

# THE NEW AGE

INCORPORATING "CREDIT POWER."

A WEEKLY REVIEW OF POLITICS, LITERATURE AND ART

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## NOTES OF THE WEEK.

### Italian War Loan Finance.

The *Financial Times* recently described how the Italian Government have been raising credit internally. Their procedure has been to offer to buy back Three and a Half per cent. Consolidated Stock, worth 70 lire on the market, for 80 lire, on condition that the seller contributes 15 lire as the price for exchanging it into a new issue returning 5 per cent.

Mr. A. L. Jeune, who is financial editor of *Paris-Midi*, from whose article in the *Financial Times* (October 4) this information is taken, goes on to make the following comment on the transaction. He says:

"For each 100 lire nominal" of the 3½ p.c. bonds "holders will pay 15 lire and receive Five per Cent. stock; and, as the 3½ p.c. issue totals 60 milliard lire" (about £1,000 millions) "the transaction will mean a 'rake off' of something over 9 milliards (£150,000,000) for the National Exchequer."

He then comments:

"The holders of the Three and a Half per Cent. stock will accept this offer. How can they do otherwise? Most of the Government bonds are held, in any case, by the banks or by organisations under State direction, so that most of the holders are not in a position to make a free choice."

Later he says:

"The more prices fall the more milliards accrue to the Treasury by this simple conversion operation. The only limit to the process is the limit of credit facilities which have to be accorded to holders of the old bonds so that they may be able to provide more money to the State. In essence the State first creates milliards of lire which afterwards pour into its coffers. In other words, the internal problem of war finance in Italy is not a question of money but of authority."

(Our italics.)

It will be seen that the principle of this system of financing the war is the same as that which was operated

in Britain in 1914-18, when the banks lent new money to borrowers who would lend it to the Government. Bankers are obliged to work these things more discreetly in 1935 than in 1914. The public are now more alive to the policy and machinery of high finance; moreover, in 1914 all the banks were engaged in financing war, whereas to-day only the Italian banks are so engaged. The importance of the last consideration is this, that when all banks were doing the same thing together (keeping in step, as Mr. J. M. Keynes would say), when the national inflations were in each case roughly equivalent to the economico-military resources of the various belligerent countries, there was a good prospect that when the war was over the banks of all these countries could begin to operate their intended policy of deflation in an orderly manner. The national inflations having "kept in step" the bankers' problem would not be complicated (as it would otherwise) by the unbalancing of competitive advantage in the world market reflected in unbalanced depreciations of currencies. At any rate, the bankers could hope with some good grounds for that outcome. To-day, however, Italy is using inflationary methods to a degree far beyond the rest of Europe, and is thereby calling into service her reserve capacity of production, not to speak of new means thereof. The other countries are left lagging behind, and cannot hope to catch up with Italy in this phase of the race for power unless they themselves go to war. Under the rules of the existing financial system no other course can provide them with the occasion or purpose for expanding and employing their credit resources at an equivalent rate to that which Italy has set.

Coming back to Mr. Jeune's analysis, our readers will note his reference to the fact that the Italian banks "or organisations under State direction" hold most of the £1,000 millions worth of bonds. It may be assumed that he knows this as a fact, and therefore his statement supports the conclusion which has been repeatedly put forward in THE NEW AGE that the British banks and other financial institutions are holders of the bulk

of Britain's war debt. For the phrase: "Organisations under State direction" is a trick of speech which gives an inverted view of the fact that these organisations are directing the State, and have placed themselves, in appearance, "under State direction" so as to make their close consultations with State Ministers and officials look natural. To illustrate, supposing that in this country the Brewers' Association were to be seen hobnobbing with the Board of Trade heads and officials whenever major questions of policy were under consideration, there would soon be questions in the House by suspicious members representing other interests. Yet everyone accepts as quite natural the hobnobbing of the heads of the Treasury with those of the Bank of England, or of the insurance and stock-market directorates and experts. And the reason for this is probably solely because the State appears to direct them by prescribing special regulations (called "safeguards in the public interest") affecting their conduct. It is a clever ramp. These financial institutions, instead of getting the State to authorise them to do what they want to do, get the State to forbid them to do what they don't want to do. The State places them under a control which facilitates their control of the State. If anyone wishes to test this let him try to start a bank or insurance company, and he will find that the hostages he has to give (all of which are in form conditions for "safeguarding the public") have the same prohibitory effect on his proposed competition with the Money Monopoly as if the Monopolists themselves had imposed them.

#### October 11.

According to news of this date the League of Nations has decided to apply sanctions. The form in which intervention is to begin is expected to be that of lifting the embargo on the provision of arms to Abyssinia. On the other side of the account, Austria and Hungary are keeping out of the scheme, and it is assumed that these countries will render Italy economic assistance in various forms. Apparently large dumps of arms and ammunition have been accumulated during the last several months in that region presumably for the purpose of pouring them into Abyssinia as soon as the League said the word "go."

