

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

The South African Press, on July 21, gave prominence to an interview with Mr. T. W. Lamont (senior partner in the house of Pierpont Morgan and Co.) who was then there on a visit to General Smuts. Naturally the question of the prospects of gold as a marketable commodity cropped up (or should it be outcropped?). Mr. Lamont was able to give a reassuring answer. Gold, he remarked, was recognised even in primitive times as the "basis of precious value." Relics "encrusted with gold" had been dug up during excavations at Ur of the Chaldees—relics dating back before the Flood. Which just shows you the value of its preciousness as a basis. It might be that Noah used it to ballast the Ark—which suggests that some fruitful prospecting might be done on Mt. Ararat.

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Mr. Lamont's reason for alluding to this was to show that gold was not the fetish of modern Capitalism, and he seemed to be suggesting that the prestige of gold had been, and would be, unaffected by any changes in social and economic systems. The same yesterday, to-day, and for ever. Well, we can all cry Amen to that—even those of us who want to see the Social Credit system at work.

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We suppose that the majority of people in South Africa have a notion that the displacement of gold as a basis of currency would render it valueless. This is ill-founded, whether the "value" thought of is use-value or market-value. These people's fears would be justified if gold were to be abandoned while the prevailing principles of costing and pricing remained in operation, for then, when the banks ceased to buy the metal, and unloaded their hoards, they would glut the market, forcing the price down, and bankrupting the mining industry. But when the advocate of Social Credit envisages the technical dethronement of gold as a currency-basis he envisages also the political dethronement of the gold-hoarders as currency-controllers. It

is these hoarders, and their methods of regulating supplies of currency and credit who would cause the abandonment of gold to be followed by disastrous consequence to those who mine it and refine it. Get rid of them, or get them to adopt right methods of regulation, and you avert such consequences. For then the "abandonment" of gold will really be the resurrection of gold from its grave of uselessness, and its ascension into the sky of usefulness. The fundamental question is this, and only this:—Is gold desired by men for the sake of its intrinsic properties and virtues? There is no doubt about the answer. We would all like to have spoons, forks, rings, chains and ornaments fashioned out of that metal. Very well; under Social Credit the real desires of mankind will be translated into the effective demands of mankind—effective in the market sense that mankind will be able to pay the price of every desirable thing that is available to be bought.

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"Yes, but what would be the price of gold?" someone will ask. The answer is that whatever the price might be it would be a remunerative price to the seller as well as a payable price to the buyer. Under the present system no price-level can fall without inflicting losses on sellers. So while this system continues it is natural and proper that people who depend for their living on the gold industry should insist on the stabilisation, if not the expansion, of the gold-price. But under the new system their living will not be injuriously affected by the course of the gold-price, whether upward or downward.

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The reason can be seen by anyone who takes the trouble to examine the machinery of credit-creation in connection with the act of gold-hoarding by the central banks. For convenience let us refer to the central banks of the world under the name of the Basle Bank, or more shortly still, the Bank. Now when the Bank buys gold it manufactures the money that it pays. This money is an addition to that previously in circulation. And so long as the gold lies

buried in the Bank's vaults that additional money remains in circulation. Conversely, if the Bank should choose to sell its hoard, the money would be withdrawn from circulation. And here lies the fundamental reason why the abandonment of gold as a basis for currency would inflict injury. It would involve the withdrawal of money from circulation; it would involve an act of deflation with exactly the same consequential paralysis of trade as happened in 1920. Notice that not only the gold industry would suffer, but every other industry and every person engaged in it.

Someone may observe, and properly so, that in actual practice the Bank would not be able to sell its gold, because there would be no buyers; or that if it did sell it would have to accept no more than a small fraction of the price originally paid for it. But that is saying the same thing in another way, namely, that the community could not provide the money for buying this gold without withdrawing it from other purposes for which it was being employed. In physical terms, the community could only absorb the gold by ceasing to consume an equivalent quantity of other things, including the prime necessities of living. The only conditions under which this dilemma could be avoided would be those in which, when the Bank bought gold and hoarded it, the sellers of the gold were able to hoard the money they got for it!

Now, there is naturally no necessity for this dilemma to occur. It is quite possible for gold to come out of the Bank's vaults and into the markets, and at the same time for the monetary equivalent of that gold to remain in the markets. Certainly it *ought* to be possible, since the gold had never been the property of the Bank but always the property of the community. For consider how the Bank acquires it. Merely by manufacturing tokens of purchasing-power and handing them to the sellers. It appropriates public credit, and by distributing it, appropriates gold. When Social Credit comes into operation these powers of private appropriation will pass into the hands of the Government as representing the rights and interests of the community. Virtually the community become the Bank. They take over the whole of the assets and liabilities of the Bank. To narrow the essential point, they take over the gold hoard without paying for it. There's nobody to be paid. No bank-shareholder can lay a claim to it. It belongs to everybody.

