

THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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NOTES OF THE WEEK.

The Aberhart Plan for Alberta.

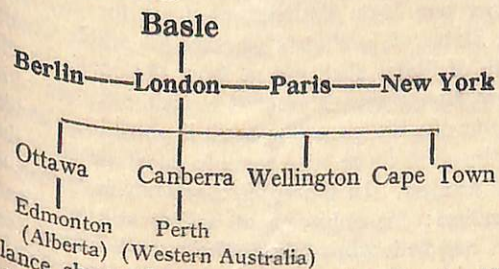
With reference to our allusion last week to the confusion about the authenticity of Mr. Aberhart's scheme for Alberta the following passage occurs in the official evidence: *The Douglas System of Social Credit: Evidence Taken By The Agricultural Committee of the Alberta Legislature, Session 1934.* (Printed by order of the Legislative Assembly of Alberta, 1934, by W. D. McLean, King's Printer, Edmonton.) The Committee's sessions were held on March 19, 20, 21, April 6 and 10, 1934.

"MAIN POINTS OF EVIDENCE."

"The Aberhart Pamphlet.—With respect to the Aberhart pamphlet, in which Mr. Aberhart advocated a plan of social credit for Alberta, it was definitely stated by Major Douglas and other representatives of the Social Credit League that the pamphlet did not have the official endorsement of the league (page 41, questions by Mr. Brownlee to Mr. Collins; Major Douglas's replies to question by Mr. MacLachlan, pages 106 and 123.) Mr. Aberhart defended his pamphlet and claimed it to be endorsed by Major Douglas. (Page 62.)"

Alberta and the "Constitutions."

The following diagram gives a rough outline of the situation in which the problem of applying Social Credit has to be considered.



A glance shows that any change of policy in Alberta which may be contemplated at Edmonton is subject to a

series of ascending powers of veto through Ottawa, London and ending at Basle. These powers are conferred by the "constitutions" respectively of the Province, the Dominion, the Empire and the World. They are, in part, written: they are, in part, unwritten, and subject to juridical interpretation. The findings of a lower juridical authority are subject to modification or reversal by those of the next higher juridical authority. The supreme court of appeal is Basle. As for the jurists, their criteria of judgment are derived from, and reflect the policy and philosophy of their brother-experts, the Bankers and their satellite financiers. The little Jurist is coached by the little Banker whom he meets in his little Club: the larger Jurist by the larger Banker in the larger Club: and the largest Jurist by the largest Banker in the seclusion afforded by such rendezvous as, for example, the golf-course at the Ranelagh Club, or yachts such as the Corsair on which Mr. Pierpont Morgan holds his levées and investitures. Lastly, should loopholes be found to exist in any of the concentric series of enveloping constitutions, and should jurists hesitate to incur the responsibility of closing them, there is always a passive and absentminded Legislature which can be hastily assembled to correct the oversight. (Vide the Hamilton action against the Inland Revenue decided against him by a snap-vote of the Commons engineered by Snowden over the head of the judge during the progress of the hearing. A similar illustration was seen in the sudden formation of the Australian Loan Council as a super-Cabinet, or Upmost House, of the Canberra Legislature, in order to block the policies of credit-reformers.)

* * *

Against this background the following clauses in the Alberta Committee's Report (dated 1934) to the House explain themselves:

"Your Committee is of the opinion that while the evidence given disclosed the weaknesses of the present system and the necessity for controlled Social Credit, it

did not offer any practicable plan for adoption in Alberta under the existing constitutional conditions.

"Major Douglas recognised this and urged that a thorough study be made, first to arrive at a definite objective, and second, to get a clear idea of the obstacles to be overcome and the limitations to be removed in order to clear the way, and the best method of procedure to secure results."

Bearing on this the crucial question was that put to Major Douglas by Mr. Brownlee. (Page 113 of the Evidence.)

"Q.—In as much as your argument presages we shall work by constitutional method, then is it correct to suggest that our task becomes one of propaganda, and using what influence we can by constitutional methods to change that constitution, and until we have done that fairly well, submit to things as they may be?"

"A.—But things may be thrust on you. You are not a sovereign state, and that is the power of a sovereign state." (Our italics.)

At another juncture (Pages 121-2 of the Evidence) Major Douglas said that the question was not whether Social Credit would or would not work in Alberta; the immediate problem lay in the fact that "owing to your limited powers" you "cannot put it into operation at the moment." At the same time he added: "But I should not like to be quoted as saying that that prevents it going into operation." (Our italics.)

It will be seen that a good deal remains to be elucidated, and it would appear to have been a wise move on the part of the Edmonton Legislature to engage Major Douglas to explore the problem on the spot, and to afford Mr. Aberhart official assistance in the task of proving whether his scheme is politically feasible or technically, efficacious, or both, or neither.

Western Australia and Secession.

