in the search for escape from financial difficulties, he will realise that even if every Social Credit propagandist and agitator took a holiday, the bankers would yet have their hands full dealing with these unwitting auxiliaries of ours. Only last week we were able to record the attempt of the Danish farmers to get control of the exchange business. And this sort of thing will go on, sapping and mining the positions which look so impregnable to us who would assail them constitutionally. And that is by no means all. The bankers' own officers will become distrustful of them. The creeping paralysis of intellectual disaffection is eating its way under the skin of officialdom in every department of State.

* * *

Social Credit is coming, anyway, and just as much in spite of as because of attempts to impose uniformity of action on the visible and regular forces of the Movement. The invisible irregulars cannot be disciplined or directed. And a good job too, for the regular leaders would have to disown them and condemn many of their activities. Yet they are letting down the draw-bridge of the "Fortress of Basle" and preparing the way for its capture.

Social Credit Novel.

John Hargrave has a new novel coming out entitled "Summer Time Ends." It is being published on September 30 in America by the Bobbs-Merrill Co., of New York and Indianapolis, at three dollars, and is due to be published in Great Britain by Constable and Co., Ltd., in October. The price will probably be 12s.

The book deals with the problem of poverty amidst plenty from the Social Credit point of view. This is what the English publishers say about it:—

By turns poignant, gay or tragic as is life itself, the book is an attempt to view life whole, and it succeeds. One of its most remarkable features is the power and assurance with which the author draws his widely varied people, each of whom stands out clearly as a personality. He has an easy omniscience which is almost uncanny; one feels that he has known intimately his whole range of characters, from peers, bankers, and literary bohemians to charwomen and cockney children.

Money Shortage and Dividends.

By John Grimm.

Defenders of the present financial system say that enough money is distributed by industry to the population to pay the cost of all the production. Thus they deny the necessity for the population to receive dividends payable in new money which does not enter into costs—as proposed by the Social Credit advocate. They say that this money would be superfluous, and that it would cause inflation. Prices would rise against consumers, who would get no more for their money than they do now.

They ascribe the present lack of purchasing power among the population to various causes, the chief of which are concerned with what the richer classes do with their money. Some point to their keeping their money idle in the banks, others to their saving of it in the form of investments. When all such explanations are gathered together they amount to the proposition that all would be well with industry if the better-paid classes of the community made "proper use" of their surplus incomes. What this proper use should be is only vaguely indicated.

But one need not trouble to guess at the answer. The proposition can be tested in a simple way. For those who put it forward are thereby committed to the theory that the problem would be solved if there were *no better-paid classes*—or, rather, that it would not have arisen supposing that everybody had received the same income (whether as wages, profits, or dividends) since the beginning of the monetary-economic system.

Now, these proponents do not forbid the *principle* of private investment, so it may be supposed that if everybody had received, spent, and invested the same amount of income in exactly the same proportions the requirement of the proposition that money should be "properly used" would be fulfilled.

If that had been happening, the broad result to-day would be that industrial capital would be equally held by the population. What its proportionate value as against incomes would be is immaterial. But the figures would be of the same order as those which are recorded or calculated in respect of industry to-day. To-day industrial capital is measured in *units* of thousands of millions of pounds, while the total amount of money belonging to the population is not more than two thousand millions. Let it be assumed that the capital held by the population was £50,000 millions and their money £2,000 millions. Everybody would own about £1,000 worth of industrial stock and possess about £40 in money.

Assuming, as must necessarily be the case in this situation, that industry is under a trustee-management on behalf of the population, the question arises: Would the manager be able to show better results than those which are experienced under the system as it exists to-day?