The military significance and consequences of this development can be realised and assessed by almost anybody interested in international politics; so there is no need for any comments to be made in these pages on that aspect of the affair. But the financial aspect is intriguing. It carries us back to the Great War when America poured munitions into Europe to help the Allies against the Central Powers. We all remember the result: that at the end of the war the Allies were in debt to America, who, almost entirely by reason of her claims as creditor, had to be allowed a dominant share in the drawing up of the Versailles Treaty. It is true that America had participated in the final operations of the war; but however highly one rates the value of her direct military assistance it was not anything like commensurate in value with the disproportionate influence allowed to Wilson, Bernard Baruch, and Wall Street financial emissaries who came over to help draw up the peace terms. What really gave America her dominance was of course the fact that the Statesmen and diplomats of the allied nations began their deliberations under the standing orders of "Sound financial principles," which meant in practice that the provisions of the Peace Treaty would (as they did) safeguard the

security of America's financial advances to the Allies. This was particularly seen subsequently when America definitely refused to entertain the idea of the Allies that Germany, as the ultimate debtor, should become the opposite number of America as the ultimate creditor in the ledger of war settlements. No; the universal and fundamental rule of loan finance was to stand, namely, that those who borrow must bear the responsibility of paying back, and that it is not the business of the original lender to collect the debts of borrowers from third parties.

Now, it is not stretching the parallel unreasonably to compare the present provision of munitions to Abyssinia with America's provision of them to the Allies. And the question arises: Are these munitions going to be charged to Abyssinia? If so, by whom? By one country, or a group, or by all? If all, then that means the League of Nations, and ultimately the Bank for International Settlements. And a moment's consideration will show that it wouldn't do at all for some countries to enjoy a trading advantage through the sale of munitions to the exclusion of others, or even for such general advantage to be unfairly distributed. Yet not every country can supply munitions, nor, in any case, could do so in justly apportioned quantities and values. Eventually the Bank for International Settlements would have to allot quotas respectively, compensating those countries which had not participated in the profits of applying sanctions at the expense of those which had.

So we have the amusing picture of Basle standing in the same relation to Abyssinia as New York did to the Allies. While Rome is running up a bill for reparations against Abyssinia, Basle is running up a bill for munitions against her. So, when the treaty of peace comes to be drawn up its terms will have to be shaped to fit in with the interests of both creditors. Let us hope that it will not take a big war to wind up the little war!

Turning to another incidental problem which we anticipated in a former commentary, we see that suggestions have been made to compensate countries who lose trade through sanctioning embargoes. This is, of course, only another aspect of the same problem. The granting of opportunities to supply Abyssinia and the denial of opportunities to supply Italy will, between them, cause immediately a complex of economic advantages and disadvantages throughout Europe, and this complex will have to be resolved by some international authority by means of some system of compensation. So Basle is bound to come into the picture at the end both as arbitrator so far as Europe is concerned and as creditor as far as Abyssinia is concerned.

Naturally the foreign munitioning of Abyssinia will tend to prolong the war and land Italy in a larger amount of expenditure than otherwise. On the other hand the prospect of a prolongation of the war may constrain Mussolini to shorten it by coming to terms with the League. We may not doubt that Italian banking influences will be exerted to that end, and with increasing vigour as Mussolini's demands for money grow. Nor is it to be expected that Basle, representing the stewardship of financial rectitude, will rest idle should Mussolini's methods of raising credit threaten to play havoc with the gold cover of the lira, and otherwise expose the defects in the

basic principles of the orthodox system. For the moment, however, it is idle to speculate how things will turn out; probably a lot will depend on what military success Italy can achieve before the constraints of the sanctions begin to be felt.

#### October 13.

Items are beginning to appear in the newspapers this week-end illustrative of the above problem of the equitable distribution of rewards and sacrifices among the sanctioning nations. For instance, *The Observer* mentions among other things that Rumania demands compensation for discontinuing supplies of wheat and oil to Italy, and adds the illuminating statement that Britain is to pay for them in cash. This means, in terms of financial technique, that Britain would place a sterling credit at Rumania's disposal in London. Where the wheat and oil would go isn't clear—but that doesn't matter. They might come here; they might be stored for us in Rumania; they might be shipped to some third party on our account; or—a solution which would be the most satisfactory of all—they might be burned or dumped into the sea. Why should anybody trouble? We all live, under the laws of finance, by replacing wealth which hasn't disappeared; and naturally we don't live luxuriously: in fact it's a miracle how we live at all. So now if, by destruction, we create *real* opportunities for replacement, we might live a little more comfortably. Who knows? Yet we must not be prematurely optimistic, for the pruning away of the Plenty outgrowing from Poverty might only make Poverty a more sturdy plant. What the eye does not see the heart does not grieve over—or, to modernise the saying: To remove gluts is to remove the temptation to gluttony. To sum up, "sanctions" can be an indirect means of our moral regeneration—which is, of course, the objective of the bankers.

So let us leave the goods out of the picture and look at the money. The London credit in Rumania's favour would be accounted as a British debt in the ledgers of the Rumanian central bank (or its equivalent). It would there serve as a backing for Rumanian bank credits issued to Rumanian traders in the process of discharging bills drawn against Britain in respect of the banned exports. So eventually all parties are cut out by the transaction except the Bank of England as buyer, and the Rumanian bank as owner, of the goods in question. That makes the final adjustment most simple, the simplicity arising out of the fact that there need not be any adjustment at all, or if so, the adjustment could be made at any time (or over as long a period of time as) these two banks, in consultation and collaboration with the general central-bank council at Basle, chose to fix. For there is a sense in which the Bank for International Settlements is a bank for denaturing such settlements. You have only to recall the nature of the problems that it has had to face in respect of the Allies' war debts, and the Central Powers' reparations to remember that over-prompt fulfilments of international financial obligations are as dangerous to economic stability as are repudiations of them. As has so often been affirmed, even by the orthodox bankers, these obligations must be paid in goods sooner or later, and since there is never a time when it is convenient for creditor nations to be paid in that form you might almost say that the Bank for International Settlements is an institution for not permitting them. It might be called the Bank for the Prevention of Cruelty to Creditors.

