

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

No. 2273] NEW SERIES Vol. LVIII. No. 22. THURSDAY, APRIL 2, 1936. [Registered at the G.P.O. as a Newspaper] SEVENPENCE

CONTENTS.

	PAGE		PAGE
NOTES OF THE WEEK	169	EQUALITY OF INCOMES. By A. W. J.	174
The situation in Alberta—final breach between Aberhart and Douglas—Aberhart's dilemma for April 1, how to meet new maturing obligations without borrowing; or how to borrow without withdrawing refusal to accept Loan Council plan. The problem of the Constitution—the Dillinger precedent, and secret of his immunity.		THE FILMS. By David Ockham	175
SOCIAL CREDIT POLICY. II. By Hilderic Cousens	172	<i>Rose Marie.</i>	
INVESTMENT UNDER SOCIAL CREDIT	173	REVIEWS	175
"THE NEW LEADER" ON SOCIAL CREDIT	174	<i>You—and Parliament (Tudor Jones), The Kinematograph Year Book, The New Junior Instruction Centre (Howarth), Food, Health, and Income (Sir John Boyd Orr).</i>	
Analysis by Pauline Gregg.		CORRESPONDENCE	176
		Presbyteros.	

NOTES OF THE WEEK.

The Situation in Alberta:

The official announcement from Edmonton that Mr. Aberhart has terminated Major Douglas's contract is good news because it is definite. It marks the end of seven months' guesswork about whether Major Douglas was going out there or not. It also nips in the bud the recent interlocutory wrangle as to what kind of advice Major Douglas had contracted to give. There is now no need to discuss the chicken-or-egg conundrum whether the working out of a Social-Credit scheme for Alberta should have been deferred until Aberhart had gained power to operate it, or whether such a scheme should have been worked out and promulgated first as a means of giving point and direction to an Albertan bid for power.

The plan laid by Mr. Aberhart before the electorate, and endorsed by them last August, was justly criticised by Social-Credit students as being technically defective. It provided for the collection of processing-taxes in order to pay the promised Dividend. Since all taxes are ultimately levied on the incomes of consumers, the payment of the Dividend would have been purely symbolic, and not in any degree effectual. The Social-Credit Dividend must represent and measure *new* effective demand against *new* effective supply—*additional* dollars must go into the consumption market along with *additional* goods. The basic principle is that all wealth shall be financially accessible as and when it becomes physically consumable. When that principle is established there will be no limit to the volume of wealth converted to consumption purposes except the physical resources of the community on the one side or their desire to consume them on the other. You can't convert to your use more than there is to be converted. And you won't convert to your use more than you need to use—that is, of course, if you have the power to decide for yourself what you will do. The problem of consumption hinges on this principle of

financial accessibility. A tax denies access: that is what it is imposed for. Whether levied on industry and entered into prices, or levied on citizens and deducted from their incomes; access is denied just the same. So if a Dividend is to give access it must not be accompanied by taxation.

So the tax flaw in the Aberhart plan must go. And not only as a matter of technical necessity, but also as one of political expediency. Usually, of course, a party which alters its programme after having got electoral endorsement of it, lays itself open to the charge of cheating the electorate. And, as we all know, the charge is only too well justified in most cases. But Mr. Aberhart has escaped this danger, because the tax flaw in his scheme did not connote a promised benefit to the electorate: on the contrary, it connoted the price of a benefit. Taxation does not confer benefits on a community: at the best it redistributes them, and at the worst it subtracts them. The only beneficiaries of taxation are the bankers.

Now, Mr. Aberhart, having got an overwhelming mandate from the electors for an undertaking to sell them a Dividend at the price of a tax, has no need to ask them for a mandate to dispense with the tax. He can take it for granted. No-one could get up and say that Mr. Aberhart was doing him out of something he wanted—except the banker, who, for that matter, would have to think twice before he admitted so much. We are not losing sight of the fact that Mr. Aberhart appears to be committed, and perhaps irrevocably so, to the higher taxes provided for in his Budget. Insofar as this creates discontents among those who voted for his programme, he could, of course, score a debating point by reminding them that at least they had endorsed the *principle* of taxation as the source of the Dividend—although he would have no answer to the retort that he was raising the tax before (or instead of?) paying the Dividend. Let us hope, however, that there

will be no recriminations of this sort. Mr. Aberhart's duty is to see how he can turn his initial defeat to his own advantage. We need not discount its seriousness in the slightest. Mr. Major has won the first trick in the game. The immediate thing to do is to make the people understand that it was he who won it, and what were the cards in his hand. Next, it is well to remember that the formal imposition of taxes in a Budget, and the actual extraction of the money from people's pockets, are two different things. Sufficient unto the day is the evil thereof; and the time to say that Major has won is when he is seen counting his winnings.

Another thing to remember about a Budget is that it does not compel taxpayers to pay a specific aggregate sum of money, but to pay money at various specific rates proportional to price-values or revenues. For instance, a Chancellor of the Exchequer does not say: "I propose to collect income-tax to the amount of so many millions of pounds," but he says: "I propose to make the rate of income-tax so much in the pound, a rate which I estimate will yield so many millions." It is true that normally the proceeds of taxation work out closely to the estimates, but it is important to remember that what the Legislature imposes is the rates of taxes, not the estimates. If the proceeds look like falling short of the estimates during the financial year the Chancellor cannot effect changes in the rates in order to avoid a deficit. He must wait for the Legislature to sanction such changes in the following Budget. In this country the Legislature sanctions the practice of the Government to appropriate a surplus (excess proceeds over estimates) for the purpose of reducing debt. By that token, of course, where there is a deficit instead of a surplus, the Legislature must be presumed to sanction an increase of debt. Anyhow, that is what happens, whether sanctioned or not. And it is only fair that since the Money Monopoly (representing debt-holdings in general) appropriates surpluses it shall nurse deficits.