He would not. He would have to borrow from the banks. Every pound he borrowed would create a new cost to that amount. And, being obliged to keep an eye on employment, he would have to allocate his borrowings along the whole line of processes from natural resources to consumable products. Even supposing that every producer along the line disbursed the whole of his share of the loan in remuneration to himself and his employees (an impossible conception practically, for it would mean that no producer bought anything from an-

other producer—or that, if he did, he would sell to other producers as much as he bought from them, and so have his money back to distribute to self and employees) there would be trouble in the consumption market, for the proceeds of the whole loan would immediately arrive in the market, whereas only such intermediate goods as had been ready for immediate conversion into consumable goods would arrive there (a small proportion of the total new production and cost). There would be an excess of effective demand over effective supply. If the manager imposed a price limit to prevent inflation, the unspent money would be saved, i.e., directly or indirectly invested by the consumers. If he allowed the consumable goods to fetch all they would, the same money surplus would fall into the producers' hands and be saved directly or indirectly in the same way. In neither case would he have prevented an addition to the stocks and the capital valuation of industry involving additional claims due to be recovered in respect of additional investments. Possibly as much as nine-tenths of the cost values created by the loan would remain standing as a new debt owing by consumers to industry and by industry to investors.

In this hypothetical case of the stock-holding community you would have the fantastic spectacle of each holder watching his £1,000 holding going up in value, while his income bought him no more goods in the consumption market than before. He would, as investor, be credited with the increase, and as a consumer, be debited with it, but this increase, both in figures and in the things represented by them, would remain on the inner side of the industrial counter.

Now, the interest of the investor and consumer alike lies in drawing out, not in adding to, the wealth already accumulated in industry. This does not mean that industrial wealth should not be increased, but that at present the proportion of wealth being drawn out is much less than industry could supply out of its resources as they exist now. We have all round us unused physical capacity plus undistributed means of life, and this phenomenon is a sure sign of a disproportionately low rate of drawing out, and of the necessity of slowing the rate of industrial expansion relatively to the rate of industrial distribution. But this remedy cannot be applied within the laws of bank-loan finance, nor would it even if the whole population held industrial stock in equal quantity. *Titular ownership* is one thing: *beneficial possession* is another. And between these two prerogatives there is a great gulf fixed—the gulf between the £1,000 stock-holding Dives, and the £40 income-receiving Lazarus, embodied in the person of one John Citizen.

Now, supposing the hypothetical manager could get a free hand to fulfil the interests of his investor-consumer patrons, he might possibly satisfy himself that the above £1,000 : £40 index registered a point at which industrial expansion could be arrested while distribution was quickened up. (This is not necessary, as already stated, but let it be supposed that he makes that decision.) He could raise a production-loan as before, and he could advise each investor-consumer as follows: "You will get so much earned income out of the loan, and you will set to work converting as much of your £1,000 worth of industrial wealth into personal wealth as possible during the period of the loan. Since the material you convert is already yours the price of it to you—whatever the quantity—will be the cost of conversion only: your earnings will absorb the lot." (This is the principle of the Social-Credit discount.)

Alternatively, he might say to the citizen: "I'll add the value of the wealth you convert to the income you receive for converting it, and the total will be the price to you. And I will give you the money necessary to make up this price. (This is the principle of the Social-Credit dividend.)"

Social-Credit technicians will rightly point out that the distribution of dividends or allowance of discounts is only valid while production exceeds consumption. In this illustration it could be pointed out that the people would be living on their capital. But the point is that if there is no way in which people can live on their capital (if it is there to be lived on and if they decide to live on it) then there is no way in which they can live by accumulating new capital. So it is important to establish the fact that there is a way of converting and distributing past accumulations of wealth, for this proves that there is a way of converting and distributing new wealth and thereby making it worth while expanding industry until consumers are satiated with its output.

Notice that it does not matter whether the hypothetical manager calls the money he distributes a gift or a loan. Ex hypothesi he gets it back in price. So he could borrow it from the banks in addition to the production loan, and repay both loans out of price. And, assuming that the result was to cause a net depletion of industrial wealth, he would write its monetary value down accordingly. This would be an act of "re-constitution" as the bankers call it, but with this difference, that while the investor-consumer citizen would find his £1,000 holding cut down to, say, £800, he wouldn't have to peer down the drain to see the hole in the sewage where his property had dropped; he would go home and inspect it in his larder, his drawing room, and his garden. The scrip of Dives would have been re-born in the inheritance of Lazarus.

The Point of the Pen.

By R. Laugier.

