

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

Aberhart-Douglas Correspondence Tabled.

After closing for Press last week we received copies of *The Albertan* for April 3 and 4. The earlier issue reproduces the correspondence between Aberhart and Douglas, and tabled by the Premier in the legislature on the previous day. The later issue contains a long article in which the writer (a leader in the Social Credit Party) essays to reconcile the balancing of Alberta's Budget with the prosecution of a Social Credit policy. It also contains an editorial article on the correspondence published the day before.

* * *

It will be remembered that the whole of our "Notes" last week revolved round the two issues here dealt with, namely the demonstrated danger and impropriety of secret diplomacy, and the apparent danger of balancing Budgets on orthodox lines as a first step towards paying out Dividend. The contents of the above two issues of *The Albertan* couldn't have been more to the point, or have arrived more opportunely, even if we had communicated to that newspaper our views, and invited it to discuss them. It is gratifying, as well as helpful, to find that *The Albertan* and the Social Credit Party are independently attaching the same degree of importance to these issues that we attached to them. It is gratifying because this mutual spontaneous agreement on what ought to be the central issues of debate shows that there is a common understanding of the basic Social Credit principles to which those issues are referable; and it is helpful because mutual agreement on what ought to be debated contributes as much to the profitable conclusion of the debate as do the facts and arguments brought into the debating.

* * *

The truth of this observation is strikingly illustrated by the news and opinions published in the above-men-

tioned issues of *The Albertan*. They converge on the following intelligible and practical questions:—

- (1) Was it wise for Aberhart to balance his Budget?
- (2) Was it wise for him to ignore Douglas's advice?
- (3) Was it wise for him to refrain from publishing that advice as and when he received it?

and finally,

- (4) If it is proven that any of these acts was unwise in a Premier who wished to put in Social Credit, did his unwisdom proceed from his not wishing to put in Social Credit, or from his being turned from his purpose by persuasive or coercive influences which he could have successfully resisted?

To put the situation clearly and comprehensively; questions 1, 2 and 3 involve Aberhart's sagacity; question 4, his integrity. Question 4 is a different order of question from the others. Even if Aberhart's sagacity were successfully impugned under the first three heads, that would not disprove his integrity. It might raise suspicions and establish a presumption in that direction, but nothing more. Other evidence damaging to Aberhart's character would have to be brought in; and, as we pointed out last week, such evidence or testimony as is available concerning his character points the other way. All else consists in hints and innuendoes.

So we lay down this rule of debate: that question 4 be ruled out and that parties to controversy on Aberhart's action confine themselves to the other three questions. The necessity for this rule will be established in the judgment of serious-minded readers—those who wish to see errors turned to good account, and only want to hear of them for that reason—when we point out that *The Albertan*, in its leading article of April 4, commenting on the Aberhart-Douglas correspondence published on the previous day, jeers at Douglas for suggesting that yes was the answer to question 4 on the assumption that no was the answer to question 3. Here is what it says:

"The chief cause of surprise in the Aberhart-Douglas correspondence tabled in the provincial House

on Thursday is that there is so little to be surprised about. Those who had alleged openly or suggested subtly that Mr. Aberhart had something in his files he was afraid to divulge, now learn only that, while their suspicion was, in a sense, right, it was because here is some confidential matter that could not have been made public sooner without a breach of that courtesy which, unfortunately, Major Douglas has not invariably observed."

This passage is followed by others written in the same spirit of animosity, and in terms calculated to discredit the motives behind his attitude during the negotiations. *The Albertan* would have had no excuse for taking up this tone but for the "Question 4" provocation previously offered by Major Douglas in his correspondence and his official organ *Social Credit*. So let us rule the question out, or at least place it at the bottom of the agenda as a contingent item only to be considered if discussions on the earlier items seem to make it necessary.

The published correspondence fills five columns of *The Albertan*. We have no space to reproduce the text, and no need to do so, for presumably it will appear verbatim in *Social Credit*. It covers the period beginning on February 20 and ending March 21; so at least Mr. Aberhart was not unduly long in tabling it by April 2. The immediate point we want to make is not concerned with the merits of the controversies involved, but with the fact that Mr. Aberhart and *The Albertan* have provided new material relevant to their conduct under the above three question-heads. Under question 1 a defence of the Budget-balancing policy is entered by a representative of the Albertan Social Credit Party. Under question 2, the correspondence reveals what Douglas's advice was. Under question 3, the correspondence, and *The Albertan's* comments on it (apart from its attack on Douglas himself) helps one to a decision whether the negotiations ought to have been conducted in secret.

The article defending Budget-balancing contains the following points:

The province must get in a position to carry on without external financial assistance. Unless the Budget is balanced the province places itself at the mercy of outside finance by having to borrow. "The first task of a Social Credit Government is to make itself independent of outside finance."

Borrowing would, of course, obviate the necessity to increase taxation, but the longer it went on the greater the power of outside finance to prevent the putting in of Social Credit.

The present Government have not created the occasion for higher taxation, they have inherited the necessity from previous Governments. There has been no breach of the undertaking that Social Credit would not entail higher taxation.