As to the proceeds of taxation, it is obvious that since these must eventually come out of the personal incomes of individual citizens, their aggregate amount on the basis of any given schedule of rates cannot be guaranteed unless the incomes are guaranteed. And that is why we said just now that Mr. Magor's success in winning the first trick—the tax-schedule trick—in the game did not mean that he could pocket the winnings—the tax-yield winnings. Time will show. Bad trade may reduce the yield, or taxpayers may go on strike against the schedule. As concerns the second contingency, it is not so very long ago when an army of starving farmers occupied and looted a town somewhere in Canada (or it may have been the United States; it does not matter). Out in the Far East, too, there was recently a farmers' demonstration against rent-charges, in the course of which they burnt down a police headquarters. Considered by themselves, these events seem futile, but they indicate a growing impulse among hard-pressed people to adopt decentralised, and therefore direct, methods of resisting the pressure when and where they feel it. The fact that they failed is a temporary phenomenon which must not be allowed to obscure the fact that they attempted to succeed. The significance of these attempts is important, because, for every person who participated in them, there were probably hundreds of others who viewed them with tolerance and even with sympathy. People normally

averse from violence do not break out into violence merely for and on behalf of themselves; they need the stimulus of knowing that their act symbolises the moral convictions of their fellows.

Again, in the presence of such convictions the forces of law and order—the agencies of legal reprisals—are set a problem. This happens even in cases of criminal acts. Readers will remember our account in these pages of how Dillinger, Public Enemy No. 1, enjoyed immunity for so long from capture and punishment. On the testimony of the police authorities this was chiefly because the people among whom he was committing robberies and taking life would not help the police to track him down. One reason was, of course, that they thought it healthier for themselves not to incur his enmity. But the police stressed another reason: namely that Dillinger specialised in robbing banks, and did so in districts where the inhabitants had got firm hold of the notion that the banks had been robbing them. To them Dillinger was a sort of Robin Hood, and in one respect an improvement on him, for he was robbing rich robbers of the proceeds of their robberies. It was a pity that he killed people, but after all these people were interfering with him, and were mostly paid to do so, whether they were police officials or bank officials. So ran popular sentiment according to the police authorities. Additionally, it was pretty widely known of Dillinger that he "hated anything in a uniform"—an attitude which can be extended to embrace anything *implying* a uniform, and which, so extended, might include such agents of legal reprisals as bailiffs and tax-collectors, agents to whom popular sentiment was naturally antipathetic. Dillinger was thus performing a ritual of revenge on behalf of despoiled honest citizens and was applying the sanctions of poetic justice.

Now if such an attitude of tolerance is possible in circumstances like these, what may not be expected in circumstances where the form and purpose of an act "against the law" are seen to be compatible with deep moral convictions? Dillinger's neighbours saw the banks as robbers *for profit*; and if they reflected at all, saw behind the banks classes of shareholders to whom the profit accrued. If they reflected some more they would arrive at the conclusion that Dillinger was really robbing these shareholders, many of whom might be people much like themselves (not to speak of widows and orphans and all that)—well-intentioned people not too well off. If they saw all this (or thought they saw it) they would realise that their tolerance of Dillinger's depredations rested on an insecure moral basis. They would see his symbolic vindication of justice as a cause of injustice. Yet in spite of that dilemma, they maintained their attitude of tolerance.

What, then, would have been their attitude had they known exactly how and why the banking system operates to despoil them? The way to get the right answer is to teach them and see. In the meantime it is safe to say that in the judgment of those people—and in fact of all people—the one sin that calls for prompt and drastic expiation above all is *the deliberate infliction of loss on others without the incentive of gain for one's self*. And that is the true charge against the heads of the banking system. They connive at the perpetuation of preventable poverty without any thought or desire to increase their own riches. In fact they have designed

a mechanism which automatically keeps out of the reach of everybody (themselves included) the benefits denied to those who are in dire need of them. Their policy can be summed up in two words: *Wanton Annihilation*—of life, liberty and culture. Wanton, because it would cost them nothing to reverse the policy; Annihilation, because they reduce to nothingness the creative forces of civilisation.

The urgent task before all reformers to-day is to concentrate on the subject of the control of the credit mechanism with the purpose of educating the public into knowledge of how their despoilment comes about. Only by giving the public some idea of how the present mechanism is designed and operated can one get them to realise how easily the bankers in control of it can adapt it to subserve a new policy, if they choose. We have to show that the power to choose the new policy is in their hands (not in those of statesmen), that there are no technical obstacles to its operation, and that no injustice or hardship (either to them or the rest of the community) can be shown to arise out of its operation. By showing that they have the political power and the technical knowledge to put the system right plus immunity from harm in putting it right, we show that their refusal to do so is a wanton attack on the life of the community, and not, as they have pretended, a defensive protection of that life.