It will be noticed that in our diagram we have linked up Perth, as well as Edmonton, with the veto-chain of influence above described. This is because Western Australia stands in the same relation to the Commonwealth of Australia as does Alberta to the Dominion of Canada; and because the Legislature at Perth has already begun to blaze the trail of exploration into the limitations and restraints of Basle-London-Canberra "constitutionalism" by seeking to test the right of the State of Western Australia to secede from the Commonwealth. And it is on the same sort of trail that the legislature at Edmonton, at Major Douglas's suggestion, is proposing to set out apropos of the limitations and restraints of Basle-London-Ottawa "constitutionalism."

It is interesting to notice the manoeuvres that have been taking place since the West Australian Secessionist Delegation arrived in London some months ago. Firstly, the Press has raised the question whether the Privy Council may constitutionally hear the case for secession at all. In other words the bankers, the ultimate and most implacable opponents of secession, are considering the Benjamin-Anderson device of "passing the buck" to the Large Jurists. As one might say, the sympathetic Mr. Montagu Spenslow-Norman would willingly assent to hear the arguments; but, alas, Lord Justice Montagu Jorkins-Norman has to pronounce on the validity of such a proceeding!

To continue the analogy, while the Secessionist delegates were pulling down the "Spenslow" ear of Mr. Norman Mr. Lyons, the Commonwealth Premier, was

hastening to London to have a tug at the "Jorkins" ear. With this object he made instant contact, on arrival here, with Mr. Bruce, who opportunely happened to be here. It may be recalled that it was on behalf of Mr. Bruce that *The Times* publicly and successfully persuaded the Country Party caucus in Australia to clear and dust a safe seat to hold that gentleman, who had set sail for Australia when the Scullin Labour Government announced its buck-passing resignation in favour of the Lyons-Loan-Council Directorate, who, in the uniform of the United Australia Party, subsequently routed the Labour forces and interned their credit-reform officers behind the barbed wire of the resumed and intensified Niemeyer Economy Plan. "When Lyons comes can Bruce be far behind!" Watch these two men and you will get a line on the opening gambit of the Secessionist chess-match. At the present moment old Joe Lyons is being fêted and flattered just as once was his humble opposite number, Jim Thomas. And what with the return of the Duke of Gloucester, fresh from his tour of inspections of the armed forces in the Commonwealth (who'll learn yer to secede without permission!) and the imminence of the Jubilee Celebrations (the King as the head of the Empire-Family!) the stage is all set for the effective dissuasion of the Prodigal Sons of Western Australia from pursuing their unfilial and dangerous adventure. The one departure from the parable is that the fatted calf will be killed (by the City Corporations) to celebrate, not the return of the Prodigal, but the sneaking of his boots and the strewing of the track with broken glass so that he can't go. In fact, the veal-banquets are proceeding already.

Of course, measured by the technical principles of Social-Credit, the supposed efficacy of secession as a means to Western Australia's economic advancement is without foundation. Granted the continuance of the present fundamental principles of orthodox finance, the bankers are quite right in pointing out that State-separatism prejudices State-solvency, and thereby brings in its train the evils of trade-stagnancy and unemployment which have always accompanied insolvency, and appear (untruly) to be the natural and unavoidable consequences thereof. They could prove this without possibility of reply to the brightest intelligences among statesmen and people who were unaware of the alternative Social-Credit frame of reference in which their arguments could be tested. Probably not more than a small proportion of the electors in Western Australia who gave the mandate for the Secession Petition are aware of where the real obstacle lies; and for that reason, if no other issue affecting Australian politics than this had been alive at the present time, the steps taken by the bankers to get rid of it would not have been so elaborate or so *diplomatic*, as they are. But there is another issue, deeper in significance and wider in scope than that of whether one State shall escape from the captivity of the other States: it is that of whether the whole Commonwealth of States shall escape from the captivity of the Money Monopoly. It makes a vast difference to the denizens of a dungeon whether it is possible to break out into the open air or only possible to get air through one small window. In the latter case there is bound to be separatism: for only one at a time can get the best place, and he is going to resist being pulled away from it just as desperately as every other will endeavour to pull him away. But let there be a hope that the door can

be forced, then from that hope will spring spontaneous general co-operation.

The analogy may be applied as follows. The Eastern States undoubtedly stand nearest the window, and enjoy the comparatively fresh air of fiscal initiative and domination, leaving the Western States to stifle in the product of their neighbours' exhalations. Hence the impulse towards Secession—that is, exchanging places. But fortunately, in spite of the confusion and ill-temper, the question is being asked: *Why are we in this dungeon at all?* It is a still, small question—it is like the cloud no bigger than a man's hand which greeted Elijah's vision and crowned his vigil. To-morrow it is going to break in fury on the stronghold of the Work State and put an end once and for all to the Age of Economic Drought. The invisible evaporation of human hopes over the weary centuries has passed into the stage of visible condensation in the heavens, and is on the verge of issuing in the copious precipitation of fulfilment on the earth. The question had always been in men's hearts, but the answer had not entered into any mind until, at the close of the war to end war the truth was seen and made manifest to those who were destined to receive it. The repositories of the answer are few and their voices are weak, but somehow, in some mysterious manner, the rumour is abroad throughout the world that the answer has been found; and the effect of that rumour has been to awaken the question from its long slumber in the subconscious submissiveness of repressed personalities. The answer is dry and technical, but in it resides the dynamic property of making the question a purposeful challenge where it had become nothing more than a moan in the sleep.