Now that the province has got a balanced Budget the way is clear for Social Credit without external interference.

From this it would appear that in the view of the writer the raising of revenue in the province equal to the current expenses of the province, *ipso facto* establishes its

financial independence. In fact he seems to hold the view, expressed in another article in *The Albertan*, that Magor's services are complementary to Douglas's, because the former, in assisting the Government to balance their Budget is preparing the ground for Douglas to inaugurate Social Credit. That is to say, that Magor was putting the Government in a position to stop borrowing externally, and that, this being accomplished, the Government would be in a position to do what it liked as regards internal financial policy. We offer no comment just now: we want merely to outline the point of view.

Turning to question 2, the advice offered by Douglas as to the alternative to borrowing and taxing contained the following points:—

1. Alberta to request Ottawa to take over the loan maturing in April 1, Alberta to pay only the interest, which is to be reduced to 2½ per cent.

2. Upon Ottawa's refusal (which is presumed) Alberta to require all Bonds raised on her credit to be presented at Edmonton for stamping, together with names and addresses of their owners. Holders of not more than 500 dollars of bonds to be given option of renewing at existing terms or of cashing out. A statutory declaration of beneficial ownership should be required.

3. Alberta to open a credit to the amount of the face value of the large holdings plus 15 per cent., and that this credit will be available for the purchase of any product for sale in Alberta at the price ruling at the time the credit is drawn on. Alberta to explain by radio, etc., that this has been made necessary by the refusal of the Bank of Canada on behalf of the federal government to grant Alberta financial credit corresponding to the existing real credit which forms the security for the provincial debt.

These suggestions were made in Douglas's letter of February 24, 1936. On March 12 Aberhart cabled: "We wholeheartedly accept the Social Credit principles underlying your suggestions. Government will [?] to co-operate fully when you come here." In answer Douglas wrote a letter (no date appears) in which he required Aberhart to take "actual steps to carry out the advice which I have already given to you" before he would offer further advice. Two days after, March 13, Douglas cabled proposition to send a "colleague." On March 17 Aberhart cabled asking who was proposed, for what length of time, and what expenses required. On March 18 Douglas cabled information asked for except name of colleague, adding that he himself would go out in August if policy pursued. On March 20 Aberhart cabled: "Send contract suggested—accompany same with letter stating qualifications and experience." On March 21 Douglas cabled: "No contract—terms plan two letter February 18—offer of colleague for acceptance Tuesday at latest otherwise do best locally." [Plan two refers to conditions as to expenses, etc., in connection with an offer to relinquish his rights under the old contract and go out (with a private secretary) with full discretion to consult anyone he liked and to express his views on the situation in Alberta and elsewhere when he thought proper.]

We think this is an adequate synopsis of the important features of the correspondence. If not, readers will be able to repair omissions by consulting the text in *Social Credit*. It leaves untouched what we had to

say last week about the failure of Douglas to go out last August. It belongs to a later period. Insofar as it adds anything to the matter it reinforces our conclusion that secret diplomacy is out of place in Social Credit strategy. The usual justification for secret diplomacy in ordinary politics is that the secrecy facilitates the coming of the parties to agreement. And it is an excellent argument considering that the consequence of every agreement is invariably to rob one man, group, or country to enrich another. Publicity before the event would spoil everything. But the Aberhart-Douglas diplomacy involved no such consequence. Publicity in good time might easily have prevented the rupture.

Let this be tested by reference to Douglas's letter of February 24. He advises Aberhart to adopt the policy of compensated default. Aberhart is to say to the large bondholders: "I am not going to pay you in the form demanded by your contract." That, to the bondholders, is default. He is then to say: "If you want payment at all you must take it in dollars to be spent on Albertan products." That is the compensation offered them. In other words Aberhart is to substitute payment in kind for payment in bankers' credit. He is to do in effect exactly what the United States did when munitioning the Allies: debiting them with dollars, as if the Allies had received the dollars, but actually distributing the dollars among American contractors. It was in that way that the United States discharged her pre-war debt to Great Britain, and proceeded to get Great Britain into her debt. In principle Douglas's advice to Aberhart is the same as his advice to Lloyd George in 1922. Why was the fact that this advice was given not communicated to the Social Credit Press for publication at the time it was given? The news would have inspirited the Movement in all parts of the world; it would have strengthened Aberhart's hand if he meant business (or helped to force it if he didn't): it would have enabled Social-Credit advocates all over Alberta to explain and popularise the policy among the electorate, thus encouraging (if needed) Aberhart's Cabinet and supporters in the legislature to give it a united and resolute backing. There was no reason for delay. The usual argument in matters of this kind that you must be ready with your preparations to implement your policy before you announce it won't serve in this case, because, with bankers' intelligence agents all over the place, Aberhart's preparations would have told the bankers all they wanted to know. The great thing was to announce the policy at once, whereupon measures for implementing it could have been developed at leisure. There was no need to be ready by April 1, as has been proved by the fact that, as things are, Aberhart did default on that date—and without offering compensation—without anything disastrous having happened to him yet, and without impairing the feasibility of introducing the compensation now if he wants to.