Such an attack is morally indefensible, no matter on what principles a political system is run. Not even Mussolini could carry the autocratic principle so far as to do just what he fancied to do irrespective of what the people wanted him to do and knew that he could do. Much less in a nominally democratic system where majorities, not minorities, are supposed to get their own way. There is no philosophy of sound government that can be reconciled with the wanton despotism of the bankers. Therefore, translating any such philosophy into terms of law, no Constitution permitting such despotism and protecting the despots can be reconciled with the conscience of a community aware of what is going on. It is for this reason that we have often said, and repeated last week, that Social Credit is a challenge to the Constitution (which means *any* Constitution at the present time). And particularly to a federal Constitution where the despotism of the bankers is camouflaged by the pretence that its repressive consequences in any one State or Province are necessitated by the interests and wishes of other States. They must not have tariffs in Alberta. Why? The other Provinces would be injured by them. They must not have tariffs in Saskatchewan; because Alberta and other Provinces would be injured. And when you've gone the round of them all, you arrive at the conclusion that none of them must have them because none of them want them. In which case what need for Ottawa to prohibit them? The need, of course, is that of the Money Monopolists, who want to regulate inter-provincial trade and competition by loan-policy which is out of the reach of provincial Governments, and who know that their plans of regulation would be liable to be disturbed if those Governments had control of their fiscal policies. For example, suppose, as a reprisal on Alberta, the banks financed dumping in that Province by other Provinces, the reprisal could be blocked by a tariff duty. As things are, Alberta is defenceless against such an attack.

The practical point of what we have been saying is this: that in Alberta at the present time the objective of the Social Credit forces should be to cultivate the spirit of tolerance for extra-Constitutional action. In fact they won't be able to help it if they tell the real truth about the bankers. No person who realises the urgency of economic emancipation and the ease with which it can be brought about will be able to resist the impulse to brush aside Constitutional obstacles. The rigid doctrine of the primacy of Constitutional law over provincial law must be held up to ridicule and contempt, so that if at any time either Mr. Aberhart, or some other leader who may arise, undertakes direct action to symbolise the primacy of his mandate and signalise his intention to carry it out, he will have behind him the moral support of the people.

Up to the moment of writing (Sunday) the situation in Alberta is that (a) Mr. Aberhart has to meet some more maturing obligations on April 1: (b) he is still refusing to assent to the Loan Council scheme. The consequence is that Ottawa may decline to lend him any more money, but if not, he may be obliged to default. The situation is reported as causing some "concern" in financial quarters. Perhaps the solution of the dilemma will be known to readers by the time they see these lines. Meanwhile we can derive some pleasure from reflecting that Mr. Aberhart, though suffering an initial defeat, is not yet registering his "cordial acceptance" of it, as Mr. Winston Churchill would say. We append hereto the *Financial Times's* account of the situation published on March 26.

TORONTO, 25th March.

With the approach of 1st April there is stormy weather in prospect—if not a crisis—for the Social Credit proposals in Alberta, on which Mr. Aberhart, the Premier, won the recent General Election.

On that date the province has \$3,200,000 obligations maturing, and it has not the resources to meet them.

LOAN COUNCIL PROPOSED. INVITATION.

In his public statements Mr. Aberhart has declared that Alberta will not surrender its autonomy by entering the Loan Council proposed by the Dominion Government. Acceptance of supervision of future loans by such a Council, he says, would be a tacit abandonment of the Social Credit theory and an admission to the people of the Province that the plan for a \$25 (£5) monthly Social Credit dividend had been thrown overboard.

On the other hand the Dominion already has \$110,000,000 invested in the Western provinces in relief advances and guarantees. Last January it came to the rescue of Alberta only at the eleventh hour.

The attitude of the Administration at Ottawa is reported to be strongly against making any further guarantees unless the province accepts the Loan Council plan.

If Alberta would accept, not only would it be able to secure Dominion aid for its present needs, but it would find little difficulty in refunding other maturing obligations, of which \$1,250,000 fall due this year.

Such a step would also set an example for Saskatchewan and British Columbia, both of which have maturing obligations this year of \$3,002,000 and \$4,077,000 respectively for which Dominion aid is likely to be sought.

Should political and economic theories result in a deadlock in the Alberta situation, the possibilities of further unfavourable developments are not remote.

Eastern financial circles are becoming quite concerned over the outlook.

Major Douglas, the author of the Social Credit system, has refused the invitation to go to Edmonton to advise the Government on putting the system into practice. Mr. Aberhart and his Party won sixty-three seats in the Legislative Assembly last August almost entirely on the promise that the adoption of the Social Credit system would enable the province to pay each adult £5 a month.

Social Credit Policy.

II.

By Hilderic Cousens.

The chief idea in forming the Social Credit Secretariat (now Limited) was, I believe, to do what any central organisation of such a movement as the Social Credit Movement could usefully do. That is, act as a source of information and intelligence to all sections as far as its resources permitted (and, of course, giving priority of attention to those sections which supported it financially and otherwise); to encourage all of the very varied efforts such sections were making, on the principle that the people making those efforts were most likely to know what they could usefully do in the districts and circumstances they were in; to expand its activities as its resources indicated, in general following leads given to it by the various sections and groups; and commending itself to any sections who thought it was superfluous by the good work it actually accomplished. In other words, its business was to develop in accordance with apparent needs to the best of its ability. And if it had any pet experiment or policy, to recommend it as an experiment without taking other or contra suggestions as manifestations of the Devil.