Just as a child, suddenly startled into wakefulness, speaks incoherent words reflecting dissolving dreams, so do the people and their accustomed mentors react to the new revelation. They have not got the form of the question right, but they are opening up issues in which the form will establish itself. Thus, even the *Melbourne Age*, during the last Federal Election, pressed for an inquiry in the operations of finance. Though it may have done so through the inspiration of financiers who hope to side-track the inquiry, the fact remains that its action was ultimately due to the widespread public suspicion that there was something worth hearing about the bankers which they were not too eager to talk about. Down deep the people have got hold of the truth that you cannot rationalise physical absurdities by numerical devices. As well might a doctor cite his healthy credit-balance at the bank as proof of the health of his patients as does the Commonwealth Government cite its prospective Budget surplus as proof of returning prosperity. And when they watch the curve of bankster boasts rising in an exact parallel with the curve of their own discomfitures they are bound to cotton on to any theory which tells them that what the bankers are after runs counter to what they are after. Bankers' meat is citizens' poison. And when exponents of that theory can show, or only appear to be confident that they can show, how the money system can obstruct and misrepresent economic activities and facts, that is enough for these people, whose reascent impulse to hope for better things will flourish luxuriantly on the tiniest fragment of intellectual conviction. But the intellectual stimulus must be continuous, for most of them are incapable of understanding how a technique

will achieve their ends, and because of that they depend for their confidence on the sight and sound of technical exposition and debate conducted by those whose lead they are trusting. They may not understand a word of what is said in the argument, but they like to know that the argument is going on—and the more it seems above their heads the better they like it. In this fight the student counts for more than the demagogue.

In Australia there is a section of the Movement which sees this and in fact claims to have seen additional reasons for insisting on that view in their experiences of the last election. So whatever intentions the Government or the bankers may have as to the scope and direction of the contemplated inquiry, they know that they will have to meet with effective criticism if they play tricks with the terms of reference, not to speak of the certainty that the evidence brought in favour of the *status quo* will be subjected to searching scrutiny and analysis. Now, as stated in a report elsewhere, Mr. Lyons left Mr. Page to carry on with arrangements for selecting the tribunal, but gave him instructions to keep in touch with him while in London as to the question of the Chairman, who may—let it be noted—be selected in England. For the Chairman, as you know, must be strictly impartial; and, so the report hints, there may be difficulties in finding a strictly impartial Australian to fill the office. Presumably there is less difficulty in London; and we are bound to grant that in the City there must be a large panel of qualified prospectives for Mr. Lyons to choose from, aided, no doubt, by Mr. Bruce, Mr. Thomas, and perhaps the G.O.M. of Threadneedle Street himself. It will, of course, be a great convenience if a London gentleman is chosen, because he and Mr. Lyons will be able to discuss canons and definitions of impartiality on the boat going out to Australia. Further, if it should happen that by the time they sailed the Western Australian Secession Petition had been disposed of, Mr. Lyons's fellow-traveller would be able to coach him up in what to say to that State's members of the Federal Assembly both as regards the merits of the secessionist policy and as regards the nature of the *quid pro quo* which will doubtless be offered as consolation.

From the bankers' point of view the separation, both as to time and place, of the secession-issue from that of the financial inquiry happens conveniently. And perhaps even more convenient has been the circumstance that the Western Australian case for secession was completed when it was—i.e., long before the issues of the financial inquiry could be ventilated. For however little scope for discussion may be allowed to witnesses for the Social Credit Movement, it seems likely that the proceedings at the inquiry will at least incidentally bring into prominence the relation between financial autonomy and political sovereignty. And when they do it is likely to be realised by Western Australia that the merits of which the delegation have relied for the purposes of their case in London were less relevant or weighty than they could have been held and reported on. The Petitioners have yet to show signs of recognising the fact that the dominance of the Eastern States has nothing to do with political boundaries, but everything to do with the circumstance that the banks are more interested in the manufacturing than in the primary industries. While not denying that, given the chance, the maker of fencing-