We agree with Douglas when he says (in course of the correspondence) that the Albertan people ought to be given the opportunity to say which policy—Aberhart's taxation policy or Douglas's compensated-default policy—they prefer in retrospect, but we would prefer to have seen that opportunity given them to choose between the two in prospect. And we would like to have seen Douglas on the spot to assist the public to make the choice and to reassure the Aberhart's Cabinet and Administrative Officers on technical points of implementation.

The Ramp of the Budgets.

"Budgets?" the man in the street will exclaim: "there is only one Budget." He will be wrong. There are two. One is the Budget with which everyone is familiar: the other is the Budget with which only the bankers are familiar. The first is the fiscal Budget: the second is the financial Budget. The first is Mr. Nevill Chamberlain's Budget: the second is Mr. Montagu Norman's Budget. The latter Budget is not so named—which is why the public, whose notions are ruled by names, do not recognise it as such. It consists in a balance sheet recording the state of the Floating Debt. The Floating Debt is the debt owing by the Government to the bankers. This debt is created by what are called Ways and Means Advances. The bankers make these advances with credit created by themselves. They lend it for very short periods. To all intents and purposes these Ways and Means Advances are recallable from the Government on demand. That is why the debt reflecting them is called the Floating Debt, in contradistinction to the Funded Debt, which the Government need not repay at all.

Whenever the bankers make Ways and Means Advances the credit they lend is added to the credit already in general circulation. Whenever they withdraw them the credit is subtracted therefrom. The amounts of credit thus added to and subtracted from circulation are not under the control of the Government, but of the bankers. The Government cannot go into the City and say: "We have decided to borrow such and such an amount on such and such terms." They invite tenders—that is to say, they say to the bankers: "We are a bit tight for money: how much can you let us have?—what interest do you decide to charge on it?—and when have we got to pay it back?" In practice these "please-sir" negotiations (or unilateral explorations!) do not take place in public: the bargain is struck privately. All that the public see is an announcement in the City columns of the newspapers that the Government have invited tenders for so much, and have accepted such and such terms. And everybody, except money-market experts and students of the credit problem, gets the notion that the Government have done a friendly deal with private citizens—or companies who have money of their own to lend—that is to say that either party is *therefore entitled*, as well as free, to enter into the deal, or to abstain according to the terms wanted or offered. On both matters this is untrue: the money, if lent, will be new money (nobody's money) and the Government are obliged to borrow it. If the Government were to call the deal off they would immediately have to retrench on expenditure, cancelling contracts with industry, or (in extreme cases) cutting or suspending salaries and wages to Civil Servants, and or subsequently to inflict new taxes to honour their suspended obligations. On the other hand, the bankers would suffer no inconvenience; for if they did not lend the credit they would not create it. All that would have happened would have been that they had missed an opportunity to earn a small interest on the loan. This would mean nothing to them, because the banks' prime concern is not commercial profit but political control. From this point of view it will be clear that there is an advantage to them in keeping the Government short of money (or at any rate down to the means-test level) because the poorer the Government is the more submissive it is to bankers' policies.

Next follows a most important point. We have said

that Floating Loans add money to circulation. Therefore they add to the taxable capacity of the population. In that way—to use the jargon of the City which emerged from Chamberlain's mouth during his Budget speech—they bring about a "buoyancy of the Revenue." This buoyancy does not proceed entirely from bankers' loans to the Government: it proceeds also from their loans to industry and their investments in industry. All bank loans create credit, no matter who the borrowers are, increasing taxable capacity and buoying up the Revenue. The Revenue exhibited buoyancy in the last financial year, particularly in estate duties and income-tax. The higher yield of estate duties, according to Mr. Chamberlain, was due to a "rise in capital values," while that of income-tax was partly due to the paying up of "arrears." These higher yields were due to one and the same cause, the putting of more money into circulation by the banks. If the banks had lent more the yields would have been more: if less, less. Estate duties are not acceptable in terms of capital value: the capital has to be converted into money by sale. So the higher yield of estate duties was due to the fact that estates could command higher prices, and the reason why they could do that was because the bankers had put more money into circulation.

Similarly the continued and increasing buoyancy of the Revenue expected by Mr. Chamberlain in the next financial year will depend on the banks' lending policy in the same period. The same cause which has enabled income-tax payers to pay off arrears will, if it continues to operate, enable them to pay the extra threepence now put on to the tax. The same with the twopence per pound extra on tea. The bankers' loans partly feed the wage-fund, thus increasing the taxable capacity of the workers; hence the Government can count on success in raiding the wage fund.

Now we come to another consideration. Leaving out of account the banks' loans to industry, and confining attention to their loans to the Government, what is the amount of these loans—what is the size of the Floating Debt in relation to that of the Budget? Taking the figures most quickly accessible at the moment of writing, namely those for 1929, the Floating Debt was over £700,000,000 while the Budget was just on £800,000,000. These may be taken as indicating the magnitudes, actual and comparative, of the figures for the last financial year. What do they teach? Two things: firstly that there is a Budget deficit practically as large as the Budget estimates; and secondly (and consequentially) that practically all the Budget revenue is provided by bank loans. The Government is dependent on the banks for the collecting of any revenue at all. That is why, as the *Financial Times* pointed out to Mr. Lloyd George, the head bankers could at any time "destroy the fabric of Government finance" by withdrawing Ways and Means Advances. Imagine a Government put in the position of having to double every tax in this year's Budget in order to discharge its Floating obligations to the banks. Not only the fabric of Government finance, but that of industrial finance would be torn to shreds.