Now the Secretariat has notoriously pursued quite a different policy. Having got a formal constitution which is open to serious criticism, it plumped for its Electoral Campaign. It would be interesting to know how many Social Credit supporters with anything more than the faintest acquaintance with electoral campaigning in Great Britain gave this scheme their blessing. A good many openly condemned it. It would be also interesting to know whether it was well received and has since been actively pursued in most of the districts where Social Credit propaganda had been most widely carried on with apparently the most success. And of course there is the question, Did the National Dividend candidates in Birmingham and Bradford poll anything like the number of pledges which had been signed in those constituencies? Properly speaking, they should have polled far more, since every signatory should have in his enthusiasm brought in another voter.

Actually the pledge is nonsense. Politicians who take themselves seriously would pay no attention to it, and would make the excuse that the abolition of poverty was an object they certainly had at heart, and if they were up to the Secretariat's notions, would add that they would prefer to rely on the expert financiers, Civil Servants, and industrialists for advice on how to do it, and would support them heartily in any scheme they agreed on. Politicians (and from the general tone of the Secretariat's utterances, most politicians are frivolous) who paid any attention would be the very men who could always find some excuse for obeying the party whips, if they troubled to make any excuse at all. The Secretariat seems to think that serious voters and serious candidates are going to vote against the parties which they have generally supported for years and vote for parties they have generally opposed, if their local candidate doesn't pay lip service to half a dozen half-baked phrases. Well, they won't, and that leaves the constituency for their pledge collectors consisting of those who will sign any blessed thing put before them and forget about it, and a small minority too few to count electorally any way. Nevertheless, the electoral campaign might have been tried as a recommended experiment. Its elevation into a sort of

combined Decalogue, Twelve Tables, and Institutions of Calvin, accompanied by a periodical commination of non-conformists, has done the cause no good.

If there is to be a central programme for Social Credit, it will have to be much more definite than anything the Secretariat appears to support. The attitude that Major Douglas used to take up was quite sound, though it wasn't the only possible sound one. This was that while the principles of Social Credit, both analytical and (more importantly) constructive, were such-and-such, they would have to be embodied in a programme or scheme, adapted to circumstances, and the Mining Scheme, the Draft Scheme for Scotland, etc., were specimen drafts of such schemes. The Elector's Demand has the virtues neither of principle nor programme. It says nothing about credit issue and nothing about price compensation. What it says about dividends is not reassuring. "These dividends must not increase prices or taxes or deprive owners of their property or decrease its relative value." I, for one, would not sign the form, because any marked increase in the standard of comfort brought about by Social Credit would have to be followed by a considerable legislation to deal with large areas of land, e.g., in the Peak and Pennines, needed to supply recreation ground for the population; town planning and district changes would have to be developed with consequent changes in the effectual ownership and rights over considerable areas. Nor would the relative value of property remain the same. There would be a marked decline in the value of houses, motor cars, and a number of other things, since the supply of better quality things of the same sort would rapidly increase. These are merely specimens of the consequences, and it is no use blinking, the fact that Social Credit means a social revolution, and not something equal to the effects of knocking sixpence in the pound off the income tax. It is also clear on reflection that there is a great difference between paying a dividend by rule of thumb, or based on future capital increases, or on existing capital, and another great difference between issuing the required purchasing power mainly by dividend and subordinately by compensated price, and the other way round. Presumably the Secretariat would answer that provided there was something which the experts called a dividend, all was got that was wanted. But though this would no doubt please the effective opponents of Social Credit, it is very embarrassing for its serious supporters.

The Social Credit Movement.

SECOND PHASE.

Supporters of the Social Credit movement now affirm that:—

1. An error has been proven in the cost-accounting of Industry and the Book-keeping of the Banks.
2. This error is the strength of the "law" which creates poverty, insecurity, and crime.
3. The error is infallibly proved in the Thesis and Theorem of Major Douglas, most particularly in his first published work, "Economic Democracy."
4. It is, consequently, an urgent matter of public and personal importance that this "law" be resisted so as to secure:—
 - (a) Public admission of the error;
 - (b) Restitution of citizenship duties.
 - (c) Release of His Majesty's Judges, Civil and Military Service, from the compulsion of its repressive mechanical control.

L.D.61.

Investment Under Social Credit.

I.

What becomes of investment under Social Credit? The answer to this is to be derived from the principle that *new production* shall be financed by *new credit*, and not by money derived from savings.

This is a technical principle only. It does not imply a legal prohibition. The technical objective of the principle is not to stop the practice of private investment, but to nullify the consequences which follow it under the present financial system.

Savings are unspent balances of income distributed in respect of past production; and their amount figures in the cost of unsold balances of past production. If these savings are applied to new production they will create a new set of costs. Assuming the whole of the savings to be distributed as income to the producers, this income will be sufficient to buy either the unsold balance of old production, or the new production, *but not both*.

Example.

On December 31, 1935, there are £100 worth of 1935 goods unsold and £100 of unspent 1935 income.

On January 1, 1935, the income is invested in new production. The production is completed by January 31, 1935.

On February 1, 1935, there are now £200 worth of unsold goods and £100 of unspent income. Or, if spending be assumed to take place in the interim, these two figures will each be less by the amount of the spending. In either case the cost-value of the unsold goods will exceed the unspent income by £100.

Under the present system nothing happens that will nullify this consequence—that will bridge the gap of £100.

Under Social Credit something will happen to nullify it, namely the issue of a National Dividend (in this illustration, £100) enabling consumers (which, note, include the investors) to buy the unsold balance of goods.