That being established, all that remains is for the representative Government to decide what to do about the gold. Shall they retain the hoard, or shall they make it available for distribution. Shall they beat their swords into ploughshares—or, in other words, fashion their bullion into wedding rings? From the point of view of the gold industry it matters nothing what becomes of the gold so long as the producers get their incomes out of its disposal. Will there be an effective demand at a remunerative price? If so, why not let the metal go to manufacturing jewellers instead of monetary jugglers? Come on: hands up all those who could do with a gold watch—cigarette case—powder-box—and goodness knows what else. Gold has always been highly esteemed, as Mr. Lamont points out: and for that very reason its lustre does not depend on its contrived inaccessibility. It was admired before bankers cornered it, and it will be admired long after the cornerers and their tricks have passed out of the

memory of mankind. Yes, as Mr. Lamont says, gold will always be in demand, but, as he omits to say, in demand from those who will pay it the tribute of displaying its virtues. South Africa has all to hope from Social Credit. During the Boer War pro-Boers used to be sung a ribald adaptation of the well known hymn, running as follows:—

Johannesburg the golden  
With milk and honey blest

but this adaptation can stand to-day as a prophetic description of the prestige and prosperity that will descend on that city when the stone is rolled away from the vaults of the Money Power.

In the meantime let the bankers hoard all the gold they will. It makes no difference to the Social-Credit issue. In fact there would be no obstacle to the working of a Social Credit system even if the hoarding continued. If the British—or, let us say, the Empire—Credit Authority, which took over the present functions of the bankers chose to hold on to the gold it inherited from them, and to continue the present practice of buying all new gold on offer at a standard price, this would not prevent the attainment of the Social-Credit objective. All it would do would be to hold so much wealth out of the consumption market. The energy exerted in producing gold would be wasted. But since the energy exerted would be (as it is now) so small a fraction of the energy available (actually, and much more potentially) for producing other kinds of wealth, the incidence of this waste on the volume of consumption would be negligible.

There was an American gentleman who wrote to a New York paper soon after the War suggesting that the American gold hoard might be cast into a statue and placed in the centre of some public square with railings round it and one or two policemen attending it. His idea was that the gold would be all the safer for being publicly and permanently on exhibit. Unwittingly he was touching at the central nerve of the distinction between a gold *hoard* and a gold *standard*. Gold functioning as a *hoard* represents (as just shown) merely the diversion of so much energy and so many energy-products from the consumption market, *without limiting the exercise of other energy* applied to feeding that market. But gold functioning as a *standard* as well as a hoard prevents the exercising of a vast amount of energy which could be applied to feeding that market. The reason is that, in whatsoever way one may interpret the meaning of the "standard," the fundamental implication and consequence is the restriction of the volume of *all-wealth-production* to some arbitrary ratio to *gold-wealth-production*. To use the American gentleman's illustration, the gold statue says: "Make me, and everything else that you can make—and good luck to you," but the gold standard says: "Make me, and then limit your other production in relation to my size." To put it more graphically the gold hoard, used as a standard, may be conceived as a pile of bullion whose shadow delimits the permitted scope of human activity. Instead of being simply a by-product of free initiative and enterprise it is destroyer of both. Whereas the *statue* is a crown of effort the *standard* is a prison of effort.

Here we come to the essence of the distinction. The statue is a hoard pure and simple: but the standard is

a prescribed code of conduct imposed on mankind by private interests who control the hoard. And these interests get away with it by transferring to themselves the prestige and esteem belonging to the gold which they control. When Mr. Lamont says that gold will always be desired by mankind he is implicitly claiming that mankind cannot do without gold—cornering money-monopolists and law-givers. Well, he's telling us! The proper answer to this is the opposite to Amen—it is Oh yeah!

#### Albertan "Prosperity Certificates."

Hon. Lucien Maynard, 28, Minister without Portfolio in the Provincial Government, second youngest Cabinet Minister in the British Empire, six years out of law school, stood upon a platform in Western Canada high school auditorium last night and explained the Provincial Government's new monetary scheme to an audience of more than 1,300 Calgary business men and representatives of public organisations.

Both he and Premier Aberhart, who accompanied him, tacitly admitted that the scheme—a stamp certificate plan—would either place the province on its feet, or wreck the Government.

"If it doesn't work—it is our funeral," Mr. Maynard said.

(The Calgary Herald, June 18, 1936.)

We have received from a correspondent a copy of the *Calgary Herald* containing a long account of the meeting at Calgary referred to in the extract printed above. This meeting, it appears, was one of a series promoted by the Government in various important centres in Alberta, which were attended by the Hon. Lucien Maynard for the purpose of giving information and answering questions about the prosperity-certificates scheme. Judging by the proceedings at the Calgary meeting he is a patient and lucid expositor, and an adroit handler of hecklers who ask "trap" questions without reference to their relevance or importance. For example, at one juncture he promised that the Government would indemnify any citizen who might be prosecuted under the Bank Act for using the certificates. Whereupon a lawyer in the audience got up and asked him if he was not aware that it was illegal to undertake to offer to indemnify a person for a breach of the criminal law. Maynard replied that a breach of the Bank Act was not an offence against the "criminal code"—a distinction whose fundamental significance will be quickly recognised by readers of *The New Age*, particularly by those who recall the articles published in *Public Welfare* and *Credit Power* fourteen years ago in which the bankers' activities were presented as *counterfeiting under licence*. All bank charters are forgery-licenses—permits to private monopolies to duplicate what may be called standard tokens of purchasing power, yet these permits contain no prohibitions or penalties governing the use (or mis-use) of this power to expand or contract the number of circulating tokens. The common counterfeiter or forger uses his duplicated tokens to appropriate wealth at the expense of the community, and is properly punished on the real (but unadmitted) ground that he is not playing fair—that if he may make his own money so may the rest of us. The chartered counterfeiter or forger inflicts the same loss of wealth on the community, but without visibly appropriating it: hence there is no evidence of unfairness which would seem to call for legal intervention. The banking monopolist does not buy wealth with his manufactured tokens; he lends them to groups of producers who buy wealth, that is to say, who add new wealth, having additional token-value to the com-