XLIII. (v).—IRISH FREE STATE: IMPRESSIONS.

The kindness and gentleness that one discovers commonly in the Irish character only add emphasis to the shock one receives when one hears of acts of brutality. And one often hears of such acts. The men frequently appear to have a kind of callous indifference to death. I am frequently reminded of poor N. V., who came over here, as a London reporter, during "the troubles." When he returned to England, and described to me what he had seen, he said, "My God! They kill each other for a joke! Just for a joke!"

N. V. had a good war record, and was not easily disturbed, but he was shocked by a sort of casual violence, that is horribly strange, and seemingly characteristic of this land.

Irish history is a deadly affair of ambushing and assassination; and it still goes on, even as I write to-day. In Belfast snipers fire upon those who follow the funeral of a murdered man, and the cortège turns aside to burn down a house. Two or three fanatics hold down a struggling man, and carve the sign of the cross on him with a razor. One woman, in the hospital and shot in the lungs, gives a horrible description of her would-be murderer coming to the door of her house: the man was so blind and shaking with the lust to kill that for several seconds he could not hold his revolver steady or even see his intended victim.

In the house in which I am now staying are two bullet holes in two front windows. The bullets were fired casually during "the troubles," a sketchy, lazy attempt to murder a certain doctor.

Last Sunday, at a hurling match, poor M. accidentally knocks out X. It is serious. X is annointed on the field. But, taken to the hospital for dead, he recovers fully in two days' time, and returns home. M., who struck the unhappy blow, is profoundly concerned, and beside himself with regret and grief. This is well-known. Nevertheless, some hooligans attack M.'s sister—on the Sunday evening—and so batter her with stones that she lies in hospital now, nearer to death than X. ever was.

Heavy drinking in these parts, and plenty of "wild Irishmen." In the very presence of W. F. and H. D. men coolly bet which of the two will be alive in six months. W. F. is the more likely to stay the course. H. D. "has a heart." He also has a very charming and attractive young wife, so one hopes he may go "on the wagon" and stop there.

To me this quick, horizontal drinking is distinctly distasteful. Accustomed to civilised cafés, I dislike having to stand at a bar or sit in a box-cupboard, and "push down" six glasses of beer in twenty minutes. I go in for *one* drink; I find five of "the boys," and I must have six drinks. If I lived here I would cut it out, though I became as unpopular as the man in the advertisements with halitosis. But I am only on a visit, so I weakly join in the dreary revels. I am reminded of Arnold Bennett's journal. Eight men come into a bar, and one says: "How many are we? Eight? Right! Boss, sixty-four whiskies and soda!"

No wonder they burn down churches here, when men sit for hours, if not for days, in a kind of boot-locker, swilling pints of beer, with occasional excursions into strong whiskey.

The Royal and Ancient City of Cashel is situated in the heart of Tipperary's Golden Vale. A city of Kings—the ancient Kings of Munster, and others. The Rock rises to over 300 feet, and the valley lies smiling before you. In the distance the Slieve Blooms and the Galtees.

The Castle stands within a stone fort, which was "strengthened and beautified" in 990 by Brian Born. His great grandson, Murrough O'Brien, in 1101, gave Cashel to the Church.

Ruins here date back to pre-Christian times; but most of what you will see now belongs to the Tenth, Eleventh, and Twelfth Centuries.

There are ruined cathedral, and Castle, and a small exquisite chapel in a good state of preservation. Outside the ruined Cathedral, a monolith surmounted by a Celtic cross. The monolith shows carvings connected with sun-worship, and was a Druids altar. Later it was a coronation-stone for the Kings of Munster. The cross is ancient, and unique. The figure of Christ is draped: its uniqueness lies in the fact that, on the other side of the cross is the carved figure of a bishop—said to be St. Patrick. In the roofless cathedral is a leper's "squint-window": the leper could look through, and, without being seen by the congregation, could himself watch the priest officiating at the altar.

But the gem of the collection is Cormac's Chapel, built 1127-1134 by Cormac MacCarthy, then King and Bishop of Cashel. Here is chaste and beautiful Pre-Norman ornamentation. A beautiful arch slopes to the

left in lop-sided manner: this is deliberate, for "the head of the Saviour dropped to the left as he died on the Cross." The tracery inside the chapel is purely Celtic and resembles the ornamentation of the famous Book of Kells. The "coffin" of King Cormac displays heads of dragons on wolf-hounds, entwined with an endless girdle, signifying eternity.