Anyhow, what is a fact is that the B.I.S. collectively possesses the power and the machinery for spreading out the inconveniences and disturbances of international financial transactions much in the same way, and exactly for the same fundamental reasons, that executors of rich estates take their time in realising testators' securities so as not to strain the capacity of the market to absorb them. No great nation in the world is able to absorb repayments of debt at more than a given rate—and there is evidence to show that a rate of repayment even less than the rate of interest on the debts is highly disturbing in many cases. So the Bank for International Settlement fulfils the function of absorbing the shock of repayments, and does so, as already pointed out, by suspending the process of settlement.

The practical import of this as concerns the whole range of economic sanctions on the Rumanian model has already been hinted at where the possibility of destroying goods was noticed. The B.I.S. could itself become the "nurse" of all the products which various European nations may stop sending to Italy and cannot send anywhere else. The nurse wouldn't strangle the baby it is true, for public opinion nowadays is becoming highly sensitive to spectacles of the destruction of Plenty around Poverty—so much so that it would not take much more of this sort of thing to provoke protests of an unconstitutional order and in influential quarters. Then who would hold the baby if and when the B.I.S. wanted to stretch its arms and get rid of that pins-and-needles sensation? Well, who always does? The P.B.C.—the poor bloodless consumer. In other words the Basle Bank, through its central-bank members, could give orders for new production to be scaled down so that the consumption markets in the sanctioning countries would be able to absorb the accumulated goods kept out of Italy. That this is technically possible and logically inevitable under the strict rules of the financial system no student of the credit question will deny. On the other hand its feasibility, when considered in conjunction with the complex of trade-employment problems in which this sanctions-settlement would be entangled, can be foreseen to evaporate in the hot turmoil of events ahead. The creeping error of the orthodox calculus lurks like the death-watch beetle in every beam and rafter of the world's economic system, and no paint or varnish of tradition and custom will stave off its impending collapse.

We must now embrace in our survey some other factors. Mr. Anthony Eden contemplates the imposition of bans on Italian exports and Italian borrowing as well as on Italian imports. The first two are intended to serve the same purpose, which is to prevent Italy from getting hold of foreign exchange. Our comparison of Alberta with Italy a week or two ago illustrates the argument. There are two theoretical ways in which Mr. Aberhart could get hold of foreign exchange (in his case bankers' dollars): (a) by borrowing it; (b) by exporting products. If the Dominion banks or Government were able to refuse him loans and to get all the other provinces to boycott Albertan products, Mr. Aberhart would be without means of importing anything at all. The British North America Act, however, protects him against the second alternative, because it prohibits provinces from erecting trade barriers against each other, let alone absolute prohibitions. Hence, as we pointed out on the occasion referred to, if it were possible for Alberta, under a Social-Credit

system, to produce a surplus for export, that surplus could be offered at any figure low enough to show an advantage to traders in other provinces and command their orders. In which case, given a sufficient quantity, Mr. Aberhart could get sufficient "foreign exchange" without external borrowing.

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Signor Mussolini has not the same opportunity. There is no European "Act," comparable to the B.N.A. Act, which prescribes the fiscal policies of European nations. Politically, each is a sovereign State, and can use its discretion as it likes so far as legality is concerned. So Mussolini is faced in theory with the prospect of being unable to get foreign exchange either by borrowing or by exporting. If he becomes unable to do so he will be unable to import anything. But in practice he is able to bring military intimidation to bear on those countries contiguous to Italy and immediately vulnerable to her attack. (Mr. Lloyd George in *The Sunday Express* this week-end hints at a secret understanding with France: but leave this out for the moment.) In those countries this consideration is a powerful counterweight to the bankers' assurances of financial assistance which accompany the League of Nations' decrees on sanctions. A whole skin is preferable to a full purse, and there are circumstances wherein a loaded revolver is the supreme instrument of purchasing-power in the hands of a would-be buyer, even at the irreducible minimum "Just Price," namely *nix!*

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In this context let us stop a moment to record an artless remark by one newspaper correspondent apropos of Austria's refusal to participate in the economic blockade of Italy. This gentleman, though making allowance for her vulnerability, still thought that her attitude showed some ingratitude for the assistance which the League of Nations had rendered her *in putting her finances in order!* He couldn't have inverted the moral better if he had tried to. All we can say is that if we had been ruling Austria we should have felt strongly tempted to resist the League out of revenge for its imposition of bankers' policy and the cruel consequences thereof on the people of that country. It may be recalled that Austria was the first country in which the Government issued a national dividend in the form of a discount off the price of bread to all comers, rich and poor alike. It was this gesture of taking Social-Credit liberties with the prerogatives and powers of the Money Monopoly which precipitated the aforesaid "assistance" from the League. It was not assistance at all, but interference, backed, at one stage of the ensuing crisis, by preparations for mobilising armed police under the League's auspices and pouring them into Austria to suppress the disorders which looked likely at that time to hold up the scheme of wage-cuts and taxes that had begun to operate. This episode comes as a useful reminder that, for all its high-sounding pretensions, the League of Nations is as ready as Italy to have recourse to war as an "instrument of policy." There are not a few people in Austria to-day (some of them readers of *THE NEW AGE*) who will be reflecting that what Austria suffered at the hands of the League is in principle the same as what Abyssinia is suffering at the hands of Italy. After all is said and done, the policy of Italy is the policy of a people, and not of a private combine of money-lenders.