munity's store. But long before this new wealth is accessible in the consumption market the monopolist calls the tokens in from the producer, who, in turn creates and sells shares to the community. Then the monopolist cancels the tokens. If you like, he de-forges his forgery. But his doing so does not undo the consequence of the forgery. That consequence is that he has now become, invisibly, the only potential buyer of the block of wealth that he financed. Isolating this transaction from all others, it is clear that whoever now owns this block of wealth cannot sell it except to the banker-monopolist. Now to a certain extent the monopolist will buy it, he will (as he does) invest in some of it; but a large proportion of the wealth is left suspended beyond the reach of the community. The potential market value of this suspended wealth, that is to say, the price it would fetch on a forced liquidation, is accurately measurable—by the money monopolist! For that price is exactly the amount of money he may choose to offer for it—from zero upwards. The wealth is virtually his, at his own figure, whenever he chooses to buy it. And he can force the owner to sell it because he can refuse to lend money for its development.

So if the books of the Money Monopoly reflected the actual situation they would show on the assets side not only the value at cost of the formal investments in this property, but also the value at cost of the balance of the property: and on the liabilities side they would show not only the money paid for the investment (figuring as deposits) but a sum equal to the value, at cost, of the balance of the property. Thus, for the purpose of illustration:

Liabilities	£	Assets.	£
"Deposits" .....	100	Wealth Invested in	100
"Mystery Reserve" .....	900	Wealth attachable	
		at call or short	
		notice .....	900
			£1,000
			£1,000

These token figures, it will be seen, pre-suppose an original bank-loan of £1,000 which was repaid before any of the wealth had passed out of industry into the consumption market. The item "mystery reserve" will be seen to be a contingent liability, depending on whether the banker chooses to force the owners of the "attachable wealth" to liquidate it. Suppose that he does, attends the auction, and gets the wealth knocked down to him for £10. (He could get it for a penny—for there would be no reserve on it nor any other bidders for it.) In that case £10 would come out into circulation as deposits. The total of deposits would now be £110; and the total of the "mystery reserve" would be £890 (by difference).

Imagine the account, as amended, to be published. It would exhibit a curious feature to the public. The bank would appear as owning £1,000 worth of assets against which it owed £110 to depositors and £890 to whom? Would it be a profit allocable to shareholders? (A piquant problem considering that this token figure might represent perhaps ten or twenty times the subscribed capital of the bank.) If not, what would it be? There can't be a liability without a recognisable claimant. (At least, you would say there couldn't, but that encroaches on a later story.) The claimant would have to be the community. In that case the £890 would represent (shall we say?) a National Dividend Fund.

This gives you a nice feeling, doesn't it? Let us put it down and look at it.

Liabilities.	£	Assets.	£
Deposits .....	110	The whole wealth	1,000
National Dividend Fund .....	890		
	£1,000		£1,000

It looks much nicer in this contingent, *could-be* truthful form than in the actual, *got-to-be* deceptive form adopted by the bankers, and expressing itself, in this case, as:—

Liabilities.	£	Assets.	£
Deposits .....	110	Investments .....	110

We must leave this rough and *seemingly unreal* analysis to be modified or elaborated by Social Credit students who are familiar with the technical facts which we here take for granted. Our immediate purpose is to show in principle how it is possible for the unchecked powers granted under "Bank Acts" to be used to cover a concealed stranglehold over communal wealth. Insofar as we have done that we are sharpening the point of the Hon. Lucien Maynard's excellent distinction between banking law and criminal law. In fact we are driving it farther, and suggesting that Bank Acts are themselves virtually Governmental promises to indemnify the Money Monopolist for offences against the criminal code. The dog in the manger, despite his freedom from acquisitiveness, was a far worse enemy of animal society than any hungry creature round the manger. And now that the Social Credit Formula is discovered for rendering inaccessible wealth accessible to all without inflicting loss on any, the Money Monopoly stands indicted with the crime of wantonly frustrating the needs and hopes of humanity by refusing to adopt the formula, or to let anyone else do so.

The prime need to-day is to force the Money Power out into the open. It requires education upwards coupled with agitation downwards. Agitation below—the stirring up of emotional hostility against money monopolists—is not sufficient in itself; the agitators must have their prophets, poets, and philosophers who will ceaselessly justify the agitation in the ears of those who have the power to suppress agitations. We do not mean the Money Monopolists: we mean primarily those people whose official function it is to do this work, and secondarily other influential people who can effectively assist them. During the General Strike the hearts of all those people were in their jobs. Much has been done by the Movement since that time to educate them into a knowledge of the principles and practices of the Money Monopoly. Now no-one who grasps the Social-Credit analysis under these two heads is likely to put his heart into the job of suppressing an agitation for the results attainable through the Social-Credit Formula. Education "upwards" tends to drive a wedge between duty and conscience in the minds of the bankers' accustomed agents of repression, professional or voluntary. Agitation below strengthens the hands of the educators. The mere spectacle of the agitation, let alone its purpose, attracts attention to the education offered. Among the classes of no particular social eminence there are numbers of people who in 1926 volunteered wholeheartedly to help put down the workers' "attack on the Constitution," but who to-day would not let their consciences be caught by clap-trap of this sort. They know what the Constitution is—a by-law of Bank Acts.