Only seven miles from Cashel (and three from the Cathedral town of Thurles) is the Holly Cross Abbey. It was built by Donald O'Brien, King of Thomond, circa 1167. Cistercian monks were here until the Reformation.

A pleasant spot on the banks of the placid Suir. The Abbey is very still, and quiet, and for some time I have it to myself, except for a goat who feeds in the grass-grown quadrangle, and raises his bearded face to peer at me for a moment. All around are groined arches and wrought windows, and ancient tombstones: but on one tombstone lie some very fresh, poor country flowers.

The resident caretaker comes to disturb my tranquillity; to bore me, and to take my money. He is a fine old chap. Obviously an old soldier; very erect, with a grim, aquiline face. He asks whether I am English or American. He has been for years in America. I am English. "Ah! They're the decentest folk I've met. The decentest!"

He has enthusiasms this caretaker. He launches out into description, historical narrative, and dubious archaeology. I have to put my finger in a hole, worn into an altar stone, and wish. I am told the history of the altar, and the hole (the curse of a queen resting upon a family for seven generations), but I am tired of legends and antiquity. After an hour or two in Cashel I experience that reaction known so well to the blasé tourist. At first a thrill, and sober veneration; then boredom; then a ribald desire to dance on dusty tombstones, and pull the stone noses of Saints and Kings. Alas, the poor human spirit cannot support sublimity for very long. The common clay will out!

So I tell my old soldier that I must return, and get home before dark. He assures me the English are "the decentest folk," and I give him two shillings. He is, it appears, a widower, and quite recently lost his wife. He lives here alone, in a ruined Abbey built by a king, an Abbey to which a Pope sent a relic of the True Cross.

Here the gowned monks baked their bread, and fished, and prayed. To this spot devout pilgrims journeyed; and, in these gardens a young Prince walked and laughed, was murdered, and secretly buried.

The venerable Abbey still rich in carving and tracery, was once magnificent, and was famous from London to Paris, and Lisbon to Rome. Now it is abandoned to the whims of a browsing goat, and an old man who walks heavily with a stick, and waits upon death.

"The iniquity of oblivion blindly scattereth her poppy."

(To be continued.)

Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:

Mr. Arthur Brenton,
20, Rectory Road,
Barnes, S.W.13.

Renewals of subscriptions and orders for literature should be sent, as usual, to 70, High Holborn.

Alberta Inquiry.

[Extracts from Official Memoranda and Correspondence.]

Memorandum Re Legislative Powers of the Province.
Submitted by W. S. Gray, Attorney General's Department,
at Request of the Government for the Guidance of
Major Douglas in Making His Report.

The following two questions have been submitted to me for an opinion:

1. What meaning is to be given to the words in Sub-section 3 of Section 92 of the British North America Act as follows:

"The borrowing of money on the sole credit of the Province."

I am not able to ascribe any meaning to the word "credit" in this subsection other than the ordinary, everyday meaning found in Murray's New English Dictionary of "trust or confidence in a person's ability and intention to pay at some future time."

2. Is there anything which justifies the separation from the accepted meaning of property of the right to issue effective demands upon that property?

Involved in this question is the meaning to be given to the words "property and civil rights" contained in Sub-section 13 of Section 92 of the said Act. It is quite difficult to give an opinion on the proper interpretation of any Sub-section of Section 91 or Section 92 of the said Act without having something concrete to work upon.

This was pointed out by Viscount Haldane, Lord Chancellor, in *John Deere Plow Co., Ltd., vs. Wharton*, reported in 1915, A.C. p. 339. The Lord Chancellor said at p. 339:

"It must be borne in mind in construing the two sections that matters which in a special aspect and for a particular purpose may fall within one of them may in a different aspect and for a different purpose fall within the other. In such cases the nature and scope of the legislative attempt of the Dominion or the Province (as the case may be), have to be examined with reference to the actual facts if it is to be possible to determine under which set of powers it falls in substance and in reality. This may not be difficult to determine in actual and concrete cases. But it may well be impossible to give abstract answers to general questions as to the meaning of the words, or to lay down any interpretation based on their literal scope apart from their context."