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And now to come back to our main thesis. We see what may be considered as the military hegemony of

Rome, comprising Italy and adjacent nations, opposed by the financial hegemony of Basle, comprising other nations at safer distances. This alignment is substantially correct, although blurred somewhat by speculative Press comments and diplomatic evasions as to the precise intentions of each nation as to methods of participating in the blockade. Now, the nations comprised in the Italian group will obviously have to suffer the same penalties as are visited on Italy, though not so directly nor to the same degree. Austria and Hungary, for example, cannot stand for the freedom to deal with Italy and at the same time expect the blockading nations to leave avenues open for them to import goods. The consequence will be that the group will be thrown back on their own resources. That, at any rate, will be the tendency. How far it proceeds is a question that military operations in Abyssinia will answer. Anyhow, the interest of the matter relates to the proposition that the more a country is compelled to rely on internal production and the internal means of financing its economic system, the more likely that its Government will take a realistic view of economic possibilities—which is the first step towards taking a new view of financial principles and their application. The problem of financing distribution is more likely to be seen in its true nature when the factors of production, money, and people belong to one area and are not complicated by imports or exports, borrowings or lendings, tariffs, exchanges and other accompaniments of trading "interdependence." We do not press the argument, but think it is worth while suggesting that constraints such as are now contemplated against Italy and her neighbours may create an atmosphere in which the official mind will be more open to the ideas of the Social Credit Order. It would have to be open to *some* new ideas because economic practice would have to be adapted (and, in the circumstances, quickly) to the new necessity of living on internal resources. Already, Mussolini is taking steps to regulate internal prices which, if left unregulated, would inevitably rise as and when the Government puts new credits into circulation, and particularly so since the blockade will have the effect of giving Italian producers the monopoly of the Italian markets. It's an ill wind that blows nobody good.

Well, we are not hoping for anything very gratifying to happen in Italy while Mussolini is able to get everything to do what he is told by a blend of stern coercion and fervid exhortation; but there might easily come a time, if the war is prolonged, where even he would realise the necessity to maintain the morale of his people by such inducements to co-operation as lie in the beneficent light of the Social Credit dividends and discounts. You have the best chance of converting the Devil when he develops a high temperature.

#### ALBERTA NEWS.

Mr. Aberhart is reported (*Financial Times*, September 30) to be soliciting funds from business men on behalf of the Alberta Social Credit League. A letter has been sent out over the signature of A. L. Sweeney, who has been appointed by Mr. Aberhart as Social Credit Commissioner in the Province. The letter invites donations "in the hope that due to your business interests within the Province, you will be anxious to further the social welfare of our people." The correspondent of the *Financial Times* alludes to "boycott tactics" which were advocated during the recent campaign against those who opposed Social Credit, and says that in the light of this the present letter is looked upon by business men as "in the nature of a threat" which has "aroused anger."

The same correspondent adds that the Anglican bishops, both in Edmonton and Calgary, have declined to preside at meetings to be addressed by the Dean of Canterbury, on account of his expressed support of Mr. Aberhart.

## Social Credit and the Schools.

By A.R.109.

### 1.—Introduction.

It is now about sixteen years since Major Douglas' analysis and proposals were first brought before the public. In those sixteen years the condition of most civilised communities, both domestically and in their relations with each other, has gone from bad to worse, and it seems evident that we are approaching one of the major crises in history.

If, as readers of this journal believe, the New Economics afford the right basis for any adequate programme of reconstruction, why have they in these sixteen years won so little assent? Why have we failed so signally to grapple with our economic and social disorders in any fundamental way? Why have we failed for the most part even to define our problems with any directness or accuracy. To the teacher it is natural to look, for the explanation of this failure, to the educational methods and technique which we have inherited from the past. It is the object of this article, therefore, first to make a brief examination of the educational system as we see it to-day, and then to draw very tentatively an outline of the changes which might be expected to follow from the establishment of the Social Credit State.

For the purposes of our inquiry the educational system as we see it is divisible into three parts. First we have to look at the ordinary public elementary school in which about nine-tenths of our population between the ages of five and fourteen receive their only schooling. Then we have to consider the higher education provided by our secondary and technical schools and by our universities. Finally, we must look at the "educational ladder," to use the metaphor which describes the arrangements by which the abler children are selected and passed by means of assistance from public funds to institutions of higher education.