It is reasonable to suppose that the change of heart in their case is a reflection of a similar change going on in the higher planes of society and officialdom. Both on material and moral grounds disaffection is spreading. One symptom got in the papers the other day when certain civil servants protested against having to do the dirty work prescribed by the Tithes Act. And "dirty work" is an exact description of the tasks which the bankers would call upon their functionaries to perform if the masses displayed disquieting unrest, and how these tasks would be viewed by the performers thereof. It is the work of the Social-Credit expositor to encourage such an attitude. In the light of his exposition an attempt to put down even a disorderly manifestation of aggrivance among the masses on the subject of their means of life would be seen as more unconstitutional than the apparent threat to the constitution.

Apropos of this remark we can cite another report made by the Hon. Lucien Maynard. When he was assuring the citizens of Alberta that the Government would indemnify them if prosecuted under the Bank Act he interposed a remark to this effect: "But why should you people fear to be singled out for prosecution? I and my Government would expect that if anyone held it to be an offence for you to use the certificates he would start proceedings against us as the creators and distributors of them; and not shirk the issue by victimising individual citizens who are not ultimately responsible." Here was an illustration of what we mean by forcing the bankers "into the open."

Turning now to the technical aspect of the certificate-scheme it appears that throughout his series of meetings Mr. Maynard repeatedly and explicitly stated that this scheme is *not Social Credit*. Social Credit, he said, is a question of policy which must be "left to the Government." The certificate scheme is entirely distinct. It is a non-compulsory experiment. In answer to numerous questions at the Calgary meeting he unequivocally stated that the Government did not intend to use means of coercion on any company, or servant thereof, or private citizen. "I am here," he said in effect, "to tell you all you want to know about the scheme; and then it is for you to decide whether you are willing or not to co-operate with the Government. If you decide you don't want it, that will finish the matter. We can't compel you; we ask you to give it your sympathetic consideration as an attempt to ease the situation in the Province."

We have now the official disclaimer of the Government that the certificates scheme has anything to do with Social Credit. This, conjoined with the fact that everyone entitled to speak on behalf of the Social Credit Movement affirms the same thing, should be enough to reassure those members of the Movement who think that the failure of the experiment will discredit the Social Credit Formula. On the contrary, it is the success of the experiment that would be more likely to do that, for Social Credit leaders are predicting that it won't succeed, basing their predictions on the Social Credit Analysis. It may well be that in the event of failure, which, let it be said, is ultimately inevitable on technical grounds unless the experiment is modified, opponents of Social Credit would be able to convey to the public a confused notion that "Social Credit had been tried and found wanting." How far that would handicap Social-Credit action-organisations would depend upon what

sort of contacts they were maintaining with those members of the public who had shown a disposition to approve the idea of the Dividend, etc. There are two ways of maintaining contacts with such people; one is to enrol them as members, or at least secure them as subscribers to the journal of the organisation, and the other is to use methods of keeping their attention from straying, such as the incessant holding of meetings (indoor, but mostly outdoor) coupled with high-pressure selling of a journal on the streets. In short, Mahomet must attach himself to the Social-Credit Mountain or the Mountain must molest Mahomet. In the first case you have a number of adherents each in continuous contact with the organisation, and in the other a number in intermittent contact. Both methods can of course be followed by the same organisation, just as any trader can keep a shop and also run a hawk's barrow. By following either method the organisation is in a position to counter dishonest propaganda derived from a failure of the Alberta experiment or others like it. All that need be done is to point out that the experiment failed *because the Social Credit Formula was not applied*. Thus the rule for all organisations should be:

1. Teach always in the name of the Formula.
  2. Maintain contacts when once established.
- For adherents who have never heard of the Formula, and adherents contacted just once and neglected afterwards, are alike easy prey for polemical tricksters who prout about shouting the derisive slogan: "What About Alberta?"

Consider the League of Nations Union's famous 11,000,000 once-for-all plebiscite adherents. Their signatures were flourished as proving a demand for the League's policy—of which the Sanctions Experiment was the practical expression. To-day hardly a hundred would have an answer ready if someone challenged them: "How about your precious League now!" All the rest would scratch their heads and say:

"I don't know what you mean by 'my' League, and I don't remember thinking about sanctions; all I remember is (do I even remember?) that some polite lady called with a paper, and when I opened the door I was so relieved to find that I wasn't expected to buy something from a down-and-out that I filled up the form and signed on the dotted line. Since then I had forgotten all about it. If you say sanctions have gone flop and therefore the League is a swindle, I expect you're right. Anyhow, if the party doesn't call again there's no call for me to trouble which way it is."

So far as THE NEW AGE is concerned the question of what effect Aberhart's failure would have on "public opinion" is of trivial importance. We have said before, and maintain now, that minority convictions will conquer majority notions, not by the inefficient, long-distance and ruinously extravagant attempt to overcome their inertia on the catch-your-pal principle, but by the designing and employing of a catalytic strategy. A catalyst is a substance which quickens a process (e.g., a chemical combination between other substances) which would nevertheless proceed in its absence. It does not form part of the forces leading to the combination, nor does it enter into the resultant product. It exercises an influence identical with that exercised by the appearance of "the boss" in a work-room. Things happen quickly which would otherwise happen slowly.

The forces which will bring in Social Credit are forces released by the bankers' pursuit of their policy; and they are automatically convergent on precipitating a collapse of the whole system. They are working through persons, groups and institutions who are unconsciously furthering the objective of Social Credit by jamming up the bankers' machine. The whole lot of them might jeer at Social Credit; but their so-called opinions don't count. It is what they are actually doing to delay the coming of Social Credit they are helping to bring it in. Well, the Social Credit Movement can put its little spoon into this cauldron of witches' broth and

help stir it up some more. In other words, we put in our spoke when and where we like just as it suits our convenience.