The words "property and civil rights" are very wide, and standing alone would, I think, include not merely property and civil rights as generally understood, but also the right to issue effective demands upon property.

In *Citizens Insurance Co. of Canada vs. Parsons*, 7 A.C. 96, the question involved was the validity of certain legislation passed by the Province of Quebec and dealing with insurance contracts and certain statutory conditions attached to such contracts. It was contended in that case that the words "property and civil rights" had a narrow meaning and that they would not extend to include contracts between individuals. This contention was not given effect to, however, and Sir Montague Smith, in giving opinion of the Privy Council, said at p. 111: "In this Statute the words 'property' and 'civil rights' are plainly used in their largest sense, and there is no reason for holding that in the Statute under discussion they are used in a different and narrower one."

There can be no doubt, therefore, that the words, standing alone, would justify the answer—no—to question No. 2 above, and that the Province, *prima facie*, would have the right to legislate in the manner suggested by the question.

In the same case, however, Sir Montague Smith uses the following language at p. 109:

"The first question to be decided is, whether the Act impeached in the present appeals falls within any of the classes of subjects enumerated in Section 92, and assigned exclusively to the legislatures of the provinces; for if it does not, it can be of no validity, and no other question would then arise. It is only when an Act of the provincial legislature *prima facie* falls within one of these classes of subjects that the further questions arise, viz., whether, notwithstanding this is so, the subject of the Act does not also fall within one of the enumerated

classes of subjects in Section 91, and whether the power of the provincial legislature is or is not thereby overborne."

Also, in the *John Deere Plow case*, Viscount Haldane stated at p. 340:

"The expression 'civil rights in the Province' is a very wide one, extending, if interpreted literally, to much of the field of the other heads of Section 92, and also to much of the field of Section 91. But the expression cannot be so interpreted, and it must be regarded as excluding cases expressly dealt with elsewhere in the two sections, notwithstanding the generality of the words."

The power, therefore, of the Province to legislate may be overridden by the power to the Dominion Parliament in Section 91, such as:

14. Currency and coinage.

15. Banking, incorporation of banks, and the issue of paper money.

20. Legal tender.

A good example of this is found in the case of *Tennant vs. Union Bank of Canada*, 1894, A.C. 31, in which it was held that the certain legislation contained in the Bank Act was valid—notwithstanding that the exercise of the power interfered with property and civil rights in the Province and conferred upon a bank privilege as a lender which the Provincial law did not recognise.

I am not in a position to express any opinion as to whether the powers given to the Dominion Parliament under Section 91 would override the powers given to the Province with respect to property and civil rights, without having before me something concrete in the way of a draft of proposed legislation.

Letter from Major Douglas to Premier Reid Conveying the Interim Report.

Macdonald Hotel,
Edmonton, Alta., Canada, May 23, 1935.

Dear Mr. Reid,

With this letter I am sending you the original and duplicate of my First Interim Report to your Government on the possibilities of the application of Social Credit Principles to the Province of Alberta.

You will notice that in this Report I have taken the line that action initiating in Alberta, though quite possibly not ultimately confined to Alberta, is both possible and desirable, and that such action must have as its first objective access to the financial credit which is properly based upon the resources and the people of Alberta itself.

To put this matter beyond possibility of misapprehension, I might state that, in my opinion, no mere redistribution of the purchasing power already available in Alberta can be effective in attaining, at any rate with sufficient rapidity, the results demanded both by the general situation and by public opinion, and that there is no likelihood of credit being obtained from ordinary sources upon such terms as would be suitable, to the extent which is required.

I feel sure that you will agree that before I can proceed very much further I must have some decision as to the general policy which is to be pursued, and I am aware myself that you will require a mandate for such a decision.