SCHIFF AND THE COMMUNISTS.

According to the French intelligence service, Jacob Schiff (a native of Frankfurt, where his father was one of Rothschild's brokers) had given a sum of twelve million dollars in order to assist the Russian Revolution of 1917.—(A. Netchvolodow, Lieut.-General of the Imperial Russian Army: *L'Empereur Nicolas II. et les Juifs*, page 98. Chiron, publisher, 40, Rue de Seine, Paris.)

Movement Notes.

New Democracy (New York) recently announced that its financial support was not sufficient to enable the proprietors to continue to run the journal on the fortnightly basis, and that thenceforth it would be published monthly. The issue for the month of April under the new arrangement contains 44 pages and is priced at 25 cents (annual subscription 2.50 dollars)—a most reasonable price—irrespective of the specialised quality of its contents.

The longer wavelength will probably be found of advantage both to the editor and contributors and to the readers. For, when you think matters out, there is no substance in the supposed necessity or desirability for events to be reported and commented upon immediately they happen in the field of high politics insofar as the interests of Social Credit are involved. Practically the only reason why news is demanded hot on the heels of events is because it includes items which can be turned to financial advantage by those who are smart enough to realise its significance and alert enough to act upon it promptly. For example, changes in tariff duties and prices of commodities or securities, fluctuations in currency exchanges, etc., are news which is only of value if it is prompt, and which would be multiplied in value if it could be received before the events instead of after them!

The famous *Fugger News Letters* on which modern newspaperdom is founded were nothing else than early tips to *moneylenders* in both senses of the word—i.e., to bankers who made it in the literal sense, and to other persons who made it by scrambling for it while in circulation. Even so, there is an important fact to be noted, that modern newspapers, despite all the boasting that goes on about their lightning news-service, do not broadcast news of the most useful kind in the money-making sense to the general public immediately upon the corresponding events happening. Their omission to do so is not (or need not be) deliberate. The originators of news of this kind are the originators of the events which constitute the news, and this privileged and powerful class—the master-bankers—have knowledge of the events before they happen. The average investor or trader, however promptly he gets the news after the event, is really only swallowing the dregs of foreknowledge which the banking fraternity have used for their own purposes.

We pointed this out at the time when the South African Government announced the revaluation of its currency, a policy which put a tasty premium on the price of gold in terms of South African pounds. Every little dabbler in gold-mining shares either saw for himself, or was prompted to see by City Editors in London, a nice little profit from ploughing his savings in South African mining properties. What he did not realise was that for months before the South African Government let him in to this unique moneymaking opportunity, the bankers were preparing to let him down over it. While he was contemplating the vision of exchange premiums on gold-prices being transmuted into profits and thence into dividends, the bankers had already designed and installed machinery of interception by which the profits were destined to be diverted through new taxation into the reserves of the Money Monopoly. Further, not only had the bankers predetermined this deflationary corrective (as they would unctuously describe it) from the Government end of

the affair, but they had been busy acquiring and consolidating their control of the financial management of the gold mines through which they were able to dictate how the balance of profits after taxation should be allocated as between shareholders' dividends and company reserves. As exclusive possessors of the power to create credit to lend to the companies on the one hand, and to buy the companies' debentures on the other, there was nothing to stop their virtual confiscation of as much of the exchange-premium profit on gold as they chose.

THE NEW AGE predicted this outcome within a week or so of the South African Government's announcement, and it was the only journal which so much as hinted at it. Months were to elapse before the taxation ramp was officially announced, and during that time goodness knows how many small investors were deceived into selling (shall we say?) armament and base-metal shares, or otherwise raising money to put into gold.

Published news of what has happened is nothing: it is the unpublished news of what is going to happen that makes money for moneymakers. To resume our main theme; if it were not for the widespread propensity of so many citizens to steal marches on each other by cashing out on the news, there would be no urgency in its transmission. It is a curious paradox that in these days when the transmission-speed of news is at its highest peak, so is the cornering of news, and the appropriation of its financial value by the Money Monopoly.