It is not the function of Social-Creditors to shape events. Nor is it in their power to do so. It is their function to interpret events as they happen. It is in their power to do this. It is, moreover, in their power to predict events long before they happen. Their exercise of this power does not arise from organisation. In fact it is most potent in the absence of organisation. The correct interpretation of past and current events shapes future events. In that sense Social Creditors *are* shaping future events. The dynamic factor in their influence is this power of Prophecy in both senses of the word—prophecy *against* the Money Power and its policy, and prophecy *of* the consequences of its policy. Indictment and prediction.

It is this factor which has brought about the rise of Aberhart and Savage to power, or rather quickened the forces convergent on erecting Governments of the type represented by those in Alberta and New Zealand. Governments of this type became inevitable in 1919 when the Social Credit Analysis was revealed to the world. It corroborated what was known before to monetary reformers, namely that public political policy revolved round private financial policy; but it revealed something more, namely the reason why, and the way to make private financial policy revolve round public political policy. It established the fact that economic emancipation was immediately attainable without disturbance to the existing structure of society. Before then, emancipation seemed to depend on re-adjustments of sectional interests; and immediate emancipation on quick and drastic readjustments. But that meant violence. Social Credit, however, eliminated this dilemma by showing that readjustments between conflicting interests could be avoided, and rendered unnecessary, by the underpinning of all of them. Rich and poor could both be made richer simultaneously, with the psychological consequence that the rich would have less incentive to resist readjustments and the poor less incentive to insist on them. The alignment of conflict need no longer divide rich from poor, but rich and poor together from the self-constituted controllers of the public credit.

Social Credit thus offered potential leaders of reformist movements something that they lacked before, and that was a clear idea of what they could do if they came into power with the responsibilities of governing to the satisfaction of the people as a whole. It opened up prospects of Governments able to employ the tactic of playing the people against the bankers instead of playing rich people against poor, or poor against rich—with the bankers coming in on either side according to their own free fancy. The Social Credit discovery shifted the centre of gravity of all political policy and strategy from the very beginning. And the insistence of Social Credit "prophets" on the truth and significance of the discovery throughout the years has made the world of statecraft and officialdom alive to the change, whether the knowledge be distasteful or not.

In Alberta Aberhart is symbolically registering the right of a Government to manufacture its own money. In New Zealand Savage has formally exercised a Government's right to become its own central bank or bank of issue. Neither of these acts is Social Credit in a technical sense. This cannot be helped, and it is no use for Social Creditors to complain about it. In fact, they have no right to do so. It was Aberhart's own following that put him in; and it was Savage's Labour following that put him in. It is up to these men to do what they can in the light of the wisdom they have derived from Social-Credit prophecy. And it is up to Social-Creditors to leave them to their job, or to assist them with immediately practical advice if they want to give any.

## The Waterlow Case.

Mr. Gavin Simonds's arguments before the House of Lords (1931).

X.

Now, my Lords, perhaps it is somewhat of a bathos, after pressing upon your Lordships that the answer to this claim is nought, that I proceed to a discussion whether it is £608,000, or £610,000 or £300,000, or whatever it may be, but upon that part of the case I do, with your Lordships' leave, wish to make quite a few observations. I do not propose to be at any length upon it, because the whole matter has been so very fully explored by your Lordships that it would not be right for me to take up much time. Upon that part of the case, of course, our foundation is Lord Justice Greer's Judgment, with such qualifications in our favour as your Lordships may find it possible to introduce. There are one or two points that I would clear up. I am not quite sure what the position is in regard to the suggestion which at one time was made, that here there was in negligence a separate cause of action. I do submit to your Lordships that the action here as laid rests in breach of contract, and nothing else, and that the addition of negligence to it does not in any way vary the measure of damages as laid down in *Hadley v. Baxendale*. My learned friend still pressed the negligence point of view.

Lord MACMILLAN: I think he did not seek to enhance the damages because of any separation; I did not so gather. He said it would be the same measure of damages, but he did not want an increased bill from you. I do not think he suggested the damages would be enhanced in any way, because they could be put in one category rather than damages for breach of contract.

The LORD CHANCELLOR: It is the pair of horses, they are drawing the same load.

Mr. GAVIN SIMONDS: If your Lordship pleases. Then the case comes back to *Hadley v. Baxendale*. The rule in *Hadley v. Baxendale* is set out, if I may respectfully remind your Lordships of it once more, in Lord Justice Greer's Judgment at page 148: "We think the proper rule in such a case as the present is this: Where two parties have made a contract which one of them has broken, the damages which the other party ought to receive in respect of such breach of contract should be such as may fairly and reasonably be considered either arising naturally, *i.e.*, according to the usual course of things, from such breach of contract itself, or such as may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract, as the probable result of the breach of it."