In regard to this matter, I should suggest that a Mandate be asked, as far as possible, for objectives rather than for mechanisms. These objectives, in my opinion, should be, firstly, those contained in the last section of my First Interim Report, and should be supplemented by a statement of ultimate objectives, of which the following are fundamental:

1. A drastic reduction of taxation, particularly upon real property.
2. A maintenance dividend as of right, possibly small at first, and graded so as to be at a maximum after middle age.
3. Measures designed to produce a low price level within the Province, with adequate remuneration to the producer and trader.
4. Development of internal resources based rather upon physical capacity than upon financial considerations.

All of these objectives can be attained, and can only be attained by access to control of the local credit.

The problem is at least as much a political as a technical problem, and if I might venture to make two tentative suggestions in regard to the former aspect of it, they would be (1) that, if not at present, at some suitable time, as early as possible, a Coalition Government should be formed, and (2) that a Department of Public Relations should be organized specifically to deal with criticism from the public both with a view to keeping the general public informed and also for the purpose of discouraging by suitable methods loose accusations of defective administration.

It does not appear that I can do very much more in Alberta which will be immediately effective until the general situation is cleared upon the lines I have just indicated, and I am therefore devoting my attention to collecting information which will enable me to proceed in accordance with the instructions of the Government when they can be given.

If this would meet your views, I propose to leave Alberta about the 31st instant, with sufficient information in my possession to enable several months' work to be carried on in England.

Yours very truly,

(Signed) C. H. DOUGLAS.

The Hon. R. G. Reid,
Premier of Alberta,
Legislative Assembly,
EDMONTON, Alta.

Excerpts from Broadcast of William Aberhart, May 28, 1935. Submitted by Hon. J. F. Lymburn, Attorney General, to Major Douglas, with Requests for Comments in His Position as Economic Adviser to the Government.

MANNING: Mr. Aberhart, I think you should say a little about the just price. This is really the finest feature for the merchants and business men of our Province. The problem that the business men are up against because of cut-throat prices and this mad rush after business through manipulation of prices is driving our business men in this Province to the wall. I am sure that if the business men of this Province could get to understand the workings of the just price there will not be any business men in the whole Province that will not support the principles of Social Credit.

ABERHART: Yes, Manning, I think you are right. I am satisfied that the business men can very easily see that if sufficient basic monthly dividends were issued to provide the bare necessities of food, clothing and shelter to the people that there will be at once a very large increase in the purchasing power of our people. This, of course, will reflect itself at once in the very great increase in the turnover of the merchant's stock. Every business man knows that his profit really rests with the amount of his turnover rather than on the immediate profit on any goods that he carries. Great departmental stores have proved that a large turnover at a low profit is far better than a small turnover at a large profit.

Some men try to tell us that as soon as we increase the purchasing power of the people by the issuance of basic dividends there will be a tendency towards the vagaries of inflation; that the price level will rise to consume the increased purchasing power, and no great benefit will be accomplished. It is at this point that we will tell or introduce the just price.

This is where the just price comes in. It is the purpose of the Government to form a commission of experts . . . in various fields of professions or trades, whose duty it will be to discuss and carefully settle what a fair price would be for each article that is offered for sale within the bounds of this Province. They would take into account the cost of the raw materials, the cost of the labour, the cost of the machinery, the overhead charges for insurance, and so forth. They would add to this the commission on turnover and also the unearned increment. That is and should be the property of the State.

MANNING: At present this increment is being exploited by the manipulators of credit.

ABERHART: Yes. There is a point that many people miss. Now this just price would be the same wherever you bought the goods. It would be just to the producer, just to

the distributors, and just to the consumer. No producer would be required to sell the goods below the cost of production, no distributor would be required to sell the goods below the cost of securing them, whether he imported the goods or whether he gets them from our own producers. In addition to this, the just price would be just to the consumer. He would not be exploited of his purchasing power by very high prices.

This would give the small merchant a chance on a par with the larger ones. The competition would not be in price, but in service—in the delicacy with which he exposes goods to the public gaze, for the neatness and cleanness and sanitation of his store, and so forth. No merchant would find after paying 3.21 dollars a case for any article that another store was selling it on a leader counter at 2.80 dollars a case.

Guarantee on account of the consumer—a guarantee of the account of the consumer would protect the retailer from the losses that he so often has under the present system. The increased turnover of his goods would again prevent him from loss from the goods drying out, decaying, or becoming shop-worn.