Notice that this example takes no account of the banks. The sequence of cause and effect described would be just the same if there were no banks, and no paper money. A community could cause the £100 gap if they used golden sovereigns which were their own property if they accounted their costs and issued incomes on the lines described. Investors would be left holding £100 worth of goods against which there were no sovereigns available to buy them for consumption purposes.

II.

How the banks come into the picture is this: that all money at the disposal of the community is money borrowed from them, and borrowed on *their own time-terms*. So all unspent incomes at any time represent money owing to them, and on *their own time-terms*. The people who invest these unspent incomes need not themselves be owing it to the banks, but if not, other people are, and have to repay on *the banks' own time-terms*. These time-terms amount to the condition that debtors to the banks must repay on demand, and in practice the average duration of the loan is very short. To repay, these debtors must first collect the required money from consumers or from investors. But to a large extent the products they own, and which the bank-loans have financed, are not ready for consumption—they are unfinished goods. So, to that extent, the debtors must collect the unspent incomes of investors on the security of the unfinished goods. Moreover, they

must do so to at least the same amount, and with the same frequency, as the banks call on them to repay loans.

This brings us to an important conclusion: that, under the present system, the banks have the power to govern the rate at which unspent incomes are invested, by reason of their power to govern the rate at which their loans are repaid. The two rates are the same rate. The consequence is that investment *at that rate* is logically compulsory. And it would have to be made legally compulsory if voluntary investment fell short of that rate.

Contrast this state of affairs with that which would occur supposing a community to use *money of their own*. Being under no obligation to repay any external lender at an imposed rate, they would be able to devise a rate of their own at which the investment of unspent income in unfinished goods (and therefore unsold goods as regards the consumption market was concerned) was to be fixed. That being so, they would ask themselves: Why at any rate at all? Cannot we leave this unspent income to find its way into the consumption market, and collect it in that market when our unfinished and unsaleable goods are finished and saleable? Of course, for this to work out right, they would have to regulate prices in the interim so that no part of the unspent income to be carried forward was absorbed by current profit-taking. Note that the proposition here is not that *this way* of dealing with the matter is to be recommended, but that this community would be free to apply the principle thus illustrated. It is all a question of who shall control the conditions on which money is used and collected in connection with economic activities.

We have said that under Social Credit it would not be necessary to prohibit people from investing in the legal sense. For example, in the illustration given immediately above, if investment were encouraged, the consequence would not necessarily be to put things wrong at the consumption-end, and this for the vital reason that the *invested money would remain in existence*. Under the bankers' system it goes out of existence. [The repayment of a bank loan destroys deposits to its whole amount.—Rt. Hon. R. McKenna.]

III.

Under Social Credit the investment habit may be expected to decline. One influence will be that the necessity for the individual citizen to "provide for the future" will disappear. Another will be that industrial managements will not want to bother with collecting production-capital in small sums from millions of citizens when they can, as they will, raise it in block sums from the National Credit Authority (or banks acting under the supervision of that Authority).

On the other hand new avenues for investment are likely to appear. At present innumerable ideas for experimental research into improvements in process, into the causes and cures of disease, and things of that sort, are lying dormant for lack of the money to try them out. These will provide opportunities where the citizen with income to spare will have the incentive not only of profit, but honour, in backing syndicates, companies and other enterprises trying out these ideas. These will be free-lance enterprises which will probably prefer not to come in under the Social Credit scheme of production-finance and price-assistance—and for the same reason that Father Christmas doesn't let on what he's bringing for the children.

NOTICE.

All communications requiring the Editor's attention should be addressed direct to him as follows:
Mr. Arthur Brenton, 20, Rectory Road, Barnes, S.W.13.

"The New Leader" on Social Credit.

Pauline Gregg, B.Sc. (Econ.), contributes an analysis of Social Credit to *The New Leader* of March 20. It is to be followed by her criticism. The criticism, says an editorial note, will be made "from the Socialist standpoint." This sounds, by the way, somewhat like such an announcement as that the Einstein Theory was going to be criticised from the Baptist standpoint. We make this remark merely to register a warning that Social Credit as a scientific theorem is one thing, and Social Credit as a political policy is another. Moreover, the theorem does not involve politics at all until it is verified by scientific tests, or accepted as such without proof.

Now, to verify a theorem we must state it correctly. The above writer, however, misstates it in the following material particular. She says:

"... Major Douglas assumes that it is [desirable and] necessary that there should be distributed in any given period sufficient consumers' purchasing power to purchase all the goods produced within that period, *whatever kind of goods they be*. This is very important, and will be recalled in our third article." (Our italics.)

What Major Douglas has said—and what every exponent of his Theorem affirms—is that consumers' purchasing power must be sufficient to purchase all the goods offered for sale in the consumption market at any given time.

To picture the distinction clearly let it be supposed that Messrs. Woolworth and Co. had the sole right to sell consumable goods to the public and that the Federation of British Industries embraced all manufacturers in one trust. Suppose that Woolworth's opened on pay-day every week, say on Friday, and took deliveries from the F.B.I. on Thursday. The Social Credit contention is that Woolworth's customers shall be provided, every Friday, with as much money available to spend at Woolworth's as the price-value of Woolworth's stock on that day. The object is that the customers shall be able to empty the store every week of everything that the F.B.I. can get ready in that week for Woolworth's to take into stock. Therefore, it is not necessary for them to have more available money than will achieve that object. Nor will they desire more, provided that they are assured of receiving the necessary money Friday by Friday.