wire in the East would screw all he could out of the stock-breeder in the West, the point is that he gets the chance precisely because the banking community get pickings out of his fleecings, and find it easier in many ways to get them through his agency than otherwise. The price-system is a branch, or extension, of the taxation-system, and the fleecing of the stockbreeder in the price of wire is virtually part of a process of deflationary taxation, the intermediate purpose of which is to establish a statistical balancing of the Federal Budget, the ultimate purpose being to complete a confiscatory unbalancing of the budget of every Australian citizen. Hence the maintenance of the Federal Tariff ring within which the unprotected primary producer lies at the mercy of the protected manufacturer is predominantly the outcome of bankers' policy. Western Australia's Secession Petition is admittedly a plea for permission to get outside the fiscal ring, and imagining that permission to be granted, and no change made in the bankers' policy, the lightening of the burden in the West would be answered by the weighting of the burden in the East. Thus the other States have a material interest in resisting secession, and from a practical point of view it is hopeless for a State to win assent to the proposition inside the Commonwealth unless and until it can show the other States how to tolerate its separation from them. As we have already said, when the right solution of that dilemma has been found it will be seen that no separation is required, but rather a closer cohesion among all the States with the object of getting rid of the financial usurpers of their joint and several sovereignties.

The Point of the Pen.

By R. Laugier.

XXV.—THE MARGIN OF IRONY.

Back in the days when *Punch* resembled a comic paper its staff contrived to make a joke which ran something like this: "Things are not so good as they were in the old days—they never are." There was point to the witticism because the regarding of the past as the sole romantic period was once a sure sign of sentimentality. This is no longer the case. To-day it is the realist who, understanding his age, and knowing well how foul were the "good old days," yet knows that almost any past epoch was preferable to our unique hideousness. Business and Finance have brought us to that point. We resemble a man afflicted with cancer and remembering with joy the days when he had only violent neuralgia.

This is a realistic statement of truth, despite the fine things that are struggling for life in our generation: it is truth because these things are only struggling for life, and because they may so readily be destroyed completely. The irony of the old *Punch* joke is therefore inappropriate to our age; nevertheless, there are a hundred hacks who continue to re-write the ancient jest, in one form or another. These people imagine themselves to be suave, tolerant, wise men of the world; they think they are Montaignes, Voltaires, Frances: they are not; they are merely ignorant triflers. Because Utopians have made false analyses of social conditions, and have predicted false heavens, our modern "ironists" conclude that all reformers are Utopians. So these urbane gentlemen bring the full force of their sarcasm to bear upon every suggested reform; and they think it un-

necessary to examine the ideas of reformers before attacking them.

Now this type of "ironist" would not be worthy of consideration were it not for the fact that he is frequently an honest man, and sometimes (when speaking of things he understands) quite intelligent. His chief fault is that his intellectual curiosity is too tepid. He lacks passion. At his worst the gentle ironist is very likely to adopt the attitude that things are bad, and therefore might be worse. He feels no compulsion to try and make things better. He is easily satisfied.

He goes to history, for example, and he finds that a short time ago men were broken on the wheel for minor offences. Men are no longer publicly tortured, so there has been progress. We have only to wait, and there will be further progress. We cannot hurry things. To try and hurry things is to go against nature, to run one's head against a brick wall.

The gentle ironist, having, early in life, adopted a "philosophical attitude," does not probe or look very far beneath the surface. He has all his ideas neatly docketed and harmoniously arranged. If he does not believe in progress then he can "prove" that no such thing exists, and that we only "revolve in a circle." And if he believes in amelioration (proceeding very gradually), why, then he can "prove" that.

For example: not only would it be impossible for a man to-day to be publicly tortured, but also it is unthinkable that a mild scholar, such as Evelyn, could watch a fellow creature's limbs being broken by iron bars, and then calmly record the "examination" in his diary. Again, society ladies once made up parties to witness the spectacle of men being "turned off" at Tyburn. To-day such parties would not be permitted, even if we were to suggest that modern women would find such scenes tolerable.

The beauty of Voltaire's ironic genius lay in its divine commonsense. He did not expect too much from a human nature, but he expected decency. Voltaire did not expect even decency. He saw things steadily as they were. He was not "optimistic" enough to expect that the thing we call "poverty" would enoble; and he was not sufficiently "pessimistic" to charge against ordinary human nature crimes and oppressions produced by extraordinary conditions. Voltaire had faith in civilised Man, but he knew precisely the things that made for civilisation.

Unlike Voltaire, the gentle ironist of modern times does not believe that reform can be achieved now (if at all), because this ironist lacks the passionate urge to examine things thoroughly. As one consequence his suave air of tolerant superiority is stupid and irritating. He would be astonished if the superstition and brutality of our age broke loose (as it well might) to reproduce scenes of horror, as great as ever Voltaire witnessed. In such case the tepid ironist would be amazed as the fool always is, always amazed, and he would learn as the fool always learns, when it is too late.