### 2.—The Elementary School.

It is almost exactly a hundred years since the first steps were taken towards the establishment of a national system of education financed by taxation. An annual parliamentary grant of £20,000 was voted in 1833, which was expressed as being "in aid of private subscriptions for the erection of school houses for the education of the poorer classes." Such provision as existed before this date for elementary education was to be found mainly in the Dame schools or other private establishments of the kind, and in the British schools, the National schools, and the Charity schools financed by voluntary subscriptions, endowments and the children's fees. It was increasingly felt, however, that the education of the poor was a matter in which the State must take a hand. The historical reasons for the entry of the State into this field are, from our present point of view, of some interest. It is true that there was about a century ago a strong and widespread movement of sentiment and philanthropy. But sentiment and philanthropy alone would probably not have been strong enough motives to convert the Government of the day into a belief in popular education. Sentiment and philanthropy were strongly reinforced by a sense of the dangers to society which might arise from an uncontrolled and undisciplined electorate. There was much concern at the ignorance and depravity of the poor: but equal or greater was the anxiety for the continuance of the prosperity of their betters. To educate the masses was an easy and relatively inexpensive way of keeping them in political subjection and warding off those disorders which threatened the political and financial domination of their rulers. It is by no means a coincidence that the earliest grants from the national exchequer for public education followed immediately after the passage of the Reform Act of 1832.

Compulsory Education followed as a matter of course. There were large numbers of parents, said Forster in introducing the Education Bill of 1870, who would not or could not send their children to school, notwithstanding

the large sums voted for education by Parliament. Compulsion was therefore applied; the introduction of compulsory elementary education followed the extension of the parliamentary franchise in 1867.

So far as the elementary schools have formulated any definite objective to themselves, it has been, I suppose, to train good citizens. Founded as they were with the object of preserving the safety of the State, they have continued to preach to their charges the virtues of abstinence, diligence, and thrift. They have undoubtedly been educating for the *status quo*. The successive generations of voters have been trained to read what was given them to read: not to question its assumptions: to adopt the right attitude towards law and authority; to earn their living in the world as it was. A part of the programme of the schools has been the encouragement of the idea of getting on in the world. The assumptions underlying this idea have been that we live in a free economic society, in which merit and industry receive their due reward, and in which every individual has a fair chance to exercise his abilities; and that the political and legal systems are designed to safeguard the liberty and the opportunities of the individual. We know that these assumptions have very little relevance to the facts. Economic opportunity and freedom scarcely exist for the masses and even for the so-called privileged classes freedom and opportunity become increasingly precarious. But the illusions of freedom and opportunity have been strenuously fostered by the schools.

### 3.—Higher Education.

Our higher education has its roots much deeper in the past. The medieval grammar school and university provided a highly specialised education for the clerics, and the clerics of the Middle Ages were, we must remember, not only clerics, but bureaucrats and administrators. Theirs was a strenuous training of a purely intellectual kind. The Renaissance and the Reformation overthrew the clerical bureaucracy and destroyed the scholastic training which was the medieval preparation for professional life. To the Tudor period belongs the foundation of the great schools, and we must pause for a moment to say something about these schools, although this is a digression.

Driven by want of money, Henry the Eighth confiscated the revenues of the monasteries and founded a large number of educational institutions; but it was his practice to secure to the schools not a fair proportion of the landed estate which he had sequestered, but a fixed annual sum. With the shrinking in the value of money this became a small pittance; often it vanished. Sometimes the confiscated estates were sold back by the king to towns, corporations and private purchasers, but the purchasers often disregarded or disclaimed any obligation to maintain the schools supported from the revenues of the estates. The statement that a school or college was founded by Henry the Eighth or Edward the Sixth often means nothing more than that the Crown made a small and diminishing annual payment to the school, or that, having confiscated the estate, the king sold it back for a consideration on the express condition that he should be described as the founder of the trust. There are thus early examples of the sacrifice of the schools to other people's expense. Henry the Eighth instituted the Regius professorships in divinity, law, physics, Hebrew, and Greek at the two universities, but it was the Dean and Chapter of Westminster who were charged with the duty of finding the professorial stipends.

Educationally the seventeenth and eighteenth centuries were a period of stagnation. The grammar schools and the universities sank into lethargy and decay. Their curriculum degenerated into a formal and sterile kind of rhetorical instruction. The exercises for a university degree were almost farcical.

"Doing generals" was the undergraduate term for the practice of repeating from memory certain stock syllogisms. The ability to perform this exercise with success and to answer from memory stock questions on astronomy and physics, with a moderate skill in construing Latin and Greek, sufficed to obtain for the candidate a B.A. degree at Oxford. For the M.A. he was required to deliver six solemn lectures, commonly called "wall lectures" because of the absence of hearers.

Such was the kind of learning, formal and bookish, from which the curriculum of the secondary schools developed. The increasing population and the commercial and industrial progress of the nineteenth century created a large demand for black-coated workers, and the new schools and universities arose to meet this demand. As time went on, some scientific and modern studies were added to the curriculum, and, of course, games made their appearance. It is worth our while to remember that games were introduced to Rugby by Arnold as a safeguard against revolution—nothing less. The most urgent educational problem in the public schools at the beginning of last century was the problem of avoiding revolution. There were serious rebellions against constituted authority in Eton, Westminster, and many other schools—so serious that it was sometimes necessary to read the Riot Act. It was to counter this formidable menace, due to the failure of the curriculum to occupy the minds and energies of the boys, that the device of games was introduced with such success. It has often been remarked by foreign observers that this country owes to games its immunity from serious political disorders. The League match is a substitute for revolution; what games did for Rugby they have done for England.