There is a sense in which the writer's statement is half-true. For postulating that "all the goods produced (i.e., including machines, tools, equipment, etc.), whatever kind of goods they be" sooner or later find their way to Woolworth's in some form or other, and their costs entered into Woolworth's prices, then under the Social Credit system of providing purchasing power the customers do get sufficient money to meet the total cost of all production. But only in instalments and only as and when they consume the production. If the writer is looking at the problem from this point of view she has vitiated her contention by introducing the phrases: "in any given period" and "in that period." By doing this she makes it appear that under Social Credit Woolworth's customers would be provided on a particular Friday with as much money as would buy the whole of the F.B.I.'s production (of all kinds) during the previous week, when only a part of it (the consumable kind) would have been delivered into Woolworth's store. The essential principle of Social-Credit finance is that Woolworth's customers shall get instal-

ments of shopping-money in the exact quantities and at the same intervals, as Woolworth's require to collect it against the delivery of their stock. If this is done Friday by Friday then eventually everything produced by the F.B.I. in any week will get into Woolworth's stores in some future week (or weeks) and be bought, without there having been a superfluity of consumers' money on any Friday.

We are not here claiming to prove that Social-Credit finance will effect this result: we are simply explaining that it is the result which Social-Credit finance is designed to bring about, and which its advocates hold is correctly designed to bring about. It is open for any critic to accept our explanation without conceding us any part of our case. In fact we have opened up the way for the revival of the crucial objection that inherently there is no shortage of purchasing power and therefore no need for consumers' earnings to be supplemented by the National Dividend. In the terms of our illustration this would amount to saying that the money distributed by the F.B.I. as Industrial Paymaster of the worker-consumer was sufficient to buy all the stocks offered (or offerable) by Woolworth's as the National Retailer, and would do so provided that the recipients altered their ways of using it when they got it.

Equality of Incomes.

Supporters of the view that the incomes of all the people in the country should be exactly alike often contend that as the proportion of income which a man devotes to consumption tends to decrease the larger his income the very fact that incomes are unequal causes too large an amount of the nation's income to be invested and is the main reason for the insufficiency of demand for consumable goods. If, these advocates demand, incomes were redistributed so that everybody had the same amount, over-investment would be reduced.* As this argument is too often advanced it might be as well, once for all, to scotch it. I propose to show, with the help of a little algebra, which will be of such an elementary nature that readers of *THE NEW AGE* will perhaps excuse it, that the conclusion at which these advocates arrive is a complete *non-sequitur* from their premise.

We could assume many laws relating spending to income which would have the effect that the proportion of income spent decreased as the income increased. Probably the simplest of any is to suppose that a man whose income is £x spends $A + \frac{B}{x}$ of his income where

A is any constant whatever and B is a positive constant. We may easily give values to A and B so that $A + \frac{B}{x}$ conforms reasonably well with ordinary experience. For example, if we take $A = .6$ and $B = 20$ we would find that a man whose income was £50 would spend all his income, whilst a man whose income was very large would only spend 60 per cent. of his income.

If we consider two men, one whose income is £x and another whose income is £y, and assume that the proportion of income spent follows the above law, then the total amount spent is $\left[x \left(A + \frac{B}{x} \right) + y \left(A + \frac{B}{y} \right) \right]$ = $\left[A(x + y) + 2B \right]$. If the two incomes were pooled each man would obtain $\frac{x+y}{2}$, and each would spend a proportion $A + B \div \frac{x+y}{2}$ of his income. The total

[* Cf. article elsewhere: "Investment Under Social Credit" where shown that banks fix rate of investment. Ed.]

amount spent would be $\left[2 \frac{x+y}{2} \left(A + B \div \frac{x+y}{2} \right) \right]$ = $\left[A(x + y) + 2B \right]$ as before. It is unnecessary to burden this note with details, and it is sufficient to state that the same thing holds however many men are brought into account.

Thus it is seen that whatever reasons there may be for reducing the present iniquitous disparity between the incomes of the rich and the poor, the contention that aggregate demand for consumable goods would thereby automatically be increased is not one of them.

A. W. J.

The Films

"**Rose Marie.**" Directed by W. S. van Dyke. Empire. Musical comedy appeals to the majority of filmgoers. Only American producers can be relied on to make it good entertainment; an "Evergreen" or a "Sunshine Susie" is as exceptional as it is welcome, and the standard of the native "musical" is more represented by "Blossom Time," "I Give My Heart," and "Heart's Desire." This American version of the popular stage-play has all the elements of box-office success. The "book" has been entirely rewritten, and the heroine is now a prima donna; the music wears well; M. van Dyke's direction is, of course, that of a man who really does know his job; and Jeanette MacDonald and Nelson Eddy, both of whom can act as well as sing, and sing as well as act, are admirably contrasted in the principal roles. A good feature is that, unlike so many other recent pictures of the kind, the action is not continually held up by long, lavish, and dull production numbers. I am no passionate devotee of musical comedy, whether on the stage or the screen, but was entertained by "Rose Marie," although I insist that one hundred and eleven minutes is too long for any film.

The Academy.

"Liebesmelodie," a Viennese production, directed by Tourjansky, and starring Marta Eggerth, goes into the Academy programme to-day. It has not been seen by the critics at the time of writing.

DAVID OCKHAM.

Reviews.

Food, Health, and Income. By Sir John Boyd Orr. (Macmillan. 2s. 6d.)

This book justifies its aim, which is "A challenge to the Nation to Improve the Health of the Rising Generation."