Now, as concerns the Social Credit Press, if the general public took it seriously, there would be some point in its maintaining a prompt and frequent service, because it could nip in when snap ramps were being tried on investors, and give the show away. As things are Social Credit is not looked upon by the public as having anything to say which could be of immediate practical importance to investors or traders. Yet, it is no exaggeration to say that these classes would have saved millions of pounds had they acquired an elementary grasp of the knowledge which became available to them in 1919 in THE NEW AGE under Orage's editorship. Veteran readers will remember Orage's almost desperate appeal (in one of his "Notes" at that time when the country was flooded with loose cash and idle deposits) "inquiry" (that was his word) anybody who had surplus money to hang on to it like grim death. The wisdom of the appeal was proved in one case. We have told of the story before of how one of our readers who ran a retail business in a provincial city suddenly went mad (as his friends thought) and announced a sale at a substantial discount when prices were rising all round him. Needless to say, he cleared his whole stock in no time. Everybody wondered whether he was going to retire and live on his capital, for why else should he sell things at less than he could replace them for? What he did first was to astound his bank manager by paying back the whole of his borrowings. Then, as he has often recounted in our hearing, he strolled home patting himself on the chest for being a free man out of debt—fleeing from the wrath to come, as the good Methodist might say. Probably, if for the moment we pretend to believe that bankers only lend money entrusted them by customers, our friend's repayment was simultaneously re-lent to his neighbours who rushed off to book forward deliveries of new stock before prices went any higher. However, it was not many weeks before the bankers' air-raiders appeared over that city dropping

deflationary bomb-shells on the once exuberant traders. It was their turn to go mad, but unfortunately without method in their madness. Panic-selling—or rather, attempted selling—ruled the streets, and if it be an exaggeration to say that our friend could have bought the city with his idle deposits, at any rate he was now in a position to replenish two or three times over the stock he had sold.

Of course, not every trader everywhere could have achieved this success likewise. Even in boom times, shoppers' money wouldn't stretch over all shop-prices though the latter were attractively discounted. But at least, if they had realised the truth as did our friend, they could have bought stock from hand to mouth and not rushed into heavy forward commitments. Likewise the manufacturers up above them: these could have refrained from ploughing profits into those extensions of factories and enlargements of plant which were so soon to be transmuted into something like a herd of white elephants. However, as we say, people have no use for the knowledge which Social Credit can give them. They insist on buying their experience in the bankers' market. It may be allowed that some sorts of experience can only be gained by purchase, and that such experience is worth paying for. But unfortunately when you buy it at the bankers' price you find that they have robbed you of the power to profit by it.

The public being so slow in the uptake on these matters, there is no urgent necessity for Social-Credit wisdom to be spread before them at short intervals. Further, the time-lag between a forecast derived from Social Credit principles and the fulfilment thereof cannot normally be a short one. The developments that we can utter warnings about take place at a comparatively slow rate, because they proceed from a huge, distant, centralised source. The ship of industry and society does not respond instantly to the master-bankers' wheel. The more distant the steering authority the more give in the steering-mechanism. That is the great defect in centralisation of initiative. It introduces a time-lag between a changed policy at the top and its execution at the bottom. If the steering-rod on your motor car were made of india rubber you would quickly appreciate the significance of this time-lag. It is true that events often seem to follow promptly upon the announcement of a new policy by bankers (or upon the announcement of a new policy by official and-by Governments, who are the bankers' official nouncers). But this impression is mostly illusory; for in most cases you do not hear the announcement until the new policy has been in secret operation for some time. You do not see the steersman turn the wheel; you only hear him announce that he is about to do so—an announcement that may, for all you know, be belated by months. Readers who grasp that the internal economy of every nation in the world is steered by a mechanism operated in Basle will see clearly the inevitability of a long time-lag between the invisible turning of the Basle wheel and the visible swing of the craft of State on to the new course.

One day (and watch out!—nobody can tell how near it is) this time-lag in the steering system will prove to be the undoing of the Money Monopoly. Basle needs a wide expanse of water to manoeuvre in, but its technique of navigation is driving it into narrow waters. It is drifting into an estuary, and at any time it may have to do something quick to avoid crashing on the rocks. No wheel-turning will be of any use. There will be nothing for it but a prompt reversal of the engines, and by technicians in the engine-room. In terms of economics, capitalism will absorb the function of the bankers during the emergency; and after it will dispense with them or make new terms with them.

Consumer Economics.

The future, or Consumer Economic system, relies on Plenty for its standard of quantity, upon individual interpretation for its standard of values, and upon co-operation for its mode of life. A simple system of counting will be used for costing all commodities until their production in quantity is such that enumeration is unnecessary. No so-called values will be registered by these figures, simply quantities. A price figure on a ticket will show the relative nearness of a commodity to abundance, as the figure approaches zero. Zero is the price of fresh air and sunshine, the quantity being infinite. Whenever a commodity can be continuously produced in such quantities that real consumer demand is satisfied, the consumer will naturally pay next to nothing for it. If the price is high, either the commodity will be difficult to produce, or it is naturally scarce. "Difficulty" shows that a long period of time elapses between the start of production and final distribution. This long period entails a greater consumption of food and equipment by the producers, hence, naturally, a higher price which registers quantities consumed. Briefly, the less time taken for a specific quantity to be turned out, or the greater the quantity turned out in the same time, the less the price in terms of consumption. All manufactured articles are due, in the last analysis, to the energy supplied by food previously consumed by the workers. As Major Douglas has said, "The cost of production is consumption." The production of a new batch of food is due to the consumption of food from a previous cycle. If, therefore, the production of various kinds of foods can be kept up to, or beyond natural requirements, the price can be continuously dropped towards zero. If food prices are low, then in the end, prices of all manufactured goods will tend to fall towards zero. Naturally scarce things, such as gold, silver, and so-called precious stones, will always have a relatively high price, not with any pretence of showing superior "value," but simply to register the fact of natural scarcity, and the time difficulty as shown above. The artificial tendency of producer prices is to rise towards, and in relation to, an artificial gold price, to enable the rapid consumption of Money on behalf of the financiers. The natural tendency of consumer prices will be to fall towards zero to enable the consumption of Goods by all. There is a certain lowering of prices under Producer economics, when time is cut down and fewer workers are used, but the lowering stops short normally, at cost price. Cost price is fixed by the price of, and imposed time limit on, the master commodity, money. The greater the quantity of money in circulation, the faster the financiers want it back via prices. Their paramount wishes are reflected in the ultimate higher prices of consumable things. Scarcity being the standard by which so-called "value" is measured, producer economists have everything to gain by scarce quantity and high prices. When plenty is the standard of quantity, from which individuals may choose what each considers valuable, consumer economists will have everything to gain by abundant quantity and low prices.