It is worth while to stop at this point and to examine the traditional secondary school curriculum and the educational theory on which it was based. The communication of knowledge was regarded as the essence of the educational process: in some vague way the acquiring of information was held to improve human nature. "Nobody questioned the dogma of formal training—the belief that in the process of gathering knowledge the mind became more apt. Some subjects, of course, had a superior value to others. It was customary to claim for the classical languages very high merits in this respect. One educational writer of the nineteenth century said that Latin owed its value to its dullness and dryness, and that if a duller and dryer subject could be found it ought to be substituted for Latin. The head of a Cambridge College wrote:—

"Could any subject be more unattractive and useless than a dead language? Language is a means of communication. We set a boy to work from morning to night at a language which he is never allowed to think of as speech. But the results! I have no hesitation in saying that on the average boys so trained on the classical side of our public schools make better men of science, of medicine, of law, than the boys who come to the University from the modern side; for the classics develop the power of sustained and orderly thinking. Some part of the credit of this most desirable result must be attributed to the discipline of working at a subject which in itself offers no temptation to work. No advantages from the schoolboy point of view are to be derived from its study. It does not come near enough to his own life to arouse his curiosity. His only motive for learning his lesson is that his master tells him to do so, and this we think should always be sufficient."

It is no longer generally believed that it does not matter what you teach a boy so long as he does not want to learn it. Expert opinion is sceptical about the possibility of the transference of power acquired from the study of one subject to the study of another, unless the relation between the two is very close. But it is important to remember that this was the theory upon which most of our bank chairmen, our civil servants, our diplomats, our professors of economics and our politicians were trained, and I suggest that it is hardly necessary to look any further than this for an explanation of the state of contemporary society!

#### 4.—The "Educational Ladder."

An increasingly efficient machinery of selection now takes the intelligent child from the working-class home into the grammar and secondary schools. There he shares the education of his social superiors; a diligent application of his energies to Latin and Algebra is rewarded by a matriculation certificate, which is a passport to black-coated employment and increased economic security. The luckier and more ambitious pupils are again creamed off from the secondary schools and sent to the universities. With a university degree they can hope for a post in the civil service, in teaching, in one of the thousands of avenues of employment which our highly inefficient civilisation multiplies with such profusion. Note the effects of the "educational ladder": the potential leaders of rebellion from the working classes, the men and women who would otherwise die upon the barricades, are in successive generations converted into timorous supporters of the existing regime—the expenditure of a few pounds upon their education, and by giving them, in return for some largely superfluous employment, a salary of £500 a year. Our free and democratic citizens are persuaded that the career is open to talent, and any rational reconsideration of the system becomes a matter for ridicule. This "educational ladder" has always seemed to me the master stroke in the policy of domination. Note, too, how the system is self-perpetuating; those who were trained by it become responsible as teachers and administrators for its continuance. Orage, just before his death, publicly lamented that the supporters of Social Credit in the teaching profession could be counted almost on the ten fingers. Some of us know how difficult it is to induce the teacher and the educationist to align himself with the Social Credit forces.

There are not wanting signs to the observant that the present educational machine, with the economic rewards which it offers to the diligent and complaisant, is in danger of collapsing under its own weight. It becomes increasingly difficult to provide the necessary rewards. In most European countries a restriction of educational opportunity is now the order of the day. It has been estimated that in Germany there are at least a quarter of a million university graduates unemployed, or employed upon work for which a university degree is not a normal preparation. About eighteen months ago the German Government cut down the annual entry into German universities from 45,000 to 15,000. A similar situation exists in practically all countries. At home the difficulty of placing in suitable employment the boys and girls who leave our secondary schools, and even our university graduates, is a matter of increasing anxiety to parents. There was recently a meeting of educationists in London at which a German professor gave a harrowing account of the unemployment amongst the intelligentsia in Continental countries and its potential dangers to political stability. He could deduce nothing from the facts but the absolute necessity of restricting the educational services. In the audience of about a hundred leading educationists, there was no one who could challenge that deduction. One venture some soul did indeed rise to point out that even if you denied education to these people they would still be unemployed, and the restriction of educational opportunity would not therefore contribute to the solution of the problem of unemployment. This remark provoked the reply that if people were not educated to a point which made them dangerous to society, even if they had no employment. This view passed without challenge.

(To be continued.)

#### Notice.

All communications concerning THE NEW AGE should be addressed directly to the Editor:  
Mr. Arthur Brenton,  
20, Rectory Road,  
Barnes, S.W.13.

## Social Credit Policy.

By John Grimm.

The decision of the Government to hold an early election may serve to clear up some uncertainties which exist as to the comparative merits of Social Credit electoral policies.

As suggested in a previous article (October 10) an early election will facilitate the pooling of information and linking of effort among the leaders of actionist organisations, whether they rely on the collection of pledges, or of signatures to a Petition, or (as is now another alternative in South Leeds) of promises to vote for an authentic Social Credit candidate. The reason given had special reference to the electoral campaign and its negotiations with candidates generally. If in any constituency ordinary party candidates have given pledges in consideration of electoral support recommended by the electoral campaign leaders, it was pointed out that the subsequent intervention of a Social Credit candidate would cause difficulties. But if an election comes before any such negotiations have been concluded, then Social Credit electoral support, not being contracted for elsewhere, can be directed to the effort to return a Social Credit candidate.