Instead of being based on the minimum requirements of the individual to keep body and soul together, it deals with the question of how much we require to keep really fit and eliminate certain ailments which are prevalent to-day on account of under-nourishment.

A number of statistical tables and graphs (which are easy to understand) are given, and show that approximately 50 per cent. of the population are unable to spend enough money on food to enable them to obtain the essentials to health and proper growth.

The table in Appendix III. shows the reduction in the amount of agricultural produce in England between the beginning of this century and 1934, the average for the first period being 1,650 thousand tons of meat and 1,445 thousand tons for 1934, with a corresponding rise in the amount of imported meat; in spite of improved methods of production, the same holds good for a number of other agricultural products.

We have an unemployment and under-nourishment problem, and we, therefore, produce less!

J. M.

You—and Parliament. By Tudor Jones, D.Sc., M.B., Ch.B., F.R.S.E. (Figurehead, Vedette Series, 1s. net.)

This is propaganda for the electoral campaign. It is much too wordy, and overloaded with quotations from de Tocqueville, Lord Bryce, John Locke, Mill, Mazzini, Buckle, and a good many others. The end of the Foreword begs

the question implicit in these 70 pp., and gives the answer:—"The Electoral System has not yet been made *useless* in the hands of British men and women as an instrument of political democracy.

"But the time in which they may so use it may well be short.

"The reader of this booklet may, it is hoped, learn where the instrument is weak and useless, and where it is still strong and useful; and thus he may be able to communicate this intelligence to others in a form suited to the occasion."

Well, we shall see what we shall see. . . . The booklet ends on the following poetic note:—
" . . . The new order is born. It matters not whether it have the loveliness of the lily or of the star. It will be. "Vox populi vox Dei."

Words, words, words . . . dead words . . . Tempus fugit . . . Anno Domini . . . If you really believe in the electoral campaign, what about going out knocking at doors (in Liverpool, for instance)—
infra dig?

Someone'll have to do the dirty work, ain't it?
Poor Bloody Infantry . . . if only we had a few.
And so "the new order is born"—(stillborn?)—all amongst the loveliness of lilies and stars, the stink of fried fish shops, the wheeze of young Enid's whooping cough, and Dad slowly dying of consumption. . . .
Here's a bit of the old Vox Pop to go on with—
"For Christ's sake, 'old jer row!" E. D. S.

The New Junior Instruction Centre. Walter Howarth, M.A., M.Ed., Litt.D. (Chapman and Hall. 6s. net).

The unemployment problem has come to stay. The junior unemployed are to receive treatment at the Junior Instruction Centres. If we continue long enough we shall get Senior, Adult, and, possibly, Senile Instruction Centres. Mr. Howarth's book contains a well-constructed curriculum for the use of instructors. The emphasis is on physical culture, to make an A1 nation out of C3's, combined with aesthetic studies designed to raise the tone of the unlucky juniors, and sublimate their sexual urge (which is a large part of the problem). The text is not too clear in places, due, no doubt, to the hurry which the writer deplors. The key to the writer's outlook is given on page 26. He says, ". . . for a man is a social being and no individual ever existed. What is best, we say, for society or the nation, is best for the single individual." Without reference to the expressed wishes of the juniors, Mr. Howarth, on behalf of the nation, presumably, tells them what they ought to know in the interests of the nation. The juniors will doubtless be much impressed. We learn that the new centres are to be a branch of higher education. The tone and dignity thus supplied should make the centres extremely popular, especially if the old school tie is adopted! At present, the somewhat unwilling scholars refer to the centres as Dole Schools; most ungrateful of them. Any way, this unemployment business does provide work, which is, of course, the main principle of life at present. Mr. Howarth deserves the hearty thanks of all who support "rescue" work and look to poverty to supply them with the necessary objects of their pity. H. E. B.

"The Kinematograph Year Book."

I have to acknowledge the receipt of the twenty-third issue of "The Kinematograph Year Book," an invaluable handbook to all interested in any aspect of the films. Its many interesting features include a comprehensive list of pictures shown in 1935, and a series of tables prepared by trade shown in connection with his recent informative address to the Royal Statistical Society on the film industry. The publishers are Kinematograph Publications, Ltd., 93, Long Acre, W.C.2, and at 10s. it is cheap at the price. DAVID OCKHAM.

Friend (to tailor lounging at shop-door): "How's business?"
Tailor: "Dead as a doornail! My customers are all politicians now and know how to turn their coats themselves."—"Gringoire" (Paris).

LETTERS TO THE EDITOR.

"THE TOTEMISTIC MENACE."

Sir,—Since your correspondent, "V. D. H." has not read Mr. Harold Stovin's book *Totem, the Exploitation of Youth*, it is of little use my discussing it with him. I can only repeat my recommendation that he, and all who can, should get it, and study it, and spread its dynamite where it is so obviously necessary. If "V. D. H." will transmit his name and address to you I will gladly send him my copy, with a view to his reading it and circulating it where it is needed. (By the way, even in British Columbia, would it not be obviously in keeping with our guerilla tactics to ask for such books as are recommended in *THE NEW AGE*, at the local public library?)

I can assure him that, if he has regard to his own spiritual integrity, the reading of *Totem* will make impossible the continuance of his present complaisant attitude towards the Youth-Group Movements.

It passes me, seeing how hardly even professed groups of "Social Crediters" manage to keep to the point, and to concentrate on the main objective and the technical means to its attainment, however, it may come about that these groups will help us to achieve Social Credit.