Under Producer economics, the food markets are the points where many of the present high prices are made. Competition is set up between the producers of the commodity and the buyers, via the auctioneer. It is that gentleman's task to set the innocents in front of him calling out figures, rising higher at each successive

bid. This genial (?) scrap keeps on until the one with the biggest set of figures at his command wins the fight. In this way our food prices are fixed, far higher than they should be if the foods are scarce, and never low enough if the foods are plentiful. If foods are in plentiful supply, the price fight is a poor affair—there is nothing to fight about. The flow of money back to its owners is slowed up, and something has to be done about it pretty quickly. The "something" is the destruction of the so-called "gluts," and the cutting down of acreage for next season's crops. It must be kept in mind that the whole aim of the producer system is to *consume money* via prices. If this essential is not strictly complied with, goods are neither produced nor distributed. That is why great ship-yards are allowed to go derelict although they are essential for efficient distributive services. The competitive methods of the commodity market will disappear under consumer economics. A plentiful supply of goods will be encouraged, and a just price paid according to the quantities consumed in the production of the new goods.

To get consumer prices moving towards zero, the utmost co-operation will be required between all consumers who act in their secondary capacity as producers. Co-operation will quite naturally be the mode of life for consumers, for they will recognise that without it quantities of goods cannot be driven up, nor prices down. When people recognise their primary right to as consumers, and know that all have a natural right to live, they will see the necessity for co-operation, instead of the idiotic fighting which the producer system insists upon. Consumer economists rightly insist on the prior distribution of money to all consumers as an expression of their natural birthright. This will enable all to satisfy, at least, their legitimate requirements in food, clothing, and shelter. The food consumed will produce energy. That energy will be efficiently placed at the service of the community if, and only if it is directed into channels of each individual's choice. Administrators of the new economics will do their best to ensure that all necessary producers have free choice of their work. Inherent interest in the job will drive such producers much harder than any foreman ever does under the Producer system. This inherent interest will spur the workers on to evolve new and more efficient methods. The time difficulty will be overcome, and consequently the total food consumption during the production period will fall. This in turn will lead to lower prices. Increased efficiency will be due to the internal competition of the consumer in his fight against his own ignorance. He will thus be in a position to become a more efficient, co-operative producer.

The "dirty" jobs, which, say ignorant critics, no body will do under a Social Credit regime, are an essential part of the present Producer scheme, which must provide work as a prior title to living. There are plenty of examples of what we may term "made" work, i.e., jobs which in themselves are not really necessary (match selling, ticket punching, and ship demolition are instances); but these are essential factors in the present foolish system. It will be the pleasant task of early Consumer administrators, either to abolish "dirty," and other "made" jobs as unnecessary, and therefore un-economical, or to make working conditions so pleasant that the "dirty" jobs will be raised in status to their high dignity as necessary, and very valuable services.

The enormous production possible by true and

willing co-operation will certainly expand naturally our all-in efficiency. "Hot-house" speed will not be the only criterion of efficiency as it is to-day. With a truly written-up credit account for the Nation, instead of the artificial debt account, with which we are so familiar, we shall, by the conscious co-operation of all consumers who act as producers, bring England to that state which Mr. Lloyd George called "a home fit for heroes to live in."

The new, or Consumer system of economics which will take the place of the present lunatic system, asserts that in so far as man has won in his competition, or fight, against his own ignorance, he is the better equipped to co-operate with others. The efficiency of co-operation is the sum total of the individual efficiencies of the co-operators. Efficient co-operation is only made possible by the prior competition of each individual against his own ignorance. The universal ignorance of the masses is the failure to recognise themselves as prior consumers by right of birth. Coupled with this is their readiness to agree blindly with their equally ignorant rulers, that they are workers, who, by the grace of the financiers, may become consumers. The new economics will function when a sufficient body of consumers recognise themselves as such, and demand the birthright on behalf of all.

Secret Reserves.

[Extract from *The Times* of July 21, 1931, reporting the Attorney-General's opening speech in the case against Lord Kylsant before Mr. Justice Wright at the Central Criminal Court.]