In the meantime his crimes are apathy and ignorance, and however "fundamentally decent" he may be, this type of ironic author is actually conniving at things that would make him shudder if they were comprehended. As a fact the cardinal sin of the middle-classes, and the top dog generally, is connivance. And it is this passive connivance in the misery of the poor which, rather than any active villainy, has caused class-hatred.

Retiring Free Credits.

II.

In the previous article it was submitted that *granted the assumption that there is a collective shortage of consumer-income* as against the cost of consumption-goods put on the market the difference represents previous disbursements of privately-owned money in respect of those goods. In that case the free credit issued as "price-assistance" under Social Credit would accrue as reimbursements to those people who had disbursed the money. The question was then posed: Would it be necessary for that money to be retired by some process of levy and confiscation?

First of all let us get rid of the confusion attaching to the use of the word "free." There is no difference between "free" credit and "loan" credit in this analysis. The so-called "free" credit is issued under conditions which ensure its being used *exactly as if* it had been lent. In fact the free credit, in principle, could be correctly described as a consumption-loan to the community generally, and its expenditure on consumable goods as constituting the repayment of the loan. The distinction between loaned and "free" credit is merely conventional: in the case of loaned credit the borrower is identifiable and is responsible for returning to the bank the same sum as he borrows: in the case of "free" credit, the borrowers are not identifiable, and the responsibility for returning the money is collective. Loan credit comes back from the person to whom it originally went: free credit comes back from anybody anywhere. Both sorts of credit *come back*—the loaned because of the compulsion on producers, and the "free" because of the volition of consumers, to put it back. The whole purpose behind the need for credit to-day is to secure a material advantage by putting it back to-morrow. The producer borrows in order to do something whereby he can repay with *material* advantage to himself as a consumer. The consumer accepts "free" credit (his loan) in order to spend it (repay it) with *material* advantage likewise. Under the Social-Credit discount-scheme the consumer gets the *material* advantage (i.e., the goods) without handling the "free" credit at all: the producer handles it—and, as shown, treats it as the reimbursement of his previous disbursements.

Now this reimbursement is represented in the token figures already set out as £20: the difference between conventional cost, £100, and actual incomes, £80. The procedure by which this discrepancy has been caused can be tabulated as follows:—

1. The bank advances £100 to producers.
2. The £100 is recorded as costs.
3. The producers pay £20 to the bank, which retires (and confiscates) that credit.
4. The cost, £100, still remains to be recovered from the community.
5. The balance of the credit, £80, remains with the community as personal income.

Hence the function of the "free" credit eventually to be issued to the community can be regarded as that of repaying to the producers their advances to the bank, and thus putting them in the same position as if they

had not made those advances, and had left the bank to "nurse" the whole manufacturing operations.

This result is in strict accordance with the principle laid down by Major Douglas that new production shall be financed with new credit, and not out of income. Well, in this case the operations have been financed out of income to the extent of £20, and the issue of "free" credit to that amount replaces the income so used (and prematurely confiscated).

So now, if anyone holds that this £20, when restored to the producers to whom it accrues, needs to be taken from them and confiscated, he is committing himself to the proposition that the principle of financing new production solely with new credit is inherently productive of superfluous credit. If the result of restoring the advanced £20 is held to be the injection into circulation of superfluous credit, the propounder of such a theory is bound to hold that the same result would have appeared if the producers had not advanced the £20, but had kept it in their pockets or on deposit at the bank. This would involve his showing that the financing of £100 worth of production entirely on £100 of bank credit would have produced £120 of income—an obvious impossibility except to those who believe that money "fructifies"—either by deftness of manipulation or velocity of circulation!

"But suppose," someone may ask, "the recipients of the £20 at the end of this period of operations, invest it in the next period?" In that case, assuming that the production programme is to cost £100 as before, the bank will be required to lend only £80. And if producers chose to continue indefinitely to divert income into production there could come a time when they would eliminate the bank as lender altogether, and in fact become their own bankers. That would be a bit of fun, for now industry would be run entirely on deposits which the bankers would take care of but could not control, and could not confiscate. And, of course, as this wonder developed the necessity for free credits to be issued would gradually disappear.

On the other hand, supposing that the £20 was not diverted into production, but spent in consumption, this would initially cause a decrease in the national discount-rate, involving a decrease in the issue of free credits. But if continued industry would expand to meet the new demand. In any event, the free credit would automatically be just sufficient to clear the goods out of industry and replace disbursements. J. G.

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NOTICE.

Many thanks for generous responses to my personal appeal. Keep it up. Will donors please excuse delay in acknowledgements and replies?

JAMES GOLDR.

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News Notes.

MONETARY INQUIRY IN AUSTRALIA.