Judging by the articles of association of these groups, their doings and their sentiments, they can be relied upon only to sterilise and debauch (= emotionally disintegrate and intellectually confuse) the Social Credit Movement.

If "V. D. H." is able to mingle and to permeate, sternly, duly and daily "de-contaminating" himself, and play the uncompromising guerilla warrior, well and good. But he will have to fight a host of subtle—the more subtle because mindless, influences which breed like twice-dead bacteria in that milieu which Maria Remarque (author of *All Quiet on the Western Front*) has called "the sterility of friendship," expressing itself in Public-School-Kingdom-of-God Cant, Castration of Spirit and Cocoa.

Increasingly of late—never having felt very confident, I have become convinced that Social Credit will never be helped by contact with quasi-religious bodies—not even by the Church, much less implemented; rather we may expect every effort to be made by such bodies to appropriate what they can, and to depotentise and sterilise what they cannot divert into their own channels. Is it not plain that groups, like individuals are psychically absorbent, that "dead" tribes and societies become "vampire-groups," sponges feeding nothing but sucking and slopping. Both instinct and intellectual conviction would impel me to say to these groupers "by all means come, drink the life-giving truth from this crystal dish, but keep that indiscriminate sponge away."

I don't think there is need for me to controvert "V. D. H.'s" opposition of "facts" against "moral" and "spiritual" factors. The opposition is false. Physical "scientific," moral and spiritual "things" are closely and inextricably interwoven, but in order that their interplay may be healthful and their proper hierarchy maintained according to the Universal Order, it is necessary that the discriminating intellect should distinguish them. To confuse for instance, the Kingdom of God, a purely mystical concept, with economic activity, is to obscure the essence of the one, and vitiate the other, besides being a crime against the mind's integrity.

But what is all this about morality? What is morality? The moral theology of the Church I know, and appreciate. An admirable system of rules derived from a definite code of ethics and applied with logic to the moral life of man.

What it can say to Social Credit is not easy to determine. Certainly, to one, and that an indispensable part of Social Credit theory, it can have nothing to say. The financial system which is the subject of our criticism is part mechanism, and part psychological participation. But as such (even including the psychological factor) it is entirely immoral. Machines have no morals. Even the morals of the few people who control this machine are an irrelevant consideration. We simply say, following Douglas and those

who have tested his analysis, the mechanism does not, and cannot work, and in its continuance and operation creates injustice. It deprives society of the fruits of its own essential activity. It defeats social life itself and hence individual life also. Just because it is a mechanism and it is defective and doesn't work.

Where Moral Theology could, and I think, should make contact with Social Credit propaganda is in declaring that the present financial system operates to deprive men of a "Natural Right," the right to a share in the *Increment of Association*. Questions beyond that moral range, the questions of ideal conduct are in the region of Ascetic Theology, and may I affirm this in the most positive way, as not forbidding men to speak in association of spiritual and eternal things. I am pleading for an attitude of reverence and honesty towards them. The Apostle says, "The Kingdom of God is not meat and drink, but joy in the Holy Ghost"

I am hoping for an opportunity of writing more fully of these matters later; meanwhile one can only urge upon "V. D. H." and other Social Crediters who find themselves thrown into contact with groupers, to make sure of what can and what cannot properly be described as Social Credit propaganda. A *mechanism* from whose operation and effects no-one can escape is gradually, increasingly encroaching upon human liberty and initiative, and destroying human values. The residual initiative is being concentrated into the hands of a group of men who claim and hold the sole privilege of control over this machine, so that it can neither be reformed nor replaced.

The reference by "V. D. H." to Alberta is damning to his "moral" and "spiritual" argument. The one thing lacking there is the technical and legal means, the popular sentiment is all for Social Credit.

Forthcoming Meetings.

The following public meetings will be held at the Blew-coat Room, Caxton Street, S.W.1. :—

April 3, 7.45 p.m.—By Lieut.-Colonel J. Creagh Scott, D.S.O., O.B.E. "Things As They Are and Things As They Should Be," an elementary talk on things generally, within and without the Social Credit Movement.

April 17, 7.45 p.m.—By Various Speakers. "Aspects of Social Credit."

April 24, 7.45 p.m.—By the Marquis of Tavistock. Question and Answer night.

Norwood.

Norwood Social Credit Club, St. Jude's Hall, Railton-road, Herne Hill, S.E.27.—April 1, at 8 p.m.: Mr. Maurice B. Reckitt: "Problems of a Leisure Age."

Manchester Social Credit Club.

Meetings on the first and third Tuesdays of each month at the Grosvenor Hotel, Deansgate, Manchester. 7 p.m. onwards. Visitors welcome.

London.

Hargrave at Fulham Town Hall, Friday, April 3, 8 p.m. Admission free.

"NETHERWOOD," The Ridge, Hastings.
4 acres of lawns and woodland. 500 ft. up. Swimming pool, gymnasium, tennis court and dance hall. Home produce for all diets. Cent. H. H. & C. all bedrooms.
From 7/6 a day inclusive.
Write for illustrated brochure.

ACADEMY CINEMA, 165, Oxford St.
GER. 2981.
The gayest film of the season! MARTA EGGERTH in
"LIEBESMELODIE" (A)
Music by FRANZ LEHAR.

Published by the Proprietor (ARTHUR BRENTON), 70, High Holborn, London, W.C., England (Telephone: Chancery 8470), and printed for him by THE APARTHE PRESS, LIMITED, Temple-avenue and Tudor-street, London, E.C.4, England (Telephone: Central 3701).