"I have no doubt that it is by no means unknown for a company in a good year to set aside out of its profits sums to what is called a secret reserve, that is, without disclosing to the shareholders that it has done so," the Attorney-General went on. "The business theory lying behind this is not far to seek. Shareholders, like other people, suffer from the defects of human nature. They may be unduly elated by what is a mere temporary success or unduly cast down by a mere temporary depression. It may be the best policy in their interests to smooth out the irregularities between one year and another, and to make the good years pay for the bad. Secret reserves are by no means infrequently brought into profit and loss accounts to diminish loss, to increase profit, or to turn loss into profit.

"Theorists may say that the whole thing is wrong, and that the manifest business advantages of securing the confidence of the shareholders and of avoiding giving too much away to your competitors bow to the consideration that it is wrong that the directors should be in possession of information which the shareholders are denied. Other people may say that the overriding consideration of the whole thing is that you must, by your accounts, present a picture of the company as it really is—a true and correct view of the company's affairs. If you do not have any secret reserves, it may be argued, may it not be that, by calling attention to a profit which is really wholly exceptional and in no way reflects the profit-earning capacity of the company, or by calling attention to an exceptional, non-recurring loss, you may create a false impression of the thing as whole.

"Whether that is right or wrong in theory this Court is not the arena in which to fight out the matter. I ask you to take the view of it which is the more favourable to the defendants. But there obviously comes a point when the deliberate maintenance and use of secret reserves give no true view of the position of a company. If, for example, as I submit is the position here, a shipping company during the War makes very large profits and accumulates very large secret reserves, and thereafter year after year makes enormous losses, and notwithstanding those losses, pays a dividend, a time comes when it is quite obvious that, unless something turns up, that company is doomed. To use sums from secret reserves to make it appear that business is going

on quite smoothly and happily when the company is inevitably drifting or to the rocks presents, I submit, an absolutely untrue view of the company's prospects and business, and not a fair and accurate account as you have to present by law.

"If it is said that it is difficult to know where to draw the line—it is always difficult to know where to draw the line, but sometimes you can very easily tell when a case is on one side of the line or on the other. I do not doubt that secret reserves have been built up and used before, but each case must depend on its own circumstances. I do not think that much assistance can be got from the consideration of the circumstances of other cases.

"The cardinal point is that the accounts must reflect a fair picture of the enterprise as a living whole. Smooth ups and downs, yes. Make temporary, unforeseen happenings disappear, yes. But you have no right to allow an enterprise to go down steadily and surely to disaster by letting it live for years on the profits which it made long ago without at least telling the shareholders what you are doing."—(First reprinted in *THE NEW AGE*, 30-7-31.)

The Position.

IN THE BONES OF ONE MAN.

(1) *If war (jealousy) is inherent in human nature Social Credit may never be adopted anywhere.*

(2) *Social Credit may gradually come into being (be evolved) as logically sensible.*

(3) *The Social Credit Movement may "win through."* These are the three alternatives.

A dynamic Social Credit Movement can be concerned only with achieving (3). If it fails, its activities will forward (2), but that is a consolation.

The Movement then is a fighting force.

Action can be: (a) Extra—or un-constitutional.

(b) Constitutional.

Under (a) come the activities, on their declared policies, of the Secretariat (coercion), the Greenshirts (revolt), the Petitioners (appeal). All these activities are open to effective counteraction. (This is no disparagement of by-the-way propaganda values.)

The (easy-road-to-power) Secretariat Electoral campaign is a bluff, and a bluff can be called.

Should the Greenshirts become numerically strong enough to be seriously objectionable to the Government old gang, the armed forces will be there to assist the police if necessary.

A large supply of deaf ears is available for the purpose of hearing petitions. No disrespect for the King is intended in making this statement. The Monarchy is "constitutional."

In general, "successful" extra-constitutional action would probably be rewarded—if rewarded at all—with a sop (comfortable slavery): unconstitutional action causes busy prisons.

Under (b) comes the direct frontal attack, the only course "the people" understand and can have effective enthusiasm for—the open bid for Parliamentary power on a (true Douglas) Social Credit programme popularly presented. (I put no cotton wool in my ears. I am "of the people," and I have canvassed with Secretariat pledge forms.) In spite of theory, this is the only likely way: the hard and only path to power.

Social Credit is known—as "Social Credit." That is a fact. From this point the Movement must go forward—or throw its hand in. Determined, responsible, honest men must be elected to Parliament: Social Creditors who know what they want.

The majority of the readers of this paper have sufficient idea of the nature of the financial system to know what course to pursue. If not, it is time they decided, for men grow old and die, or die before they are really old, and suddenly are not here to decide for others.

Straightforward constitutional action may appear naive or otherwise, but it is not pondered irresponsibly. The three attempts at the last General Election were pointers.

Of an inner compulsion all dynamic local groups will have

to take direct political action or wilt. The discovery stage has passed. All say so. Propaganda should hinge now on a clear-cut political objective.