The increased turnover would at once make a greater demand for clerks in the store, shippers in the wholesale houses, and railway clerks on the trains and buses, and also clerks in the producing houses. Unemployment therefore would immediately be decreased to a greater extent.

It is true that the spread in prices would be less, but if the increase in turnover was twice or three times what it formerly was, then the merchant would be able to secure greater returns through a greater turnover, even if his profit spread was less.

MANNING: You would think that any man who understood that just price arrangement if he is in business would not hesitate one moment to back up the whole system of Social Credit.

Major Douglas' Reply to Hon. Mr. Lymburn.

Macdonald Hotel,

Edmonton, Alta., Canada, 1st June, 1935.

Dear Mr. Lymburn:

In connection with your request to criticise the attached report of a broadcast by Mr. Aberhart, I think it is only fair to make a little introductory comment.

If Mr. Aberhart's objectives were only attainable by the methods which he has outlined in his broadcasts, to the limited extent that I am familiar with them, the details that he has given would certainly be of primary importance.

This is certainly not the case, and should Mr. Aberhart be placed in a position of responsibility in regard to the attainment of these objectives, it is most improbable that he would either have the time or the inclination to deal with the purely technical aspects of the matter. While my contact with Mr. Aberhart has been of the slightest, and is in fact confined to two short interviews in which only the most general aspects of the matter were discussed, I am informed that he also takes up this position.

In addition to this, it has to be recognised that the correct methods of dealing with the technical problems involved in the attainment of the objectives put forward by Mr. Aberhart are difficult to bring to the comprehension of even a small number of highly educated men, chiefly because they involve conceptions with which only a small number of experts are intimately familiar, and because they traverse the common and erroneous conceptions held in regard to matters of finance.

It appears to me to be quite reasonable to assume that a popular leader, as distinct from a scientific expositor, is chiefly concerned with presenting an understandable picture rather than with great accuracy in detail.

As a matter of opinion, I think Mr. Aberhart has made the common tactical mistake of elaborating his detail to a general audience to too great an extent, but if this detail is to be taken seriously I think that Mr. Aberhart should as a matter of courtesy be asked whether such details are, or are not, a matter of principle with him.

With these preliminary remarks, which I should like to be regarded as an integral part of my criticism of the attached paper, I may say that the explanation of the just

Price is not that which can be applied to the same phrase as used in the responsible literature of Social Credit, and that the explanation given can best be described as a proposal for regulating Price Spreads together with a Processing Tax.

The proposal appears to contemplate a fixed price regardless of costs, which seem to be assumed as constant, and this price includes something labelled "the unearned increment" which has, however, no relation to that phrase as used in the Social Credit literature. So far from such a proposal increasing purchasing power it is a form of taxation which in all probability decreases purchasing power by raising prices. It involves a confusion between price values and the purchasing power to liquidate them. There is also a suggestion of a common form of the Velocity of Circulation theory to the effect that purchasing power is increased by rate of turnover. Both under the form in which it seems to be expressed here and not less in the form in which it is quite frequently quoted by orthodox bankers, it is demonstrably incorrect. For an examination of it I might refer you to my small booklet "The New and the Old Economics" of which no doubt a copy will be locally available. I am sorry I have not a copy with me.

Generally speaking it would appear upon the face of it that Mr. Aberhart has not grasped that Social Credit involves the creation of additional purchasing power, either by the reduction of prices below cost, for the purpose of enabling the consumer to obtain more goods for a given amount of money in his possession, while the financial deficit thus caused is made up to the producer in fresh credit, or by issuing additional sufficient purchasing power which is not passed through the costing system and therefore does not increase prices, in the form of a National Dividend, or more probably by both of these methods together.

But as I have previously said, these ideas are not easy to put over to large masses of people, and unless Mr. Aberhart were to persist in actually attempting to attain an increase of purchasing power by the processes he discusses I should not myself be inclined to take a political speech containing them with too much seriousness.

Yours sincerely,

(Signed) C. H. DOUGLAS.