Now, my Lords, my first broad proposition is this, the one that I have made, I fear, more than once, that it would not be within the contemplation of the printers, nor would it be in the usual course of things as following from a breach of contract, that the Bank whose notes were being printed, would resolve to pay forged notes and true notes alike without distinction. If the Bank of issue takes up that attitude in accordance, as it is rightly said, with their ancient tradition, that that is what it will do, then it is something which ought to be brought specifically to the notice of the printers. I put myself in the position of a printer making a contract with a Bank for the printing of its notes; it does not matter whether it is a Bank of issue or not. If I am told that the Bank will, upon forged notes being circulated, pay them without attempting to distinguish them, I venture to think they should make a special term, because nobody can protect himself against every misfortune, nobody can be sure that the notes whilst still in the possession of the printers, will not be stolen under circumstances

which make him liable, having regard to his absolute obligation, and will not be put into circulation; you cannot be sure, whatever precautions you take, that some of your notes that you are printing for the Bank will not find their way into circulation without the authority of the Bank, and if the position is that the Bank say: If that happens, I am going to pay them, false or true, without attempting to distinguish, that is not something, in my respectful submission, which is in the usual course of things, or which would be within the contemplation of the printers, without particular notice being drawn to it.

Now, my Lords, what happened in this case? This is not a question simply of whether the Bank ought to have taken steps to mitigate the damage. I quite accept what my learned friend says. If I might be caused by the Defendants' act, and the Defendants allege that the Plaintiffs ought to have taken a step to mitigate this damage, then no doubt the burden of proof is upon him to show the damages I might be mitigated, and ought to be mitigated; I accept that position. Here the position is not quite that; it is that the Bank has taken a step which it is alleged was imposed upon it and has caused that damage. Now, under those circumstances, it is for the Bank to establish *prima facie* at every point that what they have done was done properly and reasonably and as a necessary consequence of the breach. Therefore, my Lords, the question is simply this: Am I liable within the rule of *Hadley v. Baxendale* for a course taken by the Bank of paying without discrimination all good notes and bad? They have got to prove affirmatively that that is damage which, within the rule, they are entitled to throw upon me. Now, my Lords, if you start, as the Bank start, with the assumption that that is the course which they are going to take, the difficulty which we must be in from the beginning—when I say "difficulty" it is the advantage in a certain sense—is this, that nothing we can do will matter; they have to satisfy your Lordships that the course which they took in determining on the Sunday to pay all notes, false or true, was a step which they were justified in taking, and justified in this sense, that taking it, they were entitled to impose upon us the damage. Now, in my respectful submission, they are not entitled to recover those damages against us, because they did not say to us that is what we are going to do.

Lord RUSSELL: That they did not say that to you at the time of making the contract?

Mr. GAVIN SIMONDS: Yes, my Lord.

Lord RUSSELL: That is what you mean?

Mr. GAVIN SIMONDS: Yes, my Lord.

The LORD CHANCELLOR: Tell me which of your Reasons is it you are now developing, your Reasons are on pages 38 and 39?

Mr. GAVIN SIMONDS: This is No. 3 and No. 5.

The LORD CHANCELLOR: I understand what you say is this, that they ought to have given you express notice of this?

Mr. GAVIN SIMONDS: Yes, my Lord.

Lord RUSSELL: At the time of the contract?

Mr. GAVIN SIMONDS: At the time of the contract, my Lord.

Lord RUSSELL: That is Reason No. 3.

Mr. GAVIN SIMONDS: Yes, my Lord, I am obliged; what I am saying is Reason No. 3.

## This "Dirty Work."

Principal officials of the Inland Revenue Department are sending a round-robin protest to the Treasury against the Tithe Bill.

They complain that the Bill thrusts upon them the invidious task of tithe collection and prosecution, in addition to their income-tax duties.

"If the work of collection is too unpleasant for Queen Anne's Bounty and the ecclesiastical authorities," is the effect of the protest, "a special department should be set up to do the dirty work."—*Daily Herald*, June 24.

## An Aerial View of Social Credit.

By Frederick J. Gould.

As if from a serene height I look down upon a world which, since I first listened to Douglas in an obscure small chamber in 1920, has become crowded with signs of interest in the Social Credit doctrine. Alfred Orage was present in that little group, and he had the vital spark. A few years later I heard Arthur Brenton express his evangelic passion for National Dividends and Price-control at a Douglas dinner. Those dinners were like unto Methodist love feasts. "We few, we happy few, we band of brothers" smiled in a communion of saints, and murmured to one another texts concerning Wealth, Money, Satanic Finance, Pay without Work, Age of Plenty; and we struck the harps of Hope and Faith. And I—imbued with Auguste Comte's philosophy and Religion of Humanity, and with the hero-spirit of H. M. Hyndman's ideals of Social-Democracy—felt (and I feel in 1936) that Douglas's gospel is a logical sequence to the Humanist and Socialist revelations of the nineteenth century. In grim moments I weep at the slowness of Positivists, Ethicists, Socialists, and Communists to catch on to the splendid Social Credit truths, and because they know not the things that belong unto their peace. But, in comparison with the 2,000,000,000 of the globe's people, these coteries count not as governors. They help. All human units help. They are the stones of construction, moved (as by the lyre of Amphion in the Hellenic myth) by the Social Credit idea into walls and towers.