It is here assumed that up to the present time no negotiations have been concluded with party candidates standing for South Leeds. Presumably the election has come before the number of pledges accumulated by electoral campaigners has reached dimensions sufficient to impress those candidates. If this is the case there is nothing to prevent an alliance between the electoral campaign leaders and Mr. Townend's election committee.

His candidature is important—apart from all other reasons—because the number of votes which he secures will provide students of actionist theories with means of estimating the value of electoral-campaign pledges. If, for example, during the time over which the campaign has been conducted, there have been collected (a token number of) 1,000 pledges; and if Mr. Townend's poll is (in token) 500 or alternatively 2,000; then the disparity between the figures either way will afford some sort of guide to those who are anxious to know what line of action gives the best return for the time and money expended. It will not allow of precise conclusions, but no one will question the importance of ascertaining the strength of the exclusive vote for Social Credit—a vote which indicates that the voters place the Social Credit objective above consideration of party-loyalty.

A further advantage will accrue from Mr. Townend's candidature. Like all other candidates he will be able to compare the number of votes recorded for him with the number promised to him through canvassers. The present writer was canvassing thirty years ago, and other old hands at the game will agree with the fact that no candidate ever dreamed of polling anything like the total of his promises. Scripture tells us that all men are liars; and candidates, though not applying that harsh judgment to electors, will certainly agree that the rate of obsolescence even to promises only a few days' old is remarkably high.

#### LATE REPORT.

### Social Credit in South Leeds. Opening of Election Campaign.

Mr. John Hargrave's meeting on Sunday night at the Rialto Cinema, Leeds, was attended by 2,000 people. The collection totalled over fifty pounds. The Green Shirt Flying Squad arrived back in London on Monday after launching Mr. Townend's campaign. They report election deposit money goes to the fighting fund.

## The Social Credit Party of Great Britain.

(THE GREEN SHIRTS.)

#### Application Forms.

Copies of this Party's Prospectus and Application Form are now available at headquarters, 44, Little Britain, E.C.1. There are two sections:—

1. Uniformed Members. The "shock troops" of the Party.
2. Non-uniformed Members. Pledged to further the Party Programme.

The Programme comprises the three items: National Credit Office; National Dividend; Scientific Price Adjustment.

Entrance fees are: Uniformed members (Green Shirts) 5s. 6d. Non-uniformed members 1s. The Annual Subscription may be any further amount the member can afford to pay. Entrance fees should accompany Applications now: Annual Subscriptions are due on January 1 each year.

All correspondence to the General Secretary of the Party at headquarters as given above.

#### Review.

Four Schools. By Robin Anderson. (Obelisk Press, Paris. 5s. net.)

In any large body of males, living together more or less permanently for long periods, there is always a small percentage who indulge in various forms of sexual malpractice. Members of this crew usually hate corporate life outside that of their own choice. They hate, too, the brutal behaviour of those who indulge in rough games, soccer, rugby, etc. Their rulers are seen as harsh tyrants or stupid incompetents, ever ready to apply corporal punishment. The commissariat is rotten, the buildings filthy places, closely allied to prisons. This point of view is taken by Mr. Anderson to describe the kind of life prevalent in three of his four schools. The first is mercifully dismissed in the first fifteen lines. One feels sorry for the poor fellow that he was the unwilling witness of the many brutal and sordid scenes he describes, and that he had to mix with such beastly people, masters and boys alike. The point is, what notice will the "rough-neck" majority take of it all, at 5s. for about 70 small pages of reading matter and 30 odd blank, or nearly blank, pages?

H. E. B.

#### A New Social Credit Chart.

The basic principles that must govern a Sane Economic System, as formulated by Major C. H. Douglas for the Macmillan Committee, were as follows:—

(a) That the cash credits of the population of any country shall at any moment be collectively equal to the collective cash prices for consumable goods for sale in that country (irrespective of the cost prices of such goods), and such cash credits shall be cancelled or depreciated only on the purchase or depreciation of goods for consumption.

(b) That the credits required to finance production shall be supplied not from savings, but be new credits relating to new production, and shall be recalled only in the ratio of general depreciation to general appreciation.

(c) That the distribution of cash credits to individuals shall be progressively less dependent upon employment. That is to say, that the dividend shall progressively displace the wage and salary, as productive capacity increases per man-hour.

A new chart, in colours, showing how the present financial system works; how money is created and distributed by the Banking System throughout industry; and why (in the Banking System with the famous A + B theory) the present system is causing a chronic shortage of purchasing power, and how this can be remedied by the introduction of the principles quoted above—without causing inflation or creating any difficulty so far as the cancellation of consumer credits is concerned.

Single copies from the Designer and Publisher: Frank Griffiths, 49, Denman-drive North, London, N.W.11. Price 1s. 6d. post free. Terms for quantities on application.

## Social Credit and South Leeds.

### Election Fund Opened.

Mr. W. Townend, the candidate of the Social Credit Party of Great Britain, has issued from his address, 125, Church Lane, Leeds, an appeal for funds and service. The Treasurer of the Election Fund is Mr. A. Dean, 125, Ring Road, Farnley, Leeds, from whom collecting cards may be obtained. Mr. Townend's circular contains the following information respecting his reasons for standing.