The Australian Commonwealth Government have decided to hold an inquiry into the banking and monetary systems. Early in the Federal Election Mr. Lyons, the Prime Minister, promised an inquiry "if Parliament desired it." Since the election there have been many indications that Parliament would desire it. The Cabinet's decision to hold the inquiry without waiting for Parliament to ask for it is an astute manoeuvre to dodge a debate, and fulfils a prediction made by *The New Economics* some time ago to that effect. The inquiry will be conducted by a tribunal of three—one person representing finance, another, Labour, and an independent chairman who is to be an Australian if possible, but may be somebody from this country. [See report in the *Melbourne Age* of February 20.] Mr. Lyons is in England at present and is said to be on the look-out for a suitable chairman in case Dr. Page, the acting Premier, fails to find one at home. The inquiry will follow the lines of the Macmillan Commission except that it will be widened to admit suggestions how to extend the external trade of Australia.

Social Credit Fundamentals.

I.

Social Credit is a science treating of the function of a monetary system.

The function of such a system is twofold. On the one hand it is to measure energy expended on production; on the other it is to measure the energy represented by the product.

The value of the monetary system lies in the fact that by its means the two measurements can be expressed in terms of one and the same unit. Given this identical unit, both measurements can be expressed and compared in terms of numerals (the sameness of the unit being understood) on inspection by anyone who has learned elementary arithmetic.

The practical value of this simplification depends on the fact that people who expend energy (i.e., work) on production expect to be rewarded by a share of the product, and it is necessary for each to know the size of his share without trouble.

The monetary system makes such knowledge attainable because under it the figures measuring energy applied to production can be subdivided into others measuring claims to the product. The first-named figures can be written in the books of the production-system and called *costs*: the second-named figures can be inscribed on pieces of paper and called *money*. The pieces of paper can be distributed to the rightful recipients (i.e., "workers," in the widest sense) and become *personal incomes*. The recipients' incomes differ as between individuals, and so establish the relative sizes of the shares of the products due to them respectively. Further, the sum of all these incomes can be related to the sum of all costs, and thus establish what proportion of the total product is due to all them collectively. The same unit measures the cost of production, the cost of the product, and the money available to buy the product.

The name of the unit used in this country is the "pound." But neither the name nor the nature of this "pound" matters. It is the *numbers* of "pounds" which matter.

II.

The word "cost" carries the idea of the depletion of a store of money legally owned by a person or a group of persons.

Thus if B borrows, say, £100 from L, and produces goods for sale, the cost of the goods, namely £100, represents a depletion of L's store of money, and

measures the depletion, B is under an obligation to recover the cost to replenish L's store. For if he fails to do so L suffers an injury, namely, deprivation of the means of acquiring goods for himself. Whether L is wealthy enough to ignore the injury is beside the point: the injury is inflicted. Hence the generally accepted moral principle that debts should be repaid.

It should be noted that no debt, in this sense, arises unless B borrows. If B expends £100 of his own, depleting his store of money by that amount, he does not thereby lay his neighbours under a moral obligation to replenish his store through the purchase of his goods. And, in the field of private enterprise generally (as distinct from State enterprise involving taxation, i.e., compulsion to buy) the law does not recognise any liability on the part of the public to defray costs of production. Thus, if B fails to sell his goods, although the injury to him is the same in character and measure as in the case of L, in his case, it is considered as self-inflicted. Hence the phrase: "The risks of enterprise."

This analysis is true not only of B as representing a person, but also of B, considered as representing the 100 shareholders who subscribe £1 each to the given enterprise. They cannot compel people to buy the products of the enterprise, nor to buy their "shares" in it. Their only right or power is to get their money back if the enterprise earns it or goes into liquidation and when the enterprise earns it or goes into liquidation and recovers it by the sale of its assets. (Both extremely remote contingencies in practice.) These people are not lenders: they are in the same position as B regarded as a single person, who can only consider himself the lender of the £100 by considering himself the borrower from L.

In practice cases of the private personal proprietorship and financing of enterprises are so few that they may be ignored. Industry is run on money either lent by groups corresponding to L or subscribed by groups corresponding to B. We can call L protected lenders, and B unprotected lenders. Of course, no lender is protected in the sense that his depleted store of money must necessarily be replenished unless sufficient money is possessed by the borrower.

But in practice the group L are virtually protected because their loans go into one pool with the money put up by group B, and they enjoy the prior right over B to dip repayments out of the pool. Further, group L do not supply the pool unless group B do so; and group L will not put in more than a certain proportion of what group B put in; hence group L can rely on getting all their money back before the pool runs dry. They can make sure that enough money is there to satisfy their legal right to replenish their stores.

Suppose L put up £100 and B £200; then we may say that that Industry holds in trust £300, but owes only £100. The loans of L are covered three times over, and Industry can lose two-thirds of the funds it holds before group L need necessarily lose anything. (Behind group L are the bankers.)

H. J.

Forthcoming Meetings.

Birmingham Douglas Social Credit Group.
April 10.—The Advance of Social Credit.—J. R. Morton, Esq.

Manchester D.S.C. Association.
April 8. Lady Clare Annesley on "The Abolition of Poverty." Memorial Hall, Albert Square, Manchester, at 7.15 p.m.