It is a truism that "events" (which move rapidly) are on our side. The growth of the movement will be as rapid, but the utmost most people will be prepared to do will be to vote for Social Credit candidates. Local groups—which together form the Movement politically (the "party" in fact)—must adopt a policy of preparation. Last minute working of constituencies is no use.

The average man has his life and his vote and values both—to a point. The Movement cannot presume to "educate" him. It can only appeal to him and his English Spirit—with a bid for his vote—and thereby show faith in the rightness of its charge and demand.

There are many objections—if war does not break out, there's the Press: the Labour Party will steal our thunder: if you can't succeed with the Electoral campaign how do you expect to succeed at the polls: it will take too long: someone with terrific influence will show his hand: something will happen elsewhere: necessity will do the trick: and so on—but it's in the bones (they may be rickety) of at least one Social Creditor that we should get down into the cockpit of democracy of intention aforethought, for if the time isn't ripe now it never will be. Our responsibility is leadership. Douglas Social Credit leads us—the policy (ought we to say?) not the man, though he is honoured eternally.

The Movement is a fighting force. It must wage battle! The battlefield is prescribed.

T. C. WRYCROFT.

The Films.

"The Student of Prague." Directed by Artur Robison. Studio One.

This is the third screen version of the Continental legend. The second, made in 1926, and with Conrad Veidt in the title role, has always ranked among the classic German films, although in the opinion of this critic it has been greatly overrated. I prefer Robison's picture, which has all the characteristics of the German school at its best, while making the supernormal element more convincing than it was in the earlier production. It is also less stagey, although the actors, save for Adolf Wohlbruck as the Student, are inclined to the theatrical. But the film, which I strongly recommend, rests chiefly on direction and atmosphere, and the death of Dr. Robison during production was a very heavy loss to the cinema.

"Anne-Marie." Directed by Raymond Bernard. Curzon.

This ought to have been a much better film than it is. A story with possibilities, the charming Annabella, an aviation background, the co-operation of the French Air Force, and a clever ending that is none the worse for having had a parallel in fact, are ingredients that should in combination have resulted in good entertainment. But the director has not made the most of them; his Gallic repetitiveness will not commend itself to filmgoers accustomed to American slickness, and cutting by at least fifteen minutes would be an improvement. The picture is neither an example of outstanding Continental cinema, nor up to the high standard that the Curzon has set itself.

DAVID OCKHAM.

ROTHSCHILD AND WATERLOO.

"At Waterloo the Rothschilds advanced their pawns, played their part, and were the financial victors of those days in which the vulture triumphed over the eagle."

"They again fabricated a legend: that of the heroic Stock Exchange speculator who hired a boat at Ostend in order to make the crossing at the peril of his life."

"What a rich joke!"

"It is not rash to affirm," writes M. G. de Raulin, 'that the news of the victory of Waterloo was brought from Ostend to England by a smuggler in the pay of the Rothschilds.'"

"The inner meaning of the Stock Exchange coup of Waterloo now becomes clear. Waterloo is the Rothschilds' revenge on Napoleon. They avenged their partner, the Landgrave of Hesse, and his friend, the King of Prussia, the allies of England, whilst they pocketed a profit of thirty millions on the slump in the French Funds."

(From *Les Rothschild*, Publications de L'Argent, 10, Rue de la Bourse, Paris.)

TAX COLLECTORS IN BOMBERS.

In certain parts of the Empire it is not unusual to use the R.A.F. to "encourage" the payment of taxes. For instance, defaulting tribesmen on the North-West Frontier are visited by bombing planes and bombs—not final demand notes—are dropped on their villages. This procedure has its disadvantages, however, for there was an authentic case recently of the R.A.F. bombing the wrong village! Assuming that the unoffending villagers survived the raid, the question arises as to whether they would get a rebate for the damage on the next year's assessment—or would the "shirker" village be assessed double?

A + B.

You will probably have noticed that the conclusion of the recent cancellation controversy in the *New English Weekly* brought out the admission by Gordon-Cumming and other leading authorities that in a state in which consumption and production are equal (and production at its maximum—and no unused productive capacity) any additional "National Dividend" would have to be retired by taxation. What they do not realise is that this is an admission that the A + B Theorem is wrong. In the condition postulated, "B" payments would continue to be made—and if the Theorem is correct the "gap" would still be there and still require to be filled by non-debt "free" money, not requiring retirement.

[Extract from letter received by one of our readers.—Ed.]

OOZLEM UNITY.

We hear from a reliable informant in the southern counties that the Social Credit movement is threatened with an attempt to form some sort of a "Social Credit Federation," and that a "National Conference" is to be held in York this autumn. This is the logical extension of the attempt to organise and direct voters on a national basis. Mr. Norman ought to be in the Chair.

Forthcoming Meetings.

The Social Credit Party of Great Britain.

National Headquarters: 44, Little Britain, E.C.1.
Wednesday, May 6, at 8 p.m.—Final Lecture for the season 1935-6, by John Hargrave, Founder and Leader of the Party, at National Headquarters, 44, Little Britain, London, E.C.1. Subject: "The Element of Surprise in Social Credit Propaganda Tactics."

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