On August 29 I led a deputation of Green Shirts to an interview with Mr. Noel Whiteside, M.P. for South Leeds, to ask if he would support our demand for the abolition of poverty and war by the issue of a National Dividend. Mr. Whiteside would not commit himself, and refused to answer my questions, but a few days later he had an interview with Major C. H. Douglas.

On September 16 Major Douglas wrote to the Secretary of the Leeds Douglas Social Credit Society on the matter, and concluded his letter with the sentence "You might be forced to put up a candidate against him."

On October 3 I received an invitation from the Social Credit Party of Great Britain to contest South Leeds at the next general election as the first Social Credit Party candidate; I have accepted the invitation, and with your support will win. There are several points in our favour in South Leeds:

1. At the last general election 40 per cent. of the electorate did not vote.
2. At the last general election Mr. Whiteside won by a very small majority.
3. I am very well known as Green Shirt Leader and Social Credit speaker in South Leeds.
4. As divinity master at Cockburn High School, the only secondary school in the division, I have some personal standing.

To ensure the first Social Credit victory in England I now need the utmost support from every serious minded Social Crediter in the country. I know we can put up a big fight; will you help us to succeed in South Leeds and so cheer the heart of Social Crediters throughout the world?

### SOCIAL CREDIT OR COMMUNISM.

According to a report in the *Daily Mail* of October 1 (page 3), the Dean of Canterbury appears to have said these words to its Calgary correspondent:—

"If Social Credit fails, well then, I shall be behind the barricades. Unless Great Britain has Social Credit, Communism is bound to come. There is no other alternative."

Assuming that the report is accurate, it is in tune with something that Mr. Aberhart said in one of his interviews with the Press after the election: "If we don't have Social Credit you'd better get your gun." The context indicated, not a threat to provoke disorders, but a prediction of their spontaneous appearance. In this connection the suggestion in both these declarations that people are animated by a militant spirit seems to be corroborated by a statement made by Mr. Bennett, Premier of Canada, in a recent speech to the effect that a Communist plot to kidnap him and hold him as a hostage had been discovered and frustrated not long previously. Whether the story is true or not is hardly more significant than the fact that Mr. Bennett expected his hearers to accept it as credible. It suggests that the antecedent probability of such a thing happening is recognised in certain quarters. If so, this would help to account for the language used by the Dean of Canterbury and Mr. Aberhart.

### Press Publicity Continues.

Hamble River Yacht and Engineering Company, near Southampton, recently built boats for the Admiralty and the War Office. Between thirty to forty boats to be laid up in the yard for the winter.—Points from interview with Mrs. C. H. Douglas, who manages this company. Published in the *News Chronicle*, September 18, 1935.

## LETTER TO THE EDITOR.

### LEAGUE TO ABOLISH POVERTY.

Sir,—Your contributor "J. G." infers that the League to Abolish Poverty was an extension of the Secretariat and has now become independent. I should be glad if you would make it quite clear that this League has never been an extension of the Secretariat, but is, and will remain, an entirely independent organisation. At the same time we are prepared to co-operate to the fullest extent with any organisation which has the same objective.

E. A. HOLLOWAY,  
Hon. Secretary.

Sentinel House, Southampton-row, W.C.1.

## Forthcoming Meetings.

### The Social Credit Party of Great Britain

(The Green Shirts).

Wednesday, October 23, 8 p.m.—Speakers' Class. National Headquarters, 44, Little Britain, E.C.1.

Wednesday, November 6, 8 p.m. Lecture: John Hargrave: "Why we must win South Leeds for Social Credit at the next Election." National Headquarters: 44, Little Britain, E.C.1.

### Glasgow.

Scots Movement for Douglas Social Credit.

Mass Rally Against Poverty and War, Central Halls, Bath-street, Glasgow, on Monday, October 21, at 8 p.m. Speakers, Dr. T. Robertson, B.Sc., M.B., A. F. Stewart (Falkirk D.C.A.), J. Trayner (1st Glasgow Green Shirts) and W. Finley (Scots Movement for D.S.C.). Tickets, price 6d., can be had from Grant Educ. Co., Ltd., Union-street, or at door of hall, night of meeting.

### Richmond (Surrey) Electoral Campaign.

Lord Tankerville will speak on the Electoral Campaign for National Dividends at St. John's Hall, Richmond, on Friday, October 25, at 8.15 p.m. Admission free.

### 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.]

## NOTICE.

### Social Credit at the Albert Hall.

The London Social Credit Club is organising a Douglas Social Credit meeting at the Albert Hall on Friday, November 29, 1935. The Marquis of Tavistock and Mr. Norman Smith will be the principal speakers. Offers of assistance will be gratefully received and should be sent to Dr. Joyce Mitchell, 2, Bromley Common, Kent, Hon. Sec., London Social Credit Club.

### Public Meetings.

These meetings are organised by the London Social Credit Club.

At the Blewcoat Room, Caxton-street, Westminster.  
Friday, Oct. 18, at 7.45 p.m.—"The Social Credit Point of View," by Mr. Brame Hillyard.  
Friday, Oct. 25, at 7.45 p.m.—Questions and Answers Night.

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