Contemplating from my serene height, I do not see human units, social and political, cancelling one another out. I see them as contributors to the common good. Human nature seeks after a Wholeness, a Unity, a Synthesis, a Catholic life, a Universal life. I see Socialism and Communism trying, in incompleteness, yet in honesty, to realise this one-ness. But since, through lack of effective education in the adolescent years (I mean to age twenty-one), no real democracy has ever existed or can possibly exist, I find the Nazi experiment in Germany and the Fascist experiment in Italy (like the Imperial divineness in Japan) quite understandable and genuine attempts to over-rule the lunacies of perpetual voting in General Elections and in committees, and to establish a more or less personal summary of the scattered social forces. These experiments imperfectly tune in with the doctrine of the Social Heritage, the doctrine of the One Humanity as the mother and creator of wealth and values. I respect them as endeavours towards social integration. On the other hand I joyfully chime in with Douglas's sketch-plans for giving freedom to individual expression and initiative in the industrial corporations (guilds, associations, co-operative societies, etc.), of agriculture, mining, engineering, building, etc., once it is legally ensured that public authority rules money-issue and National Dividends and Consumers' prices. Even while I was a most devout communicant in the Socialist church, I had secret repulsions against the prospect of industries and services dictated by a bureaucracy of black coats, questionnaires, Whitehall boards, forms, and fountain pens. I prefer a farmer with clay on his boots to a dignified Westminister "controller" or "principal clerk." Quite openly and cheerfully I here add that I have leanings toward an ultimate Anarchy, in the double sense of escape from the ghastly complexities of the present law systems, and of emergence into the noble spontaneity which Paul the tent-maker pictured as "the liberty wherewith Christ hath made us free." In modern language, I would say that Social Credit will dissolve a vast mass of legalities and snobberies and, by the abolition of poverty, expand the activity of the essential and natural human soul.

In the same serene temper (which I confess I may not always retain when I come down to the grass and the pavement) I incline at present to approve of free action in all the sections of the Social Credit movement. In our obscure small chamber of 1920 we little dreamed of the manifestations of 1936—the conferences, the titled chairmen, the bright-hued shirts, the strident call to the electoral ballot,

the myriads of petitioners, the singular varieties of journals, the clamant shouts of Alberta and New Zealand and the rest. To-day (let the morrow legislate afresh!) I plead for mutual toleration among all these more or less angelic orders of propaganda; for Social Credit is only at its infant dawn. Personally, I unfeignedly delight to witness the missionary zeal of so many women and men in fiery and untiring individual appeals to the heart and mind of local communities. As a porter and bootblack in many progressive movements during about fifty years, I have learned to recognise the marks of sincere enthusiasm, and I perceive these happy beacons all round the Douglas region.

Still speaking from the grand aerial level, I would note the world-wide indications of an upward educational tendency, without which I would class a successful Social Credit achievement as a masked failure. I have taken part in eight international congresses of moral and civic education (1908-1934)—one British, and seven Continental—and I can testify to a far-flung vivid interest in the problem. I believe that when the money difficulties are conquered (let fools moan "impossible"! ) this pioneer ardour will push on to the ideal of universal education to ages eighteen to twenty-one. With a vehement curse on mere bookishness, I hasten to say that this education will draw its inspiration from the history of human evolution in aspects of nature-control, industry, commerce, invention, beauty-craft, the sciences, family life, village life, urban life, justice, emancipations, ethical religion, national and racial ideals. On such a basis, and in the economic liberty procured by Social Credit, the general good sense will direct youth into material and intellectual activities and services, organise adolescent social life, and invite to a rational and joyous leisure. On such lines humanity will evolve all nations, not into democracies, but into sociocracies; and the economic nationalisms will inevitably move to a world sociocracy. I say again, and I say it with disdain for the prigs who take a poor pleasure in snarling at the Nazi and Fascist experiments, that I observe in all parts of humanity a vast, if confused, effort toward the final sociocracy. I also regard the League of Nations, plagued as it is with breakages of a rather crude Covenant and with the verminous influences of the Money-men, as a valid contribution to this development. And if anybody asks me to state the rational objective of this sociocracy, I will simply describe it as making the human earth a temple of beauty and of Ethical Catholicism.

## "Social Credit" on York Conference.

The official organ of the Secretariat, *Social Credit*, in its issue dated August 14, publishes the announcement of the York Conference. In an editorial article (unsigned, and, therefore intended to be taken as expressing Douglas's attitude with his knowledge and consent) the writer invites all "Douglas Cadets" to place a certain construction on the calling of this conference. The fourteen promoters whose names are given in the announcement are presented by this writer as sinners who have been touched by grace and are coming forward to kneel at the penitent form. They are presented as ex-blasphemers against the spirit of Action, who have been compelled to confess their error under the weight of evidence that the policy of Action, as formulated and prescribed at Buxton, has been successful. Accordingly, all "Douglas Cadets" are nudged by this writer to awake to a sense of gratification at this spectacle of unregeneracy being conquered by the force of their good example.

It remains, therefore, for the fourteen penitent promoters to bring forth fruits meet for repentance, and the writer proceeds to suggest that the fruits most meet therefor would be a decision at York to recognise the primacy of the Buxton policy and procedure. He asserts that if the things accomplished thereby are carefully reviewed, and are compared with things accomplished otherwise, the Conference will be constrained to fall in behind the Secretariat, and its followers to enrol themselves as "Douglas Cadets."

No doubt the promoters of the York Conference will appro-

ciate this assurance that the return of the Prodigal Son is anxiously awaited by a forgiving Patriarchy. But there are one or two matters to be considered before a decision to return can be expected. One of them concerns the things accomplished under the Buxton policy, and another concerns the factors contributing to the accomplishment of them. On the first, the things accomplished, the Conference has singularly little material for assessing and measuring them. It was hoped a few weeks ago that the Secretariat would respond to the invitation of the *New English Weekly* and lay before the readers of that journal an account of its policy, objective, and activities, as did the Petition Campaigners and the Social Credit Party of Great Britain.

## What is Fascism?

*Extracts from the Economic Foundations of Fascism.* By Dr. Paul Einzig. (Macmillan. 1934.)