Green Shirt Movement for Social Credit.
Wednesday, April 10th.—Lecture by John Hargrave, National Leader and Founder of the Green Shirts, at National Headquarters, 44, Little Britain, E.C.2, at 8 p.m. "Social Credit and Political Action."

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

The Social Credit Movement.

REPORTS.

A strong group has been established at Barry (Glam.), who are organising for political action in pursuance of the Prosperity Campaign, which consists in collecting signatures to a Petition to the King to direct an inquiry into the financial system.

* * *

The New Era (Sydney) gives prominence to a description of the Prosperity Campaign, publishing on its front page (February 14), a message from Lord Tavistock, who describes himself as "Director of Petition." The terms of the Petition are reproduced in full.

* * *

The New Economics (Melbourne) of February 15, prints the farewell message of its originator and editor.

* * *

New Democracy (New York) of March 15 contains a two-page biography of John Hargrave, the leader of the Green Shirt Movement for Social Credit. It appears under the serial title "Social Credit Profiles," and is the second of the series—the first having been a biographical sketch of the late A. R. Orage. It is contributed by Frank Griffiths, the General Secretary of the Green Shirt Movement, and is illustrated by an excellent photograph of Hargrave. Its frankness and fullness of detail are exemplary—no point affecting Hargrave's credentials and qualifications seems to have been overlooked. *Si sic omnes!* Following the biography is a one-page article entitled: "Will They Know What to Do With Their Leisure?" from his pen, and in the smiting of humbugs as performed with his usual thoroughness. Here is a good stroke, for example: "The Social Creditor, unafraid to tell the People when they are fools, and why, has absolute faith in the ability of the toil-released masses to make good use of their leisure without moral lectures from those who already enjoy it." (*Removal of italics.*) *New Democracy* is published at 55, Fifth Avenue, New York, and costs fifteen cents, or two-and-a-half dollars per year of twenty-four numbers.

* * *

With reference to the projected compilation of *The Social Credit Who's Who* the following biographical notes volunteered by Mr. John Hargrave provide an example of the kind of contribution which the editor invites from all leading figures in the Movement.

Hargrave, John Gordon.—Born Midhurst, Sussex, 1894. Educated Wordsworth's School, Hawkshead, and privately. Artist, Writer, Organiser, and Leader. Illustrated books for Thomas Nelson and Sons at the age of fifteen. One of the first members of the Boy Scouts Association (1908-1920), and influenced that movement away from "indoor scouting," and bugle-blowing, towards camping and wood-drilling. Appointed Chief Cartoonist *London Evening Times* at the age of seventeen. Joined the staff of C. Arthur Pearson, Ltd., 1914. Enlisted 1914 in the Royal Army Medical Corps (32nd Field Ambulance, Xth Irish Division) and served as a Stretcher Sergeant during the Dardanelles Campaign (Suvla Bay Landing). Invalided out end of 1916. Art Manager, C. Arthur Pearson, Ltd., 1917-20. Married Ruth Clark. One son: Ivan Gordon. Founded the Kibbo Kift (known as The Kindred) August 18, 1920, as a cultural movement for men, women and children. Introduced Social Credit teaching into the K.K., 1924-25, by gradual "doses." Social Credit accepted by the K.K. as its one and only immediate objective, Easter, 1929. Began to reorganise the K.K. under the popular title of The Green Shirt Movement for Social Credit, end of 1931. Publications: "Loncraft" (1913); "At Suvla Bay" (1916); "The Great War Brings It Home" (1919); "Har-bottle" (1924); "Young Winkle" (1925); "And Then Came Spring" (1926); "The Pfenniger Failing" (1927); "The Confession of the Kibbo Kift" (1927); "The Imitation Man" (1931); and several handbooks on campcraft; as well as numerous articles on the political and cultural aspects of Social Credit in *THE NEW AGE*, and elsewhere.

According to an Australian visitor recently arrived, the cost of the Sydney Demonstration held early last year when Major Douglas spoke was about £800. Wireless announcements accounted for a good deal of the expense. The promoters cleared it by £100, half of which surplus they gave as a donation to the New Zealand Movement towards the cost of Major Douglas's visit, which came to nearly £1,000.

Too Much Money.