The Hon. J. F. Lyburn,
Attorney General,
Legislative Buildings,
EDMONTON, Alta.

LETTERS TO THE EDITOR.

THE "NEWS CHRONICLE" AND THE KING.

Sir,—I would appreciate the courtesy of your columns to call attention to the series of cartoons which is at present running in the above newspaper under the title of "The Little King," by an American strip artist.

After making all due allowance for the ability and good humour of the artist, it strikes me as being somewhat low in taste to introduce this series into England. It seems particularly so for a London newspaper proprietor to do this in the year of our Royal Jubilee. Good taste never was, even as far back as the days of Martin Chuzzlewit, a prominent characteristic of the American Press, but we should expect greater care in London on such points, even though we are aware of the extent to which the Chicago style of journalism has invaded Fleet Street.

Although we all know that "a cat may look at a King," and can readily admit that Soglow's "Little King" is an entirely lovable character, yet the poking of fun at so high an office and its accompaniments at the present time in the Metropolis is definitely offensive. Nor do I think it is making a mountain out of a molehill to point out that if the role of Constitutional Monarch is made to appear ridiculous, it prepares the way for the suggestion that it may be superfluous.

But the British people rightly cherish their Monarchy. The Royal Family symbolises their inherent belief in family life as the soundest basis of the State; and as King George him-

self recently said, "The foundations of the national glory are set in the homes of the people." Besides, the King's Crown is the symbol of honour, and since the post war discovery of the social nature of credit has revealed in high places "an honour rooted in dishonour," it is sober truth to say that the only living force left to the people for the rectification of the error, *without punishment to the delinquents*, is the prerogative of the King.

It therefore behoves all sections of society to shun even the very appearance of anything derogatory to a position of such high importance and personal responsibility. The power of ridicule to kill an idea and destroy a belief is well known. For this reason (if for no other) the owner and manager of the above paper will be well advised if they cease publication of these pictures forthwith, compensate the alien (?) artist, and cancel so ungracious a contract.

Royalty in Britain is nothing like effete. Nor is the life of our King in any sense insipid. As the Father of his people, he has another and very significant bolt to shoot before the Crown is passed on to his son.

JAMES GOLDER.

PROSPERITY (SNOWBALL) CLUB.

Sir,—May I comment on the "Prosperity (Snowball) Club" which is being used either for money-making or Social Credit propaganda purposes, in the form of a snowball letter.

The similarity between the names of the Prosperity Campaign Empire Petition and its journal "Prosperity" with this Prosperity (Snowball) Club, is becoming troublesome to supporters. In spite of our circulation of a special leaflet disclaiming all connection with this snowball the journal "Prosperity" is associated with it in the minds of some Social Creditors.

We have found in many cases that the names of well-known Social Creditors have been used in this snowball letter without their knowledge. It is regrettable that the extremely useful S.C. propaganda folder enclosed with the snowball letter is not being used for a better purpose.

ROBERT J. SCRUTTON.

Prosperity Offices, Paynes-lane, Coventry.

Forthcoming Meetings.

Green Shirt Movement for Social Credit.

Wednesday, September 11, at 8 p.m.—Speakers' Class, National Headquarters, 44, Little Britain, London, E.C.1.

London Social Credit Club.

Blewcoat Room, Caxton-street, S.W. Is it possible? by J. Ewart Purves, F.R.C.S.

September 13th, 7-45 p.m.—"Social Credit. Is it possible?" by J. Ewart Purves, F.R.C.S.

September 20th, 7-45 p.m.—Speakers' Night, under the direction of Mr. P. J. Hand.

September 27th, 7-45 p.m.—A night with the "New English Weekly." Mr. Mairet, Editor of the "New English Weekly" and Mr. Will Dyson.

Glasgow Green Shirts.

Mr. P. McDevitt will deliver a public address in the Central Halls, Bath Street, Glasgow, on September 11, at 7-30 p.m.

The New Age Club.

[Open to visitors on Wednesdays from 6 to 9 p.m. at the Lincoln's Inn Restaurant (downstairs), 305, High Holborn, W.C. (south side), opposite the First Avenue Hotel and near to Chancery-lane and Holborn tube stations.]

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