Intro., p. 5.—“Fascism is too closely associated in the minds of the public (British) with violence, race hatred, and what is perhaps even worse in the eyes of most Englishmen, with melodramatic symbols and gestures—black shirts and Roman salutes—that would never go down with our public.”

Intro., p. 7.—“Others, again, become ‘Fascists’ merely to give vent to their anti-Semitic prejudices, little realising that, far from trying to stir up new conflicts, Fascism in the real sense of the term aims at conciliating the existing ones.”

P. 12.—“The main object of the Corporate State is the planning of production. . . .”

P. 27.—“Although Fascism has not entered the practical field without theoretical foundations, in 1922 there existed no cut-and-dried system ready to experiment with. Even to-day, after ten years of Fascist rule, the ultimate aims of the system are far from clear.”

P. 45.—“The Fascist system is very elastic, and its principles are far from settled.”

P. 46.—“As the poet says: ‘Es gibt kein Glück auf’s Erden als wollen, was man soll’ (‘There is no greater happiness in the world than to want to do what we have to do in any case.’) The Italians have come to feel that the measures imposed upon them by dictatorship are in accordance with their own wishes. The moment they begin to feel that their action is voluntary it becomes voluntary for all practical purposes, even though the shadow of dictatorship remains above them.”

## “Petition the King.”

Remarkable success attended the conference, at Digswell Park Conference House, where monetary reformers of many creeds found agreement in support of the movement to petition H.M. the King, praying a Judicial Committee to investigate the present economic chaos, chiefly upon ground of common right. It is reasonable to suppose a definite drive will now develop aiming at the repeal of the Bank Charter, and implementing the community’s credit through political pressure, and a common appeal for liberty.

A considerable protest was raised against the possible danger of the movement being allied to the inspiration of the Oxford Group Movement, it being felt that the common impulse of humanity had power sufficient for the movement of monetary reformers, be they secularists, Jews, or Roman Catholics, individually.

Professor Marrack urged the cause on ground of “malnutrition,” Professor Soddy in terms he has always commanded, Lord Tavistock in Christian zeal, and Mr. Norman Smith on the claims of a decent standard of citizenship and national welfare. Sir Reginald Rowe dealt with “the Hundred New Towns” scheme—a scheme dependent upon adequate finance.

ONLOOKER.

## LETTER TO THE EDITOR.

### CAPITAL COSTS IN PRICES.

Sir,—As Mr. Franklin says that the letter in your issue of August 13 is to be his last, it is, I think, fitting that some expression of gratitude should be conveyed to him for criticisms which have been instrumental in clarifying an important aspect of Social Credit theory.

After that it may seem ungracious to point out that he practically grants the Social Credit case when he says that “so long as collected depreciation charges are returned to the money stream by temporary investment elsewhere, no hold-up will occur,” though I suspect that some weary readers may agree that quite enough of your valuable space has been occupied of late in pointing out the alarming rate at which this “temporary investment elsewhere” must take place.

But every reader will be especially gratified to learn that the community is not in debt to the banks. Evidently it could not have been the bankers who in 1920-21 insisted on the repayment of debt; it was just our silly selves dunning one another. Perhaps we shall be wiser next time.

A. W. COLEMAN.

## Captain Rushworth at the Central Hall.

The London Social Credit Club has been fortunate enough to obtain the services of Captain H. M. Rushworth, M.P. for Bay of Islands, New Zealand, who is at present on a visit to this country. The club is, therefore, arranging a meeting in the Central Hall for Thursday, September 24, 1936, at 8 p.m., and hopes that all supporters of Social Credit will do their utmost to make the meeting a success.

Further particulars will be announced shortly. In addition to the large meeting, Captain Rushworth will answer questions at the Blewcoat Room, Caxton-street, Westminster, S.W.1, on Saturday, September 19, at 3 p.m. As this hall has a very limited capacity, the meeting will be open to Social Creditors only.

## The Social Credit “Who’s Who.”

GOLDER, JAMES, M.I.Mech.E.; b. at Jarrow-on-Tyne, March 9, 1877; fourth child of Hugh Golder, of Strathaven, Hamilton, Scotland, and of Agnes McPhail, daughter of James McPhail, Govan, Clyde-side; m. Isabella Adam, daughter of Hugh Adam, born Jarrow-on-Tyne; issue: one son, Hugh Clifford, born June 2, 1906; apprenticed to engineering: Clarke, Chapman and Co., Ltd., Gateshead-on-Tyne; afterwards resident engineer, South Africa, for C. A. Parsons and Co. Ltd., Heaton Works, Newcastle-on-Tyne, 1907-7; liaison officer between the Hon. Sir Charles Parsons and American licensees; managing director, W. H. D. Ritter and Co., general engineers, Limehouse, Erit. 1921; turbine engineer, Fraser and Chalmers, Kent, 1907-17; proprietor of J. Golder and Co., consulting and engineering specialists, 1921-25; 1925-28, station engineer, Vickers Boiler Company, 1928-30; European representative, Terry Steam Turbine Company, Hartford, Conn., U.S.A.; turbine engineer, Ellis, Chalmers and Co. (Inc.), Milwaukee, Wis., U.S.A. Recreations: Gymnastics, bacteriological and physiological research. Publications: technical papers before Nottingham Engineering Society and Glasgow Iron and Steel Institute.

## NOTICE.

All communications requiring the Editor’s attention should be addressed direct to him as follows:

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