Q.—How is the national dividend to be retired?
A.—Well, take me: I shall spend it, and that will retire it.
Q.—Yes, but the shopkeeper will hold it.
A.—Well, he'll spend it on new stocks won't he?
Q.—Yes, but then the wholesaler will get it.
A.—Ah, you mean that the banks may not get it?
Q.—Yes. How do we make sure that they get it and destroy it?
A.—Why should we make sure?
Q.—Well, there would be too much money floating about.
A.—Yes, but too much for what? And who would hold it?
Q.—Well—
A.—See here: I wouldn't hold it, nor would you, nor any other consumer either.
Q.—No; I don't mean that.
A.—Well, in that case we've got nothing to bother about. If industry puts my grub in the shops at full pressure and I can buy it with my wage and dividend, it doesn't matter to me what money floats about inside industry. Or are you going to say that industry will work more slowly because it accumulates too much money?
Q.—Not that, exactly, but look at the inflation.
A.—Not me, old man, so long as the inflation stays the other side of the shop counter. They can call the price of a pint of ale ten shillings for all I care so long as the price they charge me is discounted to what I've got, or what I've got increased to what they charge. Do I get the pint of ale? If I do—finished. There's nothing more to be said.
Q.—But I can't see—
A.—Then for goodness sake don't blind yourself peeping behind the scenes.

Q.—You take a very one-sided view of the—
A.—One-sided! Of course I do. There's only one side to be considered—you, me, the shopman, manufacturer, yes, and the banker, in our own time when we go shopping. We're the consumers, and so long as we get a square deal on the shop counter there can be as many mis-deals as you like in the accounts of industry. Why on earth fuss about figures?

Q.—Ah, but look at Germany. Prices rose hour by hour and shopkeepers glared at customers when they rushed in to buy—

A.—Sure; and why? Because the shopkeeper had to restock at higher prices with the proceeds of sales at lower prices: there was no price-assistance for him, nor any dividend for his customer. And so it was with the wholesaler behind him, and the manufacturer farther behind; none of them wanted to sell stock, while all of them were in a hurry to buy stocks.

Q.—But in any case rising prices are an inconvenience.
A.—So were falling prices—and a jolly sight worse. But I'm not admitting that prices would rise. What I say is that it wouldn't matter if they did. I should know that when the time came to pay I should have the price in my pocket.

And now you must excuse me. I have an urgent appointment at the Labour Exchange. A. B.

LETTERS TO THE EDITOR.

JEWS OR GENTILES?

Sir,—Mr. Chesterton has stated that our Fascists intend to control our banks, and refers to the mischievous influence of our Money Lords. Does he make statements of this kind with the authority of Sir Oswald Mosley? In his speeches this gentleman refers to Jewish Finance or Jewish International Finance only as the cause of our troubles. Our supreme finance authority, the Bank of England, is, however, Gentile through and through, and its influence extends to the Empire, the Scandinavian countries, Austria, etc. Next in importance, the Big Five Joint Stock Banks, have a directorate 99 per cent. Gentile. Are we to conclude that Sir Oswald Mosley has no

objection whatever to the operations and methods of our financial giants, but objects to those of a relatively few Jewish pigmies?
P. MAMLOCK.

ELECTIONEERING.

Sir,—Since Social Credit is making rapid progress in this country we shall soon have to face up to the possibilities of electioneering, and I would like to ask why Social Creditors who have done hard pioneering work for years should willingly and cheerfully hand over their helm to any Tom, Dick or Harry politician who sees a chance for political opportunism. Not very long ago I heard a typical political opportunist—a famous man in Glasgow, say—when he observed a fine Social Credit meeting—"I shall have to look into this." Now some of our Socialist friends are flirting with the National Dividend although they appear to have no time for the study or understanding of Social Credit.

If political opportunists embrace Social Credit and get elected on its behalf, what guarantee have we got that they will not be "bought over" in the grand old way?

We must not be unduly suspicious as any good man may change his opinions to advantage, but sincerity in politics is such a rare attribute that Social Creditors should only hail men whose political careers have been sound and sincere.

I do not see that it matters much who helps to get Social Credit into law, but it must not be perverted by people whose credentials are such that they will "run with the hare and hunt with the hounds."

R. ERNEST WAY.

ANSWERS TO CORRESPONDENTS.

MR. ABERHART AND THE SECRETARIAT.

T. (Montreal and B.C.)—The editor has been allowed to read your remarks to a correspondent. He agrees with your view that the technical divergence of Mr. Aberhart's proposals from authentic Social-Credit should have been detected by the intelligence department of the London Secretariat and authoritatively pointed out and emphasised. A copy of last week's *NEW AGE* has been sent you, together with the current number, to corroborate this view. You should, however, take note of the fact that the dominant motif of the Social Credit Secretariat's policy is now longer technical education as to the right method of providing them. The Secretariat, of course, does not dismiss technical education as superfluous; but pronounces it less urgent than political pressure. You will recognise that although Mr. Aberhart's plan is technically unsound, his activities have contributed towards prompting the exercise of pressure, and he has openly prophesied in the name of Douglas. Thus he has been directly an agent of publicity for the Secretariat, and indirectly a feeder of its financial war-chest. The change in the Secretariat's policy is significantly marked by the fact that whereas its original Council contained no less than six competent technical expositors of the Social Credit Analysis, the Directorate which has since superseded it contains only two.

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The Social Credit Movement.

